



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

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

# Audit of the GSA Public Buildings Service's Commercial Parking Outleases

## Report Number

### A180039/P/4/R20006

### March 31, 2020

Assignment Number A230018

December 21, 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 March 2020 audit report, *Audit of the GSA Public Buildings Service's Commercial Parking Outleases*, Report Number A180039/P/4/R20006.

### Objective

The objective of our review was to determine whether the Public Buildings Service (PBS) has taken the actions as outlined in the corrective action plan for *Audit of the GSA Public Buildings Service's Commercial Parking Outleases* (see **Appendix A**). To accomplish our objective we:

- Reviewed the original audit report to understand the recommendations and provide context for the corrective action plan;
- Examined documentation submitted by PBS to support completion of the corrective action plan steps; and
- Interviewed PBS officials.

### Background

A commercial parking outlease is a contractual arrangement in which a commercial parking management company (outlease tenant) obtains the right to use parking space under PBS's control in return for regular rental payments to PBS. Rental payments may be a fixed amount or a variable amount based on the number of occupied spaces at a parking location. Commercial parking outleases are executed under PBS's Office of Portfolio Management and Customer Engagement's Outlease Program. The mission of this program is to reduce temporary vacant or underutilized space in order to increase funds from operations until space is needed by federal agencies.

On March 31, 2020, we issued an audit report, *Audit of the GSA Public Buildings Service's Commercial Parking Outleases* to PBS. The objectives of the audit were to determine whether PBS: (1) awarded commercial parking outleases that represent the best interests of the government in accordance with applicable laws, regulations, and PBS guidance; and (2) administered outleases in accordance with PBS guidance and contract requirements.

Our audit found that:

- PBS improperly awarded and administered commercial parking outleases, resulting in misuse of the Cooperative Use Act of 1976, violations of PBS guidance, and estimated lost revenue of more than \$2.2 million.
- For two outleases with variable rent payments, PBS did not verify that commercial parking management companies were submitting the correct amount.

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

1. Uses and complies with the proper authorities when entering into and administering commercial parking outleases.
2. Establishes rental rates for parking outleases that are equivalent to market rates for comparable space in accordance with PBS guidance.
3. Assesses whether the 5-year outlease term limitation established in the *GSA Delegations of Authority Manual* is meeting its intended purpose of protecting assets from being encumbered by long-term outleases. If not, modify the *GSA Delegations of Authority Manual* accordingly.
4. Verifies reports generated by commercial parking management companies and reconciles fees collected when variable payment terms are included in a parking outlease.

The PBS Commissioner agreed with our 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 Great Lakes Region Audit Office and conducted by the individuals listed below:

Michael Lamonica  
Franklin Moy  
Misty Deckard

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

## Appendix A – Corrective Action Plan for Report Number A180039/P/4/R20006

		<b>Corrective Action Plan</b>	
US General Services Administration		Date	6/9/2020
<b>Audit Number A180039</b>			
<b>Audit Title</b>		Audit of the GSA Public Buildings Service's Commercial Parking Outleases	
<b>Designated Responding Official</b>		Stuart Burns	
<b>Audit Contact Person</b>		Brian Tye	
<b>Contact Email</b>	brian.tye@gsa.gov	<b>Contact Phone #</b>	215.284.7296
<b>Recommendation Number (001)</b>			
<b>Recommendation Name</b>	Use and comply with the proper authorities when entering into and administering commercial parking outleases.		
<b>Action to be Taken Step by Step</b>	<b>Supporting Documentation to be Sent to OAS</b>	<b>Date Documentation is Due</b>	
001 Step 1: Create an automated Excel program to assist the Regional Outleasing Specialists in selecting the appropriate authority for a proposed outlease. Regional outleasing specialists must use this tool and obtain concurrence as needed from the Office of Regional Counsel on the selected authority before entering into an outlease.	001 Step 1: - Copy of the Excel program titled "Outleasing Contract Vehicle and Authority Tool"	Completed: 2/06/2020	
001 Step 2: Conduct training for Regional Outleasing Specialists and the National Outleasing Network on the use and application of the various GSA outleasing authorities through the "Outleasing Basics" course, which is a required prerequisite to obtaining an Outleasing Warrant.	001 Step 2: - Copy of the "Outleasing Basics" course presentation - Copy of the attendance record	Completed: 2/06/2020	
001 Step 3: Amend the Outlease Program Guide to institute a new program policy requiring the Outleasing Specialist to promote competition under all outleasing authorities through the use of advertising and solicitation of competitive bids, to the maximum extent practicable.	001 Step 3: - Copy of the revised Outlease Program Guide - Copy of the Outleasing Checklist, which includes a list of mandatory documents to be included in the outlease file, such as evidence of advertising and solicitation of competitive bids (Annual Program Audits of a sample of outleases are conducted)	08/31/2020	

**Note:** OAS stands for GSA's Office of Administrative Services.

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<b>Contact Email</b>	brian.tye@gsa.gov	<b>Contact Phone #</b>	215.284.7296
<b>Recommendation Number (002)</b>			
<b>Recommendation Name</b>		Establish rental rates for parking outleases that are equivalent to market rates for comparable space in accordance with PBS guidance.	
Action to be Taken Step by Step		Supporting Documentation to be Sent to OAS	Date Documentation is Due
002 Step 1: Conduct annual training on rental rate development for commercial parking outleases using CoStar.		002 Step 1: -Copy of the CoStar Workshop presentation - Copy of the attendance record - Screenshot of Insite page showing recorded training class	Completed: 2/12/2020
002 Step 2: Conduct training for Regional Outleasing Specialists and the National Outleasing Network on establishing and documenting outlease rental rates using published market rates, FAR appraisals and other resources through the "Outleasing Basics" course, which is a required prerequisite to obtaining an Outleasing Warrant.		002 Step 2: -Copy of the "Outleasing Basics" course presentation -Copy of the attendance record	Completed: 2/06/2020
002 Step 3: Amend the Outlease Program Guide to reinforce program policy requiring the Regional Outleasing Specialist to develop Negotiation Objectives and Price Negotiation Memorandums documenting the fair and reasonable price determination made by the Outleasing Contracting Officer.		002 Step 3: -Copy of the revised Outlease Program Guide - Copy of the Outleasing Checklist, which includes a list of mandatory documents to be included in the outlease file, such as Negotiation Objectives and Price Negotiation Memorandum (Annual Program Audits of a sample of outleases are conducted)	08/31/2020

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<b>Contact Email</b>	brian.tye@gsa.gov	<b>Contact Phone #</b>	215.284.7296
Recommendation Number (003)			
<b>Recommendation Name</b>	Assess whether the 5-year outlease term limitation established in the GSA Delegations of Authority Manual is meeting its intended purpose of protecting assets from being encumbered by long-term outleases. If not, modify the GSA Delegations of Authority Manual accordingly.		
Action to be Taken Step by Step	Supporting Documentation to be Sent to OAS	Date Documentation is Due	
<p>003 Step 1: Conduct interviews with the Assistant Commissioners for Real Property Utilization and Disposal and Portfolio Management and Customer Engagement to assess whether the 5-year outlease term limitation established in the GSA Delegations of Authority Manual is meeting its intended purpose of protecting assets from being encumbered by long-term outleases. Specifically, the Assistant Commissioner for Portfolio Management and Customer Engagement will address whether any outleases have adversely impacted the intended use of any federally owned properties in the inventory by preventing a proposed consolidation project, the repositioning of a property, a declaration of excess, or use of a property as consideration in an exchange. The Assistant Commissioner for Real Property and Utilization will address whether it has received any Reports of Excess from Portfolio that were encumbered by an outlease that limited the property's marketability. If the interviews determine that the 5-year outlease term limitation is not meeting its intended purpose, PBS will revise the GSA Delegations of Authority Manual accordingly.</p>	<p style="text-align: center;">003 Step 1:</p> <p style="text-align: center;">(A) Statements from the Assistant Commissioners assessing whether the 5-year term limitation is meeting its intended purpose.</p> <p style="text-align: center;">(B) Copy of the revised GSA Delegations of Authority Manual, if necessary .</p>	08/31/2020	
<p>003 Step 2: Amend the Outlease Program Guide, in consultation with the Office of General Counsel, Real Property Division, to clarify the application of the 5-year term limitation set forth in the GSA Delegations of Authority Manual.</p>	<p style="text-align: center;">003 Step 2: - Copy of the revised Outlease Program Guide</p>	08/31/2020	



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<b>Recommendation Number (004)</b>			
<b>Recommendation Name</b>	Verify reports generated by commercial parking management companies and reconcile fees collected when variable payment terms are included in a parking outlease.		
Action to be Taken Step by Step	Supporting Documentation to be Sent to OAS	Date Documentation is Due	
004 Step 1: The Outlease Program Managers will implement reporting requirements as documented in the Outlease Program Guide for regions to demonstrate annually that contract audit requirements are being followed by the Outleasing Contracting Officer for all applicable outleases.	<p style="text-align: center;">004 Step 1:</p> -Copy of the Annual Program Review of Variable Rate Commercial Outleases -Copy of the revised Outlease Program Guide	3/31/2021	
004 Step 2: Conduct training for Regional Outleasing Specialists and the National Outleasing Network on, among other topics, the contract administration of variable rate outleases via the Outleasing Contract Administration course, which is a required prerequisite to obtaining an Outleasing Warrant.	<p style="text-align: center;">004 Step 2:</p> -Copy of the Outlease Contract Administration Training - Copy of the attendance record - Copy of Memorandum and Operational Guidance for Regional Outlease Warrants (lists training requirements for obtaining warrant)	6/30/2020	

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

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GSA Administrator (A)

GSA Deputy Administrator (AD)

Commissioner (P)

Deputy Commissioner (PD)

Chief of Staff (PB)

Deputy Chief of Staff (PB)

Deputy Assistant Commissioner, Office of Portfolio Management and Customer Engagement (PT)

Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Acquisition Program Audits (JA)

Deputy Assistant Inspector General for Real Property Audits (JA)

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