



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

Audit of GSA's Total Workplace Furniture and Information Technology Program

Report Number A170070/P/R/R20005
March 31, 2020

Executive Summary

Audit of GSA's Total Workplace Furniture and Information Technology Program

Report Number A170070/P/R/R20005

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Why We Performed This Audit

We included this audit in our *Fiscal Year 2017 Audit Plan* as a result of our risk assessments evaluating the operations of GSA's Federal Acquisition Service (FAS) and Public Buildings Service (PBS). We focused on whether the Total Workplace Furniture and Information Technology (FIT) Program furthered the federal government's *Reduce the Footprint* policy to make more efficient use of real property and to reduce total square footage. We also focused on how FAS and PBS worked together to administer the FIT Program.

The objectives of our audit were to determine if GSA: (1) administered the FIT Program in accordance with Agency guidance and policy and (2) billed FIT Program customer agencies in accordance with their lease agreements and prescribed rental fees.

What We Found

The FIT Program does not effectively and efficiently meet its mission. GSA implemented the FIT Program without clear policies and procedures to ensure the program was administered properly and run effectively. In many cases, the roles and responsibilities are unclear, undefined, and not performed. Further, where policy does exist, it is often not followed. By initiating the program without fully developed policies and procedures, GSA hindered its ability to effectively and efficiently meet the FIT Program's mission.

GSA's ability to effectively and efficiently administer the FIT Program is hindered by multiple issues. We found that GSA does not apply its mandatory requirements to projects consistently and often grants exceptions from the requirements. In addition, we found that GSA has not conducted payback analyses to support project approval decisions. Further, we found that GSA has not appointed tenant agency contracting officers' representatives and in some cases, no one has responsibility for performing these duties. We also found that the roles and responsibilities for the information technology aspects of FIT Program projects are unclear, undefined, and unassigned. Finally, we found that GSA has been billing its customers late and that it does not have a standard billing methodology.

What We Recommend

We recommend that the PBS Commissioner:

- (1) Work with the FAS Commissioner to establish formalized policy and guidelines that enables the Total Workplace Program Management Office to manage all aspects of the FIT Program.
- (2) Consolidate all guidance into one finalized FIT Program Administrative Guide that ensures roles and responsibilities are outlined for the project approval process, FIT Program IT projects, and billing.
- (3) Evaluate the mandatory FIT Program requirements to determine if revisions are necessary to meet customer agency needs, achieve cost savings, and reduce the federal footprint.

We recommend that the FAS Commissioner:

- (1) Ensure that FIT Program projects have qualified contracting officers' representatives who are able to verify that projects are delivered according to the terms of the Supplemental Occupancy Agreements.
- (2) Implement controls to ensure that contractors are not accepting products and recommending payment on behalf of the government.
- (3) Resolve the outstanding billing dispute related to the Broadcasting Board of Governors FIT Program project.

GSA generally agreed with the audit findings and recommendations. GSA's comments on the report are included in **Appendix B**.

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Introduction

We performed an audit of GSA's Total Workplace Furniture and Information Technology (FIT) Program. The FIT Program integrates GSA's Federal Acquisition Service (FAS) and Public Buildings Service (PBS) resources, focusing on how GSA leases furniture and information technology (IT) to customer agencies in its efforts to promote space consolidation and a mobile workforce.

Purpose

We included this audit in our *Fiscal Year 2017 Audit Plan* as a result of our risk assessments evaluating the operations of FAS and PBS. We focused on how the FIT Program furthered the federal government's *Reduce the Footprint* policy and how FAS and PBS worked together to administer the FIT Program.¹

Objectives

Our audit objectives were to determine if GSA: (1) administered the FIT Program in accordance with Agency guidance and policy and (2) billed FIT Program customer agencies in accordance with their lease agreements and prescribed rental fees.

See **Appendix A** – Scope and Methodology for additional details.

Background

The FIT Program is one of the offerings within GSA's Total Workplace Program. According to GSA, the FIT Program is focused on transforming the federal government to a twenty-first century workplace. The goal of the FIT Program is to help customer agencies with upfront funding for space reduction projects. GSA estimates that these projects have resulted in annual savings of \$24 million and reduced the footprint by an average of 35 percent.

The FIT Program allows customer agencies to lease the furniture and IT equipment needed when moving into new space. GSA designed the program to allow customer agencies to free up funding for upfront move costs by deferring the costs of furniture and IT equipment through long-term lease agreements.

GSA operates the FIT Program as an FAS and PBS partnership. Under the program, FAS and PBS aim to work together to provide a solution to the customer agency that meets the customer's needs and reduces the federal footprint. The PBS Total Workplace Program Management Office

¹ The Office of Management and Budget's Management Procedures Memorandum No. 2015-01, *Implementation of OMB Memorandum M-12-12, Section 3: Reduce the Footprint*, dated March 25, 2015 (*Reduce the Footprint* policy), directs federal agencies to make more efficient use of real property by reducing total square footage and to apply space reduction standards only if they are cost-effective.

(PMO) is responsible for the FIT Program overall and provides general project oversight and customer support. Working alongside the PMO, the PBS regional project manager is responsible for a project’s scope of work. FAS contracts for the furniture and IT equipment through its Acquisition Services Fund and PBS bills the customer agency through the monthly rent bill.

The FIT Program operates using interagency leasing agreements. GSA procures and pays for the furniture and IT equipment for a FIT Program project. The customer agency pays GSA back through the monthly rent bill over the term of its lease agreement with GSA. GSA is the owner of record of the furniture and IT equipment until the equipment is transferred to the customer agency at the end of the lease term. Furniture lease agreements are for 5 years, and IT lease agreements are for 3 years. GSA does not charge interest under these agreements. However, to offset GSA’s administrative costs, the customer agency pays GSA an 8 percent fee for furniture and a variable percentage fee for IT items that depends on the size and complexity of the project.

To qualify for the FIT Program, customer agencies must commit to changing the size of their operations in an efficient and effective manner. A project may qualify for the FIT Program if it focuses on space reduction and long-term rent savings. It must also meet the four mandatory requirements and a minimum of six optional requirements outlined in *Figure 1*.

Figure 1 – FIT Program Eligibility Requirements

Mandatory	Optional
<ol style="list-style-type: none"> 1. Utilization rate: Must comply with any internal utilization rate policy developed or revised after 2010.² If such a policy does not exist, the customer agency must meet a rate of 100-150 usable square feet (USF) for office space and 170 USF for the total space requirement. 2. Furniture panel height: Must maximize natural light by specifying furniture panels no higher than 54 inches. 3. Workstation sizes: Must not exceed workstation size of 6 feet by 8 feet or 50 USF. 4. Office sizes: Must not exceed 150 USF for enclosed offices. 	<ol style="list-style-type: none"> 1. Locate enclosed offices, meeting spaces, and support centers in interior spaces. 2. Utilize glass walls instead of solid walls where appropriate. 3. Create more open, interactive, free-flowing space to encourage collaboration. 4. Analyze work patterns and job duties to determine appropriate size workstations. 5. Consider the importance of acoustics when designing an open work environment. 6. Offer a variety of reduced-noise spaces such as phone booths, quiet rooms, and focus rooms. 7. Maximize space utilization by offering desk-sharing opportunities. 8. Share all meeting spaces by utilizing an organization-wide reservation system. 9. Embrace mobility by offering a telework program for a minimum of 1 day per week.

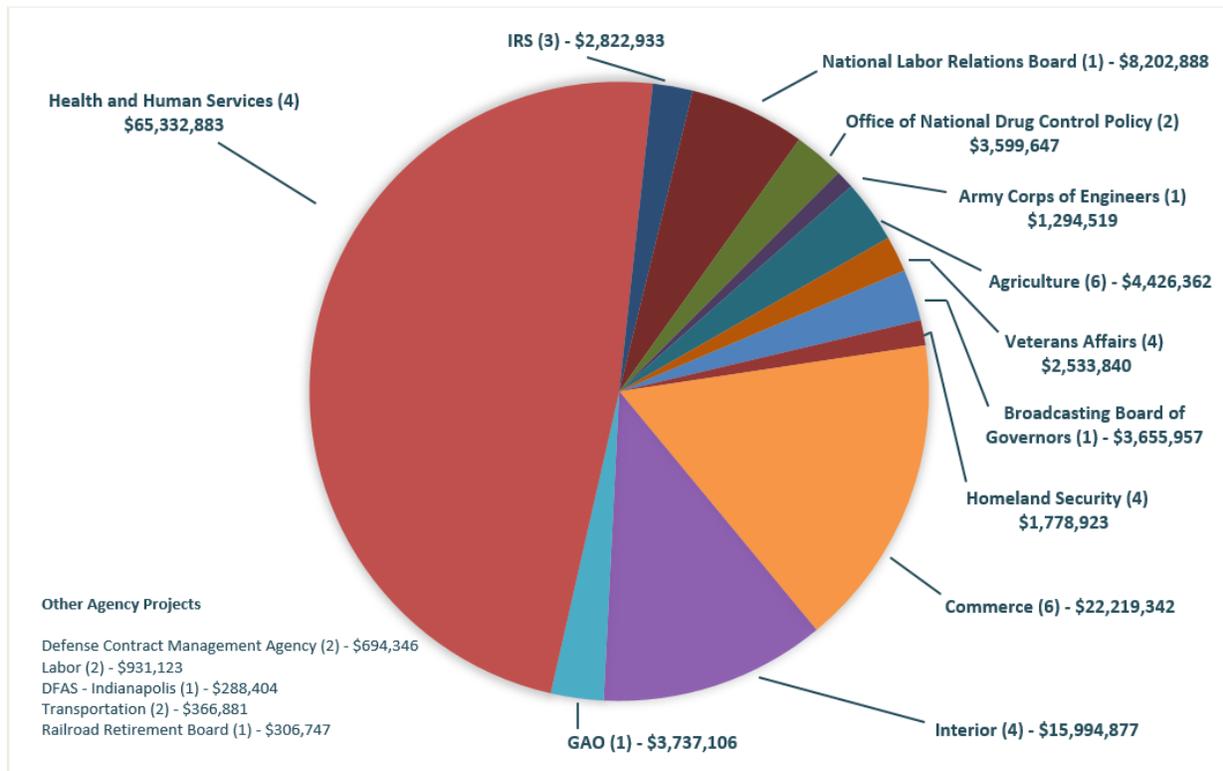
² The utilization rate indicates how efficiently an agency is using space. The rate is traditionally calculated for both office use only and all-in rates by dividing the area of the space by the number of personnel that occupy the space. The rate should always be calculated in usable square feet.

Federal agencies wishing to apply for the FIT Program must contact PBS and provide proposed usable square footage, a list of furniture and IT equipment needed with estimated costs, proposed and current annual rent, and the number of employees who will use the space. Agencies must agree to purchase items from the catalog of furniture, fixtures, and equipment offered under the FIT Program, and comply with IT purchasing requirements. The PMO then reviews the customer agency's application and approves or denies entry into the FIT Program.

At project inception, agencies participating in the FIT Program sign a draft Supplemental Occupancy Agreement (Supplemental OA) based on project estimates. This agreement outlines specific terms and conditions, duties and responsibilities, and budgetary and financial obligation information. Upon final installation of FIT Program products, the customer agency should sign a final Supplemental OA confirming the monthly payment terms.

As of October 1, 2018, GSA had completed 44 FIT Program projects, valued at over \$138 million. *Figure 2* shows the count and dollar value of these projects by customer agency. As shown in the chart, the Department of Health and Human Services had the largest dollar value of completed FIT Program projects, totaling over \$65 million.

Figure 2 – Estimated Cost of Completed FIT Program Projects as of October 1, 2018



Results

The FIT Program does not effectively and efficiently meet its mission. GSA implemented the FIT Program without clear policies and procedures to ensure the program was administered properly and run effectively. In many cases, the roles and responsibilities are unclear, undefined, and not performed. Further, where policy does exist, it is often not followed. By initiating the program without fully developed policies and procedures, GSA hindered its ability to effectively and efficiently meet the FIT Program's mission.

GSA's ability to effectively and efficiently administer the FIT Program is hindered by multiple issues. We found that GSA does not apply its mandatory FIT Program requirements to projects consistently and often grants exceptions from the requirements. In addition, we found that GSA has not been conducting payback analyses to support project approval decisions. Further, we found that GSA has not been appointing tenant agency contracting officers' representatives and in some cases, no one has responsibility for performing these duties. We also found that the roles and responsibilities for the IT aspects of FIT Program projects are unclear, undefined, and unassigned. Finally, we found that GSA has been billing its customers late and that it does not have a standard billing methodology.

Finding 1 – GSA does not apply the mandatory FIT Program requirements to projects consistently.

The FIT Program established four mandatory requirements that projects must meet to be eligible for FIT Program funding. GSA designed these requirements to ensure that FIT Program projects meet the program's goals of reducing space and rental costs. As previously shown in *Figure 1*, the four mandatory requirements are:

- Comply with the tenant agency's current utilization rate policy, if developed in 2010 or later. If one is not established, comply with 100-150 USF for office-only and 170 USF for the all-in total;
- Maximize natural light by specifying furniture panels no taller than 54 inches;
- Open workstations must not exceed workstation size of 6 feet by 8 feet or 50 square feet; and
- Enclosed offices must not exceed 150 USF.

However, as shown in *Figure 3* on the next page, we found that 8 of the 10 projects we reviewed did not meet one or more of the mandatory FIT Program requirements.

Figure 3 – Mandatory FIT Program Requirements Compliance

Customer Agency and Location	Utilization Rate	Furniture Panel Height	Workstation Size	Private Office Size
Broadcasting Board of Governors – Washington, D.C.	✘	✓	✘	✓
Department of Commerce, Economic Development Administration – Chicago, IL	✘	✓	✓	✘
Railroad Retirement Board – Chicago, IL	✘	✓	✘	⊘
Veterans Affairs – Kansas City, MO	✓	✓	✓	✓
Department of Transportation, Maritime Administration – Oakland, CA	✘	✓	✘	⊘
Department of Health and Human Services Parklawn – Rockville, MD	✓	✓	✓	✓
Department of Homeland Security – Cherry Hill, NJ	✘	✓	✓	✓
Department of Labor, Employee Benefits Security Administration – New York, NY	✓	✘	✘	✓
Veterans Benefits Administration – Providence, RI	✘	✓	✓	✓
Department of Commerce, Economic Development Administration – Philadelphia, PA	✘	✓	✓	✘

✓ Met requirement/goal

✘ Did not meet requirement

⊘ Not applicable

Because the PMO did not have any guidance on approving projects that did not meet the mandatory requirements, we asked why the mandatory requirements were not met. The PMO Director said there were circumstances under which the PMO approved projects that did not meet the mandatory FIT Program requirements. This was done on a case-by-case basis as the

PMO reviewed each FIT Program project. According to the PMO Director, if a project made sense from a space- and cost-savings standpoint, the PMO would grant exceptions to the mandatory requirements.

For example, the Broadcasting Board of Governors project in Washington, D.C., required workstations that did not adhere to the mandatory FIT Program requirements due to a union agreement that called for larger minimum workstation sizes per employee. The PMO Director stated that he approved the project based on the overall cost- and space-savings benefits. The project for the Economic Development Administration in Philadelphia, Pennsylvania, did not adhere to the private office size requirement. However, the GSA FIT Program project team stated that the PMO made an exception for the larger offices because they were practical due to the overall office space layout.

Although GSA provided these explanations, we found no documentation of the support or rationale for either decision. GSA had no documentation showing the cost- and space-saving benefits of the project for the Broadcasting Board of Governors. Nor did it have documentation supporting the need for larger offices for the Economic Development Administration project.

By granting exemptions to the mandatory requirements, the PMO has inadvertently created an inconsistent approval process. Although the PMO granted exemptions, regional staff rejected some projects for consideration by the PMO because they did not meet mandatory requirements. GSA does not have records on the number of projects that regional staff rejected and it is unclear whether the PMO would have approved any of the rejected projects. However, the FIT Program approval process is flawed because it treats potential projects that do not meet the mandatory requirements inconsistently.

GSA is not applying the mandatory FIT Program requirements to potential projects consistently. Furthermore, these mandatory requirements are not established by any underlying laws or regulations. In fact, the *Reduce the Footprint* policy allows agencies the flexibility to implement different standards, based on agency requirements. The policy does not set standards for utilization rate, furniture panel height, workstation size, or private office size.

GSA should evaluate whether the mandatory FIT Program requirements are the best method for evaluating FIT Program project proposals. If GSA is going to continue to use the mandatory requirements, it should enforce the requirements or develop a method for consistent application of exceptions.

Finding 2 – GSA has not conducted payback analyses to support project approval decisions.

The Office of Management and Budget's *Reduce the Footprint* policy directs federal agencies to make more efficient use of real property by reducing total square footage and applying space reduction standards to existing space only if they are cost-effective. GSA has incorporated this concept into the FIT Program by requiring a cost payback analysis as part of the FIT Program project approval process.

The FIT Program Administrative Guide directs GSA to conduct project payback analyses when evaluating proposed FIT Program projects. Project payback represents the number of years of rent savings required to recoup the cost of the FIT Program furniture and IT purchases. The FIT Program Administrative Guide has four payback categories based on the number of years it will take for a project to pay for itself in rent savings:

- High Payback = 1 year or less
- Medium Payback = 1 to 3 years
- Low Payback = 3 to 5 years
- Very Low Payback = Greater than 5 years

We found that the PMO did not conduct the required payback analyses on any of the 10 projects we reviewed. The PMO Director told us that his intent was to approve projects that “made good business sense,” but did not provide documentation to support his decisions.

Payback analyses are necessary to determine whether FIT Program projects meet the program’s requirements for cost effectiveness. Without these analyses, GSA lacks support for its project selections. For example, the Veterans Benefits Administration project in Providence, Rhode Island, resulted in a 32 percent increase in annual rent payments. However, because GSA did not conduct a payback analysis when evaluating the project, it could not support whether the project was cost-effective.

GSA should ensure that required payback analyses are performed to ensure that its project decisions make sense from a cost standpoint.

Finding 3 – GSA has not appointed tenant agency contracting officers’ representatives and in some cases, no one has responsibility for performing these duties.

GSA did not assign tenant agency contracting officers’ representatives (TA-CORs) as required by the terms of the FIT Program Supplemental OA. According to the FIT Program Supplemental OA, the FAS contracting officer should prepare a designation letter appointing a TA-COR to oversee a project. The letter should outline the TA-COR’s duties and responsibilities for the specific FIT Program project. Some examples of TA-COR duties include:

- Monitor the contractor’s technical efforts and progress, and discuss with the contractor as appropriate;
- Inspect the products and ancillary services delivered, assist in the development of the final acceptance punch list, and recommend acceptance or rejection of any product or service; and
- Assist the contracting officer in delivery order closeout, including evaluation of the contractor’s performance under the delivery order.

The TA-COR is especially important when GSA personnel are not stationed close to the location of the project. If GSA does not have personnel available to perform these functions, a TA-COR allows GSA to ensure that FIT Program contractors are fulfilling their responsibilities in accordance with the terms of the contract. A TA-COR, present at the project site receiving FIT Program orders, can prevent or detect problems with order delivery.

However, the FAS contracting officers did not follow these procedures. We found that GSA did not assign a TA-COR to any of the 10 FIT Program projects we reviewed. Instead, GSA formally designated PBS employees as CORs on six projects. The other four projects did not have a designated COR.

When a COR is not assigned to a FIT Program project, GSA cannot monitor contractor performance, inspect products and services, and ensure that contractors completed their work in accordance with project requirements. For example, the Broadcasting Board of Governors FIT Program project had no assigned COR. The Broadcasting Board of Governors disputed the bill on its FIT Program project due to confusion over the amount of IT equipment needed to complete the project. The Broadcasting Board of Governors complained that it received more IT equipment than it ordered, and that its order for IT equipment far exceeded the initial cost estimate. A TA-COR could have detected these issues sooner and avoided a drawn-out billing dispute, which has lasted over 3 years.

Contractors performing an inherently governmental function. GSA's failure to assign TA-CORs not only led to order accuracy verification issues, but also resulted in a violation of the Federal Acquisition Regulation (FAR). For one project we reviewed, in lieu of assigning a TA-COR to verify proper receipt of FIT Program orders, GSA allowed contract employees to act in that role and accept FIT Program products and services on behalf of the government. Accepting products and services on behalf of the government is an inherently governmental function. Having contractors acting in this role is a violation of the FAR. Specifically, FAR 7.503(c)(12)(v) requires that:

In Federal procurement activities with respect to prime contracts — administering contracts (including ordering changes in contract performance or contract quantities, taking action based on evaluations of contractor performance, and accepting or rejecting contractor products or services) is an inherently governmental function.

We found that contractors hired by PBS for project management services performed inherently governmental services by accepting FIT Program components and installation services for a \$41 million FIT Program furniture project for the Department of Health and Human Services Parklawn in Rockville, Maryland. For example, a contractor approved a \$2.6 million invoice submitted by the furniture supplier on behalf of GSA, thus recommending that the FAS contracting specialist process the payment.

The GSA contracting officer did not assign a TA-COR or GSA COR for the project, leaving the responsibility for receiving and accepting the furniture and installation to contractors. GSA should not use contractors to perform these functions. FAR 7.503 states that contractors should not perform inherently governmental functions, and lists “accepting or rejecting contractor products or services” as one such function. GSA should ensure that a government employee is designated as TA-COR on all FIT Program projects.

Finding 4 – The roles and responsibilities for the IT aspects of FIT Program projects are unclear, undefined, and unassigned.

Numerous FAS and PBS personnel working on FIT Program projects informed us that the FIT Program’s IT projects are more problematic than furniture projects. This is due to a lack of guidance and assigned roles and responsibilities pertaining to the IT projects.

For the furniture projects, the FIT Program Administrative Guide assigned the FAS Integrated Workplace Acquisition Center, in FAS Region 3, to provide furniture acquisition services. The center, in concert with the PMO, established an indefinite delivery, indefinite quantity contract to streamline the furniture acquisition process, offering furniture products that meet FIT Program space specifications. In addition to the FIT Program Administrative Guide, GSA prepared a FIT Program Furniture Closeout Process checklist, which defines roles and responsibilities associated with closing out a FIT Program furniture project.

However, a similar contract or closeout guidance does not exist for FIT Program IT projects; in fact, the guidance pertaining to IT acquisition is now obsolete. Although the FIT Program Administrative Guide lists the FAS National Information Technology Commodities Program (Commodities Program) as the point of contact for FIT Program IT purchases, Commodities Program officials determined that it was not in the best interest of the program for the Commodities Program to act in this role. Instead, GSA has delegated responsibility for FIT Program IT acquisitions as needed, without establishing a central FAS point of contact for these acquisitions. According to PBS and FAS personnel, this has led to project issues, including unclear roles and responsibilities as well as overall project disorganization.

The lack of an IT acquisition expert contributed to the billing dispute for the Broadcasting Board of Governors project discussed in *Finding 3*. Broadcasting Board of Governors officials told us that the ordering process was confusing and that GSA did not have a designated point of contact for IT support in order to address questions. GSA should ensure that it has IT representatives assigned to each FIT Program project who are familiar with the FIT Program to help ensure that projects are executed according to the terms of the agreements.

Finding 5 – The FIT Program does not have a standard billing methodology and its customer billings are significantly delayed.

We found significant deficiencies in the FIT Program’s billing process. GSA does not have a standard billing methodology. As a result, there is confusion and inconsistency about when and how customers are billed as well as who in GSA is responsible for the billing. We also found that customer billings were significantly delayed.

Lack of a standard billing methodology. The FIT Program Administrative Guide does not include policy or procedures for the FIT Program billing process. However, it states, “long term billing solution coming soon.” We found that there were inconsistencies in the timing of the billings. Discussions with FIT Program project teams revealed that, depending on the project, GSA initiated billing either based on estimates made in the draft Supplemental OA, or on the actual costs in the final Supplemental OA once the order was complete. We found that when projects billed based on estimated costs, the final project cost was inaccurately recorded, which required several billing adjustments to correct. This was further complicated because it was unclear whether FAS or PBS officials were responsible for making these adjustments.

For example, GSA billed the Veterans Affairs project in Kansas City, Missouri, based on cost estimates. Once the actual costs were determined, GSA found that the customer agency was overbilled \$72,427. This required coordination between FAS and PBS—and several billing adjustments—to correct. An FAS official who processed the billing adjustments noted that responsibility for making these types of adjustments is unclear, and that it would be difficult to keep track of all necessary billing adjustments program-wide. To further complicate the issue, GSA billed the customer agency without the required final supplemental occupancy agreement detailing the billing terms. FAS and PBS management should come to an agreement on when FIT Program projects should be billed, and ensure responsibility for initiating billing and making any necessary adjustments is clearly defined in FIT Program policy.

Significant billing delays. We found significant billing delays—including delays of several years, and a project that was unbilled until a customer agency initiated it, which remains unbilled. The billing delays contributed to two disputes with customers over the accuracy of the billings.

The significant billing delays are illustrated in *Figure 4* on the next page, which shows how long it took for customer billings to start after the projects had been completed. The billings for the six projects shown ranged from 7 months to over 3 years.

Figure 4 – Billing Time-Lapse

Customer Agency and Location	Move-In Date	Billing Start Date	Time-Lapse from Move-In to Billing Start
Broadcasting Board of Governors – Washington, D.C.	November 2014	Not billed	Over 3 years*
Department of Commerce, Economic Development Administration – Chicago, IL	June 2015	April 2018	2 years, 10 months
Railroad Retirement Board – Chicago, IL	December 2015	September 2017	1 year, 9 months
Department of Health and Human Services Parklawn – Rockville, MD	January 2016	October 2016	9 months
Department of Homeland Security – Cherry Hill, NJ	November 2016	September 2017	10 months
Department of Commerce, Economic Development Administration – Philadelphia, PA	January 2017	August 2017	7 months

* Project not billed as of March 2019.

For the Broadcasting Board of Governors, GSA did not provide the customer with a bill until the customer agency reached out to GSA to inquire a year after project completion. Then, due to a dispute over the accuracy of the bill, GSA still has not initiated billing as of March 2019.

For the Economic Development Administration (EDA) project in Chicago, Illinois, the project was unbilled for over 2 years. GSA did not start billing for the project until we began this audit. Once EDA received its bill, there was confusion on whether EDA had already paid for some of the IT items associated with the project, or whether they were funded through the FIT Program. GSA and EDA have since solved the dispute. However, disputes such as this one could likely be avoided if GSA billed the customer agency in a timely manner.

Conclusion

The FIT Program does not effectively and efficiently meet its mission. GSA implemented the FIT Program without clear policies and procedures to ensure the program was administered properly and run effectively. In many cases, the roles and responsibilities are unclear, undefined, and not performed. Further, where policy does exist, it is often not followed. By initiating the program without fully developed policies and procedures, GSA hindered its ability to effectively and efficiently meet the FIT Program's mission.

GSA's ability to effectively and efficiently administer the FIT Program is hindered by multiple issues. We found that GSA does not apply its mandatory requirements to projects consistently and often grants exceptions from the requirements. In addition, we found that GSA has not conducted payback analyses to support project approval decisions. Further, we found that GSA has not appointed TA-CORs and in some cases, no one has responsibility for performing these duties. We also found that the roles and responsibilities for the IT aspects of FIT Program projects are unclear, undefined, and unassigned. Finally, we found that GSA has been billing its customers late and that it does not have a standard billing methodology.

To ensure that the FIT Program effectively and efficiently meets its mission, GSA needs to establish and implement clear policies and procedures to ensure the program is administered properly and run effectively. It needs to ensure that the FIT Program's roles and responsibilities are clear, defined, and performed. By instituting fully developed policies and procedures, GSA will enhance the FIT Program's ability to effectively and efficiently meet its mission.

Recommendations

We recommend that the PBS Commissioner:

- (1) Work with the FAS Commissioner to establish formalized policy and guidelines that enables the Total Workplace Program Management Office to manage all aspects of the FIT Program.
- (2) Consolidate all guidance into one finalized FIT Program Administrative Guide that ensures roles and responsibilities are outlined for the project approval process, FIT Program IT projects, and billing.
- (3) Evaluate the mandatory FIT Program requirements to determine if revisions are necessary to meet customer agency needs, achieve cost savings, and reduce the federal footprint.

We recommend that the FAS Commissioner:

- (1) Ensure that FIT Program projects have qualified contracting officers' representatives who are able to verify that projects are delivered according to the terms of the Supplemental Occupancy Agreements.

- (2) Implement controls to ensure that contractors are not accepting products and recommending payment on behalf of the government.
- (3) Resolve the outstanding billing dispute related to the Broadcasting Board of Governors FIT Program project.

GSA Comments

GSA agreed with the report recommendations. In their written comments, GSA requested that we assign our recommendation to resolve the outstanding billing dispute related to the Broadcasting Board of Governors to FAS. We revised the report accordingly.

GSA’s comments on the report are included in their entirety in **Appendix B**.

Audit Team

This audit was managed out of the Real Property and Finance Audit Office and conducted by the individuals listed below:

Timothy Keeler	Acting Associate Deputy Assistant Inspector General for Auditing
Kevin Gallagher	Audit Manager
Wesley Zehms	Auditor-In-Charge
Victor M. Martinez	Auditor

Appendix A – Scope and Methodology

Our audit scope consisted of a judgmental sample of 10 out of a universe of 48 FIT Program projects across seven GSA regions. We selected the sample to include multiple GSA regions in an effort to analyze consistency across regions and project teams. Additionally, we selected projects that were complete or were awarded but awaiting furniture or IT equipment delivery or installation. The estimated total award value of the 10 projects was \$44,915,452.

To accomplish our objectives, we:

- Reviewed the history of the FIT Program, including related legislation, executive orders, and GSA guidance;
- Reviewed Presidential Memorandum – *Disposing of Unneeded Federal Real Estate*, (June 10, 2010), and Office of Management and Budget’s Budget Memorandum *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012);
- Reviewed relevant criteria, including the Total Workplace FIT Program Administrative Guide (June 22, 2015) and the Memorandum of Agreement Between FAS and PBS (October 27, 2015);
- Obtained FIT Program furniture and IT procurement contract information and documents from FAS’s IT Solutions Shop system, including proposals, awards, price reasonableness determinations, and independent government estimates;
- Researched the FAR and the GSA Acquisition Manual related to COR authority;
- Reviewed PBS project files and additional information provided by PBS for each contract in our sample, including project development, contract administration, and general correspondence;
- Interviewed PBS project managers, FAS and Office of the Chief Financial Officer personnel, and other FIT Program officials regarding contract file documentation, contract administration, and project deliverables;
- Conducted limited meetings and site visits with customer agency representatives to discuss overall project conception, execution, and results; and
- Reviewed the U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* for guidance on operating an effective internal control system.

We conducted the audit between April 2017 and February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objectives of the audit. Identified internal control issues are discussed in the Results section of this report.

Appendix B – GSA Comments



Public Buildings Service

March 23, 2020

MEMORANDUM FOR: TIMOTHY KEELER
ACTING ASSOCIATE DEPUTY ASSISTANT INSPECTOR
GENERAL FOR AUDITING (JA-R)

THRU: JULIE A. DUNNE
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

FROM: DANIEL W. MATHEWS 
COMMISSIONER
PUBLIC BUILDINGS SERVICE (P)

SUBJECT: Response to the Office of Inspector General (OIG) Draft Audit Report
entitled *Audit of GSA's Total Workplace Furniture and Information
Technology Program* (A170070)

The Public Buildings Service (PBS) and Federal Acquisition Service (FAS) appreciate the opportunity to review and comment on the subject of this report. PBS and FAS agree with all six recommendations set forth in the report and will take the necessary corrective action to address these recommendations.

Respectfully, PBS and FAS request the OIG assign Recommendation 4 of the subject report, "Resolve the outstanding billing dispute related to the Broadcasting Board of Governors FIT Program project," to FAS since this issue aligns with IT acquisition.

PBS and FAS recognize that the Furniture and Information Technology (FIT) Program was not fully developed during the period the OIG conducted their study of this audit which began in April 2017. GSA's Total Workplace FIT Program was in the early stages of development in early 2017. The program has greatly matured into an effective and efficient resource with clear roles that are defined by policies with standard billing methodologies.

Six of the ten projects reviewed during this study were pre-FIT Indefinite Delivery/Indefinite Quantity (IDIQ) contracts. Since the IDIQ was established, tighter standards and regulations have been implemented and are adhered to. The five mandatory requirements and six of the nine optional requirements must be adhered to in order to be approved to use the FIT program. Exceptions to the IDIQ may only be granted due to workplace engagement determinations that support deviations from the IDIQ.

Appendix B – GSA Comments (cont.)

Projects are also reviewed on a holistic level for approval with FIT being one component. Project criteria must align with PBS Project Consolidation elements. The payback analysis in Finding 2 of the OIG report appears to not take into account the impact reduction in footprint efforts. GSA will designate a Tenant Agency Contracting Officer's Representative (TA-COR) or if a TA-COR is not available, GSA will designate a GSA COR to serve as the COR on the FIT project.

Additionally, the FIT Program has since implemented policy and procedures for all IT projects that have both financial and geographical filters, and limit the scope of what can be procured. PBS has further identified that only agencies within the National Capital Region (NCR) can apply to use the IT FIT program. For NCR agencies procuring over \$1M of IT equipment, the Total Workplace FIT program provides a way for IT costs to be billed and paid over a 3-year period. IT projects are now all awarded by GSA Assisted Acquisition Services in the National Capital Region (NCR: GSA Region 11). Prior to any new FIT IT agreement being approved, the list of IT equipment is reviewed by a designated IT professional that is familiar with FIT statutory limitations and any conflicts are removed from the procurement.

Finally, billing has been standardized and is now accomplished via the Occupancy Agreement (OA) Tool for all new projects. There is an end-to-end process flow that the PBS Regions follow to ensure consistency in agreement preparation, routing, and finalization across regions and projects. Current process dictates signatures required by the Government and will implement further controls to ensure Government not contractors accepting products and recommending payment.

Thank you for the opportunity to provide a response to the draft report. If you have any questions, please contact Charles "Chuck" Hardy at (312) 636-2340.

Appendix C – Report Distribution

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