



Office of Audits  
Office of Inspector General  
U.S. General Services Administration

IMPLEMENTATION REVIEW OF ACTION PLAN

**Oversight and Safety  
Issues at the PBS  
Michigan Service Center  
Report Number  
A140024/P/5/R15009  
September 30, 2015**

Assignment Number A170037  
April 18, 2017

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# ***Table of Contents***

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**Introduction ..... 1**

**Results**

*Finding – PBS did not ensure that lease inspections complied with applicable guidance..... 3*

**Conclusion.....5**

**Appendixes**

**Appendix A – Action Plan for Report Number A140024/P/5/R15009..... A-1**

**Appendix B – Report Distribution..... B-1**

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## Introduction

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We have completed an implementation review of the management actions taken in response to the recommendations contained in *Oversight and Safety Issues at the PBS Michigan Service Center, A140024/P/5/X150009* (see **Appendix A**).

### Objective

The objective of our review was to determine whether PBS has taken the corrective actions as outlined in the action plan for *Oversight and Safety Issues at the PBS Michigan Service Center*. To accomplish our objective we:

- Reviewed the background and history of the Michigan Service Center;
- Evaluated and analyzed the previous GSA Office of Inspector General audit report for the Michigan Service Center;
- Evaluated and analyzed the documentation PBS submitted to support that it completed its corrective action plan;
- Compiled and analyzed data from GSA Form 500, Lease Inspection Form; and
- Interviewed PBS personnel overseeing the Michigan Service Center leased space.

### Background

The property management function of the PBS Great Lakes Region is located in the Northern, Southern, and Chicagoland service center operations divisions. The Michigan Service Center is part of the Northern service center and includes five field offices: Battle Creek, Detroit, Grand Rapids, Levin Courthouse, and McNamara. The Michigan Service Center is responsible for property management, financial management, maintenance and repairs, building operations, lease administration, and out-leasing.

During fiscal year 2013, the year under audit, the Michigan Service Center delivered over \$29 million in goods and services and managed around 7.8 million gross square feet of work space. The original audit focused on the Detroit field office, which manages over 100 leased properties in the Detroit metropolitan area. The original audit scope also included the Federal Center managed by the Grand Rapids field office and the Theodore Levin Courthouse managed by the Levin Courthouse field office.

An important function of the Michigan Service Center is lease administration. Typically, lessors provide janitorial services, building operations, maintenance, and utilities. The PBS lease administrative manager (lease manager) ensures that these services are provided and provisions of the lease contract are met.

On September 30, 2015, we issued an audit report, *Oversight and Safety Issues at the PBS Michigan Service Center* to the PBS Regional Commissioner. The purpose of the audit was to determine if PBS's Michigan Service Center was adhering to its maintenance and repairs function by providing a clean, safe, secure, maintained, and comfortable work space for its tenants.

Our audit found:

1. Inadequate inspections of leased properties result in safety and fire protection issues.
2. Operations and maintenance contractors make inadequate or no repairs due to insufficient oversight.
3. Unaddressed code violations pose safety hazards for building occupants.

To address the findings identified in the report, we recommended that the PBS Regional Commissioner:

- 1a. Ensure that lease property managers' inspections comply with the PBS desk guide and lease inspection form, and assess all aspects of lease performance including safety, fire protection, and security.
- 1b. Remediate the safety, fire, and security issues identified during the audit and confirm that the issues identified were remediated.
- 2a. Institute management controls necessary to ensure that repairs and maintenance performed under operations and maintenance contracts are performed as required.
- 2b. Remediate the inadequate repairs identified during the audit and confirm issues identified were remediated.
- 3a. Ensure that PBS identifies electrical, mechanical, and plumbing deficiencies in its buildings which could impact the safety of building occupants.
- 3b. Remediate the electrical, mechanical, and plumbing issues identified during the audit.

The PBS Regional Commissioner agreed with the report recommendations.

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## Results

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Our implementation review determined that PBS did not fully implement the following corrective action:

- Ensure lease inspections comply with the PBS *Lease Management Desk Guide* and lease inspection form.

### **Finding – PBS did not ensure that lease inspections complied with applicable guidance.**

PBS's lease administrative managers (lease managers) are responsible for performing day-to-day management of leased premises, conducting timely and reasonable inspections, monitoring lessors' performance, and ensuring compliance with lease terms and conditions. However, our original audit noted that lease managers, during the inspection of the lease properties, did not rely on written operational guidance and did not emphasize safety or fire protection.

On January 20, 2016, PBS submitted a corrective action plan to address the findings in our original audit report. As part of that plan, PBS indicated that it would ensure that lease property managers comply with the PBS *Lease Management Desk Guide*. This guide provides that lease managers should complete and submit lease inspection forms and assess all aspects of lease performance including safety, fire protection, and security. PBS indicated that documentation supporting that it completed the corrective action would include updated lease inspection forms for use by lease managers.

As support for the corrective action plan, PBS initially provided a lease inspection form for one lease from the original audit sample. However, we found during our implementation review that the form was only partially completed. Therefore, we requested copies of the lease inspection form for all 25 leases that were in the original audit sample. We compared PBS' inspection process with the guidance of the *Lease Management Desk Guide*.

According to the *Lease Management Desk Guide*, lease managers are "...required to use the Lease Inspection Form, GSA Form 500, during the inspection." Lease managers are also required to use the *Inspection Checklist* for every lease. The *Inspection Checklist* states that the lease manager is required to use the lease inspection form "to document deficiencies ..."

We found that PBS complied with lease inspection form requirements for 8 of the 25 leases we sampled. For the 17 non-compliant forms, none of them indicated a due date for correction of the unacceptable areas. This raises concerns that corrective actions for unacceptable areas will not be completed.

In addition, 15 (89 percent) did not have the frequency section of the form completed. The frequency section of the form details how often certain janitorial services are to be completed. With incomplete information in the frequency section of the lease inspection forms, we are unable to determine if the lease manager is evaluating the lease requirements for those services during the inspection.

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## **Conclusion**

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Our implementation review determined that PBS did not fully implement the corrective actions for Recommendation 1A, that the PBS Regional Commissioner ensure lease inspections comply with the PBS Lease Management Desk Guide and lease inspection form. As a result, a revised action plan addressing this open recommendation must be submitted within 30 days to this office and the GAO/IG Audit Management Division (H1G).

### **Audit Team**

This review was managed out of the Great Lakes Region Audit Office and conducted by the individuals listed below:

Adam Gooch	Regional Inspector General for Auditing
Michael Lamonica	Audit Manager
Sherese Shy-Holmes	Auditor-In-Charge
Sherin Joseph	Auditor

## Appendix A – Action Plan for Report Number A140024/P/5/R15009

Designated Responding Official: [REDACTED]  
 Contact Person(s): [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: 10/30/2015 (Minor revisions 1/14/2016)

### Audit Report A140024

Designated Responding Official: [REDACTED] Northern Service Center Operations Division Director  
 Contact Person(s): [REDACTED] Michigan Service Center Director; [REDACTED] Northern Service Center Operations Division Deputy Director  
 Telephone Number: [REDACTED]  
 Date: 10/30/2015 (Minor revisions 1/14/2016)

Audit Report Number/Title:	Recommendation Number:	Proposed Recommendation Completion Date:
Report Number: A140024/P/5/R15009 Title: Oversight and Safety Issues at the PBS Michigan Service Center	1	12/31/2015

**Finding 1:** Inadequate inspections of leased properties result in safety and fire protection issues.

**Recommendation 1:** (1a) Ensure that lease property managers' inspections comply with the PBS desk guide and lease inspection form, and assess all aspects of lease performance including safety, fire protection, and security; and (1b) Remediate the safety, fire, and security issues identified during the audit.

Action to be Taken Step by Step	Supporting Documentation to be Sent	Documentation Will be Sent Last Day of
1a. Ensure that lease property managers' inspections comply with the PBS desk guide and lease inspection form, and assess all aspects of lease performance including safety, fire protection, and security.		
i. Provide training of the PBS Lease Management Desk Guide	Copy of the training presentation and copy of the attendee list	12/31/2015
ii. Reinforce requirements in the PBS Lease Management Desk Guide	Copy of the Management Desk Guide with distribution to all employees who will have to adhere to these changes (Email communication to Michigan Service Center employees with instructions)	12/31/2015
iii. Ensure lease inspections comply with the PBS Lease Management Desk Guide and lease inspection form	Copies of the approved/updated lease inspection forms for use	12/31/2015
1b. Remediate the safety, fire, and security issues identified during the audit and confirm that the issues identified were remediated	Copy of the list of safety, fire, and security issues identified and the specific documentation proving that these issues were corrected. Copy of Property Manager tracking sheet. Memorandum for 44200 Garfield Road.	12/31/2015

## **Appendix A – Action Plan for Report Number A140024/P/5/R15009 (cont.)**

Audit Report Number/Title:	Recommendation Number:	Proposed Recommendation Completion Date:
Report Number: A140024/P/5/R15009 Title: Oversight and Safety Issues at the PBS Michigan Service Center	2	12/31/2015

**Finding 2:** Operations and maintenance contractors make inadequate or no repairs due to insufficient oversight.

**Recommendation 2:** (2a) Institute management controls necessary to ensure that repairs and maintenance performed under operations and maintenance contracts are performed as required; and (2b) Remediate the inadequate repairs identified during the audit.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be Sent</u>	<u>Documentation Will be Sent Last Day of</u>
2a. Institute management controls necessary to ensure that repairs and maintenance performed under operations and maintenance contracts are performed as required		
i. Provide Contracting Officer's Representatives (CORs) refresher training on Operations and Maintenance (O&M) contracts	Copy of the COR Training Presentation and a copy of the attendee list	12/31/2015
ii. Fill staff vacancies in order to expand the inspection capacity of the CORs	Copy of the organization chart with filled vacancies highlighted	12/31/2015
iii. Confirm the O&M contractor implemented the Quality Control Plan (QCP) that ensures full and satisfactory performance of all aspects of the work	Copy of the approved quality assurance plan, meeting minutes pertaining to this step, and email communication ensuring satisfactory performance	12/31/2015
2b. Remediate the inadequate repairs identified during the audit and confirm issues identified were remediated	Copies of inspection forms proving that these issues were corrected	12/31/2015



## Appendix A – Action Plan for Report Number A140024/P/5/R15009 (cont.)

Audit Report Number/Title:	Recommendation Number:	Proposed Recommendation Completion Date:
Report Number: A140024/P/5/R15009 Title: Oversight and Safety Issues at the PBS Michigan Service Center	3	8/31/2016

**Finding 3:** Unaddressed code violations pose safety hazards for building occupants.

**Recommendation 3:** (3a) Ensure that PBS identifies electrical, mechanical, and plumbing deficiencies in its buildings which could impact the safe of building occupants; and (3b) Remediate the electrical, mechanical, and plumbing issues identified during the audit.

Action to be Taken Step by Step	Supporting Documentation to be Sent	Documentation Will be Sent Last Day of
3a. Ensure that PBS identifies electrical, mechanical, and plumbing deficiencies in its buildings which could impact the safety of building occupants		
i. Perform Management Analysis Review Summary (MARS) Review in FY2016	Copy of the FY2016 MARS Michigan Service Center Report	9/30/2016
ii. Reinforce importance of identifying safety deficiencies	Copy of the official communication to Michigan Service Center to reinforce the importance of identifying safety deficiencies	12/31/2015
3b. Remediate the electrical, mechanical, and plumbing issues identified during the audit		
i. Confirm emergency repairs have been completed	Copies of inspection forms proving that these issues were corrected	12/31/2015
ii. Include permanent repairs and upgrades in Repair & Alteration (BA54) projects and Levin Courthouse Prospectus	Copy of the agreed upon, approved and signed (GSA/Vendor) scope of work for Repair & Alteration (BA54) projects. Levin Courthouse Prospectus Numbers: PMI-0029-DE14, PMI-0029-DE15, PMI-0029-DE16	12/31/2015

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## ***Appendix B – Report Distribution***

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Acting GSA Administrator (A)

PBS Regional Commissioner (5P)

Acting Regional Administrator (5A)

Acting PBS Commissioner (P)

Acting PBS Deputy Commissioner (PD)

Acting PBS Chief of Staff (P)

Regional Counsel (LD5)

Director of Operations (5P2SS3)

Chief Administrative Services Office (H)

GAO/IG Audit Response Branch (H1G)

PBS Audit Liaison (BCP)

PBS Regional Audit Liaison (BR)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)