U.S. General Services Administration

Deliver Value. Deliver Impact.

Federal Center South
U.S. Army Corps of Engineers Building
Seattle, WA
Photo: © 2012 Benjamin Benschneider

2024 Agency Financial Report

GSA Websites

Main Site
www.gsa.gov

Technology
www.gsa.gov/technology

Acquisition
www.gsa.gov/acquisition

Travel Resources
www.gsa.gov/travel-resources

Real Estate
www.gsa.gov/real-estate

Properties
www.gsa.gov/real-estate/gsa-properties

Historic Preservation
www.gsa.gov/real-estate/historic-preservation

Agency Performance Report
www.gsa.gov/reference/reports/budget-performance/annual-reports

Join the Conversation

Facebook @gsa

Youtube @usgsa

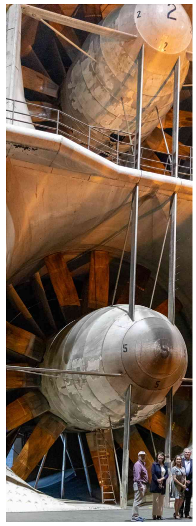
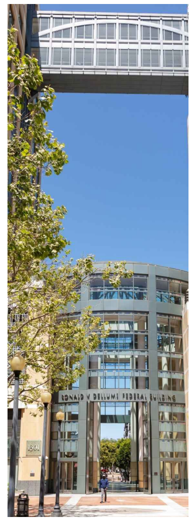
www.gsa.gov/blog

Twitter @usgsa

Instagram @usgsa


75 Years
INTEGRATED COMMUNICATION
INTERIOR BUSINESS CENTER
TRAINING CENTER
OUR INNOVATION ECOSYSTEM & INFRASTRUCTURE
DIGITAL COMMUNICATION
GSA

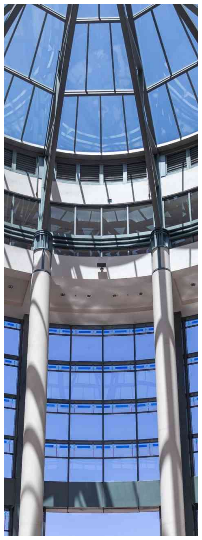



Contents

Management's Discussion and Analysis (Unaudited)




Contents

Financial Section

Contents

Other Information (Unaudited)

Brief Overview of the Agency Financial Report (Unaudited)

The purpose of the U.S. General Services Administration's (GSA) fiscal year (FY) 2024 Agency Financial Report (AFR) is to inform the President, Congress, and the public about how GSA used Federal resources to reliably deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. In FY 2024, GSA produced an AFR and an annual performance report, posted on GSA.gov under Annual Reports.

This AFR highlights performance results and provides high-level financial analysis through assessments of controls, a summary of challenges, and stewardship information. No legislative actions directed toward GSA require reporting agency-specific financial, accounting, or auditing issues. This year, GSA is celebrating our 75th anniversary and will highlight our accomplishments throughout the years.

The AFR is an agency-wide effort, and the individuals named below contributed to successfully delivering of the FY 2024 report.

Contributors:

Alison Kohler
Andrea Stanley
Angela Evans
April Pratt
Avery Collins
Bob Smalskas
Cassandra Holman
Christi Dewhirst
Claudia Nadig
Claudine Schleicher
Courtney Moon
Daniel Humble
Deborah Holden
Deborah Ruiz
Ebonie Smith
Evan Farley
Felicia Ford Jones
Gail Bruss
Gleason Rowe
Jared Leicht
Jeff White
Jenny Lee
Jodi Proffitt
Joribah Able
Jose Malan
Kai Terry
Katherine Sechler-Stephenson
Kathy Hammer
Katie Smith
Ken Kirtley
Keri Band
Lauren Brackett
Lynette Tillery
Mandy Honn
Matthew Sheehy
Maureen Steward
Maury Mungin
Natasha Schatzman
Phyllis Lam
Quynh Tran
Rafael Karaan
Ronnie Peyton
Rozetta Robinson
Russell Goodacre
Scott Wheeler
Stefanie Crane
Sunil Mohanty
Tanisha Paulding
Teisha Jones
Teri Osabutey
Terri Jackson
Theresa Lewis
Theresa Ottery
Tiara Cobbins
Travis Lewis
Zakiya Zaid

Understanding the Agency Financial Report and its Components (Unaudited)

Some of the terms may need to be clarified if you have not read an agency financial report (AFR) for a Government agency before. This section will help you better understand the U.S. General Services Administration's (GSA) AFR. For more detailed definitions and information on Federal financial reporting, the Government Accountability Office offers a glossary of terms, the U.S. Department of the Treasury provides guidance on Government accounting and reporting, and the Office of Management and Budget's (OMB) Circular A-136 lists AFR reporting requirements.

Why does GSA prepare an agency financial report?

The Chief Financial Officers Act of 1990 requires GSA to prepare an annual report containing audited financial statements and a performance summary. OMB provides detailed guidance regarding the contents of these annual reports. Following that guidance, we prepare this AFR and a separate annual performance report.

What are the key parts of an AFR?

Agency financial reports can be daunting to read and understand. However, by reviewing the following parts of the AFR, you can get an extensive picture of our agency:

- The management's discussion and analysis section is where GSA's leadership provides general background information about the agency — including the organizational structure, the mission, and the financial and performance results of our major programs — and identifies factors that may affect the agency's operations. As discussed in the auditors' report (which is found in the financial section), it is essential to note that the independent auditor does not audit this section of the AFR to reach any opinion on its accuracy or completeness.
- The financial section includes the independent auditors' report, the financial statements, and the notes to the financial statements, and lays out the agency's financial performance for the year.
    - The independent auditors' report provides the context behind the audit testing performed and the results of that testing, including whether the auditor found the financial statements to be presented fairly, in all material respects, in accordance with generally accepted accounting principles for Federal reporting.
    - The financial statements provide GSA's financial results, including the balance sheets, the statements of net cost, the statements of changes in net position, and the statements of budgetary resources.
    - The financial statements are presented in two slightly different formats. The first section is the consolidated financial statements, which display the summarized GSA totals. Immediately following the consolidated statements you'll find the same financial information in an expanded view called the consolidating financial statements. These statements display balances for the significant GSA components, specify the amounts eliminated for activities between GSA components, and add up to the agency's totals. The consolidating statements support OMB Circular A-136 requirements for the AFR to provide financial information associated with major programs. We define the Public Buildings Service (PBS) and the Federal Acquisition Service (FAS) as major programs. The independent auditor audits the PBS Federal Buildings Fund and the FAS Acquisition Services Fund and provides separate audit

opinions on the financial presentation of those funds, in addition to auditing the agency as a whole (i.e., the consolidated financial statements).

  - The notes to the financial statements provide additional details and context concerning the balances reported in the financial statements.

- The other information section contains other relevant information about the agency, including its compliance with laws and regulations. This section of the AFR is also not audited by the independent auditors.

Why should I read the notes that accompany financial statements?

Footnotes are essential because they further explain certain financial statement line items, including information about the methodologies used for calculations, valuation, time, and other data that help you better understand the agency.

How are Government and private companies' financial statements different?

With the unique missions and purposes of Federal agencies, financial reporting focuses on elements such as stewardship over assets, responsibilities for various liabilities, the cost of program activities, and the budgetary control process. Because of these unique operations, there is also a distinct set of accounting standards applicable to Federal Government reporting.

One difference between commercial companies and Federal agencies is that the Federal agencies do not exist to generate profit. In fact, unlike GSA, most Federal activities do not generate revenues to fund program operations and, instead, depend upon authorization and appropriation acts to provide the financial resources to operate.

According to the Government Accountability Office, the objectives of Federal financial reports are for agencies to demonstrate their accountability, provide helpful information, and help internal users of financial information improve the Government's management. You should bear in mind that our goal is to demonstrate sound financial stewardship over the assets entrusted to us. In contrast, readers of private industry financial statements may have an interest in investing in a company and want assurances that the information provided is timely, accurate, and can be relied upon to assess their investment value.

Does GSA follow generally accepted accounting principles (GAAP)?

Yes, we follow the requirements of the U.S. generally accepted accounting principles (GAAP) for Federal financial reporting. The Federal Accounting Standards Advisory Board is designated by the American Institute of Certified Public Accountants as the source of GAAP for federal reporting entities, and it issues the accounting standards and principles for the United States government.

How do I read a balance sheet?

The balance sheet shows the agency's assets and liabilities at a fixed point in time. Most of the terms on the balance sheet are familiar to users of financial statements (e.g., assets, such as accounts receivable, property, and equipment; and liabilities, such as accounts payable and actuarial liability). There are several unique terms on a Federal balance sheet, like "Fund Balance with Treasury" and "Intragovernmental Liabilities." The Fund Balance with Treasury is akin to a bank account balance; the fund balances represent the amount of money in the agency's accounts within the U.S. Treasury that is available to spend on projects and expenses for which Congress approved the funds. Intragovernmental liabilities result from business activities conducted between two Federal Government entities.

How do I read a statement of net cost?

The statement of net cost shows the results of operations for our primary business areas. It displays revenues earned during the fiscal year for goods and services provided to customers and subtracts expenses incurred to operate our programs to arrive at net cost. A commercial company would call this type of document an income statement. Since most Federal programs generate little to no resources on their own, expenses are offset by revenues to determine the agency's net cost.

What is a statement of changes in net position?

The statement of changes in net position is similar to a statement of changes in equity for a commercial firm. It reflects the impact that the sources and uses of resources have on each fund's financial position. During FY 2024, we generated resources from operations (the net revenues or costs from the statement of net cost), received appropriations, used appropriations, and transferred funds or property to (or from) the Treasury and other Federal agencies.

The statement of changes in net position also reports imputed financing. Imputed financing is related to imputed costs (see below) and occurs when funding for payment of certain program costs is budgeted centrally by another agency. An example of imputed costs are the costs that the Office of Personnel Management manages for Federal Employees' Benefits programs.

What are cumulative results of operations?

Cumulative results of operations are a component of net position on balance sheets, and they represent the historical total for a fund — summing revenues, expenses, gains, losses, transfers of assets and liabilities from other agencies, and other financing sources provided to a fund since its inception. They are similar in concept to retained earnings for a commercial firm.

What are imputed costs?

Consistent with accounting standards, we record imputed costs for expenses we incur where other Federal entities will provide funding.

What is a statement of budgetary resources?

The statement of budgetary resources is unique to the Federal Government and displays the critical components of the fiscal control process. It shows the various sources of budgetary authority and resources provided to fund agency activities, how much of the total resources were used during the year, and how much was left unspent at the end of the year. Private industry has no similar statement or set of requirements to establish and control budgets in this manner, but there are similarities with budgeting concepts used and reported by States and local governments.

What is an appropriation?

Appropriation means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. This term describes the amount of money received or approved for the stated purposes. For a more detailed explanation of appropriations and the Federal budget process, you can read OMB's guidance document, Circular A-11.

What is an obligation?

In federal budgeting and financial management, an obligation is a binding agreement that will result in outlays immediately or in the future. For example, an agency incurs an obligation when it places an order, signs a contract, purchases a service, or takes other actions requiring the Government to pay the public or from one Government account to another.

What are outlays?

In the Federal Government, outlays primarily represent payments made to liquidate an agency's obligations and are referred to as gross outlays. As stated in the budgetary resources, we calculate net outlays as the difference between gross outlays and cash collections we receive for reimbursed goods and services. Net outlays may reflect negative amounts when collections exceed disbursements in a fiscal year. This result is not unusual in revolving funds like the Federal Buildings Fund and Acquisition Services Fund. Outlays are a primary measure of Government spending.

What is an unobligated balance?

The unobligated balance is the portion of total budget authority provided as financial resources where no actions have been taken to spend or obligate funding to pay for goods or services or bind the Government to pay liabilities.

Letter from the Administrator (Unaudited)

When President Harry S. Truman established the U.S. General Services Administration (GSA) in 1949, our mandate was to make government work better and save money while doing it. For the past 75 years, we've embraced President Truman's vision of modernizing our government while bringing efficiency and innovation to the forefront of public service. That's our goal across our portfolio as we serve Federal agencies and millions of Americans by providing the best services in real estate, acquisition, technology, and more.

Our fiscal year (FY) 2024 Agency Financial Report reflects GSA's progress in delivering value and impact for all Americans. We provide safe, functional, and sustainable workspaces for more than 1 million Federal civilian employees and the thousands of Americans who visit them daily. We're expanding access to the Federal marketplace, facilitating the procurement of a record-setting $105 billion worth of goods, services, and solutions. We're building and scaling technology tools and websites like Login.gov, USA.gov, Vote.gov, and others to make the Government run better and faster for people 24/7. We are using our real estate portfolio and buying power to combat the climate crisis and drive clean energy innovation — creating good jobs and building a healthier future for everyone.

Priority Areas

Optimize the Federal footprint. With one of the world's largest real estate portfolios, our Public Buildings Service has over 360 million square feet in 8,100 assets under its custody and control, spanning approximately 2,000 communities nationwide. As agencies adjust to a changing workplace, the Federal Government continues to see more opportunities for cost savings and space efficiencies while delivering safe, functional, and sustainable workspace for more than 1 million Federal employees. As a result, we're working more closely with agencies than ever before to consolidate out of costly leases, divest of unneeded assets, and save taxpayers money. In November 2023, we announced 23 properties for disposition, representing a potential reduction of 3.5 million square feet and more than $1 billion in estimated cost avoidance over 10 years. Meanwhile, GSA's innovative Federal coworking spaces have welcomed over 1,100 coworkers, with an impressive 85 percent expressing their intention to return.

Deliver the best in digital government services. Millions of Americans now have more straightforward and more secure access to Government services thanks to GSA's digital services and solutions that are improving customer experience Governmentwide. Through shared services like Login.gov, the U.S. Web Design System, and FedRAMP, GSA is helping agencies better serve the American people and avoid the cost, time, and risk of reinventing the wheel. We're delivering expertise and modernization through our Technology Modernization Fund, helping agencies modernize legacy IT systems, bolster cybersecurity, and improve customer experience — all through an innovative funding model that ensures the efficient use of taxpayer dollars. And we are leading the way in bringing technology talent into Government through our support of the National AI Talent Surge and through programs like the U.S. Digital Corps and Presidential Innovation Fellows.

Make it easy to do business with government. We're creating and managing new acquisition services that allow for the procurement of a record-setting $105 billion worth of goods, services, and solutions to support the missions of Federal agencies and Tribal nations as well as State and local governments. Earning an A or higher on the Small Business Administration's procurement scorecard for the 14th year in a row, GSA has not only awarded almost $3 billion to small businesses across the country — almost half our eligible contract dollars — but we've also helped those businesses grow and thrive in the Federal marketplace.

Ensure GSA stays one of the best places to work. This year, we've been ranked the second best place to work in Government for an agency of our size by the Partnership for Public Service, marking our third year in the top five. Our high rankings in transparency, effective leadership, teamwork, innovation, agency performance, and equity are a direct result of feedback from our talented, diverse, and engaged team of public servants. We're proud to provide high-performing and inclusive workplace environments that empower all public servants to do their best work.

Drive sustainability. Across the country, GSA's work to build the clean energy future is saving taxpayer dollars, creating good jobs, and reducing harmful pollution in communities. We're advancing clean energy through our buildings portfolio, including through the 2022 Inflation Reduction Act (IRA), which has historic investments for low-embodied carbon materials, emerging clean technology, and sustainable buildings. GSA's IRA investments alone will create over 9,500 jobs, reduce emissions by the equivalent of 500,000 gas-powered vehicles a year, and avoid hundreds of millions in energy costs — all while striving to make 100 buildings all-electric, including 28 buildings aiming to achieve net-zero emissions. We've placed over 5,700 zero-emissions vehicle (ZEV) orders for agencies in FY 2024, currently operate more than 14,600 ZEVs in our leased inventory today, and have installed much of the electric vehicle supply equipment infrastructure to support those ZEVs.

This report also fulfills the requirements of OMB Circular A-136, Financial Reporting Requirements. It assesses how our internal controls over operations, systems, and reporting are working. As mandated by the Reports Consolidation Act of 2000, I have reviewed the financial and performance data in this report and believe them to be complete and reliable.

As always, I am proud of the GSA team and all that we've accomplished in 2024 and throughout our 75-year history. We are honored to serve the American people and we will continue to deliver value and impact at every turn.

Best,

Robin Carnahan

Robin Carnahan

Administrator of General Services

November 14, 2024

How GSA Benefits the Public (Unaudited)

This year, the U.S. General Services Administration (GSA) celebrated a major milestone: 75 years of serving the American people. Though seven and a half decades have passed since our founding in 1949 by President Harry S. Truman, our defining purpose remains the same. We're streamlining the administrative work of the Federal Government, making operations more efficient and saving taxpayers money while doing it.

Our vital role as mission support for the entire Federal Government directly impacts the economy and quality of life in communities in every state and territory. We're proud to use the Federal Government's real estate footprint and buying power to build a more robust, sustainable, and equitable economy.

In fiscal year (FY) 2024, we reported $39.3 billion in revenue. With one of the world's largest real estate portfolios, GSA is responsible for 360 million rentable square feet of workspace, $105 billion in annual contracts, over 235,000 Federal vehicles, and more.

But GSA is more than numbers. We stand as a model employer in the Federal Government. In May, we achieved our highest ranking yet in the Best Places to Work in the Federal Government ratings, reaching number two in the midsize agency category. Our strength comes from our workforce's desire to deliver the best customer experience and value in real estate, acquisition, and technology services to the Federal Government and the American people. Our employees — a team of more than 12,000 people — have an unwavering commitment to our mission, focusing on the future while remaining grounded in our values of service, accountability, and innovation.

We have a proven ability to find and deliver intelligent and innovative solutions throughout our 75-year history, ensuring sustainable success. We're just getting started when it comes to revolutionizing Government business.

Innovating Digital Government Services

We're keenly focused on what our customers need today—technology. We're exploring the value and associated risks of artificial intelligence (AI) and other emerging technologies that support GSA's mission.

Earlier this year, we released a Generative AI and Specialized Computing Infrastructure Acquisition Resource Guide. It's a blueprint that positions us to ensure the Federal community is well-informed about adopting secure AI. We will implement policies and guidelines to use robust, transformative tools like AI responsibly, equitably, effectively, and ethically. In June, GSA selected 11 technology experts for our second 2024 cohort of Presidential Innovation Fellows, all focused exclusively on AI projects.

Maintaining online security is crucial to our mission. We continue to advance our zero-trust architecture strategy to improve cybersecurity capabilities and resilience and proactively manage and respond to cyber threats. We support the Department of Homeland Security's Continuous Diagnostic and Mitigation Program, which provides a dynamic approach to fortifying the cybersecurity of Government networks and systems, protecting more than 40 Federal agencies.

Among our top priorities are increasing Federal agency adoption and secure use of cloud computing products and services by providing a standardized, reusable approach to security assessments and authorizations through our Federal Risk and Authorization Management Program (FedRAMP) and making sure GSA-managed and other Government sites are accessible, secure and well designed for every user. Our digital products all aim to help the Federal Government deliver services through products and websites such as:

- Digital.gov
- Login.gov
- U.S. Web Design System
- Cybersecurity products and services

Making Procurement Easier

Our Federal Acquisition Service uses the Federal Government's buying power to drive sustainability, efficiency, effectiveness, and cost savings, making new technologies and services available to our partner agencies at the best value so they can fulfill their missions. Our long-standing commitment to making business in the Federal marketplace easier also gives our nation's small and underserved entrepreneurs the information and resources they need to sit at the Federal procurement table.

In 2023, FAS introduced the FAS Catalog Platform (FCP), which improves how vendors get their offerings on GSA Advantage®. The platform has significantly reduced vendors' time to add and remove products, improving the experience for buyers and sellers.

In 2024, approximately 1,700 Multiple Award Schedule contracts, representing roughly 20 million line items, were added to FCP. As a result, GSA Advantage® customers benefit from faster time-to-market product offerings and an up-to-date catalog.

Our Office of Small and Disadvantaged Business Utilization advocates for small business owners by creating programs to help guide small and small disadvantaged businesses through the Federal procurement process.

For FY 2024, GSA awarded $3.2 billion to small businesses and more than $1.3 billion to small disadvantaged businesses. We've proved our commitment to helping them succeed in the Federal marketplace. Our continued success in advocating for our nation's small business entrepreneurs earned GSA an A+ on the 2024 Small Business Administration's Small Business Procurement Scorecard, the 14th consecutive year GSA earned an A grade or higher.

Driving Sustainability

As a responsible steward of Federal property and facilities on behalf of the American public, GSA evaluates and recommends appropriate green building certification systems, such as Leadership in Energy and Environmental Design (LEED) and similar tools, for Federal agencies to use.

GSA constructs most new Federal buildings and major renovation projects to the LEED Gold standard. Through GSA's Inflation Reduction Act (IRA) investments, we've also helped spur the publication of 17,000 Environmental Product Declarations for lower-carbon American-made asphalt, concrete, glass, and steel products. GSA's Buy Clean, IRA-funded low-embodied carbon material requirements are being applied in more than 150 GSA construction projects in 39 States and serve as a model for other large purchasers. Through additional IRA investments, GSA is reducing reliance on fossil fuels by building electrification projects and energy savings performance contracts. Further promoting sustainability, equity, and community engagement, we amended a Federal management regulation by factoring in location decisions' social, economic, and environmental considerations while retaining GSA's long-standing principles for site selection.

Optimizing Real Estate

GSA's Public Buildings Service goes to great lengths to deliver innovative and cost-effective real estate solutions for our customers and Federal agencies. We lead by example by adjusting our own workspace allocations, partnering with customer agencies to optimize the composition and size of the GSA real estate portfolio, and, when cost-effective, consolidating occupant agencies from leased to Federally owned facilities.

We aim to achieve a net-zero emissions federal buildings portfolio by 2045 by creating a modern, resilient, and sustainable Federal portfolio supporting U.S. competitiveness and operational efficiency. GSA is leveraging funding from the IRA to achieve strategic outcomes of building electrification, net-zero emissions, and sustainable buildings. Examples include:

- Constructing the first net-zero land port of entry at San Luis, AZ
- Leveraging IRA investments with financed capital to maximize outcomes through energy savings performance contracts
- Focused investments on assets that will remain in our portfolio for the long-term to ensure funding is used effectively and wisely.

Our Center for Workplace Strategy is also developing tools, resources, and contracts that support agencies' strategic planning, workforce planning, and change management initiatives.

Among these tools is the Workplace Innovation Lab, unveiled last year at GSA headquarters in Washington. Six additional Federal Coworking prototypes across the nation allow Federal agencies, teams, and employees to experience new technologies, furniture, and hybrid work setups.

Other examples of how we're making Federal space work better include:

- Optimizing space utilization. We relocated the Department of Labor to a federally owned property in downtown Seattle. This reduced their usable square footage by 76 percent, delivering $4.2 million in cost savings annually for taxpayers, $3.4 million in DOL rent payments, reduced carbon impact by 70 percent, and reduced energy costs.
- Modernizing and expanding. Along the U.S.-Mexico border in California, we completed a $134 million modernization and expansion project for the Otay Mesa Land Port of Entry. The project gives the port operational space, reduces traffic congestion, and creates a safer environment for port employees and commercial vehicles.
- Disposing of unneeded real estate. GSA conveyed a former Job Corps Center facility in Homestead, Florida, to Miami-Dade County at no cost using the public benefit conveyance authority for emergency management. The county plans to utilize the vacant 42-acre campus for urban rescue training, equipment and vehicle storage, classroom training, emergency meal preparation, emergency shelter, and construction of a fire/rescue station.

Fostering Diversity, Equity, Inclusion, and Accessibility

Recognizing that diversity, equity, inclusion, and accessibility are inseparable from delivering effective and efficient Government for everyone, we intentionally use our whole-of-government approach to create the best possible experiences for our customers in every area of our business. Our partnership with the AbilityOne Commission creates a clear and meaningful impact in developing strategies extending employment opportunities to persons with disabilities. Additionally, GSA working with other agency partners developed and launched the Government Wide Procurement Equity Tool to perform market research with a focus on socio-economic small businesses.

Conclusion

Our nation is currently facing dynamic and extraordinary times. GSA is strategically and thoughtfully adapting and finding innovative solutions today for tomorrow’s new developments in digital Government services, acquisition, real estate, technology and policy. We’re delivering value and impact through our vision of effective and efficient Government for the American people, prioritizing the customer experience and building on GSA’s 75-year legacy of innovation, collaboration, and cost-effective solutions at every step. Our achievements are a collective success, and we’re motivated to do even more.

Whether it’s delivering on our mission, collaborating with our partners, providing growth opportunities, or something else, we’re leading by example, embracing today’s challenges, and delivering on our promises with value and impact.

We look forward to even greater progress through our ongoing commitment to our values of service, accountability, and innovation.

1949

1949 – GSA is established

GSA was established by Harry Truman to streamline federal administrative work.

Image: U.S. General Services Administration Building, Washington, DC

1950

1950s – Launch of the Federal Supply Schedule Program

The Federal Supply Schedule program is created to simplify the process for federal agencies to purchase products and services.

1959 – Public Buildings Construction Act

1960

1960s - Introduction of the Automated Data Processing Schedule

1960s - Communications for agencies

The Federal Telecommunications System, a governmentwide intercity telephone network is created.

1970

1972 – Art in Architecture Program Established

Image: Structure outside the Federal Center in Chicago, one of the earliest art projects commissioned by GSA

1980

1980s – FTS2000 is launched

Provided a unified telecommunications network, reduced costs, and enhanced communication capabilities across the federal government.

1980s – Modern finance

We introduced the first government charge card, now used by more than 3.5 million federal employees.

1990

1994 – Design Excellence Program Created

The program has resulted in dramatic improvements in the design of federal buildings.

1998 – GSA announces SmartPay

2000

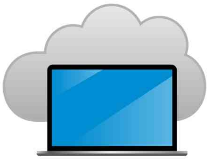
2000s – Creation of the Federal Acquisition Service

GSA merged the Federal Supply Service (FSS) and Federal Technology Service (FTS) into the Federal Acquisition Service (FAS).

2000s – GSA became first federal member of the U.S. Green Building Council

2010

2010s – Adoption of cloud computing and IT modernization



2010s – Promoted Green Initiatives

2020

2020 – COVID-19 pandemic

GSA provided crucial support to federal agencies during the COVID-19 pandemic.

2024

2024 – GSA hires first AI and Chief Data Officer

Management's Discussion & Analysis

(Unaudited)

Organization (Unaudited)

Robin Carnahan

Administrator

The Administrator of General Services oversees the entire agency, leading a staff of about 12,000 GSA employees and overseeing approximately 360 million square feet of real property, nearly $105 billion in annual contracts, and over 235,000 leased vehicles. Working with the GSA team in the Central Office and the Regions, the Administrator sets the priorities for the agency and ensures that GSA employees have what they need to help other Federal agencies accomplish their missions.

Katy Kale

Deputy Administrator

The Deputy Administrator supports the full operations of the agency, ensuring that the agency's mission can be accomplished effectively and efficiently. The Deputy Administrator leads on all critical mission-support activities, from information technology to emergency response to human resources management.

Brett Prather

Chief of Staff

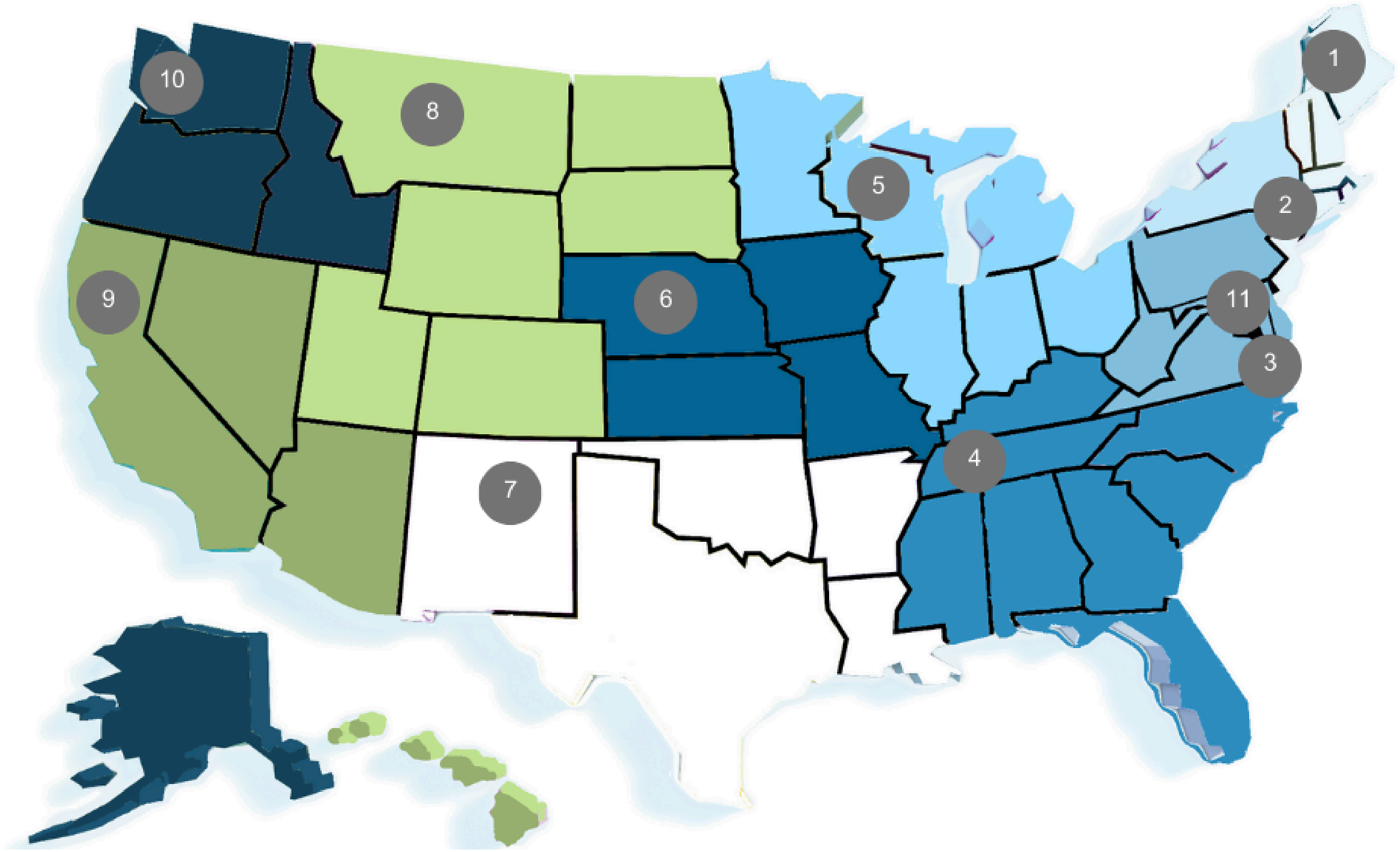
The Chief of Staff uses experience in legislative affairs, strategic communication, public policy, leadership, and management to support the fulfillment of the GSA's mission.

Trevor D. Jones

Deputy Chief of Staff for Operations and White House Liaison

The White House Liaison coordinates between the Executive Office of the President, other Federal partners, and GSA. The liaison also manages the appointment process for GSA leadership positions and works with other Federal agencies to support the Administration's key initiatives.

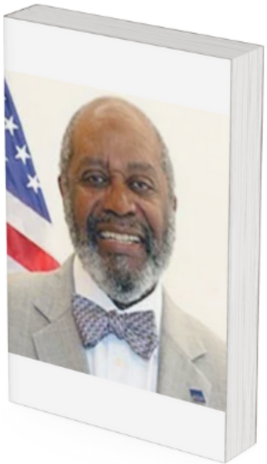
The U.S. General Services Administration (GSA) comprises the Federal Acquisition Service, the Public Buildings Service, 12 staff offices, and two independent offices.



GSA Regional Map

GSA serves its 100-plus Federal customers and the public through its headquarters in Washington, D.C., 11 regional offices, and offices located nationwide.

Regional Administrators



Fran Thomas

Regional Administrator

Region 1: New England. Boston, MA

Region 2: Northeast & Caribbean, New York, NY

Tom Lyman

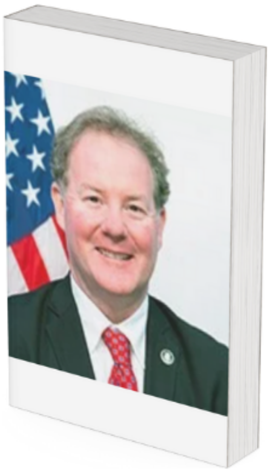
Acting Regional Administrator

Region 3: Mid-Atlantic, Philadelphia, PA

Melanie Gilbert

Acting Regional Administrator

Region 11: National Capital, Washington, DC



Jason L. Shelton

Regional Administrator

Region 4: Southeast Sunbelt, Atlanta, GA

Region 7: Greater Southwest, Ft. Worth, TX

Denise Maes

Regional Administrator

Region 5: Great Lakes Chicago, IL

Region 6: The Heartland, Kansas City, MO

Region 8: Rocky Mountain, Denver, CO

Sukhee Kang

Regional Administrator

Region 9: Pacific Rim, San Francisco, CA

Region 10: Northwest/Arctic Tacoma, WA

Federal Acquisition Service

Tom Howder

Acting Commissioner

The Commissioner of the Federal Acquisition Service (FAS) oversees the delivery of nearly $105 billion of products, services, and solutions that enable Federal agencies to accomplish their missions while saving taxpayer dollars efficiently.

FAS operates at the core of the GSA mission: leverage the Federal Government's buying power to acquire the best value for taxpayers and customers. To support GSA and accomplish the agency's mission, FAS relies on innovative techniques, acquisition expertise, and electronic tools to successfully deliver new and existing services, products, and solutions.

Six category offices comprise the business-generating components of FAS. These categories offer many services, products, and solutions and support a broad customer base.

- Information technology category
- Assisted acquisition services
- General supplies and services
- Travel, transportation, and logistics
- Professional services and human capital
- Technology Transformation Services

FAS receives its funding primarily through the Acquisition Services Fund from reimbursable revenue generated by the above categories rather than through appropriations received from Congress. A few FAS activities are funded by the Federal Citizen Services Fund, which receives appropriations annually.

In fiscal year 2024, FAS saved the Federal Government over $6 billion. FAS has over 235,000 leased motor vehicles in its fleet, and provides personal property disposal services for the reuse of over $1.3 billion in surplus personal property annually.

Public Buildings Service

Elliot Doomes

Commissioner

The Commissioner of the Public Buildings Service (PBS) oversees a national real estate portfolio of approximately 360 million square feet of Government-owned and -leased space across the United States and its Territories. In that capacity, the Commissioner leads a team of over 5,600 employees that perform asset management, procurement, design, construction, leasing, building management, and disposition services on behalf of other Federal agencies.

As the largest landlord for the civilian Federal Government, PBS delivers and maintains safe, smart, and sustainable workspaces to enable Federal employees to best serve the American people. PBS's portfolio consists of over 1,600 federally owned assets (over 185 million rentable square feet) and over 6,500 leased assets (over 170 million rentable square feet). PBS also maintains and preserves over 500 historic properties in the portfolio.

PBS is funded primarily through the Federal Buildings Fund, with rent paid by occupant agencies used to fund the operating and capital needs of the portfolio. PBS constantly works to streamline operations, modernize and optimize the real estate portfolio, and create new workplace offerings to ensure that employees of more than 50 Federal agencies have high-quality work environments.

PBS is investing approximately $7 billion from the Bipartisan Infrastructure Law and Inflation Reduction Act into Federal assets. These investments are enhancing the safety and security of our borders and making Federal buildings more sustainable, higher performing, and more cost-efficient through the adoption of emerging and sustainable technologies and low-embodied carbon materials.

Staff Offices

The GSA Staff Offices receive funds through the Working Capital Fund or annual appropriations. They support the enterprise and ensure GSA's preparedness to meet its customers' needs on a day-to-day basis and in crises.

Bob Stafford
Bob Stafford

Chief Administrative Services Officer

OFFICE OF ADMINISTRATIVE SERVICES (OAS)

OAS oversees internal administrative policies, manages executive correspondence, maintains the agency's internal directives, sets internal travel and purchase charge card policies, and develops workplace initiatives.

Nimisha Agarwal
Nimisha Agarwal

Chief Financial Officer

OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

OCFO provides the full suite of financial services to GSA — including budget formulation and execution, analytics and financial data management, financial operations, reporting, financial controls, and certification of funds — to ensure proper management of the agency's financial resources.

Aluanda Drain
Aluanda Drain

Associate Administrator

OFFICE OF CIVIL RIGHTS (OCR)

OCR administers five programs related to Federal civil rights laws and regulations: Equal Employment Opportunity, Affirmative Employment, Nondiscrimination in Federally Conducted Programs and Activities, Environmental Justice, and Nondiscrimination in Federally Assisted Programs and Activities. OCR also administers the appeals process for administrative grievances that GSA employees file.

Gianelle Rivera
Gianelle Rivera

Associate Administrator

OFFICE OF CONGRESSIONAL AND INTER GOVERNMENTAL AFFAIRS (OCIA)

OCIA serves as an advisor to the Administrator and GSA leadership by supervising and maintaining agency liaison with all members of Congress and congressional committees. The office also liaises with State, local, and Tribal government officials and their official national organizations.

Steve Brockelman
Steve Brockelman

Acting Chief Customer Officer

OFFICE OF CUSTOMER EXPERIENCE (OCE)

OCE is integral to how GSA does business. Customer centric thinking improves the experience for customers by aligning GSA operations to customer needs and influences how the American public interacts with the Federal Government.

Alex DeMots
Alex DeMots

General Counsel

OFFICE OF GENERAL COUNSEL (OGC)

The General Counsel is the chief legal officer for GSA. OGC provides legal advice and representation to GSA officials while ensuring the implementation of GSA s statutory responsibilities. OGC also manages GSA s Freedom of Information Act and ethics programs, and handles all GSA wide claims under the Federal Tort Claims Act.

David A. Shive

Chief Information Officer

OFFICE OF GSA IT

GSA IT provides the agency's staff with ever-evolving technology to improve capabilities, productivity, mobility, agility, and cost savings. GSA IT solutions include mission-supporting applications, laptops, mobile devices, collaborative cloud-based software, training, and technical support.

Mehul Parekh

Acting Associate Administrator

OFFICE OF GOVERNMENT-WIDE POLICY (OGP)

OGP uses policies, data, and strategy to drive efficiency and management excellence across the Federal Government for crucial administrative areas. These areas include travel and transportation, acquisition, fleet management, information technology modernization, personal property management and disposal, and real estate management.

Arron Helm

Chief Human Capital Officer

OFFICE OF HUMAN RESOURCES MANAGEMENT (OHRM)

OHRM delivers comprehensive human resources services and solutions to GSA and its employees. OHRM works with GSA's Services and Staff Offices to attract, motivate, develop, retain, and reward employees in order to maintain and enhance a mission-ready workforce.

Robert J. Carter

Associate Administrator

OFFICE OF MISSION ASSURANCE (OMA)

OMA provides agency wide leadership and coordination for emergency management and security policy. These policies include occupant emergency planning, response and recovery, personal identity verification, physical security, personnel security, and suitability activities.

Exodie C. Roe, IIII

Associate Administrator

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION (OSDBU)

OSDBU partners with GSA's mission delivery and mission support offices to meet and exceed statutory small and socio economic business goals. To achieve this, OSDBU promotes access to GSA's nationwide procurement opportunities and provides training to the acquisition workforce and small and disadvantaged businesses.

Channing Grate

Associate Administrator

OFFICE OF STRATEGIC COMMUNICATION (OSC)

OSC helps the media and the public understand the work performed by GSA as it assists other agencies and simplifies access to Government information and services.

Independent Offices

Robert C. Erickson

Deputy Inspector General

Erica S. Beardsley

Chair

OFFICE OF THE INSPECTOR GENERAL (OIG)

OIG is an independent unit established by law. It is responsible for promoting economy, efficiency, and effectiveness and detecting and preventing fraud, waste, and mismanagement in GSA's programs and operations. OIG's mission is to help GSA effectively carry out its responsibilities and to protect the public interest by bringing about positive changes in GSA's programs and operations, performance, accountability, and integrity.

CIVILIAN BOARD OF CONTRACT APPEALS (CBCA)

CBCA is an independent tribunal housed within GSA. The CBCA presides over various disputes involving Federal executive branch agencies. Its primary responsibility is to resolve contract disputes between Government contractors and agencies under the Contract Disputes Act.

Performance Goals, Objectives and Results (Unaudited)

The U.S. General Services Administration's (GSA) strategic goals are aligned with the agency's four major program areas: real estate, acquisition, technology, and Government operations. This summary includes an overview of key performance trends and insights for each of the four strategic goals. A complete analysis of the agency's performance for this fiscal year will be included in the fiscal year 2024 Annual Performance Report, which will be published in February 2025.

Mission: To deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people.

Strategic Goal #1: Real Estate Solutions — **Financially and environmentally sustainable, accessible, and responsive workspace solutions that enable a productive Federal workforce.**

Strategic Objectives:

- Optimize and modernize the real estate portfolio through critical investments in core assets, disposal of underperforming properties, and consolidation of leases to deliver safe, efficient, and cost-effective workspaces for customers.
- Expand workspace offerings that maximize flexibility and mission delivery for a hybrid workforce.
- Implement cross-cutting solutions that reduce overall greenhouse gas emissions and mitigate climate risks by increasing building resilience, improving energy, water, and waste efficiency, and supporting the transition to carbon pollution-free electricity.
- Develop, implement, and track outcomes of programs that positively impact local communities through enhanced economic activity and opportunities for underserved populations.

GSA works to lead the Federal Government's real estate optimization efforts by offering new, innovative, sustainable, and flexible solutions that meet the varying workplace needs of customer agencies. Critical infrastructure, climate adaptation and risk mitigation investments in core GSA-controlled facilities, divestment of properties we no longer need or cannot afford, and consolidation of customers in federally owned and leased facilities are the focal points of the agency's real estate strategy. These efforts help create a modernized and optimized footprint, increase continuity of operations for customers, and result in significant cost savings for the American taxpayers.

For the *Real Estate Solutions* goal, the agency achieved the FY 2024 performance targets for the key indicators shown in Table 1.

Table 1: Key Performance Indicators for Real Estate Solutions

Measure	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results	Status
Gross sales revenue from Federal disposals (in millions) ↑	$4.95	$67.90	$91.69	$262.62	$710.00	Achieved
Percent of capital projects on budget ↑	80.20%	80.00%	86.60%	80.00%	88.70%	Achieved
Percent of CFO Act agencies with a completed GSA customer strategy ↑	N/A	N/A	N/A	80.00%	100.00%	Achieved

To promote the effective use of Federal real property assets, as well as the disposal of real property that is no longer mission-critical to Federal agencies, GSA partners with Federal agencies, State and local governments, non-profit organizations, business groups, and citizens to leave a lasting positive impact on communities by making valuable Government real estate available. In FY 2024, the agency performed well in disposing of assets — with $710.0 million in gross sales revenue from Federal disposals, surpassing the target of $262 million. Several factors contributed to this success, including the continued disposal of GSA surplus properties, the sale and conveyance of the Cliffside Helium System occurring earlier than anticipated, and a significant cash equalization payment from the Volpe Department of Transportation (DOT) exchange disposition.

To assess and improve project delivery, GSA tracks capital projects on budget and capital projects schedule variance. In FY 2024, the percent of capital projects on budget exceeded the target, coming in at 88.7 percent. This indicator evaluates the agency's ability to manage projects within the prospectus budget. This fiscal year's performance demonstrates strong project planning, scope control, and budget management.

GSA remains focused on optimizing the real estate portfolio through continued advancement of workforce-centric workspace offerings and maximizing the value of Federal real estate to effectively support Government operations. The agency partners with each CFO Act agency to develop a targeted customer strategy to meet their specific needs and right-size office space, thereby enhancing mission delivery, improving utilization and occupancy, and reducing long-term real estate costs. GSA achieved 100 percent completion of GSA customer strategies, exceeding the FY 2024 target of 80 percent.

Strategic Goal #2: Acquisition — **A modern, accessible, and streamlined acquisition ecosystem and a robust marketplace connecting buyers to the suppliers and businesses that meet their mission needs.**

Strategic Objectives:

- Ensure GSA's portfolio of offerings meets market demand for products, services, and solutions and the desired acquisition approaches.
- Improve stakeholder satisfaction by delivering simplified customer- and supplier-centric solutions.
- As a trusted partner, foster the supply chain to support GSA and Federal acquisition needs for 2025 and beyond.
- Aid U.S. economic growth by maximizing opportunities and minimizing barriers for small and underserved businesses seeking to do business with GSA.

GSA delivers value, innovation, and exceptional customer experience through efficient operations, market expertise, and proactive partnerships with customer agencies and private sector vendors. Technology is the cornerstone of the acquisition solutions the agency provides, enabling GSA to improve the overall experience for buyers and suppliers. GSA's strategic position in the market, expertise, and relationships with customers and suppliers are driving equitable markets, sustainable practices, and continued economic growth.

For the *Acquisition* goal, the agency achieved the FY 2024 performance targets for the key indicators shown in Table 2.

Table 2: Key Performance Indicators for Acquisition

Measure	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results	Status
Multiple Award Schedule (MAS) sales (in billions) ↑	$39.75	$40.96	$45.52	$46.00	$50.30	Achieved
Percent of spend going to small business from the Multiple Award Schedule (MAS) ↑	34.36%	35.42%	37.05%	35.00%	35.84%	Achieved

GSA uses the Multiple Award Schedule (MAS) to issue long-term, Government-wide contracts that provide Federal, State, and local government buyers access to commercial products, services, and solutions at pre-negotiated pricing. The MAS program makes it easier for suppliers to do business with the Government and for agencies to find and acquire goods and services. In FY 2024, MAS sales totaled $50.3 billion. Programs like set-asides and subcontracting plans allow a significant percentage of MAS business volume to be awarded to small businesses, spreading Government spending and opportunities across a broader group of suppliers. In FY 2024, the percent of spend awarded to small businesses from the MAS was 35.84 percent, which exceeded our performance target.

Strategic Goal #3: Digital Government — A digital Government that delivers for the public through trusted, accessible, and user-centered technologies.

Strategic Objectives:

- Implement inclusive, accessible, and equitable design practices that improve customer experience with technology and digital platforms.
- Lead Government-wide adoption of shared technology solutions that improve digital governance, sharing, security, and interoperability.
- Equip agencies with the knowledge and tools to strategically procure and deploy technology products and services.

Technology is critical to how agencies accomplish their missions and serve the American public. GSA actively transforms how the Government uses technology by deepening Government-wide capabilities and developing more effective digital services to yield a trusted, accessible, and user-centered digital experience. The agency supports customer agencies in their digital services journeys by providing common digital services and standards, shared platforms, and products, while also improving its own websites, products, and services to showcase its offerings.

For the *Digital Government* goal, the agency achieved the FY 2024 performance targets for the key indicators shown in Table 3.

Table 3: Key Performance Indicators for Digital Government

Measure	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results	Status
TTS business volume (in millions) ↑	$96.30	$112.48	$131.10	$157.00	$160.85	Achieved
Percent of Federal Citizen Services Fund's American Rescue Plan funds that have been obligated (cumulative) ↑	2.20%	35.23%	69.00%	100.00%	99.99%	Achieved*
Number of times FedRAMP authorized products have been reused by agencies (cumulative) ↑	2,864	4,573	6,318	7,500	8,209	Achieved

*TTS intentionally held $20,000 of ARP funds in reserve to pay out interest or other unexpected transactions.

GSA's Technology Transformation Services (TTS) plays a crucial role within the Federal technology ecosystem by providing valuable digital services and capabilities. TTS's subject-matter experts help Federal agencies modernize their technology to deliver services more efficiently and equitably. GSA tracks business volume for TTS to gauge the demand for products and services across Government and promote continued growth of the organization. In FY 2024, TTS business volume was $160.85 billion. This growth shows progress towards a sustainable business model and the ability of the organization to meet the IT modernization needs of Federal agencies.

In the aftermath of the COVID-19 pandemic, the agency received funding for the Federal Citizen Services Fund through the American Rescue Plan (ARP) to build more secure and effective public digital experiences. By the end of FY 2024, 99.99 percent of these funds had been obligated to support agencies recovering, rebuilding, and reimagining the delivery of digital products and services to meet the needs of the public and other stakeholders. By fostering ARP-funded technology initiatives across agencies, GSA continues to modernize Government IT and provide trustworthy, seamless, and optimal experiences for the public.

GSA's Federal Risk and Authorization Management Program (FedRAMP) provides a framework for reducing digital threats Government-wide. FedRAMP provides a standardized approach to security assessment, authorization, and continuous monitoring that enables agencies to adopt secure cloud services and technologies while complying with Federal cybersecurity and information protection requirements. Reuse of FedRAMP authorized products continues to increase at a steady pace, with over 8,000 instances of reuse by the end of FY 2024 — exceeding the FY 2024 target. By reusing FedRAMP authorized products, the Government is able to take advantage of economies of scale to generate savings and propagate a reliable security standard.

Strategic Goal #4: Government Operations **— A Government that capitalizes on interagency collaboration and shared services to make informed management decisions and improve operations, delivering value for the American people**.

Strategic Objectives:

- Build evidence-based capacity and foster interagency collaboration to strengthen operational effectiveness at GSA and across Government.
- Improve centralized services and shared solutions that promote cost savings and environmental sustainability, enabling agencies to focus on mission delivery.
- Deliver smart policies, regulations, and workforce training that inform management decisions and help agencies streamline operations.

GSA plays a unique role in bringing together Federal agencies, industry, academia, and subject-matter experts to make Government more effective, efficient, and responsive to the American people. The agency’s robust communication channels, processes, tools, and services collectively serve as an accelerator for sharing and applying knowledge across the executive branch. By strengthening decision-making capabilities, providing affordable and readily-accessible solutions to operate key functions, and emphasizing healthy policy development and implementation practices, GSA enables customer agencies to execute their missions effectively.

For the *Government Operations* goal, the agency achieved the FY 2024 performance targets for the key indicators shown in Table 4.

Table 4: Key Performance Indicators for Government Operations

Measure	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results	Status
Percent miles per gallon improvement on vehicle replacements in the GSA leased fleet ↑ (Agency Priority Goal)	18.49%	25.29%	37.10%	25.00%	34.54%	Achieved
Percent of domestic Federal agency real property assets with geocodable or mappable location data ↑	70.00%	75.10%	82.30%	88.00%	95.80%	Achieved
Percent of Government-wide evaluations where findings are applied ↑	N/A	N/A	60.00%	50.00%	68.00%	Achieved

When individual agencies use an in-house approach to provide services like financial management, grants management, procurement, and travel, the Federal Government misses opportunities to leverage economies of scale and expertise. The solution — shared services — is an industry best practice to improve the quality and performance of mission-support services in a manner that enables agencies to focus on their missions and better serve the American public, while also realizing cost and operational benefits.

GSA's fleet offering represents an opportunity to increase the use of centralized services across Government while promoting fuel efficient solutions. The GSA Fleet program works to efficiently acquire and deploy vehicles in support of agency missions, increasingly through the procurement of zero-emission vehicles (ZEVs) and availability of electric vehicle charging infrastructure acquisition solutions. These efforts accelerate the adoption of ZEVs across Government, reducing greenhouse gas emissions and, ultimately, lowering the cost of operating motor vehicle fleets. In FY 2024, the agency significantly increased the number of ZEVs across Government, thereby achieving a 34.54 percent increase in miles per gallon for vehicle replacements in the GSA leased fleet.

Accurate location data for Federal assets is essential for stakeholders, such as real estate developers and telecommunications providers. In FY 2024, GSA focused on enhancing real property data quality and access to improve Government asset management, policy formulation, and process efficiency, achieving significant growth in the percent of domestic Federal real property assets with geocodable or mappable location data. The agency achieved 95.8 percent, which was a primary result of agencies shifting from the identification of where an asset is located to providing latitude and longitude in reporting requirements.

GSA is leading Government-wide efforts to develop evidence-building and evaluation to enhance strategic analysis and build organizational capacity. By monitoring the percentage of Government-wide evaluations where the findings are applied by agencies after completion, the agency bolsters the public's confidence that Government programs, policies, and operations are supported by rigorous evidence and evaluated objectively. In FY 2024, 68 percent of Government-wide evaluations had findings applied, demonstrating growth from the previous year.

In the years ahead, GSA will continue to rely on interagency collaboration, shared services, and smart policies to deliver ever-more innovative, sustainable, and cost-effective solutions to the rest of Government.

Financial Statement Summary and Analysis (Unaudited)

The financial statements and financial data presented in this report have been prepared from the U.S. General Services Administration's (GSA) accounting records in conformity with generally accepted accounting principles (GAAP), as prescribed by the Federal Accounting Standards Advisory Board (FASAB).

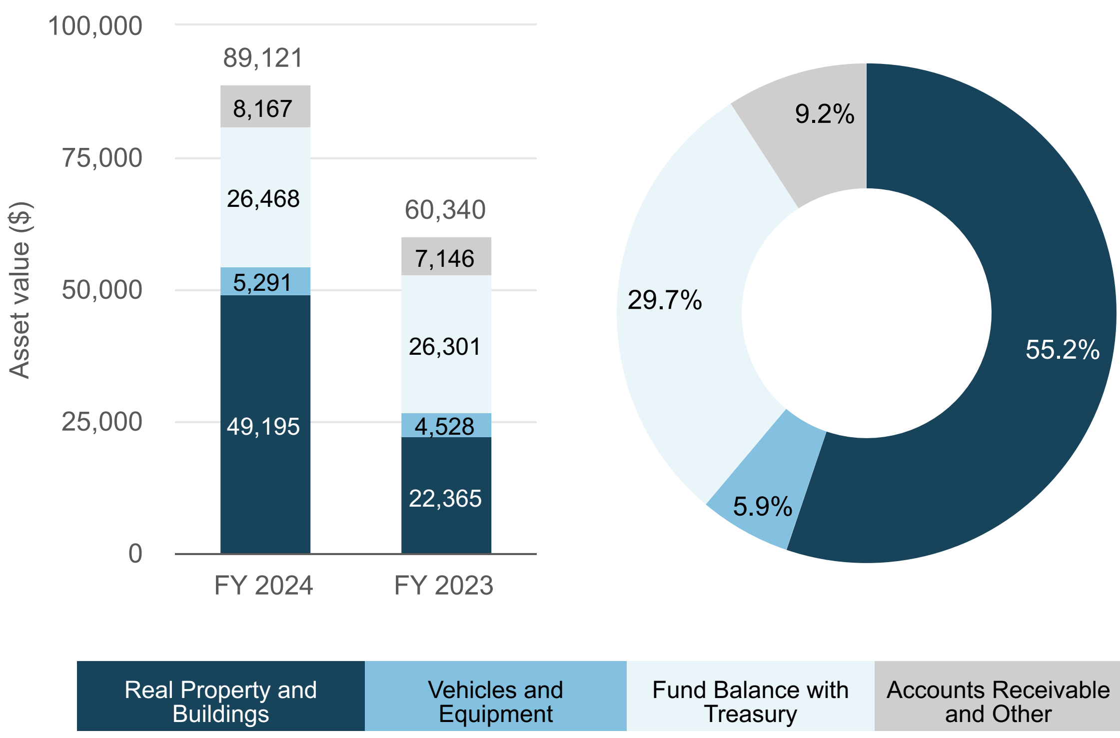
Consolidated Financial Results

GSA Assets

GSA assets primarily include property and equipment, Fund Balance with Treasury (FBwT) and Accounts Receivable. The majority of property and equipment for GSA are Federal buildings, motor vehicles, and office equipment. GSA Accounts Receivable are primarily derived from amounts due to GSA from Federal agencies and non-Federal customers for goods or services provided or uncollected rent.

GSA Assets FY 2024 Asset Composition (Dollars in Millions)

FY 2024 Asset Composition Percentage of Total Assets



In fiscal year (FY) 2024, GSA recorded a net increase of approximately $29 billion in assets. Significant changes in assets are attributable to implementation of Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 54 *Leases* that required Federal reporting entities to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

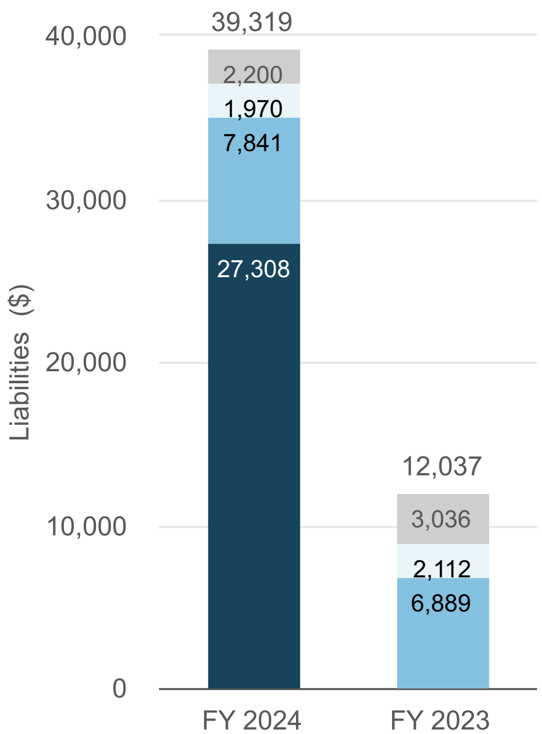
As part of the implementation, GSA categorized its leasing inventory by short-term leases; intragovernmental leases; right-to-use leases; or contracts or agreements that transfer ownership. In accordance with the implementation of SFFAS 54, effective October 1, 2023, GSA's prior year accounting policy to record a liability for non-level rent and amortize on a straight-line basis is no longer required, and as such, beginning balances for Statement of Change in Net position was adjusted by $725 million. Additional details on the implementation of SFFAS 54 are available in Footnote 8.

GSA saw a 17.5 percent growth in revenue from the FAS Assisted Acquisition Service (AAS) business line which resulted in a related increase in accounts receivable.

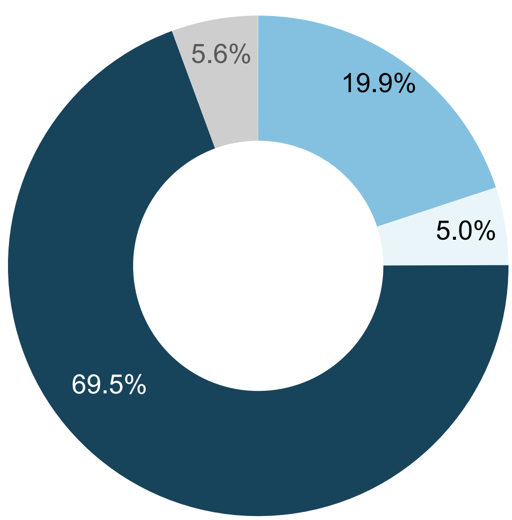
GSA Liabilities

GSA liabilities are primarily liabilities for Right-to-Use (RTU) lease assets, amounts owed to commercial vendors for goods and services received but not yet paid (Accounts Payable), amounts GSA owes to other Federal entities, and long-term estimates of future environmental remediation costs.

GSA FY 2024 Liabilities Composition (Dollars in Millions)



FY 2024 Liability Composition Percentage of Total Liabilities



Lease liability | Accounts Payable | Environmental & Disposal | Other Liabilities

In FY 2024, total liabilities were $39.3 billion, a net increase of $27.3 billion compared to FY 2023 total liabilities of $12 billion. Similar to the growth in total FBF assets due to SFFAS 54, total FBF liabilities increased by a similar amount. The increase in ASF accounts payable is consistent with the ongoing business growth in AAS and offsets corresponding accounts receivable balances.

GSA Net Results

The Consolidating Statements of Net Cost present the revenues and expenses incurred by providing goods and services to GSA's customers and executing GSA's programs, displayed by major components and activity. GSA reported approximately $39.3 billion in revenue during FY 2024 compared to $34.7 billion reported in FY 2023, which were matched by expenses of $38.9 billion and $34.6 billion, respectively. Changes in the FBF and ASF net operating results are presented further below.

FY 2024 Revenue Composition
Percentage of Gross Revenue by Business Area

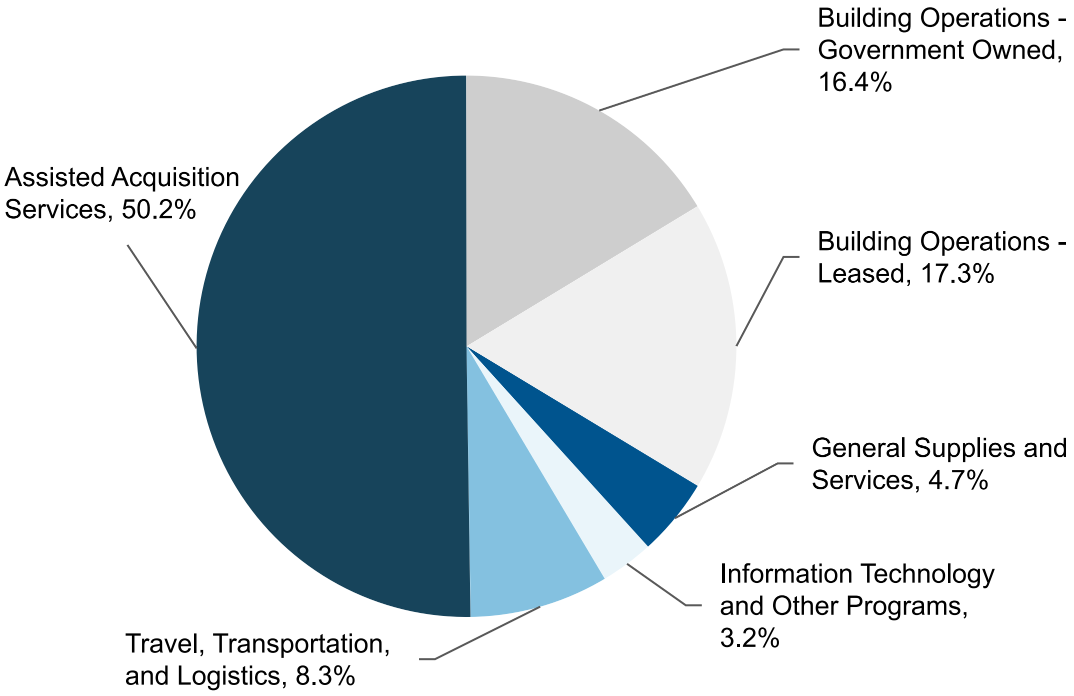


Table 1. Revenue by Major Business Line[1]
(Dollars in Millions)

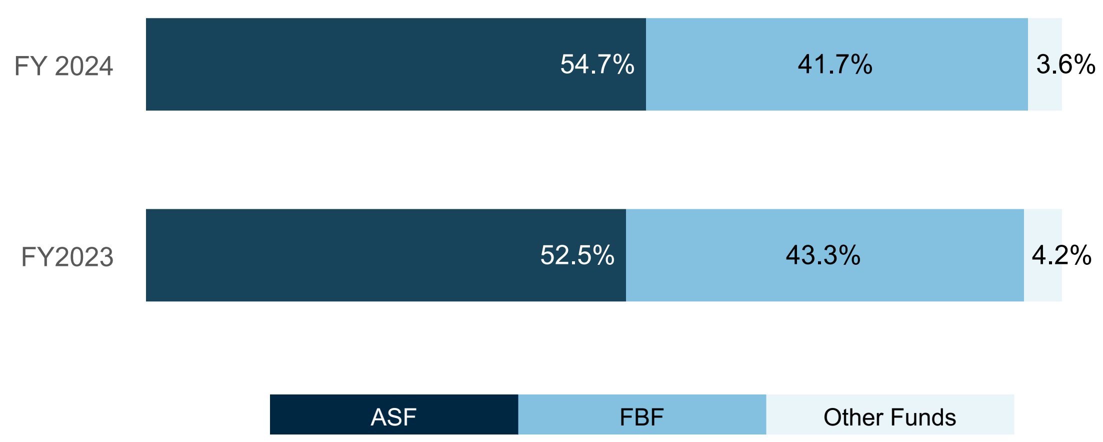
Fund	Major Business Line	FY 2024	FY 2023	Dollar Change	Percentage Change
ASF	Assisted Acquisition	**19,817**	16,872	2,945	17.5%
ASF	Travel, Transportation and Logistics	**3,281**	3,001	280	9.3%
ASF	General Supplies and Services	**1,835**	1,710	125	7.3%
ASF	Information Technology	**907**	1,035	(128)	(12.4)%
ASF	Professional Services and Human Capital	**148**	133	15	11.3%
ASF	Other Programs	**192**	168	24	14.3%
FBF	Building Operations - Government Owned	**6,454**	5,402	1,052	19.5%
FBF	Building Operations - Leased	**6,810**	6,516	294	4.5%

GSA Budget

GSA's Total Budgetary Resources, reported on the Statement of Budgetary Resources (SBR), realized a net increase in FY 2024 by $2.2 billion primarily due to increases in spending authority from offsetting collections and obligations in the ASF. Generally this type of spending authority is created by the revenues and customer orders received from Federal agencies and is also referred to as reimbursable spending authority. The ending unobligated balance decreased by $1.2 billion, primarily related to the liquidation of appropriations in the FBF from the Inflation Reduction Act and Infrastructure Investment and Jobs Act.

GSA Budget Composition

Percentage of Total Budget by Source



[1] This table shows gross revenue by GSA's major business lines. It does not include appropriations or funding transferred within the GSA. (See the Consolidating Statement of Net Cost for details.)

Table 2. Total Budgetary Resources by Fund
(Dollars in Millions)

GSA Fund	FY 2024	FY 2023	Dollar Change	Percentage Change
Acquisition Services Fund (ASF)	**$33,433**	$30,913	$2,520	8.2%
Federal Buildings Fund (FBF)	**25,487**	25,482	5	—%
Other Funds	**2,221**	2,502	(281)	(11.2)%
Total Budget	**$61,141**	$58,897	$2,244	3.8%

Financial Results by Major Fund – Federal Buildings Fund (FBF)

The FBF is the primary fund established for financial administration of Public Buildings Service (PBS) activities. PBS provides workplaces for Federal agencies and their employees. FBF resources are primarily generated by rent paid to GSA by other Federal agencies. Operating results are displayed on the Consolidating Statements of Net Cost, segregated into two primary components of Building Operations – Government Owned, and Building Operations – Leased.

In FY 2024, FBF gross revenue[2] was over $13 billion, with approximately 55 percent of the revenue generated from PBS's top five Federal customer agencies as shown in the table below:

FY 2024 Federal Buildings Fund Customers
Percentage by Customer

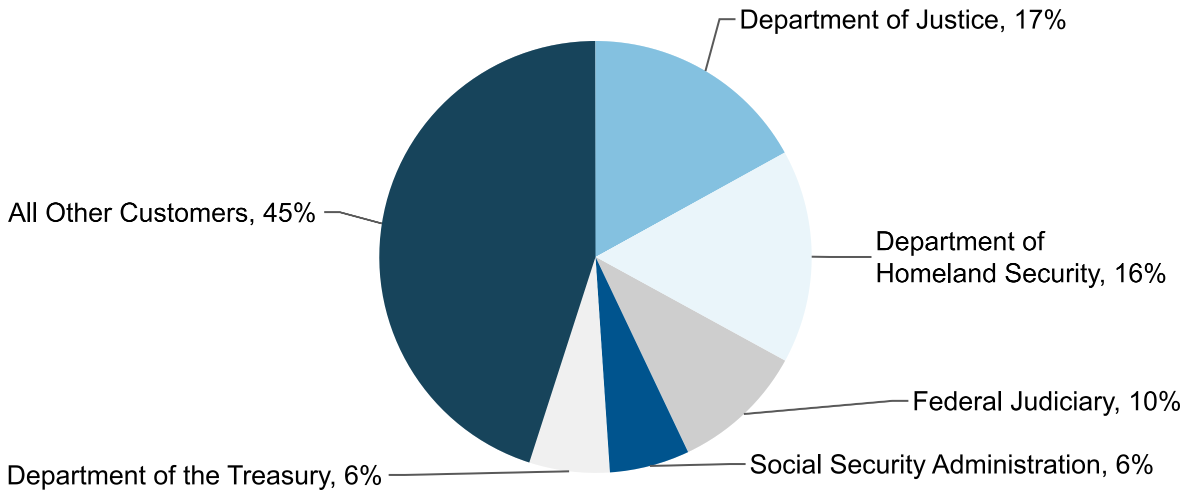


Table 3. FBF Customers
(Dollars in Millions)

Customers	Revenue
Department of Justice	$2,217
Department of Homeland Security	2,113
Federal Judiciary	1,326
Social Security Administration	848
Department of the Treasury	777
All Other Customers	5,983
TOTAL	**$13,264**

[2] The above gross revenue is inclusive of reimbursable income.

FBF Net Revenue from Operations

FBF Net Revenue from Operations represents the amounts remaining after PBS's costs of operating federally owned and leased buildings are subtracted from revenue. Net Revenue from Operations generates funding to support investments in repairs and alterations for Federal buildings and to provide funding for the cost of constructing new Federal buildings, subject to appropriation to the FBF enacted by Congress.

The primary source of revenue in the FBF is rent earned from GSA's occupant agencies and the primary source of expenses are the cost of leasing building space and the cost of operating GSA's portfolio of federally-owned and leased buildings. PBS also operates a reimbursable work authorization program, which provides occupant agencies with services and improvements in GSA-controlled space, beyond that provided by GSA in exchange for the payment of rent.

The operating results on the Statements of Net Cost demonstrate consistency in the overall state of the real property portfolio. In FY 2024, FBF revenues increased by 11.3 percent from FY 2023 and expenses increased 9.4 percent resulting in a $239 million increase in net revenues from operations.

FBF Obligations and Outlays

In the FBF, obligations are primarily the value of contracts awarded to commercial vendors for the construction of new Federal buildings, repairs and alterations, cleaning, utilities and other maintenance of GSA-controlled Federal buildings. Obligations are also incurred for payments to commercial landlords for space leased by GSA on behalf of other Federal agencies. Generally, changes in Net Outlays reflect a continuing trend of collections from operating revenues exceeding amounts disbursed for operating and capital programs.

Table 4. FBF Obligations and Outlays
(Dollars in Millions)

Obligations and Outlays	FY 2024	FY 2023	Change ($)	Change (%)
New Obligations and Upward Adjustments	**$12,984**	$11,880	$1,104	9.3%
Net Outlays (Receipts) from Operating Activities	**$(644)**	$(833)	$189	(22.7)%

Financial Results By Major Fund — Acquisition Services Fund

The ASF is a revolving fund that operates from the reimbursable revenue generated by its business portfolios rather than from an appropriation received from Congress. The operations of the ASF are organized into six main business portfolios: General Supplies and Services (GS&S); Travel, Transportation, and Logistics (TTL); Information Technology Category (ITC); Assisted Acquisition Services (AAS); Professional Services and Human Capital; and Technology Transformation Services (TTS).

FY 2024 Acquisition Services Fund Customers
Percentage by Customer

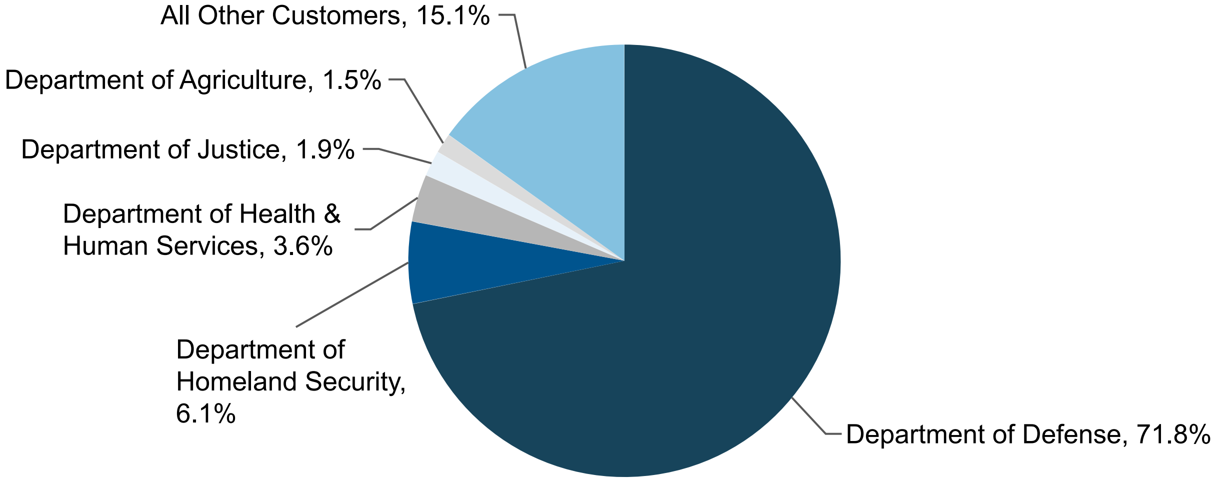


Table 5. ASF Customers
(Dollars in Millions)

Customers	Revenue
Department of Defense	$18,799
Department of Homeland Security	1,604
Department of Health & Human Services	930
Department of Justice	503
Department of Agriculture	393
All Other Customers	3,951
Total	**$26,180**

ASF Net Revenues from Operations

ASF Net Revenue from Operations represent the revenue remaining after deducting the costs of goods and services sold and the cost of operations. In FY 2024, the ASF reported positive financial results, producing net revenues from operations of $424 million compared to $417 million in FY 2023. AAS programs have continued to experience increased revenue of 17 percent in the past fiscal year, with revenues of $19.8 billion in FY 2024, up from $16.9 billion in FY 2023, as both the volume and dollar magnitude of goods and services AAS provides increased year-to-year. However, the costs necessary to support that business were also up and resulted in an overall decrease of $6 million in AAS net revenues compared to FY 2023. The TTL business line increased revenue by $280 million over FY 2023 mainly due to Fleet Leasing and Purchasing. The GS&S business line increased revenue by $125 million from increases in purchases of hardware, office supplies and general products from the GSA schedules reflecting sales above pre-pandemic levels. Revenue generated from the ITC business line is lower due to the transition to the Enterprise Infrastructure Solutions contract.

ASF Obligations and Outlays

ASF obligations and outlays are primarily driven by contracts awarded to commercial vendors providing goods and services in support of the ASF program and activities. Due to the increased business volume in the ASF, New Obligations and Upward Adjustments reflected an increase of $2.3 billion between FY 2024 and FY 2023. The total amount of disbursements exceed collections as reflected in Net Outlays from Operating Activities of $150 million.

Table 6. ASF Obligations and Outlays
(*Dollars in Millions)*

Obligations and Outlays	FY 2024	FY 2023	Change ($)	Change (%)
New Obligations and Upward Adjustments	**$29,572**	$27,320	$2,252	8.2 %
Net Outlays (Receipts) from Operating Activities	**$150**	$(68)	$218	(320.6)%

Limitations of Financial Statements

The principal financial statements are prepared to report the financial position and results of operations, pursuant to the requirements of 31 U.S.C. § 3515 (b). The statements are prepared from the books and records of GSA in accordance with Federal GAAP and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same books and records. These financial statements should be read with the understanding that they are a component of the U.S. Government.

Analysis of Systems, Controls and Legal Compliance

(Unaudited)

An effective internal control program helps the U.S. General Services Administration (GSA) safeguard Government resources and ensures that the agency efficiently and effectively fulfills its core mission and achieves its strategic goals.

The agency's senior internal control assessment team, the Management Control Oversight Council, chaired by GSA's Deputy Administrator, reviews and approves the enterprise internal control program and provides the leadership and oversight necessary for effective implementation of the agency's program.

GSA evaluates internal controls across the agency at various levels of the organization. Agency management is responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unanticipated events. Employees across the organization are responsible for understanding the controls applicable to their workflows and applying them in accordance with internal control guidance.

In fiscal year (FY) 2024, GSA continued its efforts to increase and reinforce internal control compliance. The agency requires employees to take internal control training, which outlines applicable Office of Management and Budget (OMB) Circular A-123 standards and best practices and serves as a first line of defense. In FY 2023, GSA established focus groups to gather insight around strengths, common pain points, and opportunities to improve and strengthen GSA's internal control environment. Action plans were developed to address stakeholder feedback in key areas, such as internal-control culture, communication, and training. In FY 2024, GSA provided additional risk management training to stakeholders, placed increased emphasis on risk management as the driver for the internal-control assessment process, and partnered with the Office of Inspector General to develop fraud risk training that will be offered across the agency. Additionally, GSA remained focused on increasing accountability, resolving audit recommendations, and implementing a more effective system of internal control agency-wide.

Management's Responsibility for Enterprise Risk Management and Internal Controls

Integration with Enterprise Risk

To better understand and anticipate enterprise risk, GSA identifies and assesses prospective threats to the organization annually. This includes an effort to integrate and effectively use information developed as part of OMB Circular A-123 internal controls assessments.

In 2021, GSA established an enterprise risk management policy statement, which highlights the importance of effective risk management in meeting its mission. The Enterprise Risk and Strategic Initiatives (ERSI) Board, co-chaired by the Deputy Performance Improvement Officer and the Chief Information Security Officer, works to continuously improve risk governance at GSA. The ERSI Board is charged with implementing sound risk management across GSA and translating enterprise-level strategies into actionable initiatives. Risks are managed throughout the year at the appropriate program level, with certain cross-cutting or emerging risks monitored and discussed at the enterprise level through existing governance mechanisms and decision bodies.

Procurement Management Review Function

GSA plays an important role in advancing the administration's priorities through leadership in Government-wide acquisition, including economic growth, climate resiliency, and strengthening diversity, equity, inclusion, and accessibility. Achieving these goals requires a modern, accessible, and streamlined acquisition ecosystem and a robust marketplace that connects buyers to the suppliers and businesses that meet their mission needs.

As part of GSA's internal controls, the Office of Government-wide Policy conducts procurement management reviews. Procurement management reviews assess the foundational components of the acquisition function, including contract administration, performance-based contracting, acquisition planning, and effective contract pricing and negotiations. These reviews help the agency identify best practices and challenges in the acquisition function.

The procurement management review (PMR) process continues to play an important role in ensuring the agency meets its ambitious goals. For example, in FY 2024, the PMR Division (PMRD) continued its focus on contract administration and electronic contract filing, verifying that adequate management and internal controls are in place to ensure sufficient Government oversight of the goods and services procured. GSA's heads of contracting activity (HCAs) and their delegate(s), when applicable, are responsible for developing acquisition policies and procedures, and for establishing guidance regarding acquisition reviews under their delegated authority. The PMRD has augmented the procurement management reviews to include a review of both the HCA's procurement and program organizations relating to the HCA's acquisition portfolio. Therefore, the procurement management reviews are strategically aligned to reflect both procurement and program operations.

The PMRD will continue to prioritize activities that ensure the administration's priorities and GSA's acquisition policies have a significant and lasting positive impact for the American public and the agency's stakeholders.

Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires that agencies establish internal controls and financial systems to provide reasonable assurance that the integrity of Federal programs and operations is protected. It also requires the head of the agency to provide an annual assurance statement on whether the agency has met this requirement and whether any material weaknesses exist.

In response to FMFIA, GSA implemented processes to hold managers accountable for the performance, productivity, operations, and integrity of their programs through the use of internal controls. GSA's Office of the Chief Financial Officer (OCFO) continues to use an entity-level evaluation tool that incorporates the evaluation factors of the Government Accountability Office's (GAO) 5 components and 17 principles of internal control, and OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

All controls were operating as intended.

OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendices A and D

Appendices A and D of OMB Circular A-123 require agencies to conduct an annual management assessment of internal control over reporting and financial systems. In FY 2024, OCFO continued to deploy an extensive methodology that assessed risk across key business processes and identified the related internal controls over reporting and financial systems.

The Appendix A risk assessment evaluated the results of the FY 2023 financial audit, the FY 2023 evaluation of GAO's 5 components and 17 principles of internal control, recent GAO and Office of Inspector General audits, and management-identified priorities. In FY 2024, GSA assessed:

- Financial close and reporting
- Federal Acquisition Service managed assets and liabilities
- Public Buildings Service managed assets and liabilities
- Federal real property profile
- Vehicle invoice processing
- Financial statement manual journal entries
- Office of Human Resources Management off-boarding

For Appendix D, the financial system evaluation was based on initial materiality assessments. The systems in scope for this year's assessments included:

- Pegasys, GSA's core financial system of record
- Inventory Reporting Information System – Manages data for repair and alteration costs and risks for building projects
- Federal Supply Service Payment System – Service for contractor invoice processing
- Real Estate Across the United States – System of record for real estate leases
- Fleet Management System – Manages and tracks GSA-leased vehicle inventory
- GSAFleet.gov – website that helps Federal agencies manage their GSA vehicle fleets

Key controls were evaluated for the appropriate design, operating effectiveness, and potential risk areas.

GSA's annual management assessment of internal control over reporting and financial systems did not identify any material weaknesses in controls or material system non-conformances as of September 30, 2024.

GAO Standards for Internal Control in the Federal Government

The GAO requires agencies to assess whether their internal controls meet the standards outlined in the 5 components and 17 principles of internal control. GSA understands the five components of internal control must be effectively implemented and operating in an integrated manner for an internal control system to be effective.

To ensure compliance, in FY 2024, GSA continued to update an inventory of policies and procedures designed to support internal controls. These policies and procedures were mapped to the component and principle they support. Each year, GSA reviews new and existing policies and procedures in the inventory and updates the related mapping documentation as necessary. GSA annually tests the 5 components and 17 principles of internal control for compliance.

Federal Financial Management Improvement Act of 1996

The Federal Financial Management Improvement Act of 1996 was designed to improve Federal financial management and reporting by requiring that financial management systems comply substantially with three requirements:

- Federal financial management system requirements

- Applicable Federal accounting standards
- The U.S. Standard General Ledger (USSGL) at the transaction level

The act also requires independent auditors to report on agency compliance with the three stated requirements as part of financial statement audit reports. The agency evaluated its financial management systems and has determined they substantially comply with Federal financial management systems requirements, applicable Federal accounting standards, and the USSGL at the transaction level.

Information and Financial Management Systems Framework

The Chief Financial Officers Act of 1990 assigns responsibilities for planning, developing, maintaining, and integrating financial management systems to Federal agencies. GSA currently maintains Pegasys, its core accounting system; the e-Payroll applications; and the general support applications on different hosting platforms. Overall, GSA's strategy is focused on improving the operations of these systems by consolidating platforms and licenses, increasing automation, migrating systems to cloud-based solutions, and modernizing legacy systems. These actions also enable GSA to reduce maintenance costs and provide more seamless support to the GSA financial community. Database encryption, the implementation of two-factor authentication for identity and access management, and the migration of more applications to a single sign-on solution help enhance the overall security posture of the agency's portfolio.

In FY 2023, the U.S. Department of Agriculture transferred management of the Pegasys Financial Services—including its related staff, financial management system, and supporting contracts—back to GSA. In FY 2024, GSA's financial system, Pegasys, the Multi Tenant Shared Application, the system used GSA clients (commissions, agencies, and boards) were upgraded to the latest version of Momentum Financials software. These upgrades keep the organization's systems in line with the life cycle of the software, resolve outstanding issues, address current Federal Government mandates, reduce dependence on expensive third-party software, and utilize new technology.

In 2023, GSA IT migrated seven financial management line of business (FMLoB) web applications to IdentityNow, a Sailpoint product. IdentityNow simplifies identity governance, helping GSA automate user access and certification, enforce separation of duties, catalog policies, and better manage passwords. Additional FMLoB and human resources applications migrated in 2024 include Payment Search, IPAC Search, FEDPAY for Government Users, Unliquidated Obligations, and Telecom Invoice Management, allowing GSA to decommission more legacy access management solutions.

In the last year, GSA continued to expand upon the goal of providing a secure, accessible, and modern experience with GSA IT's digital products and services. Two years ago, GSA IT migrated ASSIST, the flagship system for the Federal Acquisition Service's Assisted Acquisition Service, to a cloud-based solution. This year, 18 releases for the assisted acquisition solution have been implemented. New interfaces between the GSAFleet.gov system and Pegasys have been built for financial transactions. In PBS, the Occupancy Agreement Space Inventory System (OASIS) went live, making it easier to collaborate on occupancy agreements.

By 2024, GSA migrated all GSA internet connectivity off of the legacy Managed Trusted Internet Protocol Service and moved 90 percent of 116 GSA IT systems to multi-factor authentication. Additionally, GSA IT enabled 100 percent of GSA to access applications with Zscaler Private Access, thus eliminating the legacy virtual private network. These actions help GSA better protect its data assets from rogue hackers and takeovers and protects users' security and privacy. In July 2024, GSA replaced the current authentication platform, SecureAuth, with a new, improved security tool called GSA Auth. This new tool is a step in improving our cybersecurity posture by requiring additional multi-factor authentication.

Federal Information Security Modernization Act

GSA's cybersecurity program remains firmly aligned to the capability-driven metrics in the Federal Information Security Modernization Act (FISMA) evaluation process. These metrics set forth a maturity baseline for cybersecurity to enable more informed, risk-based decisions and to achieve observable security outcomes. The cybersecurity scores, which are derived from those FISMA metrics, represent the Federal Government's progress in achieving Executive Order (E.O.) 14028 milestones, Improving the Nation's Cybersecurity, and implementing key cybersecurity measures. GSA has consistently received the highest ratings—Level 5 (on a Level 1 to 5 scale)—for its cybersecurity posture.

In accordance with E.O. 14028, GSA protects its critical infrastructure and networks against cybersecurity threats. The Technology Modernization Fund, a Federal investment program focused on accelerating urgent cybersecurity and modernization projects, awarded funding to GSA to modernize legacy network systems and advance our zero-trust architecture strategy. The agency will transform its cybersecurity program by adopting zero-trust principles to continuously protect its IT environment.

To do this, GSA IT will modernize its legacy Active Directory to secure authentication and identity validation for the GSA workforce, industry partners, and public access. The agency will continue to strengthen its networks by shifting from a traditional, perimeter-based approach on the boundaries of the network to moving security directly to the users, devices, applications, and data. As another strategic transformation, GSA IT's Office of the Chief Information Security Officer is transitioning from a traditional service delivery model to a product as a service model. This is designed to better align with customers' needs, ensuring that, as a security organization, the office keenly understands its product and the value it has for GSA components—its customers. Focus areas include security operations center as a service, firewall as a service, and application security as a service.

The benefits of modernizing our capabilities are manifold: GSA will improve user experience through seamless global connection to GSA-managed environments and applications while embracing zero-trust architecture principles. It will improve cybersecurity capabilities and achieve broad-based visibility across the GSA ecosystem with enhanced automation capabilities to manage and respond to threats in real-time. Cloud security and growth, remote management, network architecture improvements, and clearer policy enforcement, visibility, and reliability will be ensured. The agency will have the tools and expertise to more quickly and effectively identify the root cause of vulnerabilities and help remediate any underlying security flaws.

Digital Accountability and Transparency Act

The Federal Financial Accountability and Transparency Act of 2006 (FFATA) requires Federal agencies to report obligations and award-related information for all Federal financial assistance and procurement awards. The Digital Accountability and Transparency Act of 2014 (DATA Act) expands upon FFATA by adding U.S. Department of the Treasury account-level reporting. This includes reporting all Treasury Account Symbols that fund each award and contract transaction, budget authority, program activity, outlay, and budget object class, among other data elements. The DATA Act also requires the Federal Government to collectively standardize the financial data elements that are reportable under the act. In FY 2024, GSA provided monthly DATA Act submissions and certified those submissions each quarter, as required. This information is publicly accessible on the USAspending website, which allows users to view how Federal tax dollars are spent.

Antideficiency Act

The Antideficiency Act (ADA), Public Law 97-258, 96 Stat. 923, prohibits Federal agencies from incurring obligations or expending funds in advance or in excess of an appropriation. The law was initially enacted in 1884, with major amendments occurring in 1950 and 1982. It is now codified at 31 U.S.C. §§ 1341 and 1342.

GSA regularly monitors program spending against the levels apportioned by OMB as well as the levels of actual resources collected to ensure the agency does not spend more funding than authorized. Additionally, GSA has controls in place in its financial system, Pegasys, to prevent spending above the levels apportioned to GSA’s various funds. These systematic controls increase efforts to comply with the ADA.

In FY 2024, GSA identified two potential violations of the ADA in the Federal Citizen Services Fund (FCSF) at the allotment level, not at the apportionment level. GSA appears to have entered into obligations that exceeded the allotments in one of the FCSF’s reimbursable accounts by $274,637 and by $1,010,063 for the FCSF's American Rescue Plan accounts. In neither case did GSA exceed the amount of funding that was available to those activities from either interagency agreements with customers, appropriations from Congress, or apportionments from OMB. GSA is currently reviewing these potential violations to determine if this was in fact a violation of the ADA and will coordinate with OMB to confirm. If they are confirmed to be violations, GSA will work with OMB to prepare and clear the ADA notification letter with the President, Congress, and GAO. GSA has already begun to develop a corrective action plan to place additional controls in Pegasys as well as develop and provide training to employees on apportionments and allotments to prevent similar issues in the future.

Statement of Assurance

The U.S. General Services Administration management is responsible for managing risks and maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. GSA conducted its assessment of risk and internal controls in accordance with the OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The assessment did not identify any material weaknesses. GSA management can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2024.

GSA has assessed that it is in compliance with Federal financial management standards, as required by the Federal Financial Management Improvement Act of 1996 and OMB Circular A-123 Appendix D. GSA is confident that all systems substantially comply with the Federal financial management system requirements, Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board, and with the U.S. Standard General Ledger at the transaction level as of September 30, 2024.

Robin Carnahan

Administrator of General Services

November 14, 2024

Forward-Looking Information (Unaudited)

The U.S. General Services Administration (GSA) continuously looks for new ways to deliver on its mission to deliver the best customer experience and value in real estate, acquisition, and technology services to the Government and the American people. GSA identifies the most complex and interconnected risks to mission execution by using a cross-enterprise perspective. This collaborative process empowers agency leaders to strategically allocate resources, helping the agency to stay ahead of emerging risks.

GSA identifies risks to the agency's most critical activities by administering the GSA Risk Survey, followed by interviews to collect information from key employees on their perception of risk to the organization. The results are captured in GSA's Enterprise Risk Profile to identify areas for improvement or strategic opportunities. The risk profile is created on a 2-year cycle, and is validated and refreshed to reflect the current environment.

GSA strengthened its enterprise risk approach by establishing the Enterprise Risk and Strategic Initiatives (ERSI) Board in 2022. This governance body translates enterprise-level risk strategies into actionable initiatives and implements sound risk-management principles across GSA functions and programs. Over the past year, the ERSI Board identified and began to address complex, interconnected, and distributed risks to mission delivery.

Current focus areas for enterprise risk management efforts include:

- Supply Chain Disruptions — As the Federal Government's leading provider of acquisition services and schedules, GSA works closely with thousands of suppliers. The agency recognizes the threat posed by supply chain disruptions and is working to mitigate the effects on mission execution. This includes keeping open communication with industry to support the implementation of new regulations and policies, informing customers about risks and impacts, leveraging Government resources, partnering with customers to reduce risk, and transferring risks that require high investments in capacity to customers.
- Real Estate Management — GSA manages over 8,100 real estate assets that provide workspace for approximately 1 million Federal employees. As agencies balance hybrid work postures, GSA continues to engage with customers to understand their evolving space requirements and develop space optimization solutions. To do this, the agency is advocating with Congress to gain full access to funds necessary to maintain GSA-controlled Federal assets in a good state of repair, which supports long-term efforts to modernize and optimize GSA's real estate portfolio.
- Human Capital — The continued aftermath of the COVID-19 pandemic and economic challenges have resulted in changing real estate needs, supply chain disruptions, and a rapidly shifting Federal technology landscape. As a result, GSA is working harder than ever to develop and enhance the skills of its workforce to ensure mission readiness, particularly in critical occupational areas. GSA also continues to identify, acquire, and develop new avenues for the workforce to acquire new skills and competencies that enable the efficient and effective delivery of service years into the future.
- Artificial Intelligence — Artificial intelligence (AI) is transforming business and, if used responsibly and securely, can help the Government deliver better results for the American people. GSA is working to safely harness the potential of AI, while minimizing the risks associated with its implementation. Current efforts include creating policy, governance, and processes for responsibly operationalizing AI at GSA, as well as building out an AI

infrastructure as part of the Enterprise Data Solution (EDS) that will be used to train, deploy, and share AI models.

- Cybersecurity — GSA is working to improve cybersecurity identification, deterrence, and protection against malicious actions and actors by implementing and constantly improving its zero-trust architecture. The rise in commercially available spyware, ransomware, artificial intelligence, and advanced persistent threats forces agencies to remain agile in their responses. GSA continues to enhance and adapt its policy and infrastructure.
- Data Management — The growth and diversity of data tenants, data users, and data use cases continues to compound risks and challenges related to GSA's ability to leverage data at scale for evidence-based decision making. In response, GSA is building out an EDS that includes an agreed-upon approach to enterprise data governance and investments in this shared data environment. The agency aims to enhance the means to layer policies on data assets and streamline procedures on how GSA stores, discovers, analyzes, and disseminates data.
- Safeguarding Assets — Customer agencies are increasingly asking GSA for guidance, resources, and other forms of assistance regarding risks from the observed and expected changes in climate. The publication of the fifth U.S. National Climate Assessment provided insights to climate change risks and informed GSA's FY 2024 Climate Change Risk Management Plan. The plan lays out the detailed metrics, timeframes, and steps GSA is taking to adapt and manage the risks posed by climate change in order to secure Federal real property and supply chain investments.

Each of the risks described above, if not effectively managed, has the potential to disrupt GSA's capability and capacity to meet its organizational objectives and execute its mission. Engaged leadership and an increased willingness to partner across business units to manage risk promotes transparency and cultivates a proactive response to emerging threats. By monitoring critical risks, GSA can effectively allocate resources and strengthen operations, ultimately maximizing value to customer agencies and taxpayers.

Financials

Letter from the Chief Financial Officer (Unaudited)

On behalf of the General Services Administration, I am excited to share the FY 2024 Agency Financial Report. This report reflects our continued commitment to responsibly manage over $48 billion in budgetary resources.

Over the past fiscal year, GSA OCFO has actively pursued innovative strategies to **deliver lasting value** for our business partners, oversight stakeholders, and Federal agency peers. We prioritized employee engagement, embraced automation, and strengthened governance. These efforts led to measurable improvements in financial processes and organizational culture, positioning OCFO as a leader in Federal financial management.

Within OCFO we create value by making it a fulfilling and enjoyable place to work. I am so proud that in 2024, GSA OCFO ranked sixth out of 459 agency subcomponents in the Best Places to Work in the Federal Government ratings. Our subcomponent ranking, combined with GSA's ranking of second best mid-size agency, emphasizes the culture of investing in our employees, thus increasing our ability to attract and retain top talent. Without an engaged and highly productive workforce, none of OCFO's impressive achievements in 2024 would have been possible — our amazing, talented people drive our success.

Across GSA we create value by promoting broad-scale innovation and performance improvement. For process optimization and automation, OCFO provides an enterprise-wide capability for GSA, deploying emerging technologies to automate business processes. The OCFO team continues to lead the Federal Robotic Process Automation Community of Practice, which provides a platform for agencies across Government to share how they tackle process challenges, trade best practices, and collaborate outside of existing silos. I am proud that this year, our innovation efforts were recognized by winning GSA's Acquisition Innovation in Action Award.

OCFO was also awarded the ACT-IAC Innovation Impact Award for developing a shared Government-wide Customer Experience (CX) Analyzer. The CX Toolkit assesses customer experience with digital services and, in a pilot with the Department of Labor, provided deep insights using AI tools to evaluate survey responses, emails, and chat bot interactions. This project was part of OCFO's broader efforts to build internal capabilities in data analytics, share best practices within GSA and across the Government, and better leverage data-based insights in decision making.

We create value for the American taxpayer by ensuring effective stewardship of public funds agency-wide. We successfully integrated the financial management and reporting requirements tied to major legislation, such as the Bipartisan Infrastructure Law, Inflation Reduction Act, and American Rescue Plan. Each of these pieces of legislation bring unique authorities that require accuracy and transparency. We implemented a range of innovative financial tools and resources designed to enhance our overall performance and transparency. These advancements allow us to provide real-time insights, enabling better decision-making and stronger financial control across the organization. Our strong commitment to financial management is reflected in the robust systems we have built to safeguard resources and maintain compliance with Federal regulations. I am proud to report that GSA received a clean audit opinion — clear evidence that we are on the right track.

Looking Ahead

GSA has made significant strides in financial transparency, accountability, and control in FY 2024, and I am proud of the great work we have done. I am also excited about future opportunities to drive innovation while remaining committed to financial control. I am grateful for the hard work and dedication of our talented team, and I look forward to what's ahead.

Nimisha Agarwal

Chief Financial Officer

U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

November 15, 2024

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

NIMISHA AGARWAL
CHIEF FINANCIAL OFFICER (B)

FROM: ROBERT C. ERICKSON
DEPUTY INSPECTOR GENERAL (J)

ROBERT ERICKSON

Digitally signed by ROBERT ERICKSON
Date: 2024.11.15 10:12:07 -05'00'

SUBJECT: Independent Auditors' Report
U.S. General Services Administration's
Financial Statements – Fiscal Years 2024 and 2023
November 14, 2024

The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the U.S. General Services Administration's (GSA's) Inspector General, or an independent external auditor, as determined by the Inspector General, to audit GSA's consolidated financial statements. Under a contract awarded by GSA and monitored by my office, KPMG LLP (KPMG), an independent public accounting firm, audited GSA's consolidated, Acquisition Services Fund (ASF), and Federal Buildings Fund (FBF) financial statements as of September 30, 2024, and 2023.

The contract required KPMG to perform the audits in accordance with U.S. generally accepted government auditing standards; the Office of Management and Budget's Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*; and the *U.S. Government Accountability Office Financial Audit Manual*, which is maintained by the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

This memorandum transmits KPMG's *Independent Auditors' Report on the U.S. General Services Administration's Financial Statements – Fiscal Years 2024 and 2023*. The Fiscal Years 2024 and 2023 audits resulted in unmodified opinions on the financial statements. An unmodified opinion means that the consolidated, ASF, and FBF financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

In its audits of GSA's Fiscal Years 2024 and 2023 financial statements, KPMG found:

- The consolidated, ASF, and FBF financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles;

- No material weaknesses or significant deficiencies in internal control over financial reporting;
- No instances in which GSA's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- No reportable noncompliance with provisions of laws tested.

Details regarding KPMG's conclusions are included in the "Opinions on the Financial Statements," "Report on Internal Control Over Financial Reporting," and "Report on Compliance and Other Matters" sections of the audit report. Also, on November 14, 2024, KPMG issued a separate Management Letter to GSA regarding deficiencies in internal control and other less significant matters that came to its attention during the audits.

KPMG is responsible for the attached independent auditors' report and the opinions and conclusions expressed therein. My office is responsible for technical and administrative oversight regarding KPMG's performance under the terms of the contract.

To fulfill our oversight responsibilities under the Inspector General Act of 1978, as amended, to assure that KPMG complied with U.S. generally accepted government auditing standards, we performed a moderate level of review, which included:

- Evaluating the independence and qualifications of the firm and the auditors;
- Reviewing KPMG's audit approach and planning documents;
- Monitoring the progress of the audits at key milestones;
- Performing periodic reviews of KPMG's workpapers;
- Attending key meetings with GSA management and KPMG auditors to discuss audit progress, findings, and recommendations; and
- Performing other procedures that we deemed necessary.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on GSA's financial statements, conclusions about the effectiveness of internal control over financial reporting, conclusions on whether GSA's financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act, or opinions on compliance with laws and other matters. KPMG is responsible for the attached independent auditors' report dated November 14, 2024, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

I appreciate the courtesies and cooperation your office has extended to KPMG and my staff during the audits. If you have any questions, you may contact me at (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Administrator and Deputy Inspector General
United States General Services Administration:

Report on the Audits of the Financial Statements

Opinions

We have audited the consolidated financial statements of the U.S. General Services Administration (GSA), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements (hereinafter referred to as "consolidated financial statements").

We have also audited the financial statements of the Acquisition Services Fund (ASF), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the ASF financial statements (hereinafter referred to as "ASF financial statements").

We have also audited the financial statements of the Federal Buildings Fund (FBF), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (presented in Schedules 1-4), and the related notes to the FBF financial statements (hereinafter referred to as "FBF financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the U.S. General Services Administration as of September 30, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the accompanying ASF financial statements present fairly, in all material respects, the financial position of the Acquisition Services Fund as of September 30, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

In our opinion, the accompanying FBF financial statements present fairly, in all material respects, the financial position of the Federal Buildings Fund as of September 30, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of GSA, ASF, and FBF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated, ASF, and FBF financial statements, as of October 1, 2023, GSA, ASF, and FBF adopted Statement of Federal Financial Accounting Standards No. 54, *Leases*, as amended. Our opinions are not modified with respect to this matter.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the GSA's 2024 *Agency Financial Report* to provide additional information for the users of its consolidated, ASF, and FBF financial statements. Such information is not a required part of the consolidated, ASF, and FBF financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated, ASF, and FBF financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated, ASF, and FBF financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated, ASF, and FBF financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated, ASF, and FBF financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated, ASF, and FBF financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated, ASF, and FBF financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections referenced in the Table of Contents be presented to supplement the basic consolidated, ASF, and FBF financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated, ASF, and FBF financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated, ASF, and FBF financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries; the basic consolidated, ASF, and FBF financial statements; and other knowledge we obtained during our audits of the basic consolidated, ASF, and FBF financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the GSA's 2024 *Agency Financial Report*. The other information comprises the GSA Websites, Contents, Brief Overview of the Agency Financial Report, Understanding the Agency Financial Report and its Components, Letter from the Administrator, How GSA Benefits the Public, Letter from the Chief Financial Officer, Inspector General's Transmittal Memorandum, and Other Information but does not include the consolidated, ASF, and FBF financial statements and our auditors' report thereon. Our opinions on the consolidated, ASF, and FBF financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated, ASF, and FBF financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated, ASF, and FBF financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole. The information in the Other Funds and Intra-GSA Eliminations sections in the consolidating and combining financial statements in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the consolidated, ASF, or FBF financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated, ASF, and FBF financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated, ASF, and FBF financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated, ASF, and FBF financial statements or to the consolidated financial statements themselves, ASF financial statements themselves, and FBF financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole, ASF financial statements as a whole, and FBF financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2024, we considered GSA's, ASF's, and FBF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated, ASF, and FBF financial statements, but not for the purpose of expressing an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. Accordingly, we do not express an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the consolidated, ASF, and FBF financial statements as of and for the year ended September 30, 2024 are free from material misstatement, we performed tests of GSA's, ASF's, and FBF's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the consolidated, ASF, and FBF financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of GSA's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which GSA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GSA's, ASF's, and FBF's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 14, 2024

Consolidated Financial Statements

Consolidated Balance Sheets

As of September 30, 2024, and September 30, 2023
(Dollars in Millions)

ASSETS:	2024	2023
Intragovernmental Assets:		
Fund Balance with Treasury (Notes 1-D, 2)	**$26,468**	$26,301
Accounts Receivable, Net (Note 4)	**7,762**	6,700
Advances and Prepayments	**45**	44
Other Assets (Note 5)	**13**	166
Total Intragovernmental Assets	**34,288**	33,211
Other Than Intragovernmental Assets:		
Accounts Receivable, Net (Note 4)	**171**	172
General PP&E and Right-to-Use Assets, Net (Notes 1-E, 6)	**54,497**	26,900
Other Assets (Note 5)	**165**	57
Total Other Than Intragovernmental Assets	**54,833**	27,129
Total Assets	**89,121**	60,340
Stewardship Property, Plant, and Equipment (Note 6-F)		
LIABILITIES:		
Intragovernmental Liabilities:		
Accounts Payable	**21**	12
Advances From Others and Deferred Revenue	**27**	49
Other Liabilities (Note 9)	**1,086**	1,114
Total Intragovernmental Liabilities	**1,134**	1,175
Other Than Intragovernmental Liabilities:		
Accounts Payable	**7,820**	6,877
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	**208**	188
Pension and Post-Employment Benefits Payable (Notes 7, 15)	**108**	114
Environmental and Disposal Liabilities (Notes 6, 10-A)	**1,970**	2,112
Advances From Others and Deferred Revenue	**11**	8
Other Liabilities (Note 9):		
Lease Liabilities	**27,308**	—
Other Liabilities	**760**	1,563
Total Other Than Intragovernmental Liabilities	**38,185**	10,862
Total Liabilities (Note 11)	**39,319**	12,037
Commitments and Contingencies (Notes 13-B, 10)		
NET POSITION:		
Unexpended Appropriations:		
Funds From Other Than Dedicated Collections	**7,933**	8,474
Total Unexpended Appropriations (Consolidated)	**7,933**	8,474
Cumulative Results of Operations:		
Funds From Dedicated Collections (Notes 14, 20)	**369**	384
Funds From Other Than Dedicated Collections (Note 14)	**41,500**	39,445
Total Cumulative Results of Operations (Consolidated)	**41,869**	39,829
Total Net Position	**49,802**	48,303
Total Liabilities and Net Position	**$89,121**	$60,340

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Cost

For the years ended September 30, 2024, and September 30, 2023
(Dollars in Millions)

Major Business Area	Category	2024	2023
Manage Building Operations	Earned Revenues	**$13,210**	$11,858
	Less: Operating Expenses	**12,846**	11,737
	Net Revenues from Operations	**364**	121
Provide Acquisition Services	Earned Revenues	**26,000**	22,748
	Less: Operating Expenses	**25,554**	22,312
	Net Revenues from Operations	**446**	436
Working Capital and General Programs	Earned Revenues	**93**	76
	Less: Operating Expenses	**509**	508
	Net Cost of Operations	**(416)**	(432)
GSA Consolidated Net Results	Earned Revenues	**39,303**	34,682
	Less: Operating Expenses	**38,909**	34,557
	Net Revenues from Operations	**$394**	$125

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Position

For the years ended September 30, 2024, and September 30, 2023
(Dollars in Millions)

BEGINNING BALANCE OF NET POSITION:	2024	2023
Unexpended Appropriations	**$8,474**	$8,594
Cumulative Results of Operations	**39,829**	39,213
Adjustments - Change in Accounting Principles (Note 1)	**725**	—
Cumulative Results of Operations, as adjusted	**40,554**	39,213
Net Position Beginning Balance, as adjusted	**49,028**	47,807
CHANGES IN UNEXPENDED APPROPRIATIONS:		
Appropriations Received	**303**	399
Appropriations Used	**(595)**	(456)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**(249)**	(63)
Net Change in Unexpended Appropriations	**(541)**	(120)
RESULTS OF OPERATIONS:		
Net Revenues From Operations	**394**	125
Appropriations Used (Note 1-C)	**595**	456
Non-Exchange Revenue (Notes 1-C, 1-D)	**50**	47
Imputed Financing Provided By Others	**270**	150
Transfers of Financing Sources (To) From the U.S. Treasury	**(18)**	(32)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**28**	(129)
Other	**(4)**	(1)
Net Change in Cumulative Results of Operations	**1,315**	616
ENDING BALANCE OF NET POSITION:		
Unexpended Appropriations	**7,933**	8,474
Cumulative Results of Operations	**41,869**	39,829
Net Position Ending Balance	**$49,802**	$48,303

The accompanying notes are an integral part of these statements.

Combined Statements of Budgetary Resources

For the years ended September 30, 2024, and September 30, 2023
(Dollars in Millions)

BUDGETARY RESOURCES	2024	2023
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$20,212**	$18,973
Appropriations	**220**	435
Spending Authority from Offsetting Collections	**40,709**	39,489
Total Budgetary Resources	**61,141**	58,897
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	**43,912**	40,453
Unobligated Balance, End of Period		
Apportioned, Unexpired Accounts	**14,615**	14,998
Unapportioned, Unexpired Accounts	**2,583**	3,418
Unexpired Unobligated Balance, End of Period	**17,198**	18,416
Expired Unobligated balance, End of Period	**31**	28
Unobligated Balance, End of Period, Total	**17,229**	18,444
Total Status of Budgetary Resources	**61,141**	58,897
OUTLAYS, NET		
Net Outlays (Receipts) from Operating Activity	**(199)**	(591)
Distributed Offsetting Receipts	**(44)**	(109)
Total Net Agency Outlays (Receipts)	**$(243)**	$(700)

The accompanying notes are an integral part of these statements.

Consolidating Financial Statements

Consolidating Balance Sheets

Schedule 1

As of September 30, 2024, and September 30, 2023

(Dollars in Millions)

ASSETS:	**FBF 2024**	FBF 2023	**ASF 2024**	ASF 2023	**Other Funds 2024**	Other Funds 2023	**Less: Intra GSA Eliminations 2024**	Less: Intra GSA Eliminations 2023	**GSA Consolidated 2024**	GSA Consolidated 2023
Intragovernmental Assets:										
Fund Balance with Treasury (Notes 1-D, 2)	**$22,741**	$22,097	**$2,122**	$2,218	**$1,605**	$1,986	**$—**	$—	**$26,468**	$26,301
Accounts Receivable, Net (Note 4)	**417**	307	**7,188**	6,281	**203**	162	**(46)**	(50)	**7,762**	6,700
Advances and Prepayments	**36**	36	**—**	—	**9**	8	**—**	—	**45**	44
Other Assets (Note 5)	**13**	166	**—**	—	**—**	—	**—**	—	**13**	166
Total Intragovernmental Assets	**23,207**	22,606	**9,310**	8,499	**1,817**	2,156	**(46)**	(50)	**34,288**	33,211
Other Than Intragovernmental Assets:										
Accounts Receivable, Net (Note 4)	**9**	12	**153**	144	**9**	16	**—**	—	**171**	172
General PP&E and Right-to-Use Assets, Net (Notes 1-E, 6)	**49,195**	22,365	**5,291**	4,528	**11**	7	**—**	—	**54,497**	26,900
Other Assets (Note 5)	**139**	37	**26**	19	**—**	1	**—**	—	**165**	57
Total Other Than Intragovernmental Assets	**49,343**	22,414	**5,470**	4,691	**20**	24	**—**	—	**54,833**	27,129
Total Assets	**$72,550**	$45,020	**$14,780**	$13,190	**$1,837**	$2,180	**$(46)**	$(50)	**$89,121**	$60,340
Stewardship Property, Plant, and Equipment (Note 6-F)										

The accompanying notes are an integral part of these statements.

Consolidating Balance Sheets (continued) Schedule 1

As of September 30, 2024, and September 30, 2023

(Dollars in Millions)

LIABILITIES:	FBF 2024	FBF 2023	ASF 2024	ASF 2023	Other Funds 2024	Other Funds 2023	Less: Intra GSA Eliminations 2024	Less: Intra GSA Eliminations 2023	GSA Consolidated 2024	GSA Consolidated 2023
Intragovernmental Liabilities:										
Accounts Payable	**$3**	$9	**$24**	$14	**$31**	$28	**$(37)**	$(39)	**$21**	$12
Advances From Others and Deferred Revenue	**—**	—	**2**	—	**25**	49	**—**	—	**27**	49
Other Liabilities (Note 9)	**1,034**	1,068	**33**	24	**28**	33	**(9)**	(11)	**1,086**	1,114
Total Intragovernmental Liabilities	**1,037**	1,077	**59**	38	**84**	110	**(46)**	(50)	**1,134**	1,175
Other Than Intragovernmental Liabilities:										
Accounts Payable	**985**	1,031	**6,818**	5,829	**17**	17	**—**	—	**7,820**	6,877
Federal Employee Salary, Leave, and Benefits Payable (Note 15)	**82**	76	**67**	59	**59**	53	**—**	—	**208**	188
Pension and Post-Employment Benefits Payable (Notes 7, 15)	**56**	61	**19**	22	**33**	31	**—**	—	**108**	114
Environmental and Disposal Liabilities (Notes 6, 10-A)	**1,970**	2,036	**—**	—	**—**	76	**—**	—	**1,970**	2,112
Advances From Others and Deferred Revenue	**8**	8	**3**	—	**—**	—	**—**	—	**11**	8
Other Liabilities (Note 9):										
Lease Liabilities	**27,308**	—	**—**	—	**—**	—	**—**	—	**27,308**	—
Other Liabilities	**712**	1,512	**7**	2	**41**	49	**—**	—	**760**	1,563
Total Other Than Intragovernmental Liabilities	**31,121**	4,724	**6,914**	5,912	**150**	226	**—**	—	**38,185**	10,862
Total Liabilities (Note 11)	**32,158**	5,801	**6,973**	5,950	**234**	336	**(46)**	(50)	**39,319**	12,037
Commitments and Contingencies (Notes 13-B, 10)										

The accompanying notes are an integral part of these statements.

Consolidating Balance Sheets (continued) Schedule 1

As of September 30, 2024, and September 30, 2023

(Dollars in Millions)

NET POSITION:	FBF 2024	FBF 2023	ASF 2024	ASF 2023	Other Funds 2024	Other Funds 2023	Less: Intra GSA Eliminations 2024	Less: Intra GSA Eliminations 2023	GSA Consolidated 2024	GSA Consolidated 2023
Unexpended Appropriations:										
Funds From Other Than Dedicated Collections	**6,909**	7,100	**86**	59	**938**	1,315	**—**	—	**7,933**	8,474
Total Unexpended Appropriations (Consolidated)	**6,909**	7,100	**86**	59	**938**	1,315	**—**	—	**7,933**	8,474
Cumulative Results of Operations:										
Funds From Dedicated Collections (Notes 14, 20)	**—**	—	**—**	—	**367**	382	**2**	2	**369**	384
Funds From Other Than Dedicated Collections (Note 14)	**33,483**	32,119	**7,721**	7,181	**298**	147	**(2)**	(2)	**41,500**	39,445
Total Cumulative Results of Operations (Consolidated)	**33,483**	32,119	**7,721**	7,181	**665**	529	**—**	—	**41,869**	39,829
Total Net Position	**40,392**	39,219	**7,807**	7,240	**1,603**	1,844	**—**	—	**49,802**	48,303
Total Liabilities and Net Position	**$72,550**	$45,020	**$14,780**	$13,190	**$1,837**	$2,180	**$(46)**	$(50)	**$89,121**	$60,340

The accompanying notes are an integral part of these statements.

Consolidating Statements of Net Cost Schedule 2

For the years ended September 30, 2024, and September 30, 2023
(Dollars in Millions)

Major Business Area / Fiscal Year	Revenues 2024	Expenses 2024	Net Revenues from (Cost of) Operations 2024	Revenues 2023	Expenses 2023	Net Revenues from (Cost of) Operations 2023
MANAGE BUILDING OPERATIONS						
Building Operations - Government Owned	**$6,454**	**$5,203**	**$1,251**	$5,402	$5,091	$311
Building Operations - Leased	**6,810**	**7,726**	**(916)**	6,516	6,731	(215)
Subtotal	**13,264**	**12,929**	**335**	11,918	11,822	96
PROVIDE ACQUISITION SERVICES						
General Supplies and Services	**1,835**	**1,812**	**23**	1,710	1,686	24
Travel, Transportation, and Logistics	**3,281**	**2,918**	**363**	3,001	2,641	360
Information Technology	**907**	**809**	**98**	1,035	956	79
Assisted Acquisition Services	**19,817**	**19,712**	**105**	16,872	16,761	111
Professional Services and Human Capital	**148**	**134**	**14**	133	121	12
Other Programs	**192**	**371**	**(179)**	168	337	(169)
Subtotal	**26,180**	**25,756**	**424**	22,919	22,502	417
WORKING CAPITAL FUND AND GENERAL PROGRAMS						
Working Capital Fund	**833**	**858**	**(25)**	768	781	(13)
Other General Funds	**74**	**471**	**(397)**	59	483	(424)
Subtotal	**907**	**1,329**	**(422)**	827	1,264	(437)
INTRA-GSA ELIMINATIONS						
Less: Intra-GSA Eliminations	**1,048**	**1,105**	**(57)**	982	1,031	(49)
GSA Consolidated Totals	**$39,303**	**$38,909**	**$394**	$34,682	$34,557	$125

The accompanying notes are an integral part of these statements.

Consolidating Statements of Changes in Net Position

Schedule 3

For the years ended September 30, 2024, and September 30, 2023
(Dollars in Millions)

Fund and Fiscal Year	FBF 2024	FBF 2023	ASF 2024	ASF 2023	Other Funds 2024	Other Funds 2023	Less: Intra GSA Eliminations 2024	Less: Intra GSA Eliminations 2023	GSA Consolidated 2024	GSA Consolidated 2023
BEGINNING BALANCE OF NET POSITION										
Unexpended Appropriations	**$7,100**	$7,129	**$59**	$98	**$1,315**	$1,367	**$—**	$—	**$8,474**	$8,594
Cumulative Results of Operations	**32,119**	31,981	**7,181**	6,655	**529**	577	**—**	—	**39,829**	39,213
Adjustments - Change in Accounting Principles (Note 1)	**725**	—	**—**	—	**—**	—	**—**	—	**725**	—
Cumulative Results of Operations, as adjusted	**32,844**	31,981	**7,181**	6,655	**529**	577	**—**	—	**40,554**	39,213
Net Position Beginning Balance, as adjusted	**39,944**	39,110	**7,240**	6,753	**1,844**	1,944	**—**	—	**49,028**	47,807
CHANGES IN UNEXPENDED APPROPRIATIONS										
Appropriations Received	**—**	37	**—**	—	**303**	362	**—**	—	**303**	399
Appropriations Used	**(191)**	(66)	**(25)**	(39)	**(379)**	(351)	**—**	—	**(595)**	(456)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	**—**	—	**52**	—	**(301)**	(63)	**—**	—	**(249)**	(63)
Net Change in Unexpended Appropriations	**(191)**	(29)	**27**	(39)	**(377)**	(52)	**—**	—	**(541)**	(120)
RESULTS OF OPERATIONS										
Net Revenues From (Cost of) Operations	**335**	96	**424**	417	**(422)**	(437)	**(57)**	(49)	**394**	125
Appropriations Used (Note 1-C)	**191**	66	**25**	39	**379**	351	**—**	—	**595**	456
Non-Exchange Revenue (Notes 1-C, 1-D)	**—**	—	**—**	—	**50**	47	**—**	—	**50**	47
Imputed Financing Provided By Others	**114**	89	**85**	64	**128**	46	**57**	49	**270**	150
Transfers of Financing Sources (To) From the U.S. Treasury	**—**	—	**—**	(13)	**(18)**	(19)	**—**	—	**(18)**	(32)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	**(1)**	(113)	**6**	19	**23**	(35)	**—**	—	**28**	(129)
Other	**—**	—	**—**	—	**(4)**	(1)	**—**	—	**(4)**	(1)
Net Change in Cumulative Results of Operations	**639**	138	**540**	526	**136**	(48)	**—**	—	**1,315**	616
ENDING BALANCE OF NET POSITION										
Unexpended Appropriations	**6,909**	7,100	**86**	59	**938**	1,315	**—**	—	**7,933**	8,474
Cumulative Results of Operations	**33,483**	32,119	**7,721**	7,181	**665**	529	**—**	—	**41,869**	39,829
Net Position Ending Balance	**$40,392**	$39,219	**$7,807**	$7,240	**$1,603**	$1,844	**$—**	$—	**$49,802**	$48,303

The accompanying notes are an integral part of these statements.

Combining Statements of Budgetary Resources

Schedule 4

For the years ended September 30, 2024, and September 30, 2023

(Dollars in Millions)

Fund and Fiscal Year	FBF 2024	FBF 2023	ASF 2024	ASF 2023	Other Funds 2024	Other Funds 2023	GSA Consolidated 2024	GSA Consolidated 2023
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$13,831**	$13,253	**$5,390**	$4,510	**$991**	$1,210	**$20,212**	$18,973
Appropriations	**—**	37	**—**	—	**220**	398	**220**	435
Spending Authority from Offsetting Collections	**11,656**	12,192	**28,043**	26,403	**1,010**	894	**40,709**	39,489
Total Budgetary Resources	**25,487**	25,482	**33,433**	30,913	**2,221**	2,502	**61,141**	58,897
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**12,984**	11,880	**29,572**	27,320	**1,356**	1,253	**43,912**	40,453
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**11,885**	12,031	**2,364**	2,263	**366**	704	**14,615**	14,998
Unapportioned, Unexpired Accounts	**618**	1,571	**1,497**	1,330	**468**	517	**2,583**	3,418
Unexpired Unobligated Balance, End of Period	**12,503**	13,602	**3,861**	3,593	**834**	1,221	**17,198**	18,416
Expired Unobligated balance, End of Period	**—**	—	**—**	—	**31**	28	**31**	28
Unobligated Balance, End of Period, Total	**12,503**	13,602	**3,861**	3,593	**865**	1,249	**17,229**	18,444
Total Status of Budgetary Resources	**25,487**	25,482	**33,433**	30,913	**2,221**	2,502	**61,141**	58,897
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**(644)**	(833)	**150**	(68)	**295**	310	**(199)**	(591)
Distributed Offsetting Receipts	**—**	—	**—**	—	**(44)**	(109)	**(44)**	(109)
Total Net Agency Outlays (Receipts)	**$(644)**	$(833)	**$150**	$(68)	**$251**	$201	**$(243)**	$(700)

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(For the Periods Ended September 30, 2024, and September 30, 2023)

The U.S. General Services Administration (GSA) was created by the Federal Property and Administrative Services Act of 1949, as amended. Congress enacted this legislation to provide the Federal Government an economic and efficient system for the procurement and supply of personal property and non-personal services, the utilization of excess property, the disposal of surplus property, and records management.

The Administrator of General Services, appointed by the President of the United States and confirmed by the U.S. Senate, oversees the operations of GSA. GSA carries out its responsibilities through the use of both annual appropriations and revolving funds.

1. Significant Accounting Policies

A. Reporting Entity

GSA presents comparative consolidated and consolidating balance sheets, consolidated and consolidating statements of net cost, consolidated and consolidating statements of changes in net position, and combined and combining statements of budgetary resources. The consolidating and combining formats display GSA's two largest components, the Federal Buildings Fund (FBF) and the Acquisition Services Fund (ASF). All other entities are combined under Other Funds.

The FBF is the primary fund used to record the activities of the Public Buildings Service (PBS). The ASF is the primary fund used to record the activities of the Federal Acquisition Service (FAS).

In accordance with the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity,* requirement to report disclosure entities and related parties, GSA conducted a thorough review of all non-Federal relationships across all business lines and concluded that there are no relationships requiring disclosure as a consolidation entity, disclosure entity, or related party entity.

GSA's accompanying financial statements include the accounts of all funds that have been established and maintained to account for resources under the control of GSA management. The entities included in the Other Funds category are described below, together with a discussion of the different fund types.

Revolving Funds are accounts established by law to finance a continuing cycle of operations with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress. Revolving Funds may also receive funds from appropriations. Both the FBF and the ASF are large revolving funds; however, receipts in the FBF are generally subject to further action by Congress and, as such, the FBF is a quasi-revolving fund. The revolving funds in the Other Funds category consist of the following:

- Federal Citizen Services Fund (FCSF)
- Working Capital Fund (WCF)

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. GSA manages 20 General Funds. Six of these General Funds are funded by 1-year appropriations; six by no-year appropriations; three by multi-year appropriations; and five are budget clearing accounts that temporarily hold collections until a more appropriate fund can be determined. The General Funds included in the Other Funds category are as follows:

- Allowances and Office Staff for Former Presidents
- Budget Clearing Account – Broker Rebates
- Budget Clearing Account – Proceeds of Sales, Personal Property
- Budget Clearing Account – Real Property
- Budget Clearing Account – Suspense
- Budget Clearing Account – Undistributed Intragovernmental Payments
- Civilian Board of Contract Appeals
- Civilian Board of Contract Appeals - No-Year
- Data Driven Innovation – Executive Office of the President (EOP)
- Excess and Surplus Real and Related Personal Property Holding Account
- Expenses, Government-wide Policy
- Expenses, Government-wide Policy – Multi-Year
- Expenses, Presidential Transition
- Pre-election Presidential Transition
- Expenses, OIG
- OIG – No-Year
- Operating Expenses, GSA
- Real Property Relocation
- Technology Modernization Fund (TMF) - No-Year
- TMF – Multi-Year

Special and Trust Funds are accounts established for receipts dedicated by law for a specific purpose, but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts. In accordance with FASAB SFFAS 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, these special and trust funds are classified as funds from dedicated collections. GSA uses special fund receipts to pay certain costs associated with the disposal of surplus real property, for funding of the Transportation Audits program, and to fund the Acquisition Workforce Training program. GSA has one trust fund with authority to accept unconditional gifts of property in aid of any project or function within its jurisdiction. GSA's special and trust funds consist of the following:

- Asset Proceeds and Space Management Fund
- Expenses, Disposal of Surplus Real and Related Personal Property
- Expenses, Transportation Audit Contracts and Contract Administration
- Expenses, Acquisition Workforce Training Fund
- Other Receipts, Surplus Real and Related Personal Property
- Receipts of Rent, Leases and Lease Payments for Government-Owned Real Property
- Receipts, Transportation Audit Contracts and Contract Administration

- Receipts, Acquisition Workforce Training Fund
- Transfers of Surplus Real and Related Personal Property Receipts
- Unconditional Gifts of Real, Personal, or Other Property

Miscellaneous Receipt and Deposit Funds are considered non-entity accounts since GSA management does not exercise control over how the monies in these accounts can be used. Miscellaneous receipt fund accounts hold receipts and accounts receivable resulting from miscellaneous activities of GSA where, by law, such monies may not be deposited into funds under GSA management control. The U.S. Department of the Treasury (Treasury) automatically transfers all cash balances in these receipt accounts to the general fund of the U.S. Treasury at the end of each fiscal year. Deposit fund accounts hold monies outside the budget. Accordingly, their transactions do not affect budget surplus or deficit.

These accounts include:

- Deposits received for which GSA is acting as an agent or custodian
- Unidentified remittances
- Monies withheld from payments for goods and services received
- Monies whose distribution awaits a legal determination or investigation

The receipt and deposit funds in the Other Funds category consist of the following:

- Advances Without Orders from Non-Federal Sources
- Fines, Penalties, and Forfeitures, Not Otherwise Classified
- Forfeitures of Unclaimed Money and Property
- General Fund Proprietary Interest, Not Otherwise Classified
- General Fund Proprietary Receipts, Not Otherwise Classified, All Other
- Other Earnings from Business Operations and Intragovernmental Revolving Funds
- Proceeds from Sale of Surplus Property
- Small Escrow Amounts
- Special and Trust Fund Proprietary Receipts Returned to the General Fund of the U.S. Treasury
- Withheld State and Local Taxes

B. Basis of Accounting and Presentation

The principal financial statements are prepared from the books and records of GSA, in accordance with generally accepted accounting principles (GAAP) as promulgated by the FASAB and Office of Management and Budget (OMB) Circular A-136 *Financial Reporting Requirements*, in all material respects. FASAB SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles*, *including the Application of Standards Issued by the Financial Accounting Standards Board*, established the hierarchy of GAAP for Federal financial statements.

The consolidated balance sheets present the financial position of GSA using a format segregating intragovernmental balances. The consolidated statements of net cost present the operating results of the FBF, ASF, and Other Fund functions, as well as GSA consolidated operating results as a whole. The consolidated statements of changes in net position display the changes in cumulative results of operations and unexpended appropriations. The combined statements of budgetary resources (CSBR) present the sources, status, and uses of GSA budgetary resources.

Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with legal requirements and controls over the use of Federal funds.

GSA reconciles all intragovernmental fiduciary transaction activity and works with agency partners to reduce significant or material differences in conformance with the Treasury's Federal Entity Reporting Requirements for the Financial Report of the United States Government and requirements of OMB Circular A-136. On the consolidated balance sheets, consolidated statements of net cost, and consolidated statements of changes in net position, all significant intra-agency balances and transactions are eliminated in consolidation. Additionally, adjustments are applied to eliminate GSA's intra-fund activity on the applicable financial statements. No such eliminations are made on the CSBR.

On the consolidating statements of net cost, intra-GSA eliminations of revenue and expenses are displayed separately, and results displayed as FBF, ASF, and Other Funds reflect the full amounts of such balances that flowed through those funds. Certain amounts of expenses eliminated on the consolidating statements of net cost are imputed costs for which the matching resource is not revenue on this statement, but imputed resources provided by others, displayed on the consolidating statements of changes in net position. Accordingly, on the consolidating statements of net cost, the revenue and expense eliminations do not match. The consolidating statements of changes in net position display the offsetting balances between these categories.

Certain goods and services are received from other Federal entities at no cost or at a cost less than the full cost to the providing Federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed costs, and are offset by imputed financing source. Such imputed costs and financing sources relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in the financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Operating expenses and related accounts payable accruals and estimates are recorded in the period goods or services are received.

Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Revenue Recognition and Appropriations Used

Substantially all revenues reported by GSA funds on the consolidated statements of net cost are generated from intragovernmental sales of goods and services, with only 5 percent and 3 percent, respectively, of revenues earned from non-Federal customers for the years ended September 30, 2024, and September 30, 2023. In FY 2024 the non-Federal revenues earned by FBF are slightly larger than the ASF while in FY 2023 the non-Federal revenues earned by ASF were significantly larger than those earned by FBF. Expenses are primarily incurred with non-Federal entities supplying the underlying goods and services being provided to GSA and its Federal customers. Each revolving fund has established rate-setting processes governed by the laws authorizing its activities. In most cases, the rates charged are intended to cover the full cost that GSA funds will pay for such goods and services and to provide capital maintenance. In accordance with the governing laws, rates are generally not designed to recover imputed costs not borne by GSA, but covered by other funds or entities of the U.S. Government, such as for post-employment costs. As the amount of services provided to non-Federal customers is generally insignificant, maintaining separate rate structures for these customers to recover imputed costs is not warranted.

Generally, revolving fund and reimbursable general fund revenue is recognized when goods have been delivered or services rendered.

In the FBF, rent revenues are earned based on occupancy agreements (OA) with Federal customers and a small percentage from outlease agreements with non-Federal customers as space and services are provided. Federal Agencies housed in buildings leased by GSA are generally billed at rates to recover the cost of that space. In some instances, special rates are arranged in accordance with congressional guidance or other authorized purposes. Most agencies using funding from trust funds have rent rates set to recover full cost. For revenue under non-recurring reimbursable building repairs and alterations (R&A) projects, GSA charges customers the actual cost and, as a result, revenues are generally earned to match the costs incurred.

In the ASF, General Supplies and Services (GS&S) revenues are recognized when goods are provided to customers. In the Travel, Transportation and Logistics portfolio, vehicle acquisition revenues are recognized when goods are provided. Vehicle leasing revenues are recognized based on rental arrangements over the period vehicles are dispatched. Assisted Acquisition Services revenues are recognized when goods or services are provided. Information Technology revenues are earned when goods or services are provided or as reimbursable project costs are incurred. Telecommunications service revenues are generally recognized based on customer usage or on fixed line rates. Fee revenues in the GSA Schedules programs are earned from non-Federal vendors based on estimated and actual usage of GSA contracting vehicles by other agencies. The Schedules program generated $475 million in fees, constituting 2 percent of ASF revenues in FY 2024, and $375 million in fees, constituting 2 percent of ASF revenues in FY 2023.

The Working Capital Fund charges fees based on a fee schedule established through an annual rate-setting process performed collaboratively with customers. The rate-setting process is generally designed to provide revenues sufficient to match the spending that will be incurred for the goods, services, and resources provided to customers and also provides information to customers to assist in their resource management.

Non-Exchange Revenues are recognized on an accrual basis on the consolidated statements of changes in net position for sales of surplus real property, reimbursements due from the audit of payments to transportation carriers, and other miscellaneous items resulting from GSA operations where ultimate collections must be deposited in miscellaneous receipt accounts of the U.S. Treasury.

Appropriations used for General Fund activities are recorded as a financing source on the consolidated statements of changes in net position when expended. Unexpended appropriations are reported as an element of net position on the consolidated balance sheets.

D. Fund Balance with Treasury (See Note 2)

This total represents all unexpended balances for GSA accounts with the U.S. Treasury. Substantially all balances of Fund Balance with Treasury (FBwT) are available to GSA management to execute the authorities provided by its funds. In the following instances, authorities limit use of collections to dedicated purposes.

GSA acts as a disposal agent for surplus Federal real and personal property. Under GSA statutory authorities, the gross proceeds from some sales are deposited in GSA Special Fund receipt accounts and recorded as Non-Exchange Revenues in the consolidated statements of changes in net position. A portion of these proceeds is subsequently transferred to a special fund to finance expenses incurred in disposing of surplus real property. Under section 412 of the GSA General Provisions, Consolidated Appropriations Act, 2005 (Public Law No. 108-447) (Section 412), GSA is authorized to retain the net proceeds from the disposition of real property under the jurisdiction, custody and control of GSA to be used for GSA's real property capital needs as authorized in annual appropriation acts. The remainder is periodically accumulated and transferred, by law, to the Land and Water Conservation Fund, which is administered by the U.S. Department of the Interior.

E. Property and Equipment and Right-to-Use Assets (See Note 6)

Generally, property and equipment purchases of $10,000 or more, having a useful life of 2 or more years, are capitalized and valued at cost. Property and equipment transferred to GSA from other Federal agencies on the date GSA was established is stated at the transfer value, which approximates historical cost. Subsequent thereto, equipment transferred to GSA is stated at net book value and surplus real and related personal property transferred to GSA is stated at the lower of net book value or appraised value.

Expenditures for major additions, replacements and alterations to real property of $50,000 or more are capitalized. Normal repair and maintenance costs are expensed as incurred. The cost of R&A and leasehold improvements performed by GSA, but financed by other agencies, is not capitalized in GSA financial statements, as such amounts are transferred to the other agencies upon completion of the project. The majority of all land, buildings, and leasehold improvements are provided to other Federal agencies under short-term cancellable agreements. See Required Supplementary Information section of the AFR for disclosure details.

Depreciation and amortization of property and equipment are calculated on a straight-line basis over their initial or remaining useful lives. Leasehold Improvements are amortized over the lesser of their useful lives, generally 5 years, or the unexpired lease or OA term. It is GSA policy to reclassify capitalized costs of construction in process into the Buildings accounts upon project completion. Buildings acquired through purchase, construction, or under capital lease agreements are depreciated over 30 years. Major and minor building renovation projects carry estimated useful lives of 20 years and 10 years, respectively.

With the implementation of SFFAS 54 *Leases*, Right-to-Use Assets are measured by the initial lease liability plus any applicable costs such as those required to place the lease into service or payments made to the lessor prior to the commencement of the lease term. Right-to-Use Assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

In compliance with paragraphs 11 and 20-31 of FASAB Technical Bulletin 2023-1, GSA as provider-lessor has included associated costs as capitalized building costs, and intragovernmental unearned reimbursable work revenue liabilities are recorded equal to the contributions provided by the customer agencies for the reimbursement of items considered part a building shell, or components critical to fire and safety systems. Capitalized building costs are depreciated as expense over the useful life of the building, or improvement, while intragovernmental unearned reimbursable work revenues are earned as revenue via amortization over the term of the related building lease with the customer.

GSA maintains a fleet of motor vehicles for lease to other Federal agencies to meet their operational needs, with monthly billings rendered to recover program costs. The various vehicle types are depreciated over a general range of 4 to 12 years.

In accordance with FASAB SFFAS 10, *Accounting for Internal Use Software*, capitalization of software development costs incurred for systems having a useful life of 2 years or more is required. With implementation of this standard, GSA adopted minimum dollar thresholds per system that would be required before capitalization would be warranted. For the FBF, this minimum threshold is $1 million. For all other funds, it is $250,000. Once completed, software applications are depreciated over an estimated useful life determined on a case-by-case basis, ranging from 3 to 10 years.

GSA also has Other Equipment which is made up of group assets and non-group assets. These assets collectively cost $10,000 or more per item or per purchase order and have useful lives that range from 3-15 years.

F. Annual, Sick, and Other Types of Leave

Annual leave liability is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken.

G. Recently Adopted Accounting Standard

On October 1, 2023, GSA adopted the FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 54, *Leases*, as amended. SFFAS No. 54 requires Federal reporting entities to report a right-to use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. The application of SFFAS 54 has a material impact on the financial reporting for GSA's real property leases.

GSA elected to utilize the transitional accommodation period allowed by SFFAS 62, *Transitional Amendment to SFFAS 54,* to treat contracts or agreements containing potential embedded leases as non-lease contracts or agreements through FY 2026. The transitional accommodation applies to contracts and agreements that are primarily attributable to the nonlease component based on management's assessment. Such contracts and agreements are accounted for as nonlease contracts or agreements for the remaining term of the contract or agreement unless subsequently modified after the end of the accommodation period.

In applying the requirements of SFFAS 54, once a contract or agreement is determined to contain a lease, it is evaluated and classified as one of the following:

- Intragovernmental lease - for leases with other Federal entities;
- Leases with non-Federal or other private sector entities:
    - Short-term lease - when the lease term is 2 years or less
    - Right-to-use (RTU) lease - when the lease term is more than 2 years
- Contracts or agreements that transfer ownership

In accordance with the implementation of SFFAS 54, effective October 1, 2023, GSA's prior year accounting policy to record assets and liabilities for non-level rent and amortize on a straight-line basis is no longer required, and as such, beginning balances for Statement of Change in Net position was adjusted by $725 million.

GSA's activities include both acquisition of space via leases where GSA is considered a lessee (building space or equipment rentals acquired via lease), and rental of GSA properties to other agencies or entities as a lessor (such as PBS occupancy agreements and FAS Fleet Leasing). At implementation, 6,109 real property leases were classified as RTU leases and 1,420 leases were considered short-term leases. GSA expects that at the expiration of the short-term leases, the majority will be replaced with longer-term right-to-use leases.

The evaluation and determination of the lease term includes consideration of all renewal options, termination options, and purchase options and includes or excludes such options based on the likelihood of the options being exercised. Option periods will be included in a lease term when it is considered probable, defined as greater than 50% likelihood, that GSA will exercise an extension or renewal option, based on information on-hand when signing a lease arrangement (or when modifying an existing lease). For GSA's real property leases, it is generally considered probable that all extension or renewal options will be exercised.

Leasing arrangements that transfer ownership at the end of the term are considered financed sales and do not apply the accounting treatments prescribed for the classifications listed above. When GSA enters into a sublease agreement, the original lease and the sublease will be accounted for as separate transactions.

Additional details on implementation of SFFAS 54 are available in Footnote 8.

H. Changes in Presentation

In FY 2024, GSA made changes to the presentation of the balance sheet. Due to changes in OMB Circular A-136 for the Balance Sheet, the following changes were made:

- Accrued Funded Payroll and Leave was realigned from Other Liabilities into Federal Employee Salary, Leave, and Benefits Payable.
- Actuarial Liabilities were realigned from Federal Employee Benefits Payable into Pension and Post-Employment Benefits Payable.

The presentation of the balance sheet for FY 2023 was modified, to correspond with FY 2024, to reflect these changes.

2. Fund Balance with Treasury

A. Reconciliation to U.S. Treasury

There were no material differences between amounts reported by GSA and those reported to the U.S. Treasury as of September 30, 2024, and September 30, 2023.

B. Relationship to the Budget

In accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities*, the following information is provided to further identify amounts in the FBwT as of September 30, 2024, and September 30, 2023, against which obligations have been made, and for unobligated balances, to identify amounts available for future expenditures and those only available to liquidate prior obligations.

In the FBF, amounts of FBwT — shown below as Unobligated Balance, Unavailable — include a combination of balances recorded as Resources Temporarily Unavailable and Unobligated Balance Not Available. Also, in two instances, the portion of FBwT presented below as unobligated balances will not equal related amounts reported on the CSBR. In the FBF, the CSBR unobligated balances include resources associated with borrowing authority for which actual funds have not yet been realized. In the Other Funds group, the schedule below includes Non-Budgetary FBwT held in Special Receipt, Clearing, and Deposit Funds, which are not reportable for purposes of the CSBR.

The following schedule presents elements of the FBwT. The negative amount of Obligated Balance Not Yet Disbursed in the ASF as of September 30, 2024, is the result of Uncollected Customer Payments of $21,362 million exceeding Unpaid Obligations of $19,623 million.

2B. Fund Balance with Treasury
(Dollars in Millions)

2024	FBF	ASF	Other Funds	GSA Consolidated
Obligated Balance, Not Yet Disbursed	**$464**	**$(1,739)**	**$360**	**$(915)**
Unobligated Balance Available	**11,858**	**2,364**	**366**	**14,588**
Unobligated Balance Unavailable	**10,419**	**1,497**	**499**	**12,415**
Non-Budgetary FBwT	**—**	**—**	**380**	**380**
Total	**$22,741**	**$2,122**	**$1,605**	**$26,468**

2023	FBF	ASF	Other Funds	GSA Consolidated
Obligated Balance, Not Yet Disbursed	$(230)	$(1,375)	$346	$(1,259)
Unobligated Balance Available	12,167	2,263	705	15,135
Unobligated Balance Unavailable	10,160	1,330	545	12,035
Non-Budgetary FBwT	—	—	390	390
Total	$22,097	$2,218	$1,986	$26,301

C. Availability of Funds

Included in GSA's FBwT are dedicated collections from Special Receipt Funds that may be retained by GSA or transferred to either the U.S. Treasury or the Land and Water Conservation Fund (see Note 1-D). Amounts related to the Transportation Audits program and surplus real property disposals, are subject to transfer upon GSA's annual determination of the costs incurred by these programs. The FBwT in these funds totaled $327 million and $323 million at September 30, 2024, and September 30, 2023, respectively, of which $7 million and $6 million were recorded as liabilities in the consolidated balance sheet. As of September 30, 2024, and September 30, 2023, $6 million and $4 million, respectively, of unused funds from expired appropriations were returned to the U.S. Treasury. Such balances are excluded from the amount reported as FBwT in accordance with U.S. Treasury guidelines. A portion of FBwT also includes amounts where authority to incur new obligations has expired, but the funds are available to liquidate residual obligations that originated when the funds were available. Such expired balances totaled $31 million and $28 million at September 30, 2024, and September 30, 2023, respectively. The FBF has balances that are temporarily unavailable in accordance with annual appropriations acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled $9.8 billion and $8.8 billion at September 30, 2024, and September 30, 2023, respectively, and will not be available for expenditure except as authorized in future appropriations acts.

Under the ASF statutory authorities, GSA is permitted to retain earnings to ensure the fund has sufficient resources to support operations in association with a cost and capital plan as approved by the Administrator of General Services. GSA is also required to return annually any excess proceeds related to the Personal Property Sales program to the U.S. Treasury. The ASF returned $0 million in FY 2024 and $13 million in FY 2023, respectively, to the U.S. Treasury. These activities are in accordance with the cost and capital plan to meet program needs. Cumulative Results of Operations in the ASF have been used for activities such as covering discontinued operations and investments in Government-wide software applications, including the System for Award Management and the Common Acquisition Platform.

3. Non-entity Assets

As of September 30, 2024, and September 30, 2023, certain amounts reported on the consolidated balance sheets are elements of Budget Clearing, Deposit, and Miscellaneous Receipt Funds, which are not available to management for use in ongoing operations and are classified as non-entity assets (see Note 1-A). The only substantial balances of non-entity assets were Fund Balance with Treasury, which totaled $52 million and $66 million, as of September 30, 2024, and September 30, 2023, respectively.

4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other Federal agencies, with only 2.2 percent and 2.5 percent due from non-Federal customers as of September 30, 2024, and September 30, 2023, respectively. Unbilled accounts receivable result from the delivery of goods or performance of services for which bills have not yet been rendered. Additionally, Technology Modernization Fund (TMF) transfers to other Federal agencies are recorded as accounts receivable, as legislation requires, either all, or a portion of, transferred funds to be repaid to the TMF. Allowances for doubtful accounts are recorded using aging methodologies based on analysis of historical collections and write-offs.

A summary of accounts receivable as of September 30, 2024, and September 30, 2023, is as follows:

4. Accounts Receivable
(Dollars in Millions)

2024	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
Accounts Receivable - Billed	**$95**	**$179**	**$2**	**$—**	**$276**
Accounts Receivable - Unbilled	**337**	**7,177**	**211**	**(46)**	**7,679**
Allowance for Doubtful Accounts	**(6)**	**(15)**	**(1)**	**—**	**(22)**
Total Accounts Receivable, Net	**$426**	**$7,341**	**$212**	**$(46)**	**$7,933**

2023	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
Accounts Receivable - Billed	$97	$159	$31	$—	$287
Accounts Receivable - Unbilled	224	6,274	147	(50)	6,595
Allowance for Doubtful Accounts	(2)	(8)	—	—	(10)
Total Accounts Receivable, Net	$319	$6,425	$178	$(50)	$6,872

5. Other Assets

As of September 30, 2024, and September 30, 2023, Other Assets were comprised of the following balances:

5. Other Assets
(Dollars in Millions)

2024	FBF	ASF	Other Funds	GSA Consolidated
Intragovernmental:				
Miscellaneous	**$13**	**$—**	**$—**	**$13**
Total Other Assets - Intragovernmental	**13**	**—**	**—**	**13**
Other than Intragovernmental:				
Surplus Property Held for Sale	**35**	**26**	**—**	**61**
Miscellaneous	**2**	**—**	**—**	**2**
RTU Lease Receivable	**102**	**—**	**—**	**102**
Total Other Assets - Other Than Intragovernmental	**139**	**26**	**—**	**165**
Total Other Assets	**$152**	**$26**	**$—**	**$178**

2023	FBF	ASF	Other Funds	GSA Consolidated
Intragovernmental:				
Miscellaneous	$166	$—	$—	$166
Total Other Assets - Intragovernmental	166	—	—	166
Other than Intragovernmental:				
Surplus Property Held for Sale	35	19	1	55
Miscellaneous	2	—	—	2
Total Other Assets - Other Than Intragovernmental	37	19	1	57
Total Other Assets	$203	$19	$1	$223

There are no allowances for uncollectible accounts on RTU lease receivable (outleases) since GSA receives payments in advance. Additional information about lease receivable assets can be found in Note 8.

6. General PP&E and Right-to-Use Assets, Net

A. Summary of Balances

Balances in GSA Property and Equipment accounts as of September 30, 2024, and September 30, 2023, are summarized below:

6A-1a. FY 2024 Property and Equipment and Right-to-Use Assets
(Dollars in Millions)

2024	Cost	Accumulated Depreciation and Amortization	Net book Value
Buildings	Blank	Blank	Blank
FBF	**$57,480**	**$37,932**	**$19,548**
Leasehold Improvements			
FBF	**151**	**149**	**2**
ASF	**12**	**9**	**3**
Other Funds	**4**	**4**	**—**
Total Leasehold Improvements	**167**	**162**	**5**
Motor Vehicles			
ASF	**8,112**	**2,866**	**5,246**
Land			
FBF	**1,904**	**—**	**1,904**
Construction in Process			
FBF	**1,225**	**—**	**1,225**
ASF	**1**	**—**	**1**
Other Funds	**—**	**—**	**—**
Total Construction in Process	**1,226**	**—**	**1,226**
Other Equipment			
FBF	**100**	**81**	**19**
ASF	**113**	**72**	**41**
Other Funds	**64**	**54**	**10**
Total Other Equipment	**277**	**207**	**70**
RTU Lease Asset			
FBF	**29,554**	**3,056**	**26,498**
Total Property and Equipment and RTU Assets	**$98,720**	**$44,223**	**$54,497**

6A-1b. FY 2023 Property and Equipment
(Dollars in Millions)

2023	Cost	Accumulated Depreciation	Net book Value
Buildings	Blank	Blank	Blank
FBF	$55,047	$36,252	$18,795
Leasehold Improvements			
FBF	162	158	4
ASF	14	10	4
Other Funds	4	4	—
Total Leasehold Improvements	180	172	8
Motor Vehicles			
ASF	7,315	2,837	4,478
Land			
FBF	1,912	—	1,912
Construction in Process			
FBF	1,642	—	1,642
ASF	—	—	—
Other Funds	—	—	—
Total Construction in Process	1,642	—	1,642
Other Equipment			
FBF	96	86	10
ASF	122	74	48
Other Funds	57	50	7
Total Other Equipment	275	210	65
Total Property and Equipment	$66,371	$39,471	$26,900

6A-2. Total Property and Equipment Summary of Changes
(Dollars in Millions)

2024	FBF	ASF	Other Funds	GSA Consolidated
Net Book Value - Beginning	**$22,365**	**$4,528**	**$7**	**$26,900**
Effects of Implementation of SFFAS 54	**26,280**	**—**	**—**	**26,280**
Net Book Value - Beginning Adjusted	**48,645**	**4,528**	**7**	**53,180**
Capitalized Acquisitions	**2,332**	**1,647**	**7**	**3,986**
Right to Use Lease Assets CY Activity	**3,321**	**—**	**—**	**3,321**
CY Amortization of Right-to-Use Lease Assets	**(3,103)**	**—**	**—**	**(3,103)**
Disposals	**(237)**	**(206)**	**—**	**(443)**
Depreciation Expense	**(1,763)**	**(678)**	**(3)**	**(2,444)**
Net Book Value - Ending	**$49,195**	**$5,291**	**$11**	**$54,497**

2023	FBF	ASF	Other Funds	GSA Consolidated
Net Book Value - Beginning	$22,849	$4,010	$6	$26,865
Capitalized Acquisitions	1,374	1,318	7	2,699
Disposals	(114)	(170)	—	(284)
Depreciation Expense	(1,744)	(630)	(6)	(2,380)
Net Book Value - Ending	$22,365	$4,528	$7	$26,900

Please see Note 1 and Note 8 for SFFAS 54 information.

B. Environmental and Disposal Liabilities

Environmental and disposal liabilities represent cleanup costs associated with removing, containing, and disposing of hazardous waste from property; material and property that consists of hazardous waste at permanent or temporary closure, or shutdown of associated plant, property, and equipment (PP&E) (i.e., asset retirement and equipment disposal); or asbestos. Cleanup costs may include characterization, decontamination, decommissioning, restoration, monitoring, closure, post closure, future surveys, studies, and assessments on the environmental site. Cleanup costs may also include incremental direct costs of the remediation effort and costs of compensation and benefits of those employees who are expected to devote a significant amount of time directly to the remediation effort.

In accordance with guidance issued by FASAB, SFFAS 5, *Accounting for Liabilities of the Federal Government* and SFFAS 6, *Accounting for Property, Plant, and Equipment,* and Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, GSA is required to recognize a liability for environmental-related cleanup costs resulting from past transactions or events and when a future outflow or other sacrifice of resources is probable and reasonably estimable. GSA's PBS assesses the likelihood of required cleanup for PP&E, including land acquired for or in connection with other PP&E, used in providing goods or services to Federal customers. If the likelihood of required cleanup is probable and the cost can be reasonably estimated, a liability is recorded in the financial statements; if the likelihood is probable but not reasonably estimated or reasonably possible, the costs of cleanup are disclosed in the notes to the financial statements; and if the likelihood is remote, no liability or estimate is recorded or disclosed.

Environmental-related cleanup costs include liabilities covered by current budgetary resources and liabilities not covered by current budgetary resources known as future funded expenses.

Cleanup of such hazards is governed by various Federal and State laws. The laws most applicable to GSA are the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Toxic Substances Control Act, and the Resource Conservation and Recovery Act. Various State and local laws and regulations are also applicable.

GSA's FBF recognized $1.97 billion for environmental and disposal liabilities as of September 30, 2024, and $2.04 billion as of September 30, 2023, for properties currently in GSA's inventory. Included in this balance are the current estimates for potential future cleanup costs associated with the release of hazardous substances (into the environment) at properties where GSA is legally responsible for cleanup; asbestos liabilities (e.g., abatement); and non-asbestos liabilities (e.g., lead abatement) associated with PP&E at asset retirement or disposal.

6B. Environmental and Disposal Liabilities
(Dollars in Millions)

Fiscal Year	2024	2023
Environmental Liabilities (external releases to the environment)	**$89**	$96
Asbestos Liabilities	**1,506**	1,581
PP&E: Non-asbestos Liabilities	**375**	359
Total Environmental and Disposal Liabilities (amortized)[3]	**$1,970**	$2,036

C. Environmental Liabilities: External Releases to the Environment

PBS reported a total estimated environmental liability (releases to the environment) of $89 million for FY 2024. This is a decrease from $96 million for FY 2023. The decrease is attributable to remediation efforts along with cost re-estimations for environmental services (e.g., remediation activities) and adjustments to the scope of services for projects managed by PBS. PBS's environmental remediation projects range from the cleanup of hazardous substances (e.g., chemical solvents, toxic metals, and polychlorinated biphenyls) and petroleum released into soil and groundwater to complex long-term remediation of former Department of Defense sites (e.g., munitions manufacturing and stockpile centers). GSA's PBS does not have any sites identified as probable but not reasonably estimable regarding cleanup costs. As of September 30, 2024, and September 30, 2023, GSA's FBF estimated $34 million and $37 million, respectively, for "reasonably possible" cleanup costs, for which a non-GSA entity will be responsible for settling cleanup costs of the assets. The non-GSA entity responsible for settling and reporting the liability for the cleanup cost of the asset is designated by Formerly Used Defense Sites and Department of Defense/Defense Logistics Agency requirements.

[3] Does not include $76 million liabilities for non-GSA Assets that were included on the Balance Sheet for FY 2023.

D. Asbestos Liabilities

In accordance with FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, the focus is to recognize an unfunded liability and related expenses for asbestos-related cleanup costs where it is both probable and reasonably estimable for Federal entities that own tangible PP&E containing asbestos.

GSA's methodology for developing estimated future asbestos liability involved selection of asbestos abatement survey reports performed by third-party contractors, independent from GSA, to develop an average cost factor. The average cost factor, which is updated annually from these asbestos survey reports, is applied to GSA's total square feet of applicable inventory to determine the total estimated asbestos liability.

In accordance with Technical Bulletin 2006-1, GSA recognizes cleanup costs over the estimated life of the underlying assets. A useful life of 30 years is used for the purpose of recognizing and amortizing the long-term estimated asbestos cleanup costs for GSA facilities.

During FY 2024, changes to GSA's total estimated liability consisted of cost re-estimates, inflation, and amortization of remaining future year costs. The amortized asbestos-related liabilities reported as of September 30, 2024, are $1.5 billion, which is a decrease from FY 2023, which was $1.6 billion. The decrease is due to refinements in asbestos liability cost factors based upon updated building asbestos abatement cost estimates. The unamortized asbestos liability for FY 2024 is $2 million; in FY 2023, this amount was $3 million.

E. Property, Plant & Equipment: Non-asbestos Liabilities

GSA reports cleanup costs associated with PP&E that consist of removal of hazardous waste at asset retirement or related to equipment disposal in the financial statements under PP&E - non-asbestos liabilities. GSA's methodology for estimating non-asbestos-related liabilities captures the cost of remediating certain hazards, such as lead-based paint and polychlorinated biphenyls.

GSA's methodology uses actual cost data from major renovation projects and cost estimates from independent third-party environmental surveys to develop average cost factors for PP&E non-asbestos remediation. These average cost factors, which are updated annually, are applied to GSA's total square feet of applicable inventory to determine the total estimated non-asbestos liability. As of September 30, 2024, the amortized PP&E non-asbestos related liabilities are $375 million, compared to FY 2023 of $359 million. The increase is due to changes in non-asbestos liability cost factors based upon updated project and building surveys' cost estimate data. The unamortized PP&E non-asbestos liability as of September 30, 2024 is $45 million; this amount was $46 million in FY 2023.

F. Heritage Assets

The age of GSA buildings is approximately 52 years old; therefore, many buildings have historical, cultural, or architectural significance or a combination of all three. While GSA uses these buildings to meet the office space and other needs of the Federal Government, maintaining and preserving these historical elements is also a significant priority. In accordance with FASAB SFFAS 29, *Heritage Assets and Stewardship Land*, these buildings meet the definition of Multi-use Heritage Assets, and are reportable within Property and Equipment on the consolidated balance sheets. Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

GSA defines its historic buildings as those buildings that are either listed in the National Register of Historic Places, have formally been determined eligible for listing, or appear to meet eligibility criteria to be listed. In FY 2024, GSA has under its jurisdiction, custody and control 427 buildings on the National Register of which 72 are designated as National Historic Landmarks which is an increase from the FY 2023 totals of 425 and 72, respectively. The majority of the increase is attributable to heritage assets being formally listed in the National Register. An additional 102 buildings are potentially eligible for listing in the National Register, compared to FY 2023 count of 104 buildings which is an decrease in eligible buildings to be evaluated through the formal listing process. Under the National Historic Preservation Act, GSA is required to give these buildings special consideration, including first preference for Federal use and rehabilitation in accordance with standards established by the U.S. Department of Interior.

GSA also has a collection of artworks with historical significance, maintained for display in Federal buildings to increase the cultural and aesthetic quality of the buildings for visitors and workers.

7. Workers' Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides wage replacement and medical cost protection to covered Federal civilian employees who are injured on the job or have incurred a work-related occupational disease, or beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. DOL provides the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' wage replacement, and medical and miscellaneous costs for approved compensation cases.

The present value of these estimates at the end of FY 2024 and FY 2023 were calculated by DOL using the following discount rates:

7. Discount Rates

Fiscal Year Type of Benefits	2024 Year 1	2024 Year 2 and thereafter	2023 Year 1	2023 Year 2 and thereafter
Wage Benefits	**2.65%**	**2.65%**	2.33%	2.33%
Medical Benefits	**2.40%**	**2.40%**	2.11%	2.11%

At September 30, 2024, and September 30, 2023, GSA's actuarial liability, reported in Pension and Post-Employment Benefits Payable on the balance sheet, totaled $91 million and $98 million, respectively. As reported in Note 9, Other Intragovernmental Liabilities on the balance sheet, the Workers Compensation accrued liability totaled $19 million for September 30, 2024 and $19 million for September 30, 2023.

8. Leasing Arrangements

As part of the implementation of SFFAS 54 *Leases*, GSA categorized our leasing inventory by short-term leases; intragovernmental leases; RTU leases; or contracts or agreements that transfer ownership.

RTU Leases (GSA as a Lessee):

Under SFFAS 54, RTU leases are effectively treated as financed acquisitions, with the recording of a RTU leased asset and lease liability for the present value of payments required over the lease term. The cost of RTU assets is amortized to expense over the lease term. The lease liability is liquidated by applying payments over the lease term between interest expense and principal, using the interest method. GSA uses the Department of the Treasury's marketable security interest rates to calculate the net present value for the RTU lease liability and for applying the interest method to the payment process. Discount rates ranged from 3.4% to 5.6%. The present value of payments includes fixed amounts to be paid during the lease term, the exercise price of a probable purchase option, payments for termination penalties, and lease incentives. Typically, GSA lease arrangements do not include variable lease payments, as defined in SFFAS 54.

With the implementation of SFFAS 54, RTU lease assets recorded as of September 30, 2024, totaled $29.6 billion with related accumulated amortization of $3.1 billion and liability balance of $27.2 billion. The amount of annual lease expense for FY 2024 was $3.1 billion for amortization and $1.3 billion for interest expense.

8-1. Future Minimum Lease Payments
(Dollars in Millions)

Fiscal Year	Principal	Interest	Total
2025	$2,694	$1,201	$3,895
2026	2,717	1,075	3,792
2027	2,505	955	3,460
2028	2,306	845	3,151
2029	2,098	744	2,842
2030-34	8,260	2,451	10,711
2035-39	4,237	1,009	5,246
2040 and future	2,336	427	2,763
Total future minimum lease payments	**$27,153**	**$8,707**	**$35,860**

RTU Leases (GSA as a Lessor):

GSA leases a portion of its building space to non-Federal tenants. The majority of these types of leasing agreements, referred to as outleases, are in a small portion of the building, typically restaurants, sandwich or coffee shops at the pedestrian walkway, or are excess space not being used for government operations. As of September 30, 2024, there are 16 buildings where the outlease represents the predominant use of the building. The net book value for these buildings is $14 million as of September 30, 2024. This includes accumulated depreciation of $50 million and historical cost of $64 million. These assets are represented in GSA's Balance Sheet as PP&E completed buildings. The total amount of revenue recognized for these agreements as of September 30, 2024 was $18 million. While GSA has variable lease payments in outleases, these are rare and immaterial as of September 30, 2024. Additional information on outleases can be found in Footnote 19, Public Private Partnerships.

Intragovernmental Leases (GSA as a Lessee):

GSA has intragovernmental leases where GSA is the lessee, this includes tenancy agreements with the United States Postal Service (USPS) and Veterans Affairs (VA) for space within their buildings. GSA recognizes lease payments as lease expense based on the payment provisions of the contract or agreement. The lease expense for the fiscal year through September 30, 2024 totaled $46 million for these types of intragovernmental agreements.

Intragovernmental Leases (GSA as a Lessor):

PBS Occupancy Agreements (OAs) where the lessees are other federal agencies or other internal organizations within GSA are considered intragovernmental leases. The future lease receipts disclosed include lease amounts due over the full life of the OAs. Many of these OAs contain termination options; however, PBS has determined that it is probable that agencies will remain in the space for the full life of the OAs.

Customer agencies may also enter into a supplemental occupancy agreement with ASF’s Furniture and Information Technology (FIT) program. This program assists customers with right-sizing their operations to improve space utilization, reduce the real estate footprint, and increase workplace efficiency, while minimizing initial capital investments for items such as furniture and information technology equipment. Base terms generally have a duration of 60 months for furniture and 36 months for information technology (IT) equipment. GSA believes that these agreements will also continue without interruption.

Fleet Leasing provides end-to-end fleet management including vehicle acquisition and disposal, maintenance control and accident management, loss prevention and fuel services. The arrangement between GSA and customer agencies for motor vehicles is governed by the Federal Property Management Regulation (FPMR 41 C.F.R. Part 10139). These arrangements do not have explicitly-specified fixed terms, however, the GSA vehicle leasing regulations contain minimum reimbursement requirements that effectively provide a lease term. Customers are generally expected to provide 90 days notice for returning vehicles. Collections from the federal agencies contain both fixed and variable components. Revenue earned through September 30, 2024 for federal vehicle leasing arrangements total $1.5 billion. The future lease revenue projected in the table below only includes the fixed components of the 90 day required termination notice period; however, these arrangements are generally used for a longer period of time and revenue is expected to continue beyond the 90 days.

8-2. Future Lease Receipts
(Dollars in Millions)

Fiscal Year	FBF	ASF	Total
2025	$7,163	$236	$7,399
2026	6,607	8	6,615
2027	6,010	4	6,014
2028	5,206	3	5,209
2029	4,119		4,119
2030-34	11,191		11,191
2035-39	4,265		4,265
2040 and future	1,262		1,262
Total future annual lease receipts	**$45,823**	**$251**	**$46,074**

Transitional Accommodation for Embedded Leases

As discussed in Note 1, GSA elected to utilize the transitional accommodation period allowed by SFFAS 62, *Transitional Amendment to SFFAS 54,* to treat contracts or agreements containing potential embedded leases as non-lease contracts or agreements through FY 2026.

Intragovernmental Leasehold Reimbursable Work Agreements

GSA has entered into multiple agreements in FY 2024 and years prior with customer-lessees for reimbursable work and services that would inherently be GSA's responsibility, wherein GSA is the predominant beneficiary. Such arrangements include projects that range from new construction or acquisition, to repair and alteration projects for GSA tenant agencies. As of September 30, 2024, the unearned revenue included in Intragovernmental Other Liabilities for these reimbursable work agreements was $486 million.

Additional lease information can be found in Notes 1, 5, 6, 9 and 19.

9. Other Liabilities

As of September 30, 2024, and September 30, 2023, the amounts reported on the consolidated balance sheets as Other Intragovernmental Liabilities and Other Liabilities are substantially long-term in nature, with the exception of Federal Benefits Payable, Withholdings Payable and Accrued Funded Payroll, and Deposits in Clearing Funds, which are current liabilities. Additional information about lease liabilities and unearned lease revenue can be found in Footnote 8, Leases. Other Intragovernmental Liabilities and Other Liabilities consisted of the following:

9-1. FY 2024 Other Liabilities
(Dollars in Millions)

2024	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
INTRAGOVERNMENTAL					
Workers' Compensation Due to DOL	**$12**	**$4**	**$3**	**$—**	**$19**
Federal Benefits Payable	**4**	**3**	**3**	**—**	**10**
Deferred Revenues - Federal	**487**	**—**	**—**	**—**	**487**
Judgment Fund Liability	**524**	**—**	**—**	**—**	**524**
Deposits in General Funds	**—**	**—**	**1**	**—**	**1**
Deposits Other Agencies	**—**	**—**	**7**	**—**	**7**
Deposits in Clearing Funds and Other Liabilities Obligations	**7**	**26**	**14**	**(9)**	**38**
Total Intragovernmental Liabilities	**1,034**	**33**	**28**	**(9)**	**1,086**
OTHER THAN INTRAGOVERNMENTAL					
Withholdings Payable	**—**	**—**	**28**	**—**	**28**
Legal Contingencies	**8**	**—**	**—**	**—**	**8**
Contract Holdbacks	**4**	**—**	**—**	**—**	**4**
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	**—**	**—**	**13**	**—**	**13**
Energy savings performance contracts and utility energy service contracts	**693**	**—**	**—**	**—**	**693**
Unamortized Rent Abatement and Other Liabilities Without Related Budgetary Obligations	**7**	**7**	**—**	**—**	**14**
Total Other Than Intragovernmental Liabilities	**712**	**7**	**41**	**—**	**760**
Total Other Liabilities	**$ 1,746**	**$ 40**	**$ 69**	**$ (9)**	**$ 1,846**

9-2. FY 2023 Other Liabilities
(Dollars in Millions)

2023	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
INTRAGOVERNMENTAL					
Workers' Compensation Due to DOL	$13	$4	$2	$—	$19
Federal Benefits Payable	3	3	2	—	8
Deferred Revenues - Federal	527	—	—	—	527
Judgment Fund Liability	524	—	—	—	524
Deposits in General Funds	—	—	1	—	1
Deposits Other Agencies	—	—	6	—	6
Deposits in Clearing Funds and Other Liabilities Obligations	1	17	22	(11)	29
Total Intragovernmental Liabilities	1,068	24	33	(11)	1,114
OTHER THAN INTRAGOVERNMENTAL					
Withholdings Payable	—	—	25	—	25
Legal Contingencies	2	—	—	—	2
Contract Holdbacks	2	—	—	—	2
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	—	—	24	—	24
Energy savings performance contracts and utility energy service contracts	628	—	—	—	628
Unamortized Rent Abatement and Other Liabilities Without Related Budgetary Obligations	880	2	—	—	882
Total Other Than Intragovernmental Liabilities	1,512	2	49	—	1,563
Total Other Liabilities	**$ 2,580**	**$ 26**	**$ 82**	**$ (11)**	**$ 2,677**

10. Contingencies

A. Contingencies

GSA is a party in various administrative proceedings, legal actions, environmental suits, and claims brought by or against the agency. In the opinion of GSA management and legal counsel, the ultimate resolution of these proceedings, actions and claims will not materially affect the financial position or results of operations of GSA, the FBF, the ASF, or the Other Funds. Based on the nature of each claim, resources available to liquidate these liabilities may be from GSA funds or, in some instances, are covered by the U.S. Treasury Judgment Fund, as discussed below.

In many cases, legal contingencies that directly involve GSA relate to contractual arrangements GSA entered into either for property or services it has obtained or procured on behalf of other Federal agencies. The costs of administering, litigating, and resolving these actions are generally borne by GSA, unless it can recover the cost from another Federal agency. Certain legal matters in which GSA may be a named party are administered and, in some instances, litigated by other Federal agencies. Amounts to be paid under any decision, settlement, or award pertaining thereto are sometimes funded by those agencies.

Legal-environmental contingencies and most tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from the U.S. Treasury Judgment Fund. In accordance with FASAB's Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, costs incurred by the Federal Government are to be reported by the agency responsible for incurring the liability or to which liability has been assigned, regardless of the ultimate source of funding. The cost of environmental contingencies is estimated in accordance with the FASAB Accounting and Auditing Policy Committee's Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. For most environmental contingencies, GSA has no managerial responsibility other than as custodian and successor on claims made against former Federal entities, particularly former World War II defense-related activities.

Other contingencies include estimates of contractual minimum guarantees for which GSA may become liable. Minimum guarantees are a floor amount the government will order against a contract, guaranteeing vendors a minimum amount of business. This entices vendors to bid and reduces vendor pricing.

Probable contingencies are pending and threatened legal matters for which, in the opinion of GSA management and legal counsel, a loss is likely and the amount of the loss can be estimated. These matters arise in the course of carrying out GSA programs and operations, including contracting actions, operating motor vehicles, managing federally owned and leased buildings and facilities for other Federal agencies, and related claims. These contingencies are accrued in GSA's financial records.

GSA also has contingencies where the likelihood of loss is more than a remote chance, but less than likely to occur, and those are deemed reasonably possible. Accordingly, no balances have been recorded in the financial statements for these contingencies. Reasonably possible contingencies involve a wide variety of allegations and claims.

The probable (accrued) and reasonably possible contingencies as of September 30, 2024, and September 30, 2023, are summarized in the table below:

10A-1. FY 2024 Probable (Accrued) and Reasonably Possible Contingencies
(Dollars in Millions)

Legal Contingencies	Accrued Liabilities	Estimated Range of Loss Lower End	Estimated Range of Loss Upper End
Probable - ASF	$—	$—	$1
Probable - FBF	8	8	34
Probable - Other Funds	—	—	1
Total Probable	**$8**	**$8**	**$36**
Reasonably Possible - ASF		—	1
Reasonably Possible - FBF		69	385
Reasonably Possible - Other Funds		—	14
Total Reasonably Possible		**$69**	**$400**
Legal Environmental Contingencies			
Reasonably Possible - Other Funds		**$—**	**$161**
Other Contingencies			
Reasonably Possible - ASF		**$185**	**$213**

10A-2. FY 2023 Probable (Accrued) and Reasonably Possible Contingencies
(Dollars in Millions)

Legal Contingencies	Accrued Liabilities	Estimated Range of Loss Lower End	Estimated Range of Loss Upper End
Probable - FBF	$2	$2	$4
Total Probable	$2	$2	$4
Reasonably Possible - ASF		—	1
Reasonably Possible - FBF		70	183
Reasonably Possible - Other Funds		—	1
Total Reasonably Possible		$70	$185
Legal Environmental Contingencies			
Probable - Other Funds	$76	$76	$80
Reasonably Possible - Other Funds		—	161
Other Contingencies			
Reasonably Possible - ASF		$199	$241

B. U.S. Treasury Judgment Fund

In 1956, Congress enacted the Judgment Fund as a permanent, indefinite appropriation for the payment of claims that did not have another source of funding. This resulted in prompt payments that reduced the interest that accrues against the Government between the date of the claim judgment and the claim payment. Historically, the U. S. Treasury Judgment Fund has been utilized to pay for Contract Disputes Act claims in the FBF and Environmental and Disposal claims in the Other Funds.

As of September 30, 2024, and September 30, 2023, GSA owed the U.S. Treasury Judgment Fund over $524 million for contract disputes that were paid on GSA's behalf. GSA is required to reimburse the Judgment Fund for payments made on GSA's behalf related to claims arising under the Contract Disputes Act and the Notification and Federal Employee Anti-Discrimination and Retaliation Act.

For the fiscal year ended September 30, 2024, and September 30, 2023, the U. S. Treasury Judgment Fund paid $66 million and $3 million, respectively, for Environmental and Disposal claims in the Other Funds. There was a significant settlement paid by the U.S. Treasury Judgment Fund in FY 2024 totaling $63 million. GSA is not required to reimburse the Judgment Fund for payments made on GSA's behalf related to Environmental and Disposal and most other types of claims. The recognition of claims to be funded exclusively through the Judgment Fund on GSA Consolidated Statements of Net Cost and Consolidated Balance Sheets is, in effect, recognition of these liabilities against the Federal Government as a whole, and should not be interpreted as claims against the assets or resources of any GSA fund, nor will any future resources of GSA be required to liquidate any resulting losses. Further, for most environmental claims, GSA has no managerial responsibility other than as custodian and successor on claims made against former federal entities, particularly former World War II defense-related activities.

For those non-reimbursable claim payments, GSA would record imputed financing sources and imputed costs to reflect those payments made on its behalf. For the fiscal year ended September 30, 2024, and September 30, 2023, GSA recorded $66 million and $3 million, respectively, in

Imputed Financing Provided From Others for the non-reimbursable payments the U.S. Treasury Judgment Fund made on GSA's behalf. This is in addition to the Imputed Costs for Post-Employment Benefits as noted in GSA's Footnote 15-E.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2024, and September 30, 2023, budgetary resources were not yet available to fund certain liabilities reported on the consolidated balance sheets. For such liabilities, most are long-term in nature where funding is generally made available in the year payments are due or anticipated. Liabilities not covered by budgetary resources require future congressional action, whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, the U.S. Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

As stated in Footnote 1, Significant Accounting Policies, in FY 2024, GSA was required to report a RTU lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements. Lease liabilities are included in liabilities not covered by budgetary resources for which budgetary resources have not yet been provided, as shown below. Additional information about lease liabilities and unearned lease revenue can be found in Footnote 8, Leases.

The portion of liabilities reported on the consolidated balance sheets that are not covered by budgetary resources consists of the following:

11. FY 2024 Liabilities Not Covered By Budgetary Resources
(Dollars in Millions)

2024	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
INTRAGOVERNMENTAL					
Other Liabilities					
Benefit Program Contributions Payable	**$12**	**$4**	**$3**	**$—**	**$19**
Deferred Revenues - Federal	**1**	**—**	**—**	**—**	**1**
Judgment Fund Liability	**524**	**—**	**—**	**—**	**524**
Other Intragovernmental Liabilities	**—**	**3**	**6**	**(9)**	**—**
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	**537**	**7**	**9**	**(9)**	**544**
OTHER THAN INTRAGOVERNMENTAL					
Federal Employee Salary, Leave, and Benefits Payable					
Annual Leave Liability	**65**	**54**	**45**	**—**	**164**
Pension and Post-Employment Benefits Payable	**56**	**19**	**33**	**—**	**108**
Environmental and Disposal Liabilities	**1,970**	**—**	**—**	**—**	**1,970**
Other Liabilities					
Energy Savings Performance Contracts and Utility Energy Service Contracts	**693**	**—**	**—**	**—**	**693**
Lease Liability and Unearned Lease Revenue	**27,308**	**—**	**—**	**—**	**27,308**
Other Liabilities	**8**	**7**	**—**	**—**	**15**
Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources	**30,100**	**80**	**78**	**—**	**30,258**
Total Liabilities Not Covered By Budgetary Resources	**30,637**	**87**	**87**	**(9)**	**30,802**
Total Liabilities Covered By Budgetary Resources	**1,521**	**6,886**	**119**	**(37)**	**8,489**
Total Liabilities Not Requiring Budgetary Resources	**—**	**—**	**28**	**—**	**28**
Total Liabilities	**$32,158**	**$6,973**	**$234**	**$(46)**	**$39,319**

11. FY 2023 Liabilities Not Covered By Budgetary Resources
(Dollars in Millions)

2023	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
INTRAGOVERNMENTAL					
Other Liabilities					
Benefit Program Contributions Payable	$13	$4	$2	$—	$19
Deferred Revenues - Federal	2	—	—	—	2
Judgment Fund Liability	524	—	—	—	524
Other Intragovernmental Liabilities	—	4	7	(11)	—
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	539	8	9	(11)	545
OTHER THAN INTRAGOVERNMENTAL					
Federal Employee Salary, Leave, and Benefits Payable					
Annual Leave Liability	62	49	41	—	152
Pension and Post-Employment Benefits Payable	61	22	31	—	114
Environmental and Disposal Liabilities	2,036	—	76	—	2,112
Other Liabilities					
Energy Savings Performance Contracts and Utility Energy Service Contracts	628	—	—	—	628
Lease Liability and Unearned Lease Revenue	—	—	—	—	—
Other Liabilities	2	2	—	—	4
Total Other Than Intragovernmental Liabilities Not Covered by Budgetary Resources	2,789	73	148	—	3,010
Total Liabilities Not Covered By Budgetary Resources	3,328	81	157	(11)	3,555
Total Liabilities Covered By Budgetary Resources	1,593	5,869	134	(39)	7,557
Total Liabilities Not Requiring Budgetary Resources	880	—	45	—	925
Total Liabilities	$5,801	$5,950	$336	$(50)	$12,037

Certain balances, while also unfunded by definition (as no budgetary resources have been applied), will be liquidated from resources outside of the traditional budgeting process and require no further congressional action to do so. Such balances include: 1) the portion of amounts included on the consolidated balance sheet in Other Liabilities - Other Than Intragovernmental shown as Unamortized Rent Abatement Liability and Deposit Fund Liability; and 2) the portion of amounts included in Other Intragovernmental Liabilities shown as Deposits in Clearing Funds (Held in Suspense and Earnings Payable to Treasury) and custodial collections shown as Amounts Owed to General Fund and Amounts Owed to Other Agencies in Note 9.

12. Reconciliation to the President's Budget

In accordance with FASAB SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, if there are differences between amounts reported in these financial statements versus those reported in the most recent Budget of the United States Government (President's Budget), they must be disclosed. Since the President's Budget is generally released in February each year, the most current comparable data is the FY 2025 President's Budget, which contains FY 2023 financial statement results. The FY 2026 President's Budget, containing FY 2024 actual results, is expected to be released in February 2025 on OMB's website and GSA's Congressional Justification on www.gsa.gov. The portion of the President's Budget relating specifically to GSA can be found in the appendix of that document. Balances submitted to the U.S. Treasury via the Reports on Budget Execution and Budgetary Resources (SF 133s) constitute the basis for reporting of actual results in the President's Budget and the CSBR. Reconciling differences are caused by the presentation style of the President's Budget, which excludes Budgetary Resources and New Obligations and Upward Adjustments in expired annual funds, as well as offsetting collections, which are required for reporting on the CSBR. Small rounding differences may also exist between the CSBR and the President's Budget.

The following two schedules highlight the most significant comparable amounts reported in the FY 2023 CSBR and the FY 2025 President's Budget (dollars in millions). The first schedule shows the total differences where the CSBR contains balances greater (or less) than amounts reported in the President's Budget by fund. Following this is a second schedule displaying the components of each difference at the combined level.

GSA's Congressional Justification submission includes available and unavailable budgetary resources. In the CSBR and FBF SBR, the total budgetary resources of $58.9 billion and $25.5 billion as of September 30, 2023, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of $8.8 billion. For GSA's reconciliation between the CSBR and the President's Budget, GSA added back FBF's unavailable resources to the Budgetary Resources amounts reported under the FBF CSBR column in the first chart and the CSBR row in the second chart.

12-1. Total Differences - CSBR Compared to President's Budget by Fund
(Dollars in Millions)

Fund Budget Event	FBF CSBR	FBF Pres. Budget	ASF CSBR	ASF Pres. Budget	OTHER FUNDS CSBR	OTHER FUNDS Pres. Budget	GSA COMBINED CSBR	GSA COMBINED Pres. Budget	Differ ence
Budgetary Resources	$34,234	$34,235	$30,913	$30,913	$2,502	$2,468	$67,649	$67,616	$33
New Obligations and Upward Adjustments	11,880	11,880	27,320	27,320	1,253	1,251	40,453	40,451	2
Net Outlays (Receipts) from Operating Activities	(833)	(834)	(68)	(67)	310	311	(591)	(590)	(1)
Distributed Offsetting Receipts	$—	$—	$—	$—	$(109)	$(109)	$(109)	$(109)	$—

12-2. Components of each difference all funds combined
(Dollars in Millions)

Category	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays (Receipts) from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	$67,649	$40,453	$(591)	$(109)
Expired Funds, Not Reflected in the Budget	(29)	(1)	—	—
Other	(4)	(1)	1	—
Budget of the U.S. Government	$67,616	$40,451	$(590)	$(109)

13. Combined Statements of Budgetary Resources

A. Adjustments to Unobligated Balances Brought Forward

The CSBR presents GSA budgetary results in accordance with reporting requirements prescribed in OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*. In consolidated reporting by OMB and the U.S. Treasury for the U.S. Government as a whole, substantially all of GSA's program operations and operating results are categorized as general Government functions. There were no material differences between the balances used to prepare the CSBR and the SF-133s in FY 2024 or FY 2023.

13A. FY 2024 Adjustments to Unobligated Balances Brought Forward
(*Dollars in Millions)*

2024	FBF	ASF	Other Funds	GSA Combined
Prior Year Total Unobligated Balance, End of Period	**$13,602**	**$3,593**	**$1,249**	**$18,444**
Adjustments to Unobligated Balance Brought Forward				
Unobligated Balance transferred to other accounts	**—**	**—**	**(298)**	**(298)**
Unobligated Balance transferred from other accounts	**—**	**54**	**8**	**62**
Adjustment of Unobligated Balance Brought Forward, October 1	**—**	**—**	**—**	**—**
Recoveries of Prior Year Unpaid Obligations	**218**	**1,733**	**27**	**1,978**
Other Changes in Unobligated Balance	**11**	**10**	**5**	**26**
Total Adjustments to Unobligated Balance Brought Forward	**229**	**1,797**	**(258)**	**1,768**
Unobligated Balance from Prior Year Budget Authority, Net	**$13,831**	**$5,390**	**$991**	**$20,212**

13A. FY 2023 Adjustments to Unobligated Balances Brought Forward
(Dollars in Millions)

2023	FBF	ASF	Other Funds	GSA Combined
Prior Year Total Unobligated Balance, End of Period	$13,120	$3,253	$1,341	$17,714
Adjustments to Unobligated Balance Brought Forward				
Unobligated Balance transferred to other accounts	—	—	(158)	(158)
Unobligated Balance transferred from other accounts	—	—	16	16
Adjustment of Unobligated Balance Brought Forward, October 1	(7)	—	—	(7)
Recoveries of Prior Year Unpaid Obligations	135	1,260	33	1,428
Other Changes in Unobligated Balance	5	(3)	(22)	(20)
Total Adjustments to Unobligated Balance Brought Forward	133	1,257	(131)	1,259
Unobligated Balance from Prior Year Budget Authority, Net	$13,253	$4,510	$1,210	$18,973

B. Commitments and Undelivered Orders

In addition to future lease commitments discussed in Note 8, GSA is committed under obligations for goods and services that have been ordered but not yet received (undelivered orders) at fiscal year-end. Aggregate undelivered orders for all GSA activities at September 30, 2024, and September 30, 2023, are as follows:

13B. Undelivered Orders
(Dollars in Millions)

2024	**Federal**	**Non Federal**	**Paid**	**Unpaid**	**Total**
FBF	**$45**	**$5,299**	**$36**	**$5,308**	**$5,344**
ASF	**954**	**11,761**	**1**	**12,714**	**12,715**
Other Funds	**154**	**224**	**9**	**369**	**378**
Total Undelivered Orders	**$1,153**	**$17,284**	**$46**	**$18,391**	**$18,437**

2023	Federal	Non Federal	Paid	Unpaid	Total
FBF	$74	$4,226	$36	$4,264	$4,300
ASF	1,184	12,026	—	13,210	13,210
Other Funds	154	203	8	349	357
Total Undelivered Orders	$1,412	$16,455	$44	$17,823	$17,867

14. Consolidated Statements of Changes in Net Position

Cumulative results of operations for revolving funds include the net cost of operations since their inception, reduced by funds returned to the U.S. Treasury, congressional rescissions, and transfers to other Federal agencies, in addition to balances representing invested capital. Invested capital includes amounts provided to fund certain GSA assets, principally land, buildings, construction in process, and equipment, as well as appropriated capital provided as the corpus of a fund (generally to meet operating working capital needs).

The FBF, ASF, WCF, and FCSF have legislative authority to retain portions of their cumulative results for specific purposes. The FBF retains cumulative results to finance future operations and construction, subject to appropriation by Congress. In the ASF, such cumulative results are retained to cover the cost of replacing the motor vehicle fleet and supply inventory, as well as to provide financing for major systems acquisitions and improvements, contract conversion costs, major contingencies, and to maintain sufficient working capital. The WCF retains cumulative results to finance future systems improvements and certain operations. The FCSF retains cumulative results to finance future operations, subject to appropriation by Congress.

Cumulative results of operations on the consolidated balance sheets include balances of funds from dedicated collections as defined in FASAB SFFAS 43, *Dedicated Collections: Amending SFFAS 27, Identifying and Reporting Earmarked Funds*, which totaled $367[4] million and $382[4] million as of September 30, 2024, and September 30, 2023, respectively. As further discussed in Notes 1 and 2, balances of funds from dedicated collections are those reported in GSA's Special Funds and Trust Funds, within the Other Funds displayed on the consolidating balance sheets.

15. Employee Benefit Plans

A. Background

Although GSA funds a portion of pension benefits for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes the necessary payroll withholdings, GSA is not required to disclose the assets of the systems or the actuarial data related to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting the amounts of health care benefits for current and retired employees is the direct responsibility of the Office of Personnel Management (OPM). Further information regarding the Federal retirement plans, details of accumulated benefits, liabilities, background on agency employer contributions, employee contributions, and other financial contributions can be found on the OPM website.

In accordance with FASAB SFFAS 5, GSA recognizes the normal cost of pension programs and the normal cost of other post-employment health and life insurance benefits, as defined in that standard, on the consolidated statements of net cost. While contributions of GSA and participating employees to OPM do cover a significant portion of the normal cost of retirement benefits, the contribution rates defined in law do not cover the full normal cost of those retirement benefits. To achieve the recognition of the full normal cost required by SFFAS 5, GSA records the combination of funded cost for agency contributions and imputed cost for the portion of normal costs not covered by contributions. GSA's imputed costs relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund. Amounts recognized as normal cost related to contributions, as well as imputed costs are further provided below.

[4] These balances do not include any applicable Intra-GSA elimination adjustments.

Federal Employee Benefits as of September 30, 2024, and September 30, 2023, were as follows:

15A-1. Federal Employee Salary, Leave, and Benefits Payable
(Dollars in Millions)

2024	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
Liabilities Not Covered by Budgetary Resources					
Unfunded Leave	**$65**	**$54**	**$45**	**$—**	**$164**
Liabilities Covered by Budgetary Resources					
Accrued Funded Payroll and Leave	**16**	**13**	**11**	**—**	**40**
Other	**1**	**—**	**3**	**—**	**4**
Total Federal Employee Salary, Leave, and Benefits Payable	**$82**	**$67**	**$59**	**$—**	**$208**

2023	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
Liabilities Not Covered by Budgetary Resources					
Unfunded Leave	$62	$49	$41	$—	$152
Liabilities Covered by Budgetary Resources					
Accrued Funded Payroll and Leave	13	10	9	—	32
Other	1	—	3	—	4
Total Federal Employee Salary, Leave, and Benefits Payable	$76	$59	$53	$—	$188

15A-2. Pension and Post-Employment Benefits Payable
(Dollars in Millions)

2024	**FBF**	**ASF**	**Other Funds**	**Less: Intra GSA Eliminations**	**GSA Consolidated**
Liabilities Not Covered by Budgetary Resources					
Worker's Compensation Actuarial Liability	**$56**	**$19**	**$16**	**$—**	**$91**
Other	**—**	**—**	**17**	**—**	**17**
Total Pension and Post-Employment Benefits Payable	**$56**	**$19**	**$33**	**$—**	**$108**

2023	FBF	ASF	Other Funds	Less: Intra GSA Eliminations	GSA Consolidated
Liabilities Not Covered by Budgetary Resources					
Worker's Compensation Actuarial Liability	$61	$22	$15	$—	$98
Other	—	—	16	—	16
Total Pension and Post-Employment Benefits Payable	$61	$22	$31	$—	$114

B. Civil Service Retirement System

As of September 30, 2024, 1.3 percent (down from 1.5 percent in FY 2023) of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of base pay for law enforcement employees and 7.0 percent for all others) to CSRS for all employees were as follows:

15B. Total Employer Contributions to Civil Service Retirement System
(Dollars in Millions)

Fiscal Year	**2024**	2023
FBF	**$1**	$1
ASF	**—**	—
Other Funds	**1**	1
Total Employer Contributions	**$2**	$2

C. Federal Employees Retirement System

On January 1, 1987, the FERS, a mixed system of defined benefit and defined contribution plans, went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security, while employees hired before January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. As of FY 2024, 98.5 percent (up from 98.3 percent in FY 2023), of GSA employees were covered under FERS. One of the primary differences between the systems is that FERS offers automatic and matching contributions into the Federal Government's Thrift Savings Plan (TSP) for each employee. All employees could invest up to $23,000 and $22,500 in their TSP account in calendar years 2024 and 2023, respectively. In addition, for FERS employees, GSA automatically contributes 1 percent of base pay and matches employee contributions up to an additional 4 percent of base pay. For calendar years 2024 and 2023, total contributions made on behalf of an employee could not exceed $69,000 and $66,000, respectively. For FY 2024, the GSA (employer) contributions to FERS is 38.2 percent of base pay for law enforcement employees (up from 37.6 percent in FY 2023) and 18.4 percent for all others were as follows:

15C-1. Total Employer Contributions to Federal Employees Retirement System
Automatic Contributions
(Dollars in Millions)

Fiscal Year	2024	2023
FBF	**$119**	$111
ASF	**92**	83
Other Funds	**80**	71
Total Employer Contributions	**$291**	$265

Additional GSA contributions to the TSP were as follows:

15C-2. Additional GSA Contributions to Thrift Savings Plan
Matching Contributions
(Dollars in Millions)

Fiscal Year	2024	2023
FBF	**$31**	$29
ASF	**24**	22
Other Funds	**21**	18
Total Employer Contributions	**$76**	$69

D. Social Security System

GSA also makes matching contributions for programs of the Social Security Administration (SSA) under the Federal Insurance Contributions Act. For employees covered by FERS, GSA contributed 6.2 percent of gross pay (up to $168,600 and $160,200 in calendar years 2024 and 2023, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program in both calendar years 2024 and 2023. Additionally, GSA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in both calendar years 2024 and 2023. In FY 2024 and FY 2023, 0.2 percent of GSA employees are covered exclusively by these programs. Payments to these programs were as follows:

15D. Total Employer Contributions to Social Security System
(Dollars in Millions)

Fiscal Year	2024	2023
FBF	**$47**	$46
ASF	**39**	35
Other Funds	**33**	28
Total Employer Contributions	**$119**	$109

E. Schedule of Imputed Benefit Costs

Amounts recorded in fiscal years 2024 and 2023, in accordance with FASAB SFFAS 5, for imputed post-employment benefits were as follows:

15E. Imputed Cost for Post-Employment Benefits
(Dollars in Millions)

2024	Pension Benefits	Health/Life Insurance	Total
FBF	**$42**	**$43**	**$85**
ASF	**34**	**29**	**63**
Other Funds	**30**	**26**	**56**
Total Imputed Benefit Costs	**$106**	**$98**	**$204**

2023	Pension Benefits	Health/Life Insurance	Total
FBF	$21	$42	$63
ASF	16	29	45
Other Funds	15	24	39
Total Imputed Benefit Costs	$52	$95	$147

In addition to the imputed post-employment benefits noted above, GSA recorded imputed costs for the non-reimbursable payments the U.S. Treasury Judgment Fund made on GSA's behalf as noted in GSA's Footnote 10-B.

16. Budget and Accrual Reconciliation

In accordance with requirements of FASAB SFFAS 53, *Budget and Accrual Reconciliation,* the schedule below displays financial components associated with differences in amounts reported as the Net Revenues (Cost) from Operations reported on the Consolidated Statements of Net Cost and amounts reported as Total Net Outlays on the CSBR. Budgetary accounting is used for planning and control purposes, with net outlays consisting of the receipt and use of cash, both key elements in reporting the Federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, presenting information on an accrual basis of accounting. The accrual basis includes information about costs arising from the acquisition and consumption of assets, other goods and services, and the incurring of liabilities, as well as recognition of certain revenues and associated receivable balances. The reconciliation bridges the balances reported as net outlays, presented on a budgetary basis focused on the disbursement and collection of funds, and the net cost, presented on an accrual basis. The reconciliation further assures integrity of relationships between budgetary and financial accounting. The schedule displays outlay balances comparable to the CSBR, with Net Outlays from Operating Activity based on amounts reported to Treasury on SF-133s, with additions for Distributed Offsetting Receipts to produce Total Net Outlays.

16. FY 2024 Budget and Accrual Reconciliation
(Dollars in Millions)

Fund and Category	FBF Intragovernmental	FBF With the Public	FBF Total	ASF Intragovernmental	ASF With the Public	ASF Total	Other Funds Intragovernmental	Other Funds With the Public	Other Funds Total	Less: Intra GSA Eliminations Intragovernmental	Less: Intra GSA Eliminations With the Public	Less: Intra GSA Eliminations Total	GSA Consolidated Intragovernmental	GSA Consolidated With the Public	GSA Consolidated Total
Net Cost (Revenue) of Operations			**$(335)**			**$(424)**			**$422**			**$57**			**$(394)**
Components of Net Cost Not Part of the Budget Outlays															
Property, Plant, and Equipment Depreciation	—	(1,763)	(1,763)	—	(678)	(678)	—	(3)	(3)	—	—	—	—	(2,444)	(2,444)
Property, Plant, and Equipment Disposal & Reevaluation	—	702	702	—	(199)	(199)	—	—	—	—	—	—	—	503	503
Lessee Lease Amortization	—	(3,103)	(3,103)	—	—	—	—	—	—	—	—	—	—	(3,103)	(3,103)
Increase/(Decrease) in Assets															
Accounts receivable, net	110	(2)	108	913	9	922	41	—	41	—	—	—	1,064	7	1,071
Other Assets	—	—	—	—	—	—	1	—	1	—	—	—	1	—	1
(Increase)/Decrease in Liabilities															
Accounts Payable	6	45	51	(25)	(994)	(1,019)	(97)	1	(96)	—	—	—	(116)	(948)	(1,064)
Lessee Lease Liability	(926)	—	(926)	—	—	—	—	—	—	—	—	—	(926)	—	(926)
Environmental and Disposal Liabilities	—	66	66	—	—	—	—	76	76	—	—	—	—	142	142
Federal employee benefits payable	—	(2)	(2)	—	(6)	(6)	—	(8)	(8)	—	—	—	—	(16)	(16)
Other Liabilities	32	38	70	2	(3)	(1)	23	—	23	—	—	—	57	35	92

16. FY 2024 Budget and Accrual Reconciliation (continued)
(Dollars in Millions)

Fund and Category	FBF Intra governmental	FBF With the Public	FBF Total	ASF Intra governmental	ASF With the Public	ASF Total	Other Funds Intra governmental	Other Funds With the Public	Other Funds Total	Less: Intra GSA Eliminations Intra governmental	Less: Intra GSA Eliminations With the Public	Less: Intra GSA Eliminations Total	GSA Consolidated Intra governmental	GSA Consolidated With the Public	GSA Consolidated Total
Other Financing Sources															
Imputed Financing Provided by Others	(114)	—	(114)	(85)	—	(85)	(128)	—	(128)	(57)	—	(57)	(270)	—	(270)
Components of Budget Outlays Not Part of Net Cost															
Acquisition of Capital Assets	—	4,595	4,595	9	1,631	1,640	—	7	7	—	—	—	9	6,233	6,242
Transfers out (in) Without Reimbursement	—	—	—	—	—	—	(40)	—	(40)	—	—	—	(40)	—	(40)
Other	—	7	7	—	—	—	—	—	—	—	—	—	—	7	7
Net Outlays from Operating Activity			(644)			150			295			—			(199)
Distributed Offsetting Receipts			—			—			(44)			—			(44)
Total Net Outlays (Receipts)			$(644)			$150			$251			$—			$(243)

16. FY 2023 Budget and Accrual Reconciliation
(Dollars in Millions)

Fund and Category	FBF Intragovernmental	FBF With the Public	FBF Total	ASF Intragovernmental	ASF With the Public	ASF Total	Other Funds Intragovernmental	Other Funds With the Public	Other Funds Total	Less: Intra GSA Eliminations Intragovernmental	Less: Intra GSA Eliminations With the Public	Less: Intra GSA Eliminations Total	GSA Consolidated Intragovernmental	GSA Consolidated With the Public	GSA Consolidated Total
Net Cost (Revenue) of Operations			$(96)			$(417)			$437			$49			$(125)
Components of Net Cost Not Part of the Budget Outlays															
Property, plant, and equipment depreciation expense	—	(1,744)	(1,744)	—	(630)	(630)	—	(6)	(6)	—	—	—	—	(2,380)	(2,380)
Property, plant, and equipment disposals and revaluations	—	23	23	—	(165)	(165)	—	—	—	—	—	—	—	(142)	(142)
Increase/(Decrease) in Assets															
Accounts receivable, net	(58)	(18)	(76)	435	30	465	62	—	62	—	—	—	439	12	451
Other assets	8	—	8	(10)	(4)	(14)	5	—	5	—	—	—	3	(4)	(1)
(Increase)/Decrease in Liabilities															
Accounts Payable	1	(27)	(26)	39	(592)	(553)	(69)	(4)	(73)	—	—	—	(29)	(623)	(652)
Environmental and disposal liabilities	—	(113)	(113)	—	—	—	—	(76)	(76)	—	—	—	—	(189)	(189)
Federal employee benefits payable	—	—	—	—	1	1	—	(5)	(5)	—	—	—	—	(4)	(4)
Other Liabilities	—	(57)	(57)	11	(1)	10	(1)	—	(1)	—	—	—	10	(58)	(48)

16. FY 2023 Budget and Accrual Reconciliation (continued)
(Dollars in Millions)

Fund and Category	FBF Intra governmental	FBF With the Public	FBF Total	ASF Intra governmental	ASF With the Public	ASF Total	Other Funds Intra governmental	Other Funds With the Public	Other Funds Total	Less: Intra GSA Eliminations Intra governmental	Less: Intra GSA Eliminations With the Public	Less: Intra GSA Eliminations Total	GSA Consolidated Intra governmental	GSA Consolidated With the Public	GSA Consolidated Total
Other Financing Sources															
Imputed Cost	(89)	—	(89)	(64)	—	(64)	(46)	—	(46)	(49)	—	(49)	(150)	—	(150)
Transfers out (in) without reimbursements	—	—	—	—	—	—	6	—	6	—	—	—	6	—	6
Components of the budget outlays that are not part of net operating cost															
Acquisition of capital assets	—	1,334	1,334	—	1,299	1,299	—	7	7	—	—	—	—	2,640	2,640
Other	—	3	3	—	—	—	—	—	—	—	—	—	—	3	3
Net Outlays (Receipts) from Operating Activity			(833)			(68)			310			—			(591)
Distributed Offsetting Receipts			—			—			(109)			—			(109)
Total Net Outlays (Receipts)			$(833)			$(68)			$201			$—			$(700)

17. Net Cost by Responsibility Segment

OMB Circular A-136, *Financial Reporting Requirements*, requires that the presentation aligns with the goals and outcomes identified in the agency's strategic plan. The strategic goals presented in GSA's Consolidated Statements of Net Cost are derived from the missions of the agency's two largest service organizations: the Public Buildings Service (PBS), which manages the Federal Buildings Fund, and the Federal Acquisition Service (FAS), which manages the Acquisition Services Fund.

PBS manages building operations by overseeing the design, construction, leasing, and maintenance of Government-owned and -leased facilities. Responsibility segments include the Government-owned and Leased Building segments.

FAS is organized into six main business portfolios: General Supplies and Services (GS&S) categories, Travel, Transportation and Logistics categories (TTL), Information Technology category (ITC), Assisted Acquisition Services (AAS), Professional Services Human Capital (PS&HC) category and Technology Transformation Services (TTS). FAS provides acquisition services by leveraging the buying power of the Federal Government to obtain best values.

The GSA agencywide strategic plan goals of providing cost savings to customers, increasing operational efficiency, and delivering excellent customer service are embedded in the missions of its service organizations. Revenues and expenses not associated with PBS or FAS are reported as Working Capital and General Programs. Eliminations of intra-agency activity are recorded against the organization providing the goods or services, displayed in the Intra-GSA Elimination column. The following tables present the FY 2024 and FY 2023 net operating results by strategic goal for each responsibility segment.

17. FY 2024 Net Cost by Responsibility Segment Schedule
For the Fiscal Year Ended September 30, 2024
(Dollars in Millions)

Fund	FBF Owned	FBF Leased	ASF GS&S	ASF TTL	ASF ITC	ASF AAS	ASF PSHC	ASF TTS & Other	WCF	General Funds	GSA Combined	Intra GSA Elims	GSA Consolidated
Manage Building Operations													
Earned Revenues	$6,454	$6,810	$—	$—	$—	$—	$—	$—	$—	$—	$13,264	$54	$13,210
Less: Operating Expenses	5,203	7,726	—	—	—	—	—	—	—	—	12,929	83	12,846
Net Revenues from (Cost of) Operations	1,251	(916)	—	—	—	—	—	—	—	—	335	(29)	364
Provide Acquisition Services													
Earned Revenues	—	—	1,835	3,281	907	19,817	148	192	—	—	26,180	180	26,000
Less: Operating Expenses	—	—	1,812	2,918	809	19,712	134	371	—	—	25,756	202	25,554
Net Revenues from (Cost of) Operations	—	—	23	363	98	105	14	(179)	—	—	424	(22)	446
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	833	74	907	814	93
Less: Operating Expenses	—	—	—	—	—	—	—	—	858	471	1,329	820	509
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(25)	(397)	(422)	(6)	(416)
GSA Consolidated Net Results													
Earned Revenues	6,454	6,810	1,835	3,281	907	19,817	148	192	833	74	40,351	1,048	39,303
Less: Operating Expenses	5,203	7,726	1,812	2,918	809	19,712	134	371	858	471	40,014	1,105	38,909
Net Revenues from (Cost of) GSA Operations	$1,251	$(916)	$23	$363	$98	$105	$14	$(179)	$(25)	$(397)	$337	$(57)	$394

17. FY 2023 Net Cost by Responsibility Segment Schedule
For the Fiscal Year Ended September 30, 2023
(Dollars in Millions)

Fund	FBF Owned	FBF Leased	ASF GS&S	ASF TTL	ASF ITC	ASF AAS	ASF PSHC	ASF TTS & Other	WCF	General Funds	GSA Combined	Intra GSA Elims	GSA Consolidated
Manage Building Operations													
Earned Revenues	$5,402	$6,516	$—	$—	$—	$—	$—	$—	$—	$—	$11,918	$60	$11,858
Less: Operating Expenses	5,091	6,731	—	—	—	—	—	—	—	—	11,822	85	11,737
Net Revenues from (Cost of) Operations	311	(215)	—	—	—	—	—	—	—	—	96	(25)	121
Provide Acquisition Services													
Earned Revenues	—	—	1,710	3,001	1,035	16,872	133	168	—	—	22,919	171	22,748
Less: Operating Expenses	—	—	1,686	2,641	956	16,761	121	337	—	—	22,502	190	22,312
Net Revenues from (Cost of) Operations	—	—	24	360	79	111	12	(169)	—	—	417	(19)	436
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	768	59	827	751	76
Less: Operating Expenses	—	—	—	—	—	—	—	—	781	483	1,264	756	508
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(13)	(424)	(437)	(5)	(432)
GSA Consolidated Net Results													
Earned Revenues	5,402	6,516	1,710	3,001	1,035	16,872	133	168	768	59	35,664	982	34,682
Less: Operating Expenses	5,091	6,731	1,686	2,641	956	16,761	121	337	781	483	35,588	1,031	34,557
Net Revenues from (Cost of) GSA Operations	$311	$(215)	$24	$360	$79	$111	$12	$(169)	$(13)	$(424)	$76	$(49)	$125

18. Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government (Financial Report)*, the U.S. Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Changes in Net Position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the *Financial Report* financial statements. This note shows GSA's financial statements and GSA's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated *Financial Report* line items. The 2023 Financial Report is available on the Treasury's Bureau of the Fiscal Service's website and a copy of the 2024 *Financial Report* will be posted to that site as soon as it is released.

The term "federal" is used in this note to refer to amounts that result from other components of the Federal Government. The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

18-1. Reclassification of GSA's Statement of Net Cost for the Financial Report of the U.S. Government
(Dollars in Millions)

FY 2024 GSA Statement of Net Cost		Line Items Used to Prepare FY 2024 Government wide Statement of Net Cost	
GSA Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
GSA Consolidated Net Results			**GSA Consolidated Net Results**
Earned Revenues	$39,303	$1	Borrowing and Other Interest Revenue
		37,191	Buy/Sell Revenue
		10	Purchase of Assets Offset[5]
		37,202	Total Federal Earned Revenue
		2,111	Non-Federal Earned Revenue
		39,313	Department Total Earned Revenue
Less: Operating Expenses	38,909	428	Benefit Program Costs
		267	Buy/Sell Costs
		270	Imputed Costs
		10	Purchase of Assets[5]
		122	Other Expenses (Without Reciprocals)
		1,097	Total Federal Gross Costs
		37,822	Non-Federal Gross Costs
		38,919	Department Total Gross Costs
Net Revenues From Operations	**$394**	**$394**	**Net Cost of Operations**

[5] Total Earned Revenue and Total Gross Costs will be off by this amount since GSA does not include USSGL 880%00 in the Earned Revenues and Operating Expenses on our Statement of Net Cost.

18-2. Reclassification of GSA's Statement of Changes in Net Position for the Financial Report of the U.S. Government
(Dollars in Millions)

FY 2024 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2024 Government wide Statement of Changes in Net Position	
GSA Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
BEGINNING BALANCE OF NET POSITION			**BEGINNING BALANCE OF NET POSITION**
Unexpended Appropriations	$8,474	$8,474	Net Position, Beginning of Period
Cumulative Results of Operations	39,829	39,829	Net Position, Beginning of Period
Adjustments - Change in Accounting Principles	725	725	Changes in Accounting Principles
Net Position Beginning Balance, as adjusted	**49,028**	**49,028**	**Net Position, Beginning of Period - adjusted**
CHANGES IN UNEXPENDED APPROPRIATIONS			**CHANGES IN UNEXPENDED APPROPRIATIONS**
Appropriations Received	303	303	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Appropriations Used	(595)	(595)	Appropriations Used
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	(249)	(105)	Appropriations Received as Adjusted (Recissions and Other Adjustments)
		(144)	Nonexpenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Net Change in Unexpended Appropriations	**(541)**	**(541)**	**Net Change in Unexpended Appropriations**
RESULTS OF OPERATIONS			**RESULTS OF OPERATIONS**
Net Revenues From (Cost of) Operations	394	394	Net Cost of Operations
Appropriations Used (Note 1-C)	595	595	Appropriations Expended
Non-Exchange Revenue (Notes 1-C, 1-D)	50	50	Other Taxes and Receipts
Imputed Financing Provided By Others	270	270	Imputed Financing Sources
Transfers of Financing Sources (To) From the U.S.Treasury	(18)	(18)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	28	(17)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government
		50	Expenditure Transfers-In of Financing Sources
		(10)	Expenditure Transfers-Out of Financing Sources
		6	Transfers-In Without Reimbursement
		(1)	Transfers-Out Without Reimbursement
Other	(4)	(4)	Other Non-Budgetary Financing Sources
Net Change in Cumulative Results of Operations	**1,315**	**1,315**	**Net Change in Cumulative Results of Operations**
ENDING BALANCE OF NET POSITION			**ENDING BALANCE OF NET POSITION**
Unexpended Appropriations	7,933	7,933	Net Position, End of Period
Cumulative Results of Operations	41,869	41,869	Net Position, End of Period
Net Position Ending Balance	**$49,802**	**$49,802**	**Net Position, End of Period**

19. Public-Private Partnerships (P3s)

SFFAS 49, *Public-Private Partnerships*, helps achieve the operating performance and budgetary integrity objectives outlined in Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting,* by making P3s more understandable. This statement establishes principles to ensure that any necessary disclosures about P3s are presented in the agency's AFR. SFFAS 49 mandates that when arrangements with private entities meet certain characteristics, these arrangements must be disclosed in the AFR.

PBS enters into long-term (greater than 5 years) arrangements (contracts) with private corporations, where: 1) There is a risk-reward relationship; 2) The arrangement results in a long-lived asset; and 3) PBS relies on the P3 partner's determination of the performance or return on investment.

Outleases

Outleasing is an asset-management tool to help maximize Federal revenue generation. It is used when a property, or a portion thereof, is vacant and not needed for current or projected agency purposes. It can also be used to encourage certain activities within or near public buildings, such as food courts, farmers markets, rooftop antennas, and motion picture projects.

GSA has several authorities that it may use to enter into outlease agreements with non-Federal entities. These include 40 U.S.C. § 543, which authorizes the disposal of surplus property by lease and other means; 40 U.S.C. § 581(h), which authorizes the lease of certain spaces in public buildings for commercial, cultural, educational, or recreational activity; 54 U.S.C. § 306121, which authorizes the lease of historic property, if the lease contains provisions that will adequately ensure the preservation of the historic property; and Section 412 of the Consolidated Appropriations Act of 2005, Public Law No. 108-447, which authorizes the conveyance by lease and other means of real and related personal property, or interests therein.

Some of GSA's outlease arrangements are long-term (i.e., greater than 5 years), and entail 1) a risk/reward relationship; 2) a term that encumbers a significant portion of the economic life of the asset; and 3) rent that is based, in part, on a percentage of gross revenues reported by the tenant. The term of an outlease arrangement can vary — from a single day usage of space to multiple years in length. Currently, the longest remaining outlease term is 52 years.

The general risk of loss to the Federal Government is low, but there is risk associated with an uncured tenant default that may result in a lease termination and unexpected vacancy or damage to the property. In this instance, GSA may incur costs to repair any damage to the property or to operate and maintain the property during any period of vacancy.

The outlease agreements generally require the Non-Federal entity to assume all of the costs and expenses associated with maintaining and operating the leased property during the term of the agreement.

Agreement amounts due monthly to GSA are shown below for the fixed amounts from outleases with terms greater than 5 years. The amounts reported below do not include any variable payment portions due to GSA from the business entities sales in outyears, as those are not known.

Energy Savings Performance Contracts and Utility Energy Service Contracts

The National Energy Conservation Policy Act, as amended, authorizes Federal agencies to enter into energy savings performance contracts (individually, an ESPC) with energy service companies (individually, an ESCO) for the purpose of achieving energy savings and other related benefits. This authority is codified at 42 U.S.C.§ 8287. Similarly, utility energy service contracts (individually, a UESC) is a limited-source acquisition between a federal agency and a serving utility company for energy management services, including energy and water efficiency improvements and energy demand reduction. This authority is codified under 42 U.S.C. § 8256.

Agencies enter into these contracts with limited to no up-front capital costs, thereby minimizing the need for congressional appropriations. The ESCO or utility company conducts a comprehensive energy audit for the Federal facility and identifies improvements to achieve energy savings. In consultation with the agency, the ESCO or utility company designs and constructs a project that meets the agency's needs and arranges the necessary funding. The ESCO guarantees that the improvement projects will generate energy, water and related savings sufficient to pay for the project over the term of the ESPC. The ESPCs cost savings must be verified and documented annually. For UESCs the performance of the equipment must be validated annually. Both performance validation (UESCs) and energy savings validation (ESPCs) provide for the assumption that after the contract ends, any additional energy savings accrue to the agency.

Generally, the risk of loss to the Federal Government is low, but there is risk associated with 1) the potential failure of an ESCO or utility company to provide ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed; 2) the potential chance that equipment might be improperly operated and maintained, resulting in less than expected savings; and 3) the potential that financial loss from early contract termination could include termination fees. All costs for the actual ESPC or UESC equipment installed in GSA's buildings are recognized when the assets are initially accepted and recognized as installment contract liabilities on the consolidated balance sheets. The payback period with the ESCO or utility company varies per arrangement; however, it is generally between 10 and 20 years. Since the costs of ESPC or UESC projects are intended to be paid for via energy savings with no need for additional funding, if savings are not realized due to Government action, alternative funding sources may have to be used to satisfy contractual commitments. For ESPCs, this risk is mitigated if the savings are not realized due to ESCO non-performance as the Government then has the ability to reduce or withhold payment. The potential for a shortfall in energy savings is the primary financial risk related to ESPCs and UESCs. With regard to any technical performance risk, generally, the ESCO or utility company is responsible for ensuring that energy savings are met throughout the performance period.

Of the total $1.3 billion shown in the table below as the amount to be paid in future periods, $693 million has been recognized as installment contract liability as of September 30, 2024; $186 million is for the future interest costs associated with the long-term financing of that liability; and $466 million represents the contractual estimate of post performance period support costs (e.g. operations and maintenance) to be incurred over the life of the ESPC/UESCs.

Power Purchase Agreements[6]

Power Purchase Agreements (PPAs) are contracts for public utility services and fall within GSA's authority under 40 U.S.C. §501(b)(1). A PPA is a long-term contract between a renewable energy developer and GSA. The developer constructs, owns and operates a renewable energy resource requiring no up-front capital from GSA. GSA agrees to purchase the project's output for a fixed price during the contract term. GSA may receive the associated ("bundled") Renewable Energy Credits (RECs). Through PPAs, GSA can purchase cost-effective renewable and carbon pollution-free electricity from third-party owned renewable energy sources. PPAs are one of the essential ways GSA can reach the goals expressed in Section 203 of Executive Order (E.O.) 14057, Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability (December 8, 2021). PPAs are a necessary component in support of GSA's electrification efforts and reaching the Administration's renewable energy and net zero goals.

The general risk of loss to GSA for PPAs is moderate, as these agreements are subject to market risk. If electricity prices decline during the term of the contract(s), GSA may end up paying more for fixed price electricity than it would on the open market. Similar concerns for the sale of RECs as the market is extremely difficult to estimate.

GSA has authority to enter into PPAs for periods not exceeding ten-years pursuant to 40 U.S.C. § 501 and GSAM 517.204(b). These agreements provide for monthly netting of the amount owed to the PPA with the credits from excess energy generation and REC sales.

In FY 2024, GSA approved payments of $28 million, through a third party with such renewable energy developers and received credits of $32 million for excess energy generation and the sale of RECs.

19. Public-Private Partnerships Revenues and Expenses
(Dollars in Millions)

Agreements/Contracts	Actual Amount Received in Fiscal Year 2023	Actual Amount Paid in Fiscal Year 2023	**Actual Amount Received in Fiscal Year 2024**	**Actual Amount Paid in Fiscal Year 2024**	Estimated Amount to be Received in Future Periods	Estimated Amount to be Paid in Future Periods
Outleases	$13	—	**$14**		$213	
ESPCs/UESCs	—	106		**116**		1,345
PPAs[7]	$12	$29	**$32**	**$28**		$63

[6] PPAs were evaluated against SFFAS 49 disclosure requirements and deemed eligible for disclosure in FY 2024.

[7] Due to market variability, future years receipts for PPAs are not estimable with a reasonable margin of error.

20. Funds from Dedicated Collections

GSA receives Dedicated Collections only in its Other Funds category. The amounts are not material to the consolidated financial statements.

21. Subsequent Events

Management is not aware of any events or transactions that have occurred, subsequent to the balance sheet date but prior to the issuance of the financial statements, that have or could have a material effect on the financial statements and, therefore, require adjustment or disclosure in the statements.

Required Supplementary Information (Unaudited)

Deferred Maintenance and Repairs

The U.S. General Services Administration (GSA) reports deferred maintenance and repairs (DM&R) consistent with the definition in SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32* which states "Deferred maintenance and repairs (DM&R) are maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period." Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

In accordance with SFFAS No. 42, GSA has disclosable DM&R related to its inventory of buildings under the jurisdiction, custody or control of the Public Buildings Service. GSA utilizes a Building Assessment Tool (BAT) to determine the total amount of repairs and alterations (R&A) needed to correct major components or system deficiencies in federally owned buildings (and certain leased buildings where GSA has responsibility for R&A). While the overall methodology has not changed since the prior year, the FY 2024 BAT survey has been updated to improve the accuracy of the maintenance liabilities identified, and the accuracy of the cost estimating.

The BAT is a 40[8] section survey that provides a biennial assessment of the physical conditions of each building's basic structure and systems and provides an overall assessment of GSA's building inventory. Building assessments electronically document building conditions, with approximately half of GSA's building inventory being surveyed each year. Buildings included in the assessment could be capitalized general property, plant and equipment (PP&E), fully depreciated general PP&E, or non-capitalized general PP&E leased buildings. GSA requires a building assessment for every federally-owned, leased, or delegated asset controlled by GSA that meets all the following criteria:

- GSA has R&A responsibility;
- The asset maintains an "active" or "excess" status; and
- The asset has a real property type of "building" or "structure."

BAT survey cost estimates use the surveyor's assessment of the asset's defects and pre-selected line-item costs and quantities to arrive at a rough order of magnitude cost estimate. These costs are updated annually based on the asset's location, unique conditions (i.e., the building's security level, unique space buildout, and the historical nature of the asset), and line-item costs are updated based on current material and labor market conditions using RSMeans™ cost data. The surveyor can also use more accurate cost estimates (i.e., previous studies or project proposals) to override the system-generated costs if available.

Per SFFAS 6 *Accounting for Property, Plant, and Equipment*, there are three categories of PP&E: (1) general PP&E; (2) heritage assets; and (3) stewardship land. GSA does not have stewardship land; all land held is used to meet operational mission and reported under General PP&E. Further, all historic buildings are considered multi-use heritage assets and in accordance with SFFAS 29 *Heritage Assets and Stewardship Land* are also reported as General PP&E. All assets meeting the above criteria are included in the BAT analysis.

[8] The FY 2024 BAT survey was enhanced by adding one new section to collect the impacts of severe weather events. This new section does not generate costs that are added to the reported DM&R.

GSA uses survey results to develop a multi-year plan for all R&A projects, not just those associated with DM&R. GSA prioritizes projects based on the Agency's Strategic Goals and our mission to design, deliver, and maintain safe, smart, and sustainable workplaces that enable employees and agencies to best serve the American people. GSA prioritizes construction, R&A, and disposal projects based on the lowest viable cost to the taxpayer, the needs of our customers and stakeholders, and the impact to the portfolio. Investment opportunities are evaluated across categories that include:

- Fire, life, health, and environmental;
- Physical security;
- Serviceability;
- Special emphasis programs; or
- Tenant space alterations.

Data collected through the survey is used to support GSA's overall building assessment, workload planning, and budgeting needs, and is not designed to specifically capture data that would be defined as DM&R. However, subsets of the workload planning directly result from conditions classified as DM&R. GSA has determined, from analysis of data in the BAT, that when applying certain criteria, results can be used to provide a reasonable estimate to meet the Federal Accounting Standards Advisory Board DM&R reporting requirements. At the end of fiscal years 2024 and 2023, based on the analysis of the BAT results, GSA estimated the total cost of DM&R to be approximately $6.1 billion for FY 2024 and $4.6 billion for FY 2023, for activities categorized as work needing to be performed immediately to restore or maintain acceptable conditions within the building inventory. The rise in DM&R from the previous fiscal year is attributed to several factors, including the continued improvements of the BAT survey data collected, the previously categorized out-year maintenance and repair that could not be addressed due to funding limitations, and the increases in material and labor costs.

GSA measures the condition of its inventory of buildings by using an industry accepted metric called the Facility Condition Index (FCI). The FCI is the ratio between total deferred repair and alteration needs and the functional replacement value of an asset (i.e., repair needs divided by the asset's replacement value). Based on the end of FY 2024 BAT data, approximately 59 percent of GSA's inventory, according to square footage, is considered in "Good Condition," with an FCI of 10 percent or less. There has been no significant change in reporting methodology in deferred maintenance and repairs from prior years.

As part of the development of its annual Capital Investment Program Budget Request, GSA prioritizes asset investment dollars that continue to generate the funds required to sustain the owned inventory and support the long-term needs of the Federal Government. To evaluate potential projects, GSA uses a strategic investment strategy that utilizes financial and other strategic metrics to evaluate potential projects' funding needs and prioritization. These metrics support the portfolio's transition to a lean and sustainable cost structure by selecting those projects that align with our long-term strategic objectives. PBS's criteria for selecting projects also considers reducing current and future DM&R significantly. GSA also considers DM&R, among other factors, when evaluating potential candidates for disposition.

Combining Statement of Budgetary Resources

In its principal financial statements, GSA displays balances for the two major funds (the Federal Buildings Fund and the Acquisition Services Fund) while combining all remaining funds into an "Other Funds" group. Within the Other Funds group, the Working Capital Fund (WCF) and Technology Modernization Fund (TMF) make up approximately 68 percent of the total budgetary resources. As these funds are significant components of the total Other Funds budgetary results, below is a schedule showing the activities of WCF, TMF, and Other Funds for the years ended September 30, 2024, and September 30, 2023.

Combining Statement of Budgetary Resources
(Dollars in Millions)

Fund and Fiscal Year	**FBF 2024**	FBF 2023	**ASF 2024**	ASF 2023	**Other Funds 2024**	Other Funds 2023	**GSA Combined Totals 2024**	GSA Combined Totals 2023
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	**$13,831**	$13,253	**$5,390**	$4,510	**$991**	$1,210	**$20,212**	$18,973
Appropriations	**—**	37	**—**	—	**220**	398	**220**	435
Spending Authority from Offsetting Collections	**11,656**	12,192	**28,043**	26,403	**1,010**	894	**40,709**	39,489
Total Budgetary Resources	**25,487**	25,482	**33,433**	30,913	**2,221**	2,502	**61,141**	58,897
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**12,984**	11,880	**29,572**	27,320	**1,356**	1,253	**43,912**	40,453
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**11,885**	12,031	**2,364**	2,263	**366**	704	**14,615**	14,998
Unapportioned, Unexpired Accounts	**618**	1,571	**1,497**	1,330	**468**	517	**2,583**	3,418
Unexpired Unobligated Balance, End of Period	**12,503**	13,602	**3,861**	3,593	**834**	1,221	**17,198**	18,416
Expired Unobligated balance, End of Period	**—**	—	**—**	—	**31**	28	**31**	28
Unobligated Balance, End of Period, Total	**12,503**	13,602	**3,861**	3,593	**865**	1,249	**17,229**	18,444
Total Status of Budgetary Resources	**25,487**	25,482	**33,433**	30,913	**2,221**	2,502	**61,141**	58,897
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**(644)**	(833)	**150**	(68)	**295**	310	**(199)**	(591)
Distributed Offsetting Receipts	**—**	—	**—**	—	**(44)**	(109)	**(44)**	(109)
Total Net Agency Outlays (Receipts)	**$(644)**	$(833)	**$150**	$(68)	**$251**	$201	**$(243)**	$(700)

Combining Statement of Budgetary Resources - Other Funds
(Dollars in Millions)

Fund and Fiscal Year	**Other Funds Excluding WCF and TMF 2024**	Other Funds Excluding WCF and TMF 2023	**Working Capital Fund 2024**	Working Capital Fund 2023	**Technology Modernization Fund 2024**	Technology Modernization Fund 2023	**Other Funds Total 2024**	Other Funds Total 2023
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority,	**$275**	$258	**$220**	$219	**$496**	$733	**$991**	$1,210
Appropriations	**316**	342	**4**	6	**(100)**	50	**220**	398
Spending Authority from Offsetting Collections	**121**	95	**835**	764	**54**	35	**1,010**	894
Total Budgetary Resources	**712**	695	**1,059**	989	**450**	818	**2,221**	2,502
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**477**	428	**862**	798	**17**	27	**1,356**	1,253
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**125**	117	**37**	47	**204**	540	**366**	704
Unapportioned, Unexpired Accounts	**79**	122	**160**	144	**229**	251	**468**	517
Unexpired Unobligated balance, End of Period	**204**	239	**197**	191	**433**	791	**834**	1,221
Expired Unobligated Balance, End of Period, Total	**31**	28	**—**	—	**—**	—	**31**	28
Unobligated Balance, End of Period, Total	**235**	267	**197**	191	**433**	791	**865**	1,249
Total Status of Budgetary Resources	**712**	695	**1,059**	989	**450**	818	**2,221**	2,502
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**348**	319	**(15)**	—	**(38)**	(9)	**295**	310
Distributed Offsetting Receipts	**(44)**	(109)	**—**	—	**—**	—	**(44)**	(109)
Total Net Agency Outlays (Receipts)	**$304**	$210	**$(15)**	$—	**$(38)**	$(9)	**$251**	$201

Accounting and Reporting on Government Land

SFFAS 59, *Accounting and Reporting on Government Land*, requires the disclosure of estimated acres of land classified as General Property, Plant and Equipment, as well as acres held for disposal or exchange to a non-Federal entity.

40 U.S.C. § 581 and 40 U.S.C. § 3304 authorize the acquisition of property or an interest in property by GSA. Through the end of FY 2024, GSA had an estimated 8,500 acres in its custody and control. This acreage supports the agency's mission to design, deliver, and maintain safe, smart, and sustainable workspaces that enable agencies to best serve the American public.

The vast majority of GSA's land and land rights are considered operational, as defined by SFFAS 59 as predominantly used for general or administrative purposes. Current uses include: office space, public-facing facilities, courthouses, warehouses, laboratories, border stations, antennas, water towers, and storage facilities.

The following table shows land controlled by GSA's Public Buildings Service and subcategorized by predominant use:

Year and Action	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2023	18	—	8,660	8,678
End of FY 2023/ Start of FY 2024	15	—	8,511	8,526
End of FY 2024	15	—	8,444	8,459
Stewardship Land - Start of FY 2023	—	—	—	—
Stewardship Land -End of FY 2023/Start of FY 2024	—	—	—	—
Stewardship Land - End of FY 2024	—	—	—	—
Held for Disposal or Exchange -End of FY 2023	—	—	789	789
Held for Disposal or Exchange - End of FY 2024	—	—	761	761

SFFAS 59 mandates the continued capitalization of land asset balances at their historical cost on the consolidated balance sheet for FY 2024 and GSA is in compliance with the standard.

Other Information

(Unaudited)

Summary of Financial Statement Audit and Management Assurances

Table 1 Summary of Financial Statement Audit	
Audit Opinion	Unmodified
Restatement	No

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Deficiencies in Internal Controls over Financial Reporting	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2 Summary of Management Assurance						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weakness	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Deficiencies in Controls over Financial Statement Balances	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Compliance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
	Beginning Balance	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total non-compliance	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. USSGL at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

U.S. General Services Administration
Office of Inspector General

October 15, 2024

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

FROM: ROBERT C. ERICKSON ROBERT ERICKSON Digitally signed by ROBERT ERICKSON Date: 2024.10.15 13:39:26 -04'00'
DEPUTY INSPECTOR GENERAL (J)

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2024 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2025.

This year we have identified significant challenges in the following areas:

1. Establishing and Maintaining an Effective Internal Control Environment
2. Improving Contract Award and Administration
3. Developing Efficient and Effective Acquisition Solutions
4. Maximizing the Performance of GSA's Real Property Inventory
5. Managing Agency Cybersecurity Risks
6. Providing a Safe Work Environment
7. Securing Federal Facilities
8. Managing the Electrification of the Federal Fleet
9. Management of the Technology Transformation Service

Please review the attached assessment at your earliest convenience. If you have any questions or wish to discuss our assessment further, please call me at (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2025

Challenge 1: Establishing and Maintaining an Effective Internal Control Environment

The U.S. General Services Administration (GSA) continues to face significant challenges in establishing a comprehensive and effective system of internal control. GSA is required to establish and maintain internal controls through the Federal Managers' Financial Integrity Act of 1982; U.S. Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and U.S. Government Accountability Office (GAO) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*.

Importance of Internal Control

Internal control is integral to an agency's success. An effective internal control system helps an agency adapt to shifting environments, evolving demands, changing risks, and new priorities. Most importantly, it helps government program managers achieve desired results by providing reasonable assurance that the agency is meeting three fundamental objectives:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations.

To meet these objectives, management is responsible for designing, implementing, and monitoring controls to ensure the organization is operating effectively. Internal control must be built into the agency's infrastructure to ensure the proper stewardship of public resources. The system of internal control should be the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Accordingly, management must recognize that internal control is not one event but a series of actions that occur throughout the entity's operation to achieve its objectives.

Continuing Internal Control Problems

Since 2018, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in Fiscal Year (FY) 2024:

- In January 2024, we reported that GSA Office of Digital Infrastructure Technologies (IDT) employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made videoconference cameras that are not compliant with the Trade

Agreements Act of 1979 (TAA).[1] Before completing the purchase, the contracting officer requested information from GSA IDT to justify its request for the TAA-noncompliant cameras, including the existence of TAA-compliant alternatives and the reason for needing this specific brand. In response, GSA IDT provided misleading market research in support of the TAA-noncompliant cameras and failed to disclose that comparable TAA-compliant alternatives were available.

The TAA-noncompliant cameras have known security vulnerabilities that need to be addressed with a software update. However, GSA records indicate that some of these TAA-noncompliant cameras have not been updated and remain susceptible to these security vulnerabilities.

- In July 2024, we reported that the Public Buildings Service (PBS) relied extensively upon its operations and maintenance (O&M) contractors to implement the water safety activities set forth in the PBS water safety guidance.[2] However, we found that PBS did not consistently incorporate these water safety activities into O&M contracts or provide the necessary oversight to ensure that the O&M contractors performed the activities. We also found that PBS did not follow its requirements for periodic testing for lead and copper in water outlets in GSA child care centers. GSA closed most of its child care centers during the COVID-19 pandemic. However, PBS did not test the water in many of these centers for months or years after reopening them. Once performed, tests found hazardous levels of lead and copper in outlets at some GSA child care centers.

  Finally, we found that PBS's *Drinking Water Quality Management* policy and the PBS water safety guidance were flawed. Specifically, PBS's *Drinking Water Quality Management* policy did not fully incorporate U.S. Centers for Disease Control and Prevention and U.S. Environmental Protection Agency recommendations on maintaining water quality or testing for contaminants during periods of reduced or no occupancy. Additionally, the PBS water safety guidance did not include clear requirements for flushing and checking disinfectant levels, which can be a key indicator of water stagnation in building systems.

In both examples, the internal control breakdown included not only the failure to comply with laws, regulations, and policies, but also the lack of Agency oversight needed to ensure and enforce compliance.

[1] *GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research* (Report Number A220070/A/6/F24002, January 23, 2024).

[2] *Audit of GSA's Response to COVID-19: PBS Faces Challenges to Ensure Water Quality in GSA-Controlled Facilities* (Report Number A201018/P/4/R24005, July 22, 2024).

Failure to Address Findings Identified in Audit Reports

As part of an effective internal control system, GSA management is responsible for ensuring that its corrective actions resolve audit recommendations in a timely manner. However, during FY 2024, our office found that GSA did not fully take the corrective actions for audits, as described below:

- ***Implementation Review of Corrective Action Plan – Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities.***[3] PBS did not effectively address the recommendations included in our January 2020 report, *Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities*.[4] As a result, significant security vulnerabilities remain outstanding for 80 of 93 child care centers in GSA-controlled buildings.

  In accordance with its corrective action plan, PBS assessed all child care centers in GSA-controlled buildings in order to identify security vulnerabilities. While PBS's assessments identified numerous security vulnerabilities, the assessments were not comprehensive. Further, although PBS addressed some of the identified security vulnerabilities, many remain outstanding.

  In addition, PBS did not fully complete corrective actions to determine repair cost estimates for identified security deficiencies in GSA-controlled buildings with child care centers.

- ***Implementation Review of Corrective Action Plan – Audit of PBS Basic Repairs and Alterations Project: United States Court of International Trade Building.***[5] We found that PBS did not fully implement the corrective actions for one of our recommendations. Specifically, PBS did not ensure that its acquisition workforce completed the training outlined in its corrective action plan.

The examples above highlight the persistent problems with GSA's internal controls. GSA management needs to address these issues and continue its efforts to implement a more effective system of internal control.

[3] Assignment Number A240019, September 17, 2024.

[4] Report Number A170119/P/6/R20001, January 30, 2020.

[5] Assignment Number A230076, November 30, 2023.

Challenge 2: Improving Contract Award and Administration

GSA awards contracts for billions of dollars of products, services, and facilities every year. After the contracts are awarded, GSA's work turns to contract administration. Contract administration includes monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. We have been reporting contract administration as a challenge for GSA since 2020, and it continues to be a concern.[6]

In FY 2024, we continued to find and report on deficiencies in GSA's contract award and administration. For example:

- In August 2024, we issued a memorandum that reported deficiencies in PBS's oversight of an 8(a) program small business contractor.[7,8] During the *Audit of PBS Basic Repairs and Alterations Project: William Augustus Bootle Federal Building and U.S. Courthouse*, we found that PBS's ineffective oversight of the 8(a) program small business contractor created an environment in which the prime contractor may have acted as an 8(a) program small business "pass-through."[9,10]

- In August 2024, we reported on deficiencies with PBS's award, administration, and closeout of a contract for the installation of variable frequency drives for chilled water pumps and a tower fan at the Central Heating Plant in Washington, D.C.[11] Specifically, we found that PBS did not maintain a complete contract file. We also found that PBS did not verify that: (1) the contractor and its subcontractor employees were paid in accordance with Construction Wage Rate Requirements, and (2) the contractor complied with subcontracting limitations required for sole-source 8(a) program contracts. Finally, PBS did not follow security requirements for contractor employees

---

[6] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2020.*

[7] *Ineffective Oversight of a Contract for Basic Repairs and Alterations to the William Augustus Bootle Federal Building and U.S. Courthouse Increased the Risk of 8(a) Program Small Business Fraud and Abuse* (Memorandum Number A210076-2, August 6, 2024).

[8] The U.S. Small Business Administration 8(a) program is a federal contracting and training program for experienced small business owners who are socially and economically disadvantaged.

[9] Report Number A210076/P/4/R23009, September 29, 2023.

[10] Under a "pass through" scheme, a participating business uses its 8(a) program status to obtain a contract and bills the government for the work performed. However, the 8(a) program participant pays a subcontractor that is not eligible for the 8(a) program to perform most of the work under the contract. In exchange for the "pass-through" use of the 8(a) program certification by the ineligible subcontractor, the 8(a) program participant typically keeps a part of the contract value without performing, or only minimally performing, any work.

[11] *Basic Repairs and Alterations Project for the Central Heating Plant in Washington, D.C., Was Not Effectively Managed* (Report Number A230043/P/R/24006, August 9, 2024).

and did not ensure accurate contract data was reported in the Federal Procurement Data System-Next Generation.

- In September 2024, we reported on problems with PBS's compliance with applicable laws, regulations, and policies when awarding and administering the $5.6 million Infrastructure Investment and Jobs Act-funded project to repave six land ports of entry at New York State's northern border.[12] We found deficiencies in PBS's task order award and administration that led to, among other things, violations of federal competition requirements, poor pricing and overpayments, security vulnerabilities, and a small business "pass-through" environment.

- In September 2024, we reported that the Federal Acquisition Service's (FAS's) Office of Assisted Acquisition Services (AAS) policy does not require AAS contracting officers to have adequate security clearances. As a result, this could impair the administration of contracts with classified elements.[13] For example, if the contracting officer does not possess an adequate security clearance, they cannot address contract issues involving classified information. Instead, the assigned contracting officer would need to identify another contracting officer with the requisite security clearance to address the contractual issues.

- In September 2024, we reported that FAS's price analyses for the products and services transferred to consolidated contracts were frequently limited and did not consistently leverage the government's collective buying power.[14] In particular, when performing price analyses for contracts subject to the Commercial Sales Practices requirement, FAS contracting personnel frequently accepted unsubstantiated most favored customer and commercial pricing information. This practice does not adhere to GSA policy, limits contracting personnel's ability to fulfill their responsibilities, and ultimately reduces the effectiveness of the price analyses.

  Meanwhile, when performing price analyses on Transactional Data Reporting (TDR) pilot contracts, FAS contracting personnel did not use TDR pilot data for pricing decisions. Instead, they relied primarily on pricing comparisons to other Multiple Award Schedule (MAS) and government contracts. However, according to GSA policy, these comparisons are to be used only as part of a larger negotiation objective development strategy. In addition, several of the comparisons were invalid because the proposed services were

---

[12] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

[13] *FAS's AAS Should Improve its Oversight and Administration of Classified Contracts* (Report Number A230065/Q/3/P24001, September 16, 2024).

[14] *FAS Should Strengthen Its Price Analyses When Consolidating Multiple Award Schedule Contracts* (Report Number A230040/Q/3/P24002, September 30, 2024).

not compared to similar services, as required by Federal Acquisition Regulation (FAR) 15.4, *Contract Pricing*.

Since we began reporting on this challenge in 2020, GSA has taken steps to strengthen its policies, address training for its contracting staff, and implement process improvements for its contract award and administration. Despite these efforts, as shown in the examples cited above, weaknesses in GSA's contract award and administration persist. GSA needs to continue to improve its contract award and administration processes and to ensure that they are performed effectively.

Challenge 3: Developing Efficient and Effective Acquisition Solutions

As the federal government's primary provider of acquisition services, GSA has stated that it is committed to delivering value, innovation, and an exceptional customer experience. To meet these commitments, FAS is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include transforming the MAS Program and supply chain risk management. At the same time, recent legislative proposals would fundamentally change the MAS Program by relieving GSA of its responsibility to obtain the best pricing for federal customer agencies ordering from MAS contracts. These new initiatives and proposed legislative changes create significant challenges to FAS's ability to meet its mission.

Transforming the MAS Program

Since 2016, FAS has implemented several initiatives and tools to transform its MAS Program. These initiatives include consolidating schedules, using TDR pilot data for pricing, and automating pricing tools. With the simultaneous deployment of these initiatives and tools, FAS is continually challenged to ensure they are effectively implemented, managed, and evaluated so that FAS meets its core objective of leveraging the government's buying power.

Consolidated schedules. With an intended goal of reducing redundancy and duplication of services, products, and solutions across multiple acquisition centers, FAS continues the process of consolidating all its schedules into a single, all-encompassing GSA schedule. FAS has estimated that completion of the conversion process could take another 5 years.

Under the conversion process, FAS stated it would reassign each surviving contract to the acquisition center with the ability and expertise to administer it properly, conduct effective price analyses, and negotiate these contracts in accordance with federal regulations and GSA internal policies. As the consolidation progresses through its final phase, more than 600 contracts still need to be consolidated. FAS is still challenged to conduct effective price analyses and negotiate these contracts in accordance with federal regulations and GSA internal policies.

The TDR pilot and the impact on pricing decisions for MAS contracts. FAS has continued to expand the TDR pilot and change how it determines pricing for its MAS contracts. Before the

TDR pilot, FAS negotiated pricing for MAS contracts with the objective of achieving the contractors' "most favored customer" pricing and discounts based on its sales to commercial customers. However, under the TDR pilot, FAS has steadily departed from using commercially comparable pricing. Instead, FAS has taken steps to base schedule contract pricing on the "relative competitiveness" of proposed pricing to the pricing for similar items on other government contracts.

In 2016, FAS implemented the TDR pilot with the stated intent to improve the value taxpayers receive when purchases are made using select GSA contracting vehicles. Specifically, the prices paid information gathered from the transactional data reported by contractors would be used to determine fair and reasonable pricing. Accordingly, FAS made prices paid information one of the primary sources for evaluating MAS offers and negotiating pricing.

However, to date, the TDR pilot has yet to accomplish its intended purpose. In fact, the TDR pilot remains plagued by data quality issues, as the data for over 69 percent of reported sales is still not usable.

Despite this, FAS has just begun to make the data collected under the TDR pilot available to its contracting personnel for pricing decisions. However, contracting personnel are not being given access to the complete sets of TDR pilot data. While FAS has started to incorporate TDR pilot data into its Price Point Plus Portal (4P) tool, it only includes TDR pilot pricing data when an item is sold at least five times in quantities of five or less. This small subset of the transactional data does not take advantage of or leverage the government's buying power. Further, given that the FAR allows customer agencies to rely on GSA-negotiated pricing up to the simplified acquisition threshold (SAT), currently at $250,000, basing pricing on this limited data may result in overpricing at higher sales volumes.

Notwithstanding this failing, FAS has expanded the TDR pilot to 67 Special Item Numbers covering non-configurable products, with plans to move TDR out of the pilot phase and expand it incrementally until it is available on all MAS contracts.

In supporting its decision to expand the TDR pilot, FAS cites results from the use of prices paid data on significantly smaller blanket purchase agreements, such as 2nd Generation IT Products and Maintenance Repair Facility Supplies, and two enhanced Special Item Numbers under the Federal Strategic Sourcing Initiative for Office Supplies Fourth Generation. However, these are significantly smaller, OMB-designated Best-In-Class contracting solutions that require prices paid data reporting exclusive of the TDR pilot. We estimate the sales under these three contracting vehicles to represent approximately 3 percent of all the prices paid data FAS received in FY 2022.

When GSA proposed the TDR pilot in 2015, it stated that "this proposed rule would create a transactional data reporting clause to improve GSA's ability to conduct meaningful price analysis and more efficiently and effectively validate fair and reasonable pricing on both its non-FSS [Federal Supply Schedule] and FSS vehicles. It would also allow GSA's customers to improve their ability to compare prices prior to placing orders under its vehicles." This has yet to happen.

FAS's move from negotiating MAS pricing based on a contractor's most favored customer to relative competitiveness to other contracts is problematic, especially with FAS delays in correcting all its data issues and in limiting the use of the TDR pilot data it is collecting. Without reliable prices paid information, FAS will continue to be challenged with ensuring that GSA schedule pricing will comply with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

Automated pricing tools for MAS contracts. Instead of relying on commercial sales or TDR data, FAS contracting personnel largely rely on pricing tools, such as the Contract-Awarded Labor Category (CALC) tool on services contracts and the 4P tool on products contracts, to determine fair and reasonable pricing.

However, contracting officers' reliance on automated pricing tools is problematic because pricing tools can only assess the relative competitiveness of a contractor's contract price to other contractors' contract prices, which does not ensure the government is receiving a contractor's most favored customer pricing. As a result, FAS contracting personnel are missing opportunities to leverage the government's buying power and provide ordering agencies with "prices associated with volume buying."[15] Further, FAS has no assurance that it is providing ordering agencies with pricing that will comply with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

Supply Chain Risk Management

Supply chain risk management remains a major challenge for FAS and the entire federal government. Due to its unique responsibility in acquisition and contracting, as well as its administration of multiple government-wide procurement vehicles, FAS plays a crucial role in how the federal government manages supply chain risk.

Congress passed Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (NDAA Section 889) to help the federal government manage its supply chain risk. This law prohibits the federal government from procuring certain telecommunication items from Chinese-named entities, as well as entering into contracts with entities that use these prohibited telecommunication items.

GSA recognizes the federal government's supply chain risk related to NDAA Section 889 and has implemented internal controls to reduce that risk. For instance, FAS has developed the Prohibited Products Robomod process that flags potentially prohibited telecommunication

---

[15] FAR 8.402(a), *General*.

items included on GSA Advantage! based on keyword searches.[16] FAS has also developed a process to identify MAS contractors that have repeatedly added prohibited telecommunication items on GSA Advantage!. FAS also relies on the FAR provision that requires contractors to self-report if they provide or use the telecommunication items prohibited by NDAA Section 889.

Despite these efforts, GSA still faces challenges with identifying prohibited items and entities that should be removed from its many contracting vehicles and platforms. In July 2023, we reported that FAS's reliance on contractors' assertions regarding NDAA Section 889 is inadequate, and other controls and processes FAS has put in place, including the Prohibited Products Robomod process, are insufficient.[17]

In addition to our audit work in this area, a recent criminal case supported by our Office of Investigations highlights this challenge. In May 2024, a Florida resident and dual citizen of the U.S. and Turkey was sentenced to 6 years and 6 months in prison for trafficking fraudulent and counterfeit Cisco networking equipment.[18] Under the scheme, tens of thousands of low-quality, modified computer networking devices were imported from suppliers in China and Hong Kong. These devices included counterfeit labels, stickers, boxes, documentation, and packaging, which made them appear like genuine, high-quality devices authorized by Cisco. However, the devices suffered from numerous performance, functionality, and safety problems. The devices also made their way into highly sensitive federal systems, including classified information systems and platforms supporting U.S. military aircraft. Taken together with our audit work, this criminal case highlights the challenges that GSA faces with managing supply chain risks.

Trade Agreements Act. The TAA is a prominent supply chain procurement law. The TAA was enacted on July 26, 1979, to foster fair and open international trade. This act requires the federal government to only purchase goods that are manufactured in the United States or a TAA-designated country, with limited exceptions. Examples of countries that are not TAA-designated are China, India, Iran, Iraq, and Russia.

To ensure compliance, the requirements of the TAA have been included in the FAR. FAR 52.225-6(c), *Trade Agreements Certificate*, outlines that the government will only consider "U.S.-made or designated country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for those products are insufficient to fulfill the requirements of [the] solicitation."

---

[16] GSA Advantage! is GSA's online shopping and ordering system that provides customers access to products and services.

[17] *Multiple Award Schedule Contracts Offered Prohibited Items, Putting Customers at Risk of Unauthorized Surveillance by Foreign Adversaries* (Report Number A220016/Q/6/P23002, July 10, 2023).

[18] https://www.justice.gov/opa/pr/leader-massive-scheme-traffic-fraudulent-and-counterfeit-cisco-networking-equipment.

In January 2024, we reported that employees of GSA IT misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made, TAA-noncompliant videoconference cameras.[19] We reported that the TAA-noncompliant cameras were susceptible to security vulnerabilities that could have been addressed with a software update.

On January 21, 2022, two years earlier, we issued a letter to the FAS Commissioner, stating that FAS contracting officers did not report TAA-noncompliant products that were added to contracts supporting COVID-19 efforts.[20] We also found that FAS contracting officers modified contracts to add TAA-noncompliant products that were not in support of the government's COVID-19 response. We determined that FAS's controls to monitor and prohibit the sale of TAA-noncompliant products were insufficient.

As described above, GSA faces challenges in mitigating its supply chain risks, including customer agencies procuring prohibited telecommunication items, and ensuring procurements are compliant with the TAA. Until the proper controls are in place and enforced, prohibited telecommunication items may be offered under GSA's contracts and TAA-noncompliant items may be inappropriately or unknowingly purchased, possibly putting customer agencies at risk of unauthorized surveillance by foreign adversaries.

Proposed Legislative Change to Competition Requirements for MAS Contracts

Recent proposed legislation would eliminate the requirement under the Competition in Contracting Act of 1984 (CICA) that orders and contracts under the MAS Program result in the "lowest overall cost alternative to meet the government's needs." Instead, the Administrator would be granted the discretionary authority to determine if a purchase based on "best value" fits the government's needs.

The proposed change is problematic. As established for federal contracting, the "best value" methodology is not applicable to MAS contracts. It would in effect also relieve GSA of its responsibility to obtain the best pricing for federal customer agencies ordering from its MAS contracts. As a result, it will put federal agencies unnecessarily at risk of overpaying for commercial products and services purchased through GSA's $46.6 billion-a-year MAS Program. In addition, the proposal would eliminate the price advantage of leveraging the government's purchasing power.

CICA and the MAS Program. CICA requires full and open competition for federal procurements. The goal is to reduce costs through price competition. However, the contracts awarded under the MAS Program do not meet the basic CICA requirement for full and open competition. This is

[19] *GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research* (Report Number A220070/A/6/F24002, January 23, 2024).

[20] *FAS Lacks Sufficient Controls to Monitor and Prohibit the Sale of Trade Agreements Act Non-Compliant Products in Support of the Government's COVID-19 Response* (January 21, 2022).

because when GSA awards an MAS contract, GSA and the contractor agree on pricing without any price competition.

As a result, MAS contracts needed a special allowance under CICA since they do not meet the requirement for full and open competition. That special allowance provides that MAS contract pricing is deemed competitive as long as: (1) participation in the MAS program has been open to all responsible sources and (2) MAS contracts "result in the lowest overall cost alternative to meet the needs of the Federal Government."[21]

In effect, the CICA requirement for full and open competition was replaced by the requirement to achieve the "lowest overall cost alternative." To ensure its MAS contracts met this requirement, GSA instructed its contracting personnel to seek and obtain a contractor's best or most favored customer pricing.

It is important for GSA to ensure its contract pricing achieves the "lowest overall cost alternative" to meet the government's needs because the FAR allows agencies to rely on GSA's pricing without any further evaluation. Specifically, FAR 8.404, *Use of Federal Supply Schedules* instructs agencies that since GSA has already determined that the prices are fair and reasonable, customer agencies do not have to make their own price determination.[22]

Further, per the order requirements in FAR 8.405, *Ordering Procedures for Federal Supply Schedules*, there is no actual price competition on orders below the SAT (currently $250,000). Under the presumption that the GSA negotiated price will result in the lowest cost alternative, the FAR allows customer agencies to use streamlined ordering procedures for MAS contracts. According to FAR 8.405:

- Up to the micro-purchase threshold (currently at $10,000), customer agencies can order directly off a price list.
- Between the micro purchase threshold and the SAT:
    - For supplies/products and minor services, customer agencies are to survey the pricing for three schedule contracts before ordering.
    - For services that need a statement of work, customer agencies should provide a request for quote with the statement of work to three schedule contractors.

Based on the ordering procedures in the FAR, customer agencies ordering from an MAS contract are not required to seek price competition for orders below the SAT.

Thus, following the FAR, customer agencies are supposed to be able to rely on the un-completed GSA schedule contract pricing up to the SAT without determining price

[21] 41 U.S.C. 152(3).

[22] FAR 8.404, *Use of Federal Supply Schedules*. GSA also refers to its MAS Program as the Federal Supply Schedule program. Accordingly, these program titles are used interchangeably.

reasonableness or conducting a competition. Because of this, GSA has an obligation to ensure that its contract pricing achieves the "lowest overall cost alternative" for its customers.

Proposed CICA change. Under the proposed changed to CICA, MAS contracts would no longer be required to result in the "lowest overall cost alternative." Instead, it grants the GSA Administrator the discretionary authority to determine if a purchase based on "best value" fits the government's needs. This would be a significant change and is problematic for two reasons. First, the concept of "best value" as established in the FAR is not applicable to MAS contracts. Second, the change could relieve GSA of its responsibility to seek the best pricing for its MAS contracts and deny the government the ability to leverage its purchasing power.

"Best value" is not applicable to MAS contracts. The FAR defines "best value" as "the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement."[23] However, there is no requirement when GSA negotiates the contract. The requirement is instead determined by the customer agency when it defines what it wants to order under the MAS contract. As such, "best value" is not applicable to MAS contracts.

Further, under FAR 15.101, *Best value continuum*, "best value" is a methodology used to evaluate bids and proposals during competitive procurements.[24] However, when GSA negotiates MAS contracts, it is not a competitive procurement. Therefore, the "best value" methodology is not applicable.

Assertions that "best value" will make the MAS Program competition requirements comparable to other acquisition procedures are false. In support of this change, assertions are being made that moving the schedules pricing requirement for "the lowest overall cost alternative" to "best value" would give it comparable competition requirements as simplified acquisitions and negotiated procurements.

However, these assertions are false. Simplified acquisitions are required to promote competition (FAR 13.104, *Promoting Competition*) and competition requirements (FAR Part 6) apply to negotiated procurements. In contrast, contracts awarded under the GSA schedule have no competition and orders are not required to use competition until they exceed the SAT (FAR 8.405-1(d)(1) and FAR 8.405-2(c)(3)(i)). Moving to "best value" would eliminate the pricing requirement needed to make the contracts and orders under the MAS Program equivalent to full and open competition.

Change to "best value" will relieve GSA of its responsibility to obtain best pricing for MAS contracts. As CICA acknowledged, MAS contracts are not inherently competitive. As a result,

---

[23] FAR 2.101, *Definitions.*

[24] FAR 15.101, *Best value continuum.*

CICA established that MAS contracts must result in the "lowest overall cost alternative" to meet the CICA's requirements for full and open competition. However, the proposed CICA change would allow for the elimination of this requirement. This will have the effect of relieving GSA of its responsibility to obtain the best pricing for federal customer agencies ordering from its MAS contracts. As a result, the change to "best value" will unnecessarily place federal customer agencies at risk of overpaying for commercial products and services purchased through the MAS Program.

In sum, if GSA adopts the "best value" method for its contract level pricing, there will be no requirement for competition or an equivalent on any MAS procurement until the SAT is reached. As a result, MAS contracts and orders below the SAT will not meet the intent of the CICA.

In fact, the change would run counter to the goal of CICA—to reduce costs through price competition—and increase the likelihood that federal customer agencies will pay more for orders placed through GSA's $46.6 billion-a-year MAS Program.

Challenge 4: Maximizing the Performance of GSA's Real Property Inventory

PBS must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to American taxpayers. To achieve this goal, PBS must determine the best approach to reduce and consolidate space, reduce leasing costs, and meet O&M needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of energy and utility contracts.

Reducing and Consolidating Space

According to the GSA Administrator, one of GSA's priorities is to optimize its real property portfolio. To do this, PBS must work with its customers to maximize the performance of its real property by identifying opportunities to reduce and consolidate space. As it works toward this goal, PBS faces a challenging environment driven largely by uncertainty about customer agency space needs in the wake of the COVID-19 pandemic. While some agencies are already reducing their space, PBS is still working with others to determine their office space needs.

During the pandemic, many federal agencies adopted remote work and full-time telework. After the pandemic, these flexibilities are being used more than in the past. As a result, many workers have not returned to the office at pre-pandemic levels, leading to underoccupied and vacant space. GAO recently testified that the increased use of remote work and telework has dropped occupancy for many federal headquarters facilities to 25 percent or less and the facilities are now underutilized.[25]

[25] *Federal Real Property: Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework* (GAO-23-106200, July 13, 2023).

Many federal agencies are now re-evaluating their future space needs considering their post-pandemic flexibilities. On July 13, 2023, the former PBS Commissioner, in a written statement to the House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management, wrote that:

> The pandemic highlighted the need for operational resilience and [PBS's] ability to work with customer agencies to support their many different mission needs and types of work. And many agencies—including GSA—have since realized that they can adapt their workplaces to more effectively and cost-efficiently carry out their missions. As the Government's largest civilian real estate provider, GSA will play a key role in helping agencies to redefine their space requirements and in facilitating the Federal Government's transition to what is likely to be a smaller real estate footprint.

However, in assessing their post-pandemic space needs, agencies must consider new OMB guidance that called for an increase in meaningful in-person work. In an April 13, 2023, memo, OMB instructed agencies to:

> Update Work Environment plans describing their current policies for telework and related operational policies, and anticipated future changes…. Agency workforces are generally expected to increase meaningful in-person work—that is in-person work that is purposeful, well-planned, and optimized for in-person collaboration—while still using flexible operational policies as an important tool in talent recruitment and retention. Planning should recognize that some operating units have improved performance while using workplace flexibilities, while also optimizing in-person work and strong, sustainable organization health and culture....[26]

To reduce and consolidate space in the post-pandemic environment, PBS will need to be flexible as it engages with customer agencies to determine their space needs. PBS regional commissioners have noted that many customers are either not ready or not willing to reduce and consolidate unused space.

However, as PBS engages with customers to reduce and consolidate space, it will need to manage new customer requirements and the resulting vacant space. Space consolidations in federal buildings may require PBS to address alteration needs and system upgrades to ensure that building systems are operating efficiently, effectively, and safely. Further, PBS will also need to manage vacant space, both owned and leased, to minimize the costs and backfill space when it is beneficial.

[26] *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments* (OMB M-23-15, April 13, 2023).

Post-Pandemic Financial Impact on the Federal Buildings Fund

In the wake of the COVID-19 pandemic, changing space needs for federal agencies and real estate market conditions may have a significant financial impact on the Federal Buildings Fund (FBF).

The FBF is an intragovernmental revolving fund that finances PBS real property management and related activities. Principal activities include the operation, maintenance, protection, and repair of GSA-controlled (owned and leased) buildings, and the construction of federal buildings and courthouses.

The FBF is primarily financed by income from rental charges assessed to customer agencies that occupy GSA-controlled space. By law, these charges approximate commercial rates for comparable space and services. GSA-leased space is generally priced to customer agencies as a pass-through of the underlying PBS lease contract rent, plus a PBS fee and security charges. GSA-owned space is priced by an appraisal based on comparable properties that sets a market rate rent for a 5-year period. Each space assignment in GSA-controlled space has an occupancy agreement between PBS and the customer agency, stating the financial terms and the conditions for occupancy.

In the aftermath of the pandemic, changes to PBS's operating environment may have a significant financial impact on the FBF. Specifically, changing customer space needs and decreases to commercial market rent costs may stress the FBF and PBS's operations.

The impact of changing customer space needs. As discussed above, federal agencies are reassessing their post-pandemic space needs. After adopting more remote work and telework during the pandemic, many agencies are considering reducing their space. As a result, GSA may have an increase in vacant and underutilized GSA-controlled space.

While any reduction in space will lead to lower revenue for the FBF due to decreased rental charges to customer agencies, the resultant cost increases may be more problematic. For vacant GSA-owned space, PBS will still incur O&M costs for the space. Further, to backfill the space with a new customer agency, PBS may need to repair or renovate the space to accommodate the new tenant. All these costs will be incurred although the space is not generating revenue.

Vacant GSA-leased space is an even bigger drain of FBF resources. When customer agencies return or abandon leased space and PBS is unable to backfill that space, the rental payments are paid out of the FBF without any revenue to reimburse it. Moreover, if GSA pays the lessor to be released from the lease (known as a lease buyout), it may be required to make an upfront, lump-sum payment based on a significant percentage of the future lease payments.

As customer agencies adjust their space needs in the post-pandemic environment, decisions to return space, whether owned or leased, will likely have a significant negative impact on the FBF through lower revenue and unreimbursed costs.

Decreases to commercial market rents. The FBF is also likely to see less revenue due to the commercial market downturn in the post-pandemic environment. As discussed above, rental rates in GSA-owned space are based on commercial market appraisals when new occupancy agreements are needed, usually every 5 years. The post-pandemic expansion of telework in the private sector has drastically reduced the demand for traditional, commercial office space and has resulted in discounted lease rates. These discounted commercial lease rates may affect the rental rates in new occupancy agreements with customer agencies, leading to lower revenue for the FBF and causing PBS a potentially unforeseen challenge. As of June 2024, commercial office listing rates were down 1.7 percent year-over-year, and 30 percent of commercial office building sales were at discount prices. Additionally, the national office vacancy rate was approximately 18 percent.

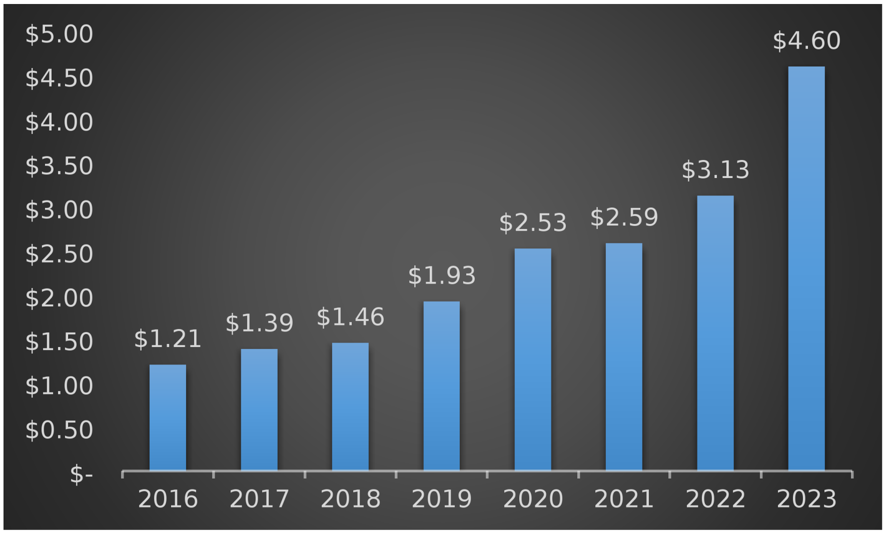
Taken together, the impact of the post-pandemic environment on the FBF could have significant implications on PBS, as it will result in less funding available for PBS activities. For example, our office has reported on PBS's significant challenges in managing its consistently increasing deferred maintenance throughout its ever-aging real property portfolio. A significant reduction in rent revenue flowing into the FBF combined with increased costs would further worsen PBS's ability to fund building maintenance. With less funding available in the FBF, PBS will have to be more thoughtful on how it reinvests in its federally owned portfolio and carefully consider what real estate savings it could actually achieve.

Meeting the O&M Needs of Federal Buildings

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings. Deferred maintenance is defined as maintenance and repairs that are not performed when scheduled or delayed for a future period. These are activities categorized as preventive maintenance; replacement of parts, systems, or components; and other activities needing to be performed immediately to restore or maintain the building inventory in an acceptable condition.

As shown in *Figure 1* on the next page, GSA has reported a significant increase in deferred maintenance costs in recent years. In its 2023 *Agency Financial Report*, GSA reported approximately $4.6 billion in total estimated costs of deferred maintenance for its building inventory. This was a 46.9 percent increase from FY 2022 and a 280 percent increase from FY 2016.

Figure 1. GSA's Reported Deferred Maintenance Costs – FYs 2016 to 2023 (in Billions of U.S. Dollars)[27]



Our office recently reported on weaknesses in PBS's building maintenance and repairs. For example, in May 2024, we reported that O&M contractors did not consistently comply with the terms and conditions of their GSA contracts.[28] We found that O&M contractors did not complete all work orders for service requests and preventive maintenance. In some cases, O&M contractors marked work orders as complete even though the work was not actually completed. O&M contractors also did not complete work orders timely.

These deficiencies occurred for a variety of reasons that are attributable to both the O&M contractors and PBS. We found that O&M contractors are not always providing sufficient staff to meet their contract requirements, are struggling to hire and retain key personnel, and are not effectively monitoring their contract performance. We also found that O&M contractors and PBS are misinterpreting the time frames in O&M contracts for completing work orders for routine service requests, and that PBS does not always provide effective oversight of the O&M contractors' performance.

PBS's increasing deferred maintenance backlog, combined with recurring audit findings on weaknesses in building maintenance and repairs, demonstrates that PBS continues to face significant challenges to meet and manage the needs of its buildings.

[27] Source: GSA Agency Financial Reports for FYs 2016 to 2023.

[28] *Building Maintenance Contractors Are Not Complying with Their GSA Contracts Due to Poor Performance and Ineffective Oversight* (Report Number A230032/P/2/R24004, May 3, 2024).

Administering GSA's Capital Construction Program

PBS's Office of Design and Construction is responsible for leading GSA's capital construction program and supports GSA's regional offices in new construction, major modernization, and other capital construction projects, from pre-planning through commissioning.[29] As of September 2024, PBS reported 796 active capital construction projects, with aggregate values of almost $13 billion. Due to internal resource limitations, PBS faces challenges in delivering these projects and has become excessively reliant on construction management firms (i.e., construction managers). Additionally, PBS continues to struggle with its administration of Construction Manager as Constructor (CMc) contracts.

In response to our *Assessment of GSA's Management and Performance Challenges for FY 2022*, PBS stated that it has internal controls to assist in construction management and enable proper oversight of construction manager activities; however, PBS continues to face challenges in this area.

Construction management services. PBS requires the use of construction managers for its capital construction projects. Construction managers are private firms that act as advisors or consultants to PBS during the execution of capital construction projects. PBS has used construction managers to fulfill many functions and responsibilities within its capital construction program. In addition, PBS also uses construction managers for smaller projects and lease administration.

During our 2020 audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.[30] As a result, PBS has allowed construction managers to perform inherently governmental functions, including developing independent government estimates, assessing contractor proposals on source selection boards, negotiating contracts, and accepting project deliverables. Further, PBS has provided construction managers with access to sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

We identified similar deficiencies in our March 2023 audit report on PBS's project to expand and modernize the Calexico West Land Port of Entry in Calexico, California. We found that PBS delegated critical functions to a construction manager without oversight.[31] PBS allowed the construction manager to develop independent government estimates, perform the technical

[29] Capital construction projects are projects that exceed the prospectus threshold, currently $3.613 million, and require congressional approval. In FY 2025, the prospectus threshold will increase to $3.926 million.

[30] *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

[31] *Audit of the Calexico West Land Port of Entry Expansion and Modernization Project* (Report Number A210070/P/9/R23006, March 2, 2023).

analyses for contract modifications, and prepare price negotiation memorandums without government approval. PBS also delegated labor and payroll standards compliance to the construction manager without oversight, which resulted in inadequate verification of payrolls. Further deficiencies with PBS's oversight of construction managers were identified in our September 2024 audit report on a project funded by the Infrastructure Investment and Jobs Act. We reported that PBS awarded construction management services for the project at inflated pricing and paid for services that were not received.[32]

PBS must provide effective oversight to prevent construction managers from performing inherently governmental functions, identify or mitigate potential conflicts of interest, and properly award and administer contracts for construction managers. PBS must also focus on hiring and retaining staff with the necessary skills to perform critical functions, especially given the number of PBS employees in mission-critical roles who will be eligible for retirement soon.

Construction Manager as Constructor contracts. The CMc is a project delivery method that PBS often uses for its capital construction projects. Using this method, PBS first awards a design contract to an architect-engineering firm. During the design phase, PBS awards a CMc contract to a general contractor for design phase services, including cost estimating and constructability reviews. The contract includes an option for construction services. This option requires the contractor to construct the project on time and within a competitively bid guaranteed maximum price.

Since our audits of PBS's projects funded under the American Recovery and Reinvestment Act of 2009, we have reported on numerous deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.[33] We noted that PBS is:

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on the contractor's cost records for contractor payments and shared savings calculations;
- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and
- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

PBS must ensure project teams use the CMc methodology correctly to prevent significant increases to project costs and avoid overpayments on current and future CMc contracts.

---

[32] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

[33] *Improvements Needed in PBS's Use of Construction Manager as Constructor Contracts* (Memorandum Number A220057, August 17, 2022).

Infrastructure Investment and Jobs Act and Inflation Reduction Act. The Infrastructure Investment and Jobs Act (IIJA) provided GSA with $3.418 billion for the acquisition, construction, and repair and alteration of 26 land ports of entry (LPOEs). It also provided funding for paving projects, lease purchases, program contingency, and operational support costs.

In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.[34] These challenges include:

- Ensuring the effective stewardship of taxpayer funds;
- Addressing the need for qualified project managers and contracting officers;
- Providing effective oversight of construction managers;
- Managing potential delays and cost overruns;
- Preparing and maintaining complete and accurate documentation;
- Awarding effective construction contracts; and
- Safeguarding access to LPOEs.

These challenges were exemplified in our September 2024 audit report, in which we found that PBS did not comply with applicable laws, regulations, and policies when awarding and administering the $5.6 million IIJA-funded project to repave six LPOEs at New York State's northern border.[35] We found deficiencies in PBS's task order award and administration that led to, among other things, violations of federal competition requirements, poor pricing and overpayments, security vulnerabilities, and a small business "pass-through" environment. PBS's performance on this project shows the risks arising from rushed attempts to obligate IIJA funding.

The Inflation Reduction Act (IRA) provided GSA with nearly $3.4 billion for low-embodied carbon materials in construction and renovation projects, emerging and sustainable technologies, and high-performance green buildings. The IRA targets reducing the federal government's carbon footprint associated with building materials and encourages new technology for a net-zero operational emissions federal building portfolio.

PBS has established a Program Management Office to oversee its use of IIJA and IRA funds. According to PBS, this office will identify, coordinate, and proactively mitigate risks to ensure IIJA and IRA funding is spent efficiently and effectively.

While this is a positive step, PBS must continue to take steps to address the challenges identified in our August 2022 memorandum, as well as any identified through the Program

[34] *GSA's Public Buildings Service Faces Challenges in Using Funds Received under the Infrastructure Investment and Jobs Act* (Memorandum Number 220036-2, August 11, 2022).

[35] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report NumberA220036/P/2/R24008, September 24, 2024).

Management Office, to ensure the successful delivery of both IIJA- and IRA-funded projects. In addition, PBS needs to maintain effective funds management on projects using a combination of funds from IIJA, IRA, regular budgetary accounts, and customer agencies to ensure funds are used properly.

Ensuring Effective Management of Energy Savings Performance Contracts and Utility Energy Service Contracts

Between December 2010 and June 2024, PBS awarded over $2.6 billion in Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs). ESPCs and UESCs are high-risk areas, with high-dollar contract values and long-term financial commitments. Without effective management, PBS may not realize the savings needed to fund these contracts.

Under an ESPC, the government contracts with an energy service company to install energy-saving upgrades to buildings and pays the energy service company from the energy savings generated by those upgrades. An ESPC can last for up to 25 years. A UESC is a contract between a federal agency and a utility company for energy management services, including energy and water efficiency improvements. The utility company pays most or all of the upfront costs, and the government repays the utility company through utility savings, appropriated funds, or a combination of the two. UESCs can also last up to 25 years.

Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges. For example, in May 2021, we reported that PBS was not enforcing requirements of the ESPC task order at the U.S. Food and Drug Administration's (FDA's) White Oak campus.[36] As a result, PBS had no assurance that the contract is achieving the guaranteed cost savings needed to fund the $1.2 billion contract and was planning to pay for repairs that are the contractor's responsibility. Similarly, UESCs present a host of challenges for PBS, including limited competition, high numbers of sole-source contracts, and a lack of mandated savings guarantees.

In recent years, PBS has taken steps to address the challenges associated with ESPCs and UESCs. PBS has established a centralized ESPC oversight program within the Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue its efforts to ensure that ESPCs and UESCs are effectively managed.

Challenge 5: Managing Agency Cybersecurity Risks

Like all federal agencies, GSA is dependent upon information technology (IT) to fulfill its mission. However, as cybersecurity threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external

[36] *PBS's National Capital Region is Failing to Adequately Manage and Oversee the Building Services Contracts at the FDA's White Oak Campus* (Report Number A190021/P/5/R21003, May 17, 2021).

threats that could compromise critical information and systems. GSA is not immune to these threats. Accordingly, GSA will continue to be challenged to effectively monitor and efficiently identify and respond to cybersecurity threats against Agency systems and data. GSA will have to continuously identify technical solutions and implement controls to mitigate such threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.

Controlling Access to GSA Systems and Sensitive Information

In our *Assessment of GSA's Management and Performance Challenges* for FYs 2023 and 2024, we reported on threats to sensitive information maintained by GSA.[37] As these threats remain, GSA must ensure that it controls access to sensitive information available on its network and maintained in GSA systems. Sensitive information collected and maintained on GSA's network and within its systems includes:

- Personally identifiable information, such as social security numbers, employment-sensitive information, and security clearance forms;
- Procurement-sensitive information, such as information related to bidding and prices paid; and
- Controlled unclassified information, such as sensitive building information and financial, legal, contractual, and other sensitive information that is not classified.

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in September 2023, we reported that GSA needs to strengthen its efforts to address cybersecurity risks to its mobile technologies.[38] GSA manages approximately 12,500 mobile devices, including smartphones and tablets, used by Agency employees to conduct federal business. The security of these devices is critical. If not properly managed, GSA mobile devices can be exploited to gain access to federal systems, networks, or data.

Additionally, in August 2024, we reported that GSA should strengthen the security of its robotic process automation (RPA) program.[39] GSA's RPA program uses bots, which are software applications that simulate human actions to reduce repetitive administrative tasks. We found that GSA's RPA program did not comply with its own IT security requirements to ensure that bots are operating securely and properly. GSA also did not consistently update system security

---

[37] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2023* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2024*.

[38] *GSA Should Strengthen the Security of Its Robotic Process Automation Program* (Report Number A230020/B/T/F24004, August 6, 2024).

[39] *GSA Should Assess Recent Access Control Deficiencies to Identify Programmatic Improvements Needed to Protect GSA Systems and Data* (Memorandum Number A240023, May 29, 2024). Due to the sensitive information in this memorandum, it is not available to the public.

plans to address access by bots. Instead of addressing these issues, RPA program management simply removed or modified the requirements. Lastly, GSA's RPA program did not establish an access removal process for decommissioned bots, resulting in prolonged, unnecessary access that placed GSA systems and data at risk of exposure.

Because GSA systems contain sensitive data, GSA must continue to strengthen its monitoring of access to Agency systems, devices, and data to protect against the intentional or unintentional release of sensitive information. GSA should also implement appropriate management, operational, and technical security controls to manage and mitigate threats to GSA's systems, devices, and data.

Prioritizing Cyber Supply Chain Risk Management

Cyber supply chain risk management (C-SCRM) is the process of identifying, assessing, preventing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that underpin government systems, networks, and operations. C-SCRM covers the entire life cycle of a product or service, including its design, development, distribution, deployment, acquisition, maintenance, and destruction.

Executive Order 14028, *Improving the Nation's Cybersecurity*, was issued in May 2021. It directs the National Institute of Standards and Technology (NIST) to issue guidance "identifying practices that enhance the security of the software supply chain." The executive order further directs OMB to require agencies to comply with such guidelines. These requirements involve systematic reviews, process improvements, and security standards for both software suppliers and developers, in addition to customers who acquire software for the federal government.

In 2022, the National Security Agency, Office of the Director of National Intelligence, and the Cybersecurity and Infrastructure Security Agency (CISA) published a three-part joint publication series that provides suggested practices for developers, suppliers, and customer stakeholders to help ensure a more secure software supply chain.

With the uncertainty around its supply chain, GSA must remain vigilant in prioritizing, developing, and implementing effective C-SCRM policies, procedures, and practices to prevent or address a compromise of its assets and disruption to Agency operations.
To address the risks associated with the cyber supply chain, GSA must ensure it is adhering to federal C-SCRM requirements and incorporating risk management practices into its operations. These practices involve continuously identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that support Agency operations. Additionally, GSA must continue to ensure that it

is not procuring restricted products and services to support internal operations that could subject Agency assets and resources to cyber supply chain risks.[40]

Migrating to a Zero Trust Architecture

In January 2022, OMB released memorandum M-22-09, *Moving the U.S. Government Toward Zero Trust Cybersecurity Principles*. This memorandum requires agencies to achieve specific zero trust security goals by the end of FY 2024 and details the specific cybersecurity standards and objectives needed to achieve a federal zero trust architecture (ZTA) strategy. ZTA is an information system security strategy that continually verifies each user, device, application, and transaction. No actor, system, network, or service operating outside or inside the security perimeter is trusted.

GSA is progressing toward ZTA implementation. This implementation intends to restrict employee access to seeing only the information needed to do their job, without having access to any unnecessary information. GSA's approach is being guided by CISA's *Zero Trust Security Model 2.0*, which focuses on the most foundational and important pillars: networks, users, devices, and security operations. GSA's future focus will be on application security and a broader focus on data.

GSA is also implementing a suite of ZTA security tools to facilitate secure access to internal and external applications. This transition represents a fundamental redesign of GSA's enterprise security workflow. GSA is challenged to ensure that it sufficiently monitors this process and Agency resources to ensure a stable and secure transition to ZTA.

Login.gov

GSA developed Login.gov as a single sign-on identity platform for the public to access online government services that require user authentication. Login.gov provides services to several high-traffic government resources, including the Social Security Administration, the USAJOBS website, the System for Award Management, and some U.S. Department of Homeland Security websites. The technical security controls that protect Login.gov are important because they provide access to systems that contain personally identifiable information, facilitate the transfer of government funds, and conduct other mission-critical government business.

In March 2023, we issued a report titled *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards.*[41] Our evaluation found that GSA misled its customer agencies when it failed to communicate Login.gov's known noncompliance with Identity

[40] NDAA Section 889 prohibits executive agencies from purchasing restricted products and services to better manage supply chain risks and reduce threats to key U.S. supply chains by foreign adversaries.

[41] Report Number JE23-003, March 7, 2023.

Assurance Level 2 (IAL2) requirements of NIST Special Publication (SP) 800-63-3, *Digital Identity Guidelines.* The IAL2 level of identity assurance is needed to provide the level of security necessary to protect Login.gov's customers and resources against ever-growing and changing cybersecurity threats. Despite GSA officials' assertions that Login.gov met the IAL2 requirements of NIST SP 800-63-3, Login.gov never included a physical or biometric comparison for its customer agencies.

In May 2024, GSA began to pilot facial recognition technology consistent with NIST SP 800-63-3 to achieve evidence-based remote identity verification at the IAL2 level. In addition, this pilot provides users with a visible, upfront option to verify their identity in-person at one of more than 18,000 local U.S. Postal Service locations without the use of facial matching technology. GSA has also begun an *Equity Study on Remote Identity Proofing* that will define the gaps in existing identity-proofing technologies as GSA attempts to deliver an unbiased user experience to everyone. This research will help assess the impact of facial recognition technology across multiple demographic groups and vulnerable populations. GSA plans to release the results of this study in FY 2025.

GSA will continue to be challenged with providing technology to meet the biometric requirements needed to satisfy IAL2 standards until an appropriate solution is implemented.

System for Award Management

FAS is responsible for the System for Award Management (SAM), a presidential e-government initiative that consolidated 10 procurement-related legacy systems. These systems, collectively known as the Integrated Award Environment, are used by those who award, administer, and receive federal funds.

From 2016 to 2018, significant security incidents exposed a vulnerability in SAM related to the identity verification of individuals and their authorization to conduct business on behalf of a company.[42] One criminal successfully redirected a payment of $1.521 million to a business registered in SAM into an account the criminal controlled. In 2024, bad actors continue efforts to impersonate GSA acquisition officials to profit from unsuspecting government contractors.

Additionally, public information in SAM remains susceptible to misuse by third parties. For example, third parties are using public information generated by SAM to contact system registrants to request money to complete or renew their registration, even though registration in SAM has always been free of charge. In some instances, third-party registration services are offered for a fee; in other instances, third parties fraudulently claim to represent GSA and request fees from the registrant. This has the potential to

[42] *FAS Does Not Effectively Manage Information Security Risks in the System for Award Management* (Report Number A170116/Q/T/P20001, December 20, 2019).

erode public trust in SAM and the government's ability to protect the interests of contractors doing business through SAM.

SAM is critical to enabling agencies to share acquisition data and make informed procurement decisions, making it easier for contractors to do business with the government, and generating savings for the taxpayer. FAS must ensure the appropriate technical controls and safeguards are implemented to secure the system and protect the users and data from malicious threats.

Artificial Intelligence

In June 2024, GSA issued an order entitled *Use of Artificial Intelligence at GSA*.[43] The order defines artificial intelligence (AI) roles and responsibilities, policies, legal and programmatic authorities, and definitions. It also responds to a growing number of federal laws and directives, such as:

- The *Artificial Intelligence in Government Act of 2020*;
- *The Artificial Intelligence Training for the Acquisition Workforce Act of 2023*;
- Executive Order 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government*;
- Executive Order 14110, *Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence*;
- OMB Memorandum M-21-06, *Guidance for Regulation of Artificial Intelligence Applications*; and
- OMB Memorandum M-24-10, *Advancing Governance, Innovation, and Risk Management for Agency Use of Artificial Intelligence*.

GSA intends to renew its focus on automation in cyber defense, particularly regarding AI, emphasizing the importance of developing the ability to use defensive AI to counteract offensive AI-based attacks. Additionally, GSA is planning to use AI for IT operations, a technology that combines big data, machine learning, and automation to improve IT operations. GSA is working on using AI to automatically monitor employee activity (e.g., login times and employee use of applications, websites, and other online services).

As GSA implements these new technologies, it will be challenged with doing so in compliance with the above-mentioned guidance and without creating new vulnerabilities to cyberattacks.

[43] GSA Order CIO 2185.1A.

State-Sponsored Attempts to Compromise and Maintain Persistent Access to Federal Networks

In February 2024, the CISA, National Security Agency, and Federal Bureau of Investigation issued a joint cybersecurity advisory titled *People's Republic of China (PRC) State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure*. The authoring agencies have confirmed that PRC state-sponsored cyber actors have compromised the IT environments of multiple critical infrastructure organizations—primarily in communications, energy, transportation systems, and water and wastewater systems sectors—in the continental and non-continental United States and its territories, including Guam.

According to this advisory, the PRC state-sponsored cyber actors' choice of targets and pattern of behavior is not consistent with traditional cyber espionage or intelligence-gathering operations. The authoring agencies assess with high confidence that PRC state-sponsored actors are pre-positioning themselves on IT networks to enable lateral movement to operational technology assets to disrupt functions. There are concerns about the potential for these actors to use their network access for disruptive effects in the event of potential geopolitical tensions or military conflicts.

The authoring agencies have recently observed indications of PRC state-sponsored cyber actors maintaining access and footholds within some victims' IT environments for at least 5 years. Since GSA supports many sensitive and critical systems, such as human resources, payroll, real property, and financial systems, both internally and as shared services, GSA has an increased risk of being targeted for these types of threats from state-sponsored actors. GSA will need to continue to assess these risks and monitor for any indications that its systems may be compromised.

Challenge 6: Providing a Safe Work Environment

GSA plays a significant role in providing a safe and secure work environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its PBS Facility Safety, Health, and Environmental Management Program to ensure compliance with safety and health requirements as mandated by Executive Order 12196, *Occupational safety and health programs for Federal employees*; and 29 C.F.R. 1960, Subpart E, *General Services Administration and Other Federal Agencies*.

GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building tenants, visitors, contractors, PBS staff, the public, and federal property. However, our recent reports and memorandums have demonstrated that GSA faces challenges in this area.

- In May 2024, we reported that the PBS National Capital Region (PBS NCR) mismanaged asbestos in Building 40 of the St. Elizabeth's West Campus in Washington, D.C.[44] Specifically, we found that PBS NCR:

    - Did not maintain comprehensive and reliable asbestos records for the building, which hindered its ability to effectively manage asbestos in the building;
    - Did not take appropriate measures to eliminate or mitigate asbestos-containing material hazards in the building, placing building occupants, visitors, and contractors at risk of asbestos exposure; and
    - Failed to notify building occupants of the presence and location of asbestos in the building in violation of an Occupational Safety and Health Administration standard and PBS asbestos management policy.

  Overall, we found that these deficiencies were driven by significant gaps in PBS NCR personnel's knowledge and understanding of asbestos management requirements.

- In July 2024, we reported that PBS did not consistently incorporate water safety activities guidance into O&M contracts or provide the necessary oversight to ensure that the O&M contractors performed water safety activities.[45] We also found that PBS did not follow its requirements for periodic testing for lead and copper in water outlets in GSA child care centers and identified flaws in PBS's water safety guidance.

- In July 2024, we issued a memorandum notifying the PBS Commissioner that PBS Great Lakes Region did not respond to water contamination at the Patrick V. McNamara Federal Building in a timely manner.[46] As a result, building occupants were at risk of exposure to potentially harmful levels of lead, copper, and *Legionella* bacteria, and were not provided with critical information necessary to make informed decisions about their health and safety.

- In August 2024, we issued a memorandum notifying the PBS Commissioner of a significant backlog of open occupational safety and health, and fire risk conditions

[44] *Audit of PBS National Capital Region's Asbestos Management in Building 40 of the St. Elizabeth's West Campus* (Report Number A230046/P/R/R24003, May 1, 2024).

[45] *Audit of GSA's Response to COVID-19: PBS Faces Challenges to Ensure Water Quality in GSA-Controlled Facilities* (Report Number A201018/P/4/R24005, July 22, 2024).

[46] *GSA Did Not Respond to Water Contamination at the Patrick V. McNamara Federal Building in a Timely Manner, Placing Building Occupants at Risk* (Memorandum Number A240049, July 30, 2024).

throughout GSA-managed assets.[47,48] According to PBS data, nearly 36,000 actionable, open risk conditions exist at almost 2,000 GSA-managed assets nationwide. PBS's data also shows that more than 5,000 of these open risk conditions have not been addressed within the 30-day period required by the Occupational Safety and Health Administration.

These reports and memorandums demonstrate that PBS continues to face significant challenges to meet and manage its responsibilities for providing a safe work environment at federally owned and leased facilities.

Challenge 7: Securing Federal Facilities

GSA plays a significant role in providing secure federal facilities nationwide. However, our reports demonstrate GSA management's significant challenges in securing federal facilities. Recent audits have found problems with GSA's monitoring and enforcement of its security protocols.

For example, in February 2024, we reported that PBS is not effectively managing high-risk uses of GSA-controlled space occupied by federal law enforcement agencies.[49] We found that PBS does not define some federal law enforcement activities as high-risk activities. As a result, PBS is not always aware of the safety and security risks these activities pose to building tenants, visitors, and first responders and does not consistently take steps to mitigate these risks. During our inspections of 25 sampled buildings, we identified the following safety and security risks:

- Detainees were transported through unsecure public pathways;
- Seized drugs were stored in evidence vaults that lacked proper ventilation; and
- Fire and safety risks from the storage of ammunition in law enforcement armories were not mitigated.

We also found that PBS has not established clear lines of responsibility for notifying first responders of the location of armories during fire emergencies.

In another example, we identified security vulnerabilities in our September 2024 report on the PBS Northeast and Caribbean Region's (PBS Region 2's) IIJA-funded project to repave six LPOEs

[47] *Assessment of a Hotline Complaint: GSA's Public Buildings Service Faces a Significant Backlog of Open Occupational Safety and Health, and Fire Risk Conditions* (Memorandum Number A230075, August 29, 2024).

[48] GSA-managed assets consist of government-owned buildings and leased spaces.

[49] *PBS Is Not Assessing High-Risk Uses of Space by Federal Law Enforcement Agencies, Raising Safety and Security Issues* (Report Number A220077/P/6/R24002, February 14, 2024).

at New York State's northern border.[50] PBS Region 2's paving project task order required before and after pictures to demonstrate that the work was completed. To fulfill this requirement, the O&M contractor subcontracted with an operator of unmanned aircraft systems, which are also known as "drones," to take the pictures. However, the subcontractor used drones manufactured by a Chinese company that the U.S. Department of Defense has identified as a potential national security threat.

Additionally, PBS Region 2 did not adequately enforce security requirements for construction personnel who worked on the paving project task order. We found that PBS Region 2 did not ensure that background security checks were completed for construction personnel and a drone operator prior to their work at the six LPOEs. In fact, PBS Region 2 did not try to confirm this information until we inquired about it as part of our audit. We also found that PBS Region 2 was unaware that the O&M contractor did not submit the names of all construction personnel for background security checks.
Taken together, these examples demonstrate that physical security remains a challenge for GSA.

Challenge 8: Managing the Electrification of the Federal Fleet

Executive Order 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, requires federal agencies to replace 100 percent of their light-duty, gasoline-powered fleet vehicles with zero-emission vehicles by 2027 and replace all gasoline vehicles with zero-emission vehicles by 2035. GSA's Fleet Management faces numerous challenges in transitioning to an all zero-emission vehicle fleet. These challenges include finding available zero-emission vehicles to purchase, managing rising repair costs for the current vehicle fleet, and developing the charging infrastructure to power zero-emission vehicles.

First, GSA is challenged to find available zero-emission vehicles and secure sufficient funding to replace its fleet. For example, many federal agencies require heavy-duty vehicles, such as sport utility vehicles and trucks, to accomplish their missions. However, GSA's available electric vehicle options generally do not include these specific types of vehicles because the availability of these vehicles is still expanding in the marketplace.

Second, GSA's Fleet Management is facing rising costs to purchase and maintain its fleet of almost 235,000 vehicles. Since 2020, Fleet Management has paid, on average, 71 percent more to purchase new vehicles to lease to federal agencies. The average costs for vehicle repair and maintenance during that same time frame have increased 82 percent. Repair costs are incurred more frequently because agencies are keeping vehicles longer due to Fleet Management's inability to acquire zero-emission replacement vehicles.

[50] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

As a result, Fleet Management must charge higher vehicle lease rates that cover the rising costs of vehicles and repairs. In FY 2024, Fleet Management raised lease rates by 7.7 percent; in FY 2025, it plans to raise lease rates by 15 percent. To keep up with the rising costs, Fleet Management plans to increase rates higher than inflation in FYs 2026 and 2027, before returning to the normal practice of increasing rates at the rate of inflation. Due to significant increases in vehicle acquisition and repair costs, Fleet Management was expected to lose more than $200 million in FY 2024.

Third, the current electric vehicle charging infrastructure is not adequate to accommodate widespread electric vehicle use. According to GAO, as of March 2022, federal agencies owned about 1,100 charging stations, some of which contained multiple ports. GSA officials stated that over 100,000 charging stations may be needed to support widespread electric vehicle use, at a price that could vary from $1,000 to over $100,000 per station, depending on the complexity of the project. To support the executive order's targeted deadlines of 2027 and 2035, GSA will have to rapidly work to expand the electric vehicle charging infrastructure, especially at federally owned and leased buildings within PBS's portfolio. However, availability constraints, added strain on the electrical grid, and lack of funding present challenges to GSA in carrying out this executive order.

Challenge 9: Management of the Technology Transformation Service

GSA's Technology Transformation Service (TTS) was established in 2016 as GSA's third service line to become a "permanent home for innovation and technology modernization inside GSA." However, after significant management issues were identified, TTS was realigned to report to the FAS Commissioner in 2017.[51]

TTS primarily relies on GSA's Acquisition Services Fund, a revolving fund that requires cost recovery to fund its operations. Initially projected to achieve cost recovery in FY 2019, TTS's latest projections push that date to FY 2027. Despite operating at a deficit, TTS plans to increase its staff by nearly 30 percent between FY 2024 and FY 2027. With its hiring goals and past history, TTS's stated plan to meet its cost recovery goals are uncertain and will likely be a challenge into the future.

Since its creation, TTS has been the subject of one GAO report and three reports issued by our office.[52] In all four reports, recommendations were made to improve management controls related to oversight, financial management, performance, and IT. Since as early as 2017, TTS officials have told us that they were establishing internal controls.

Despite those assertions, TTS continues to have problems. For example, our March 2023 report found that TTS misled customers on its compliance with digital identity standards and collected

[51] *Investigation of Whistleblower Reprisal Complaint* (June 21, 2017).

[52] GAO's *Digital Service Programs: Assessing Results and Coordinating with Chief Information Officers Can Improve Delivery of Federal Projects* (GAO-16-602, August 15, 2016); GSA OIG's *Evaluation of 18F* (JE1-001, October 24, 2016); GSA OIG's *Evaluation of 18F's Information Technology Security Compliance* (JE17-002, February 21, 2017); and GSA OIG's *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards* (JE23-003, March 7, 2023).

$10 million for services it knew were deficient. The report also found that TTS used misleading language to obtain $187 million from the Technology Management Fund. In response to that report, TTS officials again told us they would establish internal controls.

FAS, and more largely, GSA, is at a critical juncture to restore the confidence and trust in TTS from its customers, Congress, and the taxpayer. TTS recently launched a pilot to comply with digital identity standards and will undergo an independent assessment to evaluate its compliance. The TTS director stated that this pilot reinforces TTS's "strong commitment to privacy, accessibility, and security." In FY 2025, TTS must deliver on these principles and GSA must make a concerted effort to strengthen its oversight of TTS to ensure appropriate operational controls are in place and followed by its staff.

GSA Response to the Office of Inspector General's Management Challenges for FY 2025

GSA values the dedication and contributions of the GSA Office of Inspector General (OIG) and appreciates the opportunity to review and comment on the OIG's annual assessment of the most serious management and performance challenges facing the agency. We concur that many of the challenges identified by the OIG require GSA action, and GSA has been taking substantive steps to address them.

Internal Controls

Establishing and maintaining a strong internal control environment is critical to GSA's ability to deliver effective and efficient Government services. In 2024, GSA revamped its internal control self-assessment process by moving away from broad, generalized evaluations conducted on a multi-year schedule. Instead, the focus shifted to targeted assessments based on consideration of risk. This approach provides GSA with a deeper understanding of each control's impact on specific priority business functions and enables us to monitor those more effectively, identify and address risks more precisely, and allocate appropriate resources.

GSA recognized in the recent past that some corrective actions had not been implemented effectively. To improve and sustain implementation effectiveness, GSA is finalizing development of newly required processes for program manager review and validation of corrective actions, agency-wide training in corrective action development, and outcome tracking and reporting.

GSA placed increased emphasis on fraud risk in 2024, addressing this in our internal control self-assessment process and by partnering with the GSA OIG Office of Investigations to deliver fraud awareness training to GSA staff. We will continue to mature our fraud risk program in FY 2025 and will expand our partnership with OIG and other stakeholders to do so.

Consistent with the GSA Chief Information Officer testimony on February 29, 2024, GSA respectfully disagrees with the OIG assertion of internal control weaknesses as it relates to the Owl VideoTeleconference Technology and specifically to the interpretation of the applicability of the Trade Agreements Act. However, GSA acknowledges there were control weaknesses at the time related to software updates and patching. Since then, GSA has documented formal patch management and software update procedures for all Owl Pros and OWL 3s to ensure the latest security updates have been applied.

We have also proactively partnered across GSA on challenges such as the offboarding of employees, managing Government-furnished equipment, and controlling personal identification verification cards, reflecting our emphasis on identifying and correcting internal control issues. Similar efforts have allowed GSA to improve our Government Accountability Office 4-year recommendation implementation rate to 100 percent, compared to the previous rate of 97 percent (and the government-wide implementation rate of 75 percent). We have also maintained for five years a 99 percent implementation timeliness rate for OIG corrective actions.

Contract Administration

GSA appreciates the OIG's acknowledgement of the actions taken by the Agency to strengthen contract administration policies, training, and processes. Improving the quality of contract administration is one of GSA's key performance goals in our FY 2022–FY 2026 strategic plan, and GSA has seen upward progress in performance indicators, with average scores on contract administration-related tests increasing more than 10 percent since FY 2022[53]. GSA's recent improvement initiatives include GSA's Office of Government-wide Policy hosting GSA's first-ever agency-wide Contracting Officer Representative (COR) Town Hall, focused on best practices; leveraging of multiple automations and trainings to strengthen contract administration and internal controls by the Public Buildings Service (PBS); and newly required Federal Acquisition Service (FAS) briefings at key progress points for high-risk/high-complexity acquisitions, and multiple targeted training sessions for both CORs and contracting officers.

Acquisition Solutions

FAS continues to implement initiatives and tools to transform the Multiple Award Schedule (MAS) Program and is taking action to ensure these efforts are effectively implemented, managed, and evaluated. For example, FAS has implemented internal controls to track progress against key metrics and help mitigate elevated compliance risks associated with MAS Consolidation. FAS also hosts bi-annual MAS Consolidation Tollgate sessions with Heads of Contracting Activities (HCAs) who have MAS contracts in their portfolios to review MAS Consolidation progress, provide a summary of controls in place, and address any HCA questions or concerns as FAS moves toward completion of MAS Consolidation.

As of October 2024, 100 percent of affected contractors have submitted consolidation plans designating a single contract for consolidation and 79 percent have completed Phase 3 actions to consolidate into a single MAS contract. FAS has recommended Contracting Officers not exercise options on legacy contracts, which is intended to drive the 395 remaining contracts to complete MAS consolidation actions.

GSA appreciates and has used OIG's findings to steadily mature the Transactional Data Reporting (TDR) program since its inception. GSA has made substantial improvements to the TDR program in FY 2024. Highlights include reaching a record high TDR data quality rate of 93 percent for MAS products and effectively incorporating TDR data into FAS' product pricing tools, processing over 227 million product lines between multiple tools. FAS continues to take an intentional and measured approach towards future TDR expansion.

FAS is committed to continuous improvement of its pricing tools, which provide the acquisition workforce with information to support price analyses and determinations of fair and reasonable pricing. FAS updated its Price Point Plus Portal tool pricing model in FY 2024 to more accurately reflect current marketplace conditions, improve MAS pricing outcomes, and streamline the price analysis process for the workforce by providing a single data point that considers demand data, Government and commercial pricing, TDR data, and inflationary trends.

GSA recognizes that supply chain risk management (SCRM) remains a top management challenge. GSA has aggressively implemented the regulatory prohibitions and established several internal controls that exceed Federal acquisition requirements.

This past year GSA also took several actions to improve the Robomod, a process that identifies and streamlines the removal of products that do not comply with the prohibition on hardware, software, and services developed or provided by Kaspersky Lab (FAR subpart 4.20), Section 889 (FAR

[53] GSA measures contract administration performance through Procurement Management Reviews. GSA's Office of Government-wide Policy assesses GSA contracting activities' compliance against various test questions based on a 0 to 3 point scale. Average scores the last three fiscal years on contract administration-related tests: FY 2022 - 1.89 out of 3.00, FY 2023 - 2.02 out of 3.00, FY 2024 - 2.09 out of 3.00.

subpart 4.21), and other prohibitions. Improvements included consolidating the process to address multiple compliance issues at once and improving back-end systems to make the process more efficient. GSA also rolled out the FAS Catalog Platform, combining the contract and catalog upload process into one step, making it easier to keep non-compliant products from being uploaded to GSA Advantage!®. GSA continues to use commercial supply chain illumination tools to identify supply chain risk and has removed over 400 white-labeled items from contracts. In FY 2024, FAS prioritized implementation of the Federal Acquisition Supply Chain Security Act Orders interim rule and is prepared to implement any removal or exclusion orders issued in the future.

GSA remains fully committed to complying with statutes that provide for purchasing preferences such as the Buy American Act and the Trade Agreements Act (TAA), and has taken several actions in FY 2024 to further ensure compliance. This includes issuing a policy clarifying documentation requirements and increasing the approval level when an acquisition team determines there is no TAA-compliant item offered that meets the agency's requirements. We also provided foreign acquisition training to personnel purchasing IT for GSA use. Of note, GSA distinguishes between TAA-related risks and cyber supply chain risks (C-SCRM).

Finally, it is unclear to GSA how either an Administration legislative proposal or bills that are pending consideration in Congress would fall within the scope of a report from the OIG detailing management or performance challenges facing GSA. GSA would need to conduct rulemaking if such proposals were to be enacted, but the changes would yield significant benefits, as is commonly the case whenever Congress modernizes an acquisition statute.

Updates to the Competition in Contracting Act (CICA) are necessary because the "lowest overall cost alternative" standard is being inaccurately equated with "lowest price." Plainly, "price" is simply the price, but "lowest overall cost alternative" includes consideration of price, administrative costs, special features, etc. GSA supports the use of a "best value" procurement standard within the MAS Program because that would help bring the Program into better alignment with recent Congressional direction for agencies to move away from price-based procurement decision-making and allow GSA to leverage data that was unavailable when the existing standard was enacted 40 years ago.

GSA disagrees that best value is not applicable to MAS contracts because what an agency orders from a MAS contract is inextricably linked to what is available on that contract. The MAS Program is the Government's most used vehicle for commercial products and services but the underlying statutory authority is outdated. Creating obstacles to modernize out-dated pricing practices is putting the program in an increasingly unlevel playing field with other acquisition procedures and the commercial marketplace. Restricting MAS offerings to only those that are deemed a contractor's best price, regardless of quantity or competitiveness to other contractors' prices, effectively limits the opportunity for the customer agency to utilize the MAS Program when executing its procurement strategy. Ultimately, this reduces the Government's ability to obtain "best value" for the taxpayer.

CICA aims to reduce costs through price competition, but limiting a customer agency's choices under the MAS Program also stifles competition at the order level by posing a barrier to entry for small businesses and hinders GSA's ability to add new products and services to MAS contracts when agencies need them. It is also incorrect to assume that obtaining a vendor's lowest price under all circumstances at the MAS contract level will result in the customer agency receiving the lowest possible price when it places an order. MAS contractors have also noted that burdensome pricing practices add substantial administrative costs and force them to charge customer agencies higher prices. GSA's Transactional Data Reporting initiative, which waives some of those burdensome procedures, supports these assertions.

CICA's requirement for the MAS Program to deliver the "lowest overall cost alternative," and GSA's procedures that followed, were thoughtful attempts to optimize the acquisition system that existed in 1984. However, those pre-Internet procedures are now a significant driver of administrative costs, reducing competition within the Program and limiting availability of emerging technology solutions.

Maximizing Real Property Inventory Performance

We acknowledge the challenges of maximizing and maintaining Federal building space. Congress designed the Federal Buildings Fund (FBF) to serve as a revolving fund, recognizing that revenues collected from agencies are critical to providing safe and effective workplaces, meeting customer needs, conducting preventative maintenance, and reducing liabilities. However, the FBF does not currently function as designed. Every year for more than a decade, roughly $1 billion in rent collections and other revenue to the FBF have been diverted from their intended use—to maintain public buildings—and instead used to fund operations at other agencies. Year after year of insufficient funding has resulted in inadequate funding for GSA to maintain and modernize the existing federally owned building inventory, facilitate space consolidation activities, and meet customer mission and safety requirements. GSA has developed a legislative proposal to aid in receiving full funding, which was included in the President's FY 2025 budget request.

GSA has also developed a National Portfolio Plan (NPP) with a focus on 'Fewer Buildings, Better Buildings, Stronger Communities.' The primary tenets of this NPP are to prioritize investments in core assets to improve the conditions of federally owned facilities for consolidation or co-location, where appropriate; dispose of facilities we no longer need or cannot afford; and incorporate leasing strategies that optimize space and reduce costs. As part of GSA's NPP efforts, in FY 2024, GSA announced plans to begin disposition activities for 26 buildings, releasing over 4.5 million square feet of space and $1.3 billion in cost avoidance.

GSA has also been working with the Federal Real Property Council and its member agencies to assist the Office of Management and Budget (OMB) in developing an OMB Management memorandum to create utilization and occupancy targets for Executive agencies, and is now coordinating with OMB and occupant agencies on implementation. Other GSA efforts will include leveraging PBS's six coworking sites across the nation, meeting the operations and maintenance needs of Federal buildings, administering GSA's Capital Construction Program, and ensuring effective management of Energy Savings Performance Contracts and Utility Energy Service Contracts.

Cybersecurity Risk Management

To meet the challenges of managing a complex IT architecture, GSA aligns with the President's Executive Order (E.O.) 14028, *Improving the Nation's Cybersecurity*, focused on Zero Trust, and OMB M-22-09, *Federal Zero Trust Strategy*. As reflected on the Federal Cybersecurity Progress Report published at Performance.gov, which tracks and reports progress in achieving E.O. 14028 milestones and implementing key cybersecurity measures, GSA has received the highest ratings—Level 5 (on a Level 1 to 5 scale)—for our cybersecurity posture. GSA has migrated all its internet connectivity off of the legacy Managed Trusted Internet Protocol Service, enabled agency users to access applications with Zscaler Private Access, and eliminated the legacy virtual private network. GSA is also replacing its legacy multifactor authentication and single sign-on service with a new, improved security tool—GSA Auth—to secure authentication and identity validation for the GSA workforce, industry partners, and public access.

GSA is vigilant regarding cybersecurity and artificial intelligence (AI), and has implemented controls to prevent non-compliant, safety-impacting, or rights-impacting AI from being deployed to the public.

Safeguards include the review of AI use cases by the AI Governance Board to confirm all AI systems meet ethical, legal, and technical standards before deployment. The board evaluates risks related to public safety, privacy, civil liberties, and potential biases, with specific attention to AI systems that may have impacts on rights or safety. Automated alerts and reporting systems are in place to detect deviations from compliance standards, triggering an immediate review by relevant oversight bodies. GSA will continue to examine relevant cybersecurity posture as AI implementation within the agency evolves.

To ensure the public can securely and seamlessly access critical Government services across 50 Federal agencies and state governments, GSA provided Login.gov. To ensure compliance with the Identity Assurance Level 2 (IAL2) requirements of NIST SP 800-63-3, we bolstered the Login.gov product offering to include a 1:1 facial matching step and an in-person proofing option, empowering users to choose their preferred method of identity verification upfront. In parallel to developing these technical capabilities, Login.gov underwent an independent third-party assessment process and received formal IAL2 certification on October 8, 2024.

The importance of securely operating the System for Award Management (SAM) and protecting the Government’s business partners is clear. SAM.gov contains layered, preventive measures to reduce opportunities for fraud and enhance trust in SAM.gov. These measures include, but are not limited to:

- Requiring third-party users to identify themselves as such when acting on behalf of a first-party entity and commensurately reducing system access to limited functions.
- Reaffirming, through successful legal defense, the authority to not release phone numbers and email addresses of SAM.gov users and entity points of contact under FOIA.
- Continuing to update terms of use for SAM.gov users, particularly strengthening terms around the sharing of credentials.

We recognize that bad actors continue to evolve techniques and attack vectors related to SAM.gov and the associated Federal award system network. To mitigate these threats and protect the SAM.gov ecosystem, we continue to evolve controls and implement safeguards across the technical, legal, and communications fronts.

Work Environment Safety and Security

Providing a safe work environment for Federal employees and the public is a top priority for GSA. GSA has implemented an industry-leading water quality management program, and will continue to partner with Federal, state, and local agencies, as well as industry experts, in support of this program in the coming year. GSA has increased our focus on risk management and is reviewing all facility management programs and policies to ensure they are current. Since 2021, 1,300 PBS employees with involvement in facility safety have safety-compliance requirements in their annual performance plans. The current risk tracking tool provides for real time oversight of risk conditions to see if they have been corrected or have abatement plans within required timeframes.

While GSA will continue to improve its management practices to support work environment safety, it must also have the necessary resources and authorizations to carry out this work. Successive President’s budgets, including the FY 2025 request, have included legislative proposals that would help ensure full access to collections in the Federal Buildings Fund, as well as a proposal to increase the prospectus threshold under 40 U.S.C. 3307 for major capital projects to $10 million. Both of these proposals would enhance GSA’s ability to undertake needed actions to improve workplace safety.

Secure Federal Facilities

GSA has partnered with the Federal Protective Service, the Interagency Security Committee, and the OMB to develop guidance, issued as GSA order ADM 3490.1 on April 8, 2024, that made security camera and alarm systems part of the baseline minimum security standards for GSA's federally owned facilities. GSA awarded 26 projects utilizing Child Care Special Emphasis Program Funding to address repairs and security upgrades, and as part of our FY 2025 budget submission, requested $14.25 million in special emphasis funding. GSA is also working in concert with the Administrative Office of the Courts to modernize courthouse infrastructure at 67 courthouses.

Electrification of the Federal Fleet

GSA believes the IG conflates “replace” with “acquires” when referencing the requirements of E.O. 14057 in its report. Specifically, the OIG states that the E.O. “requires Federal agencies to replace 100 percent of their light-duty gasoline-powered vehicles by zero-emission vehicles by 2027 and replace all gasoline vehicles with zero-emission vehicles by 2035.” In fact, E.O. 14057 does not focus on replacement vehicles; rather the E.O. requires that agency heads meet the goal of “100 percent zero-emission vehicle *acquisitions* by 2035, including 100 percent zero-emission light-duty vehicle *acquisitions* by 2027“ (italics added).

GSA offers zero-emission vehicles (ZEVs) that mirror the commercial marketplace, which has started to recover from substantial supply shortages. GSA offered 97 different ZEV models in FY 2024 (expecting to continue or grow in FY 2025) across several popular vehicle types. GSA continues to work closely with suppliers to bring commercially available offerings to the Federal marketplace, in addition to expressing demand for vehicle types not yet commercially available as ZEVs needed to meet Federal mission requirements. In FY 2024, GSA ordered almost 5,800 ZEVs, with 20 percent of light-duty vehicles being ordered as ZEVs, up from 18 percent in the fiscal year prior and up from less than 1 percent in FY 2020.

GSA also offers Governmentwide infrastructure contracting solutions that include Blanket Purchase Agreements offering thousands of products across 30 brands and 54 Electric Vehicle Supply Equipment (EVSE)-related design-build and construction Indefinite Delivery Indefinite Quantity contracts to support Federal agencies in EVSE preparedness to support an all-electric Federal fleet of the future. As of October 2024, Federal agencies owned 1,664 stations at 683 locations with 2,535 ports, according to the U.S. Department of Energy's Alternative Fueling Station Locator.

GSA Fleet is on track to return to full cost recovery in FY 2027. Gradually increasing rates and recovering GSA Fleet Leasing costs over time mitigates the impact of a sharp rate increase in any single year, allowing agencies to plan for these increases over time. Increased operational costs from an aging leased fleet are due to the unprecedented supply shortages in the automotive industry tied to the coronavirus pandemic, as well as market forces impacting automotive repair labor costs and fuel prices. GSA continues to monitor market forces and deploy operational and managerial practices to minimize costs.

Technology Transformation Services (TTS)

GSA is committed to establishing strong internal controls to ensure holistic program management oversight while aligning resources to growth areas supporting GSA's (and our client's) mission needs. To that end, GSA's TTS has instituted several structural, personnel, and programmatic changes to further strengthen oversight, enhance the value of our services to partner agencies, and increase transparency and accountability across our business lines, including:

- Reorganizing TTS' organizational structure to clarify lines of business and areas of responsibility, hiring career Deputy Directors for Delivery and Operations to provide management continuity and improve management controls related to oversight, financial management, and performance;
- Establishing an Enterprise Management Office to consolidate internal controls oversight in one office and bolstering this work through the creation of TTS' Internal Controls Oversight Council (ICOC) composed of high-level TTS officials to assess, manage, and mitigate enterprise risks and, where possible, preemptively develop corrective actions; and
- Establishing an organizational goal to drive TTS' overall financial sustainability, including establishing cost recovery targets for key programs.

Payment Integrity (Unaudited)

Background

The Payment Integrity Information Act of 2019 (PIIA) updated existing statutes that established requirements for Federal agencies to cut down on improper payments. For implementation, all program outlays fall into one of three possible payment type categories: proper payment, improper payment, or unknown payment.

At a high level, payments are considered proper if they were made to the right recipient for the right amount, whereas improper payments generally include payments made in an incorrect amount or to the wrong recipient. In instances when an agency is unable to determine whether a payment falls into the proper or improper category, that payment is considered an unknown payment. Unknown payments are payments that could be either proper or improper, but cannot be determined due to insufficient or lack of documentation. Unknown payments must be considered as part of the improper payment risk assessment process. Improper payments further fall into one of two categories: improper payments resulting in a monetary loss or improper payments that do not result in a monetary loss.

The Office of Management and Budget (OMB) requires agencies to report on improper payments. Detailed information on the U.S. General Services Administration's (GSA) payment integrity in this and previous fiscal years can be found on PaymentAccuracy.gov. The Federal payment accuracy website features annual improper payment data sets, program scorecards, and frequently asked questions relating to improper payments.

OMB also establishes reporting requirements for programs classified as high-risk or high-priority for improper payment reporting. None of GSA's programs are classified as high-risk or high-priority for improper payment reporting. In accordance with OMB Circular A-123, Appendix C, GSA continues to complete risk assessments of programs meeting OMB criteria on an ongoing 3-year cycle.

Payment Recapture Audit Program

The OMB Circular A-123, Appendix C, requires Federal agencies to conduct payment recapture audits for all programs and activities that expend $1 million or more annually if conducting such an audit is cost effective for the agency. GSA has one program where the recapture audit is required: the Rental of Space program. GSA has contracted a payment recapture auditor for this effort.

The purpose of GSA’s payment recapture audit is to identify and recover overpayments for the Rental of Space program. Rent overpayments, rent credits, and real estate tax credits are common sources of overpayments. Root causes for rent-related overpayments include calculation errors, administrative errors, system errors, failure to take the proper rent credits, and failure to terminate the lease in a timely manner. Overpayments for real estate tax credits are caused by the failure of the lessor to comply with the lease contract and submit tax bills or refunds; the complexity in determining the base year tax amount; and the improper determination of which line items of the tax bill GSA is required to pay.

Utilizing the payment recapture audit, GSA reviews the Rental of Space program annually to detect errors, recover overpayments, and identify opportunities for process improvement. This review includes an analysis of leasing contracts, lease amendments, and lease digest actions, as well as the development of a detailed monthly rental schedule from the beginning of a lease to its most recent payment. The results are compared to actual payments, by month, to determine if discrepancies exist. The nature and origin of discrepancies are quantified and identified, and GSA establishes claims to recapture overpayments in accordance with the Debt Collection Improvement

Act of 1996 (DCIA). GSA audits its lease files annually to verify that tax bills have been submitted to the agency. If any bills are missing, GSA retrieves the bill and analyzes whether GSA is owed money through the claim process.

Other GSA Statutorily Required Reports (Unaudited)

Debt Management

The U.S. General Services Administration (GSA) reported $158 million of outstanding debt from non-Federal sources, subject to the Debt Collection Improvement Act of 1996 (DCIA). Of that amount, $32 million, or 20.3 percent, of the outstanding debt was delinquent at the end of fiscal year (FY) 2023. Non-Federal receivables consist of debts owed on third-party claims, travel advances, proceeds from the sale of real property, and other miscellaneous receivables.

To comply with the DCIA, GSA transmits delinquent claims each month to the U.S. Department of the Treasury's Bureau of the Fiscal Service (BFS) for cross-servicing collection. During FY 2024, GSA managed collections of non-Federal claims valued in excess of $619 million of which $34 million in delinquent claims were referred to the United States Department of the Treasury (USDT) for cross-servicing collection activities.

The Office of the Chief Financial Officer (OCFO) continued to implement and initiate actions to improve debt collection efforts and to reduce the amount of debt written off as uncollectible by GSA. GSA actively pursues delinquent non-Federal claims using installment agreements, salary offset, administrative wage garnishment, and any other applicable statutory authority. Resolving delinquent accounts receivables and claims is a high priority for the agency.

Cash and Payments Management

The Prompt Payment Act (PPA), along with the DCIA, requires the timely payment of commercial obligations for supplies and services using electronic funds transfer. In FY 2024, GSA paid interest of $357,119 on disbursements subject to the Prompt Payment Act of $34.6 billion, or $10.31 in interest per million disbursed. The statistics for the current and preceding two fiscal years are:

	2024	2023	2022
Total Number of Invoices Paid	**1,856,124**	1,835,773	1,804,004
Total Dollars Disbursed (in billions)	**$34.65**	$31.10	$28.07
Total Dollars of Interest Penalties	**$357,119**	$237,526	$82,565
Interest Paid per Million Disbursed	**$10.31**	$7.64	$2.94
Percentage of Invoices Paid-On-Time	**99.87%**	99.88%	99.88%
Percentage of Invoices Paid Late	**0.13%**	0.12%	0.12%
Percentage of Invoices Paid Electronically	**99.96%**	99.06%	99.61%

Civil Monetary Penalties Inflation Adjustment (Unaudited)

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (FCPAIA) requires agencies to increase the dollar amount of civil penalties each year so that the penalties maintain their deterrent effect. The penalty and the applicable authority identified for adjustment in accordance with the act are listed below:

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
40 U.S.C. 121 (c); 31 U.S.C 3809	Program Fraud Civil Remedies Act	1986	2024	Maximum of $13,400 for each false, fictitious, or fraudulent statement	U.S. General Services Administration	89 FR 1832 January 11, 2024

Climate-Related Financial Risk (Unaudited)

Climate change poses a unique threat to the U.S. General Services Administration's (GSA) ability to deliver on its mission. Extreme weather—like wildfires, extreme heat, hurricanes, and flooding—puts Federal buildings and property at risk. Supply chain disruptions, delivery delays, and cost increases affect GSA's ability to deliver services, products, and solutions to Federal customers.

To address these and other climate-related challenges, GSA developed the 2024 Climate Change Risk Management Plan[54] The plan lays out the detailed metrics, timeframes, and steps GSA is taking to manage fiscal and physical risks and secure Federal real property and supply-chain investments.

GSA's Public Buildings Service (PBS), which is responsible for managing property under the jurisdiction, custody, or control of GSA, has adopted a two-pronged approach to understanding and mitigating risks to GSA-controlled property. First, PBS's Capital Investment and Leasing Program (CILP) guidance includes a requirement to assess climate risk to support best-value decisions and leverage current climate science and projections for long-term climatic change. GSA has applied this assessment to more than 100 GSA-controlled buildings and projects. For example, GSA developed and relies upon climate profiles in the design and delivery for all 26 of its Bipartisan Infrastructure Law-funded land port of entry projects. Prospectus-level projects supported by Inflation Reduction Act (IRA) funding are also reviewed.

Second, in accordance with one of the priority actions in GSA's Climate Change Risk Management Plan, PBS will leverage recent funding from the Inflation Reduction Act to conduct site-specific technical engineering analyses on a subset of assets through PBS's Inventory Risk Mitigation and Resilience Program. Additionally, GSA will modernize agency asset management and site-acquisition guidance to reflect the plan's actionable climate science and provide training for asset managers and other GSA staff.

GSA's Federal Acquisition Service (FAS) leverages Government-wide buying power and its acquisition expertise to successfully deliver services, products, and solutions to Federal agencies. To manage and reduce supply-chain issues caused by climate change, FAS identified five critical offerings with the greatest exposure and sensitivity to climate risks: telecommunications, motor vehicles and fleet, professional services, information technology (IT) hardware, and IT services. FAS has integrated climate risks and adaptation considerations into the FAS Acquisition Council (FAC) review process for these critical offerings. The FAC assesses external-facing acquisitions valued at $100 million or greater at various phases of the acquisition life cycle. The council provides recommendations to the acquisition teams in a collaborative effort to improve procurement outcomes. In FY 2024, climate risk and adaptation requirements were integrated into many Government-wide acquisition vehicles as a result of the FAC review process. This process provides an umbrella of climate risk management coverage to GSA's customer agencies and seeks to protect their financial investments in these acquisitions. To make it easier for contractors to comply with climate risk and adaptation requirements, FAS developed a climate risk management planning guide that provides Federal suppliers with an overview of the climate risk-management process, discusses the steps to manage climate risk, and includes a template that can be used to develop a climate-risk management plan. The guide and template can be found under the Understanding and Managing Climate Risk section of the Vendor Resources on the Green Procurement Compilation.

---

[54] For continuity, GSA's "Climate Adaptation Plan" as discussed on the sustainability.gov webpage is titled "Climate Change Risk Management Plan"

GSA is taking steps to build a climate-resilient supply chain by inviting critical Federal Supply Schedule contractors to voluntarily measure, track, and disclose their climate-related risks to CDP. CDP is a global reporting system for companies to disclose environmental risks and opportunities. Contractors that choose to participate answer questions about their organization, such as their process for identifying, assessing, and responding to climate-related risks and opportunities; their climate-related risks with the potential to have a substantive financial or strategic impact on business; and whether climate-related risks and opportunities influenced their organization's strategy and financial planning.

The impact of climate-related risks or opportunities on financial performance and financial position presents new challenges to incorporate climate-related risk assessments into the governance structure, business strategy, and financial planning of the agency. Parsing out specific climate-related resilience or adaptation costs is not part of GSA's financial account coding nor has guidance been provided on methods or standards. However, GSA is participating in the Federal Accounting Standards Advisory Board (FASAB)'s Climate-Related Financial Reporting Task Force and the Office of Management and Budget's Assessment of Federal Financial Climate Risk Intergovernmental Working Group to help establish those guidelines Government-wide.

GSA will continue to identify and assess climate-related risk through an internal climate vulnerability assessment that will rely on actionable science from the latest National Climate Assessment and glossary. The internal assessment was internally distributed during the fourth quarter of FY 2023 and informed the development and priority actions of the 2024 Climate Change Risk Management Plan. GSA's Sustainability Status Report, which lays out the agency's priority strategies for sustainability, emissions mitigation, and portfolio performance metrics, can be found on the Council of Environmental Quality's, Office of the Federal Chief Sustainability Officer's webpage.

Acronyms and Abbreviations (Unaudited)

Acronym	Definition
4P	Price Point Plus Portal
AAS	Assisted Acquisition Services
ADA	Antideficiency Act
AFR	Agency Financial Report
AI	Artificial Intelligence
ARP	American Rescue Plan
ASF	Acquisition Services Fund
BAT	Building Assessment Tool
BFS	U.S. Department of the Treasury's Bureau of the Fiscal Service
C-SCRM	Cyber supply chain risk management
CALC	Contract-Awarded Labor Category
CBCA	Civilian Board of Contract Appeals
CDP	This is not an acronym. CDP is the name of a not-for-profit charity that runs the global disclosure system for environmental impacts.
C.F.R.	Code of Federal Regulations
CICA	Competition in Contracting Act of 1984
CILP	Capital Investment and Leasing Program
CISA	Department of Homeland Security Cybersecurity & Infrastructure Security Agency
CMc	Construction Manager as Constructor
COVID-19	Coronavirus Disease of 2019
CSBR	Combined Statements of Budgetary Resources
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
DCIA	Debt Collection Improvement Act of 1996

Acronym	Definition
DM&R	Deferred Maintenance and Repairs
DOL	U.S. Department of Labor
E.O.	Executive Order
EOP	Executive Office of the President
ERSI	Enterprise Risk and Strategic Initiatives
ESCO	Energy-Service Companies
ESPC	Energy Savings Performance Contracts
EVSE	Electric Vehicle Supply Equipment
FAC	FAS Acquisition Council
FAR	Federal Acquisition Regulation
FAS	Federal Acquisition Service
FASAB	Federal Accounting Standards Advisory Board
FBF	Federal Buildings Fund
FBwT	Fund Balance with Treasury
FCI	Facility Condition Index
FCPAIA	Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015
FCSF	Federal Citizen Services Fund
FDA	Food and Drug Administration
FECA	Federal Employees' Compensation Act
FEDPAY	Payment System for Government Vendors
FedRAMP	Federal Risk and Authorization Management Program
FERS	Federal Employees Retirement System
FFATA	Federal Financial Accountability and Transparency Act of 2006
FFMIA	Federal Financial Management Improvement Act of 1996

Acronyms and Abbreviations

Acronym	Definition
FISMA	Federal Information Security Modernization Act* UPDATED
FIT	Furniture and Information Technology program
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMLOB	Financial Management Line of Business
FSS	Federal Supply Schedule
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GS&S	General Supplies and Services
GSA	U.S. General Services Administration
GSA IT	Office of GSA's Chief Information Officer
GSAM	General Services Acquisition Manual
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
HCA	Head of contracting activity
IAL2	Identity Assurance Level 2
ICOC	Internal Controls Oversight Council
IIJA	Infrastructure Investment and Jobs Act
IRA	Inflation Reduction Act
IT	Information Technology
ITC	Information Technology Category
LEED	Leadership in Energy and Environmental Design
LPOE	Land Ports of Entry
MAS	Multiple Award Schedule
NCR	National Capital Region
NDAA	National Defense Authorization Act
NIST	National Institute of Standards and Technology
O&M	Operations and Maintenance
OA	Occupancy Agreement

Acronym	Definition
OAS	Office of Administrative Services
OCE	Office of Customer Experience
OCFO	Office of the Chief Financial Officer
OCIA	Office of Congressional and Intergovernmental Affairs
OCR	Office of Civil Rights
OGC	Office of General Counsel
OGP	Office of Government-wide Policy
OHRM	Office of Human Resources Management
OIG	Office of Inspector General
OMA	Office of Mission Assurance
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSC	Office of Strategic Communication
OSDBU	Office of Small and Disadvantaged Business Utilization
P3	Public Private Partnerships
PBS	Public Buildings Service
PIIA	The Payment Integrity Information Act of 2019
PMR	Procurement Management Review
PMRD	Procurement Management Review Division
PP&E	Plant, Property and Equipment
PPA	Prompt Payment Act
PPAs	Power Purchase Agreements
PRC	People's Republic of China
PSHC	Professional Services and Human Capital
R&A	Repairs and Alterations
REC	Renewable Energy Credits
RPA	Robotic Process Automation
SAM	System for Award Management
SAT	Simplified Acquisition Threshold

Acronym	Definition
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SP	Special Publication
SSA	U.S. Social Security Administration
TAA	Trade Agreements Act of 1979
TDR	Transactional Data Reporting
TMF	Technology Modernization Fund
TSP	Thrift Savings Plan
TTL	Travel, Transportation and Logistics
TTS	Technology Transformation Services
U.S.	United States of America
U.S.C.	United States Code
UESC	Utility Energy Service Contracts
USDT	United States Department of the Treasury
USSGL	U.S. Standard General Ledger
WCF	Working Capital Fund
ZEV	Zero-emission Vehicles
ZTA	Zero Trust Architecture

U.S. General Services Administraton

U.S. General Services Administraton
1800 F Street NW
Washington, DC 20405

gsa.gov/annualreports