



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

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

**GSA's Public Buildings Service  
Does Not Track and Report All  
Unused Leased Space as  
Required  
Report Number  
A160133/P/6/R18002  
August 10, 2018**

Assignment Number A220053  
June 27, 2022

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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 our August 2018 audit report, *GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required*, Report Number A160133/P/6/R18002.

### Objective

The objective of our review was to determine whether GSA's Public Buildings Service (PBS) has taken the actions as outlined in the corrective action plan for *GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required* (see **Appendix A**). To accomplish our objective we:

- Reviewed the audit report, *GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required*, Report Number A160133/P/6/R18002;
- Examined documentation submitted by PBS to support completion of the corrective action plan steps; and
- Interviewed PBS officials.

### Background

PBS is the landlord for the federal government, providing federal agencies with the real property needed to accomplish their missions. PBS manages 371 million square feet of property throughout the country. In its *Fiscal Year 2020 State of the Portfolio Snapshot*, PBS reported that 0.9 percent of the usable square footage of its leased space is vacant. PBS defines vacant space as space that tenants return to PBS and for which PBS is no longer collecting rent. Accordingly, PBS does not report unused lease space if it is still collecting rent on that space.

When an agency comes to PBS with a request for space, PBS determines whether the agency's needs can be met from PBS's existing space inventory or if new federally owned or leased space is required. If PBS determines that leased space is the best option for the tenant, PBS solicits bids, negotiates lease terms, and enters into a lease agreement with the lessor. PBS and the tenant agency then enter into a rental agreement called an occupancy agreement. This agreement defines the specific terms and conditions under which the tenant agency occupies the space. PBS uses two types of occupancy agreements for leased space: cancelable and non-cancelable.

On August 10, 2018, we issued an audit report, *GSA's Public Buildings Service Does Not Track and Report All Unused Leased Space as Required*, to PBS. The objective of the audit was to determine whether PBS accurately reports the amount of vacant and unused leased space and whether PBS's controls for managing leased space are effective in preventing and reducing undue costs to the government.

Our audit found:

- PBS does not track and report all unused leased space as required.
- PBS is not consistently following its policy for the use of non-cancelable occupancy agreements.

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

1. Develop and implement a process to ensure that PBS reports and mitigates all unused space for all non-cancelable occupancy agreements in its lease portfolio; and
2. Take action to ensure that existing and future non-cancelable occupancy agreements comply with PBS's policy.

The PBS Commissioner agreed with our report recommendations.

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## **Results**

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Our implementation review determined that PBS has taken appropriate corrective actions to address the recommendations. We determined that no further action is necessary.

### **Audit Team**

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

Michelle Westrup  
Jay Fisher  
Katina Luke

Regional Inspector General for Auditing  
Audit Manager  
Auditor-In-Charge

# Appendix A – Corrective Action Plan for Report Number A160133/P/6/R18002

Revised March 2, 2020

GSA's Public Service Does Not Track and Report All Unused Leased Space as Required  
 Report Number A160133/P/6/R18002  
 Corrective Action Plan

Designated Responding Official: **Stuart Burns**  
 Contact Person: **Chris Glavis**  
 Number: **202-219-1555**  
 Date: **Revised March 2, 2020 (Revisions highlighted in yellow)**

Audit report number- A160133/P/6/R18002 GSA's Public Service Does Not Track and Report All Unused Leased Space as Required	Recommendation Number:001	Proposed Recommendation Completion Date September 30, 2019
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**Recommendation**

1. Develop and implement a process to ensure that PBS reports and mitigates all unused space for all non-cancelable occupancy agreements in its lease portfolio

Revised March 2, 2020

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the GAO/IG Audit response Division</u>	<u>Documentation Will be Sent Last Day of Month Step Completed</u>
001 Expand PBS' Release of Space Tracking System, so that customers occupying Non-cancelable space can report to GSA when they no longer need marketable blocks of space. GSA would begin the process to market to other customers.	001 The updated Release of Space Standard Operating Procedure indicating this change.	Sept 2019
002 Release of Space Tracking System will include non-cancelable space which has been identified as underutilized by the current customer.	002 The updated Release of Space Standard Operating Procedure indicating this change.	Sept 2019
003 Monitor compliance with new process by randomly sampling 10% of this space that has been identified as underutilized, with the OAs that have been referred to the Space Tracking System.	003 Files will be shared	Nov 2020 (an annually thereafter if initial sampling determines non-compliance)
004 Once GSA has this information, it will market this space to customers. If another customer accepts and occupies the space, the rent charges will be transferred to the new tenant.	004 The communication informing customers of the option to identify this space as underutilized will be developed and shared with customer agencies.  This communication will be shared with customers on an annual basis.	Sept 2019
005 If a backfill opportunity does not exist, GSA will contact the lessor requesting that GSA be released of its lease obligations. GSA lease contracting officer must document the communication in the lease	005 GSA will issue a Leasing Alert emphasizing the need for LCOs to formally request that GSA be released of its lease obligations for underutilized vacant space and document this communication in the	Sept 2019

**Appendix A – Corrective Action Plan for Report Number  
A160133/P/6/R18002 (cont.)**

Revised March 2, 2020		
<p>file and/or any future lease buyout memo.  (POC: John Thomas, National Office of Leasing)</p> <p>006 Increase external awareness of this new process</p>	<p>lease file and/or any future lease buyout memo.</p> <p>006 Include on GSA's website (<a href="http://gsa.gov">gsa.gov</a>) a list of under-utilized space in non-cancellable occupancy agreements that have been identified as under-utilized by customers. This list will be updated quarterly. The first posting will occur when GSA receives a customer request as a result of the January 30, 2020 communication. Submit the list as part of the FY20 State of the Portfolio for OMB approval.</p>	<p>May 2021 -- To be included in the FY 2020 State of Portfolio submittal to OMB for approval (due date to OMB fluctuates annually)</p>

## Appendix A – Corrective Action Plan for Report Number A160133/P/6/R18002 (cont.)

Revised March 2, 2020

Designated Responding Official: **Stuart Burns**

Contact Person: **Chris Glavis**

Number: **202-219-1555**

Date: 2/1/19

<b>Audit report number- A160133/P/6/R18002 GSA's Public Service Does Not Track and Report All Unused Leased Space as Required</b>	<b>Recommendation Number 002</b>	<b>Proposed Recommendation Completion Date September 30, 2019</b>
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Recommendation

2. Take action to ensure that existing and future non-cancelable occupancy agreements comply with PBS' policy

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to the GAO/IG Audit response Division</u>	<u>Documentation Will be Sent Last Day of Month Step Completed</u>
001 Develop a Standard Operating Procedure for Regional Office staff to follow which outlines the policy and process for Non-Cancelable space determinations.	001 Standard Operating Procedures.	Sept 2019
002 Develop training for all Regional staff involved in space assignment and occupancy administration activities.	002 Training materials	Sept 2019
003 Conduct training for all Regional staff involved in space assignment and occupancy administration activities. This training will be conducted by PBS' Office of Leasing (PR) and Portfolio Management and Customer Engagement (PT).	003 Completion memo	October 2019

Revised March 2, 2020

004 Monitor compliance with new process by randomly sampling 10% of these OA files where a customer has identified space as underutilized	004 Files will be shared	Nov 2020 (and annually thereafter if initial sampling determines non-compliance)
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## ***Appendix B – Report Distribution***

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GSA Administrator (A)

Commissioner (P)

Deputy Commissioner (PD)

Chief of Staff (PB)

Deputy Chief of Staff (PB)

Assistant Commissioner for the Office of Strategy and Engagement (PS)

Assistant Commissioner for the Office of Portfolio Management and Customer Engagement (PT)

Acting Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

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