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The Honorable Richard K. Armey
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government
Reform and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: The Results Act: Observations on GSA's April 1997 Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the cabinet departments and selected major agencies for consultation with Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This letter is our response to that request concerning the General Services Administration (GSA).

Objectives, Scope, and Methodology

Our overall objective was to review and evaluate the latest available version of GSA's draft strategic plan. Specifically, we (1) assessed the draft plan's compliance with the Act's requirements and its overall quality, (2) determined if GSA's key statutory authorities were reflected, (3) identified whether discussions about crosscutting functions and interagency involvement were included, (4) determined if the draft plan addressed major management problems, and (5) discussed GSA's capacity to provide reliable information about its operations and performance. We obtained a copy of the April 28, 1997, strategic plan draft that GSA provided to the House of Representatives staff team working with the agency. On June 13, 1997, GSA provided us with a new mission statement and updated goals and objectives and said that it was in the process of revising the other parts of the plan. Where appropriate, we examined the updated information GSA provided, but, for the most part, we based our review on

the April plan. As agreed, our assessment of the agency's draft plan was generally based on previous work.

Specifically, to review the GSA plan, we relied on our May 1997 guidance for congressional review of the plans;¹ OMB guidance on developing the plans (Circular A-11, Part 2); our past work reviewing selected Results Act pilot efforts;² our general knowledge of GSA operations; and many reports and testimonies on GSA we have issued over the years. A list of our major products related to GSA operations is on pages 26 through 28. As you requested, we coordinated our work on GSA's key statutory authorities and GSA's capacity to provide reliable information with the Congressional Research Service and the GSA Inspector General's office, respectively. We did our work between June 13 and July 2. GSA officials provided oral comments on a draft of this correspondence, which are reflected in the Agency Comments section on page 20.

Background

As the federal government's principal real estate and business agent, GSA's activities and programs are diverse and have governmentwide implications. Its real estate portfolio, supply procurement and distribution activities, travel and transportation services, telecommunication and computer services, and property management and disposal function involve huge sums of money and extensive interaction with both the federal and private sectors. GSA, in many respects, is comparable to a large, diversified commercial business. If GSA were a private sector company, it would rank high, in terms of sales, on the Fortune 500 list of the largest U. S. companies.

GSA spends billions of dollars to provide many of the facilities, goods, and services that federal agencies need to carry out their missions. Through various revolving or trust fund-type arrangements, GSA buys most of these goods and services from private vendors and resells them to agencies. Additionally, GSA arranges for federal agencies to purchase billions of dollars worth of goods and services directly from private vendors through its governmentwide supply, travel and transportation, automated data processing, and telecommunications contracts. Furthermore, when it was established in 1949, GSA was envisioned, primarily but not exclusively, as a policymaking body with the option of delegating its authorities while

¹Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

²GPRA Performance Reports (GAO/GGD-96-66R, Feb. 14, 1996).

maintaining comprehensive accountability to Congress for economy and efficiency.

GSA has been preparing strategic plans for several years and is currently in the process of revising its plan to reflect the requirements of the Results Act. It is important to recognize that under the Act, the final plan is not due until September 1997. Furthermore, the Results Act anticipated that it may take several planning cycles to perfect the process and that the final plan would be continually refined as various planning cycles occur. Thus, our comments reflect a snapshot status of the plan at a given point in time. We recognize that developing a strategic plan is a dynamic process and that GSA is continuing work to revise the draft with input from OMB, congressional staff, and other stakeholders.

Results in Brief

The April 28 plan that we reviewed includes the six components required by the Act. In particular, the goals in the plan reflect GSA's major statutory responsibilities, and the plan indicates that several quantitative performance objectives and measures will be used. However, our analysis showed that the plan could better meet the purposes of the Act by providing more descriptive information on how goals and objectives will be achieved, how program evaluations were used in setting goals, and what the schedule will be for future evaluations; providing greater clarity and context in the four remaining, required components; and, generally, providing better linkages among the plan's components. In addition, the plan could be more useful if it provided a fuller discussion of key statutory authorities reflected in the plan and a more explicit discussion of crosscutting activities and agency stakeholder involvement, major management challenges, and GSA's capacity to provide reliable information on achievement of its strategic goals.

More specifically, two of the required components of the plan—how the goals and objectives will be achieved and program evaluations—did not contain sufficient information to fully achieve the purposes of the Results Act and related OMB guidance. For example, the Act requires that the section on achievement of goals and objectives describe the processes and resources needed to meet the goals and objectives of the plan, while OMB guidance on the program evaluations section states that the plan should, among other things, (1) describe how program evaluations were used to prepare the plan and (2) outline the scope and methodology and key issues to be addressed in future evaluations. These elements were not included in the two sections.

Although the other four required components generally complied with the intent of the Act and related OMB guidance, they could be made more useful and informative. For example, GSA's mission statement and general goals and objectives could benefit from greater emphasis and clarity on GSA's key statutory responsibilities related to economy and efficiency, as a reflection of the taxpayers' interests. The key external factors section could be clearer and more informative and does not include some key factors, such as changes in market activities affecting real property management, that need to be considered. The section on relating performance goals to general goals/objectives is a good attempt at outlining how GSA plans to link goals, objectives, and measures; however, as GSA recognized in the draft plan, this section would benefit from additional detail, such as making performance goals and objectives more quantitative or specific.

We also think that the plan could be made more useful to GSA, Congress, and other stakeholders by providing a fuller description of statutory authorities and an explicit discussion of crosscutting functions, major management problems, and the adequacy of data and systems. Although the plan reflects the major pieces of legislation that establish GSA's mission and explains how GSA's mission is linked to key statutes, GSA could provide other useful information. For example, it could describe its responsibilities under specific provisions of its key statutes and other laws that broaden the scope of GSA's responsibilities when its plan includes goals and objectives based on such statutes. In addition, the plan is silent on crosscutting issues and makes no mention of whether GSA coordinated with related stakeholders. It does not explicitly discuss the potential for crosscutting issues to arise or how these issues might affect successful accomplishment of goals and objectives.

Furthermore, the plan is silent on the formidable management problems we have identified over the years—issues that are important because they could affect GSA's development of, or ability to meet, its strategic goals. Also, we and others, including GSA's Inspector General, have identified problems with the reliability and availability of data in GSA's program-related and financial management information systems. In its Federal Managers' Financial Integrity Act Report, GSA recognized for the past several years that it has had problems with providing management with timely and accurate data reporting throughout the year. According to GSA, it has developed a new system, one we have not evaluated, that has corrected some of these deficiencies. However, GSA makes no mention of how data limitations would affect its ability to measure performance and

ultimately manage its programs. We believe that consideration of these areas would give GSA a better framework for developing and achieving its goals and help stakeholders better understand GSA's operating constraints and environment.

Draft Plan Does Not Fully Achieve the Purposes of the Act's Requirements, and the Quality of Individual Components Could Be Improved

Six of the seven components of GSA's April draft plan—with the exception of the values section that GSA voluntarily included—correspond with the six components required by the Results Act. Table 1 shows the Results Act's required components and the corresponding sections in GSA's plan—the numbers show the order in which the components appear in the Act and the plan.

Table 1: Strategic Plan Components Required in the Results Act and Corresponding Components in GSA's Draft Strategic Plan

Strategic plan components listed by Results Act	Strategic plan components in GSA April 1997 draft plan
1. Comprehensive Mission Statement Covering the Major Functions and Operations of the Agency	1. Comprehensive Mission Statement
2. General Goals and Objectives for the Major Functions and Operations of the Agency	3. General Goals and Objectives
3. Description of How the Goals and Objectives Are to Be Achieved	5. How the Goals and Objectives Will Be Achieved—Schedule and Resource Implications
4. Description of How the Performance Goals Included in the Performance Plan Shall be Related to the General Goals and Objectives in the Strategic Plan	4. Relating Performance Goals to General Goals and Objectives
5. Identification of Key External Factors to the Agency and Beyond Its Control That Could Affect Achievement of General Goals and Objectives	6. Key External Factors
6. Description of the Program Evaluations Used to Establish/Revise General Goals with Schedule for Future Program Evaluations	7. Program Evaluations
(Values section not required by the Act.)	2. Values

Source: The Government Performance and Results Act of 1993 and GSA's April 1997 Draft Strategic Plan.

Although GSA included the six required components, our analysis showed that the components dealing with how the goals and objectives will be achieved (strategies) and program evaluations do not fully reflect the purpose these sections are supposed to fulfill as outlined in the Act.

- The section on strategies to achieve the general goals and objectives (“How the Goals and Objectives will be Achieved: Schedule and Resource Implications”) focuses for the most part on several mission-critical capital requirements issues and briefly describes the status of GSA’s staffing stability and culture. It does not describe GSA’s strategy for implementing the plan or achieving goals. Under the Results Act, strategic plan sections on strategies are to briefly describe the operational processes, staff skills, and technologies, as well as the human, capital, information, and other resources, needed to meet the goals and objectives of the plan. Additionally, according to OMB Circular A-11, Part 2, strategies should also outline how GSA will communicate strategic goals throughout the organization and hold managers and staff accountable for achieving these goals. Neither of these requirements were addressed in this section of the plan.
- The section on program evaluations does not fully achieve the purposes of the Act or meet OMB’s guidance. This section of the plan is intended to show how program evaluations were used to establish strategic goals and to lay out a schedule for future program evaluations. According to OMB’s guidance, this section should briefly describe program evaluations that were used in preparing the strategic plan and should outline (1) the general scope and methodology for planned evaluations, (2) key issues to be addressed, and (3) a schedule for future evaluations. This section in GSA’s draft plan is quite general and brief. It says that GSA will (1) continue to track results against plans and review performance, (2) do general performance reviews to evaluate nationwide business lines and include required performance reviews, and (3) do quarterly reviews of selected activities. It does not (1) describe how program evaluations done by it or others, such as its Inspector General or GAO, were used to establish strategic goals; (2) provide much specific information on the scopes and methodologies of issues to be addressed in forthcoming evaluations; or (3) identify when various evaluations will be done, except for the “quarterly review of selected activities” mentioned.

One way that GSA could improve the strategies component of the plan would be to describe the key strategies it intends to use to accomplish its major program goals. For example, in GSA’s revised Federal Telecommunications Service Program strategy and business plan analyses,

issued prior to the draft strategic plan, it described its five key strategies for achieving the program's goals. GSA said that it generally planned to achieve the two program goals of ensuring the best service and price for the government and maximizing competition by

- using multiple overlapping, staggered contracts;
- using comprehensive and niche contracts;
- awarding minimum revenue guarantees to vendors that compete and win;
- leveraging the government's large traffic volumes; and
- aggressively pursuing opportunities to maximize competition.

By including this type of information in its proposed strategies for all of its strategic goals, GSA could help stakeholders with their review of GSA's plan.

We also noted that the draft plan does not contain a discussion of GSA's information technology strategy although development of this strategy is under way. In developing this strategy, it may be helpful if GSA addresses the "year 2000 problem" as well as any significant information security weaknesses—two issues that we have identified as high risk across government. In addition, the information technology strategy may benefit from a discussion of how GSA plans to comply with the Clinger-Cohen Act of 1996. This act calls for agencies to implement a framework of modern technology management based on practices followed by leading private sector and public sector organizations that have successfully used technology to dramatically improve performance and meet strategic goals.

The four other components of GSA's plan that correspond to the sections required by the Act appear, overall, to be headed in the right direction. They could, however, be made more useful and informative. These sections are the comprehensive mission statement, general goals and objectives, relating performance goals to general goals and objectives, and key external factors.

Mission Statement

GSA's April 28, 1997, draft plan contains both simple and formal mission statements. The simple mission statement in this version of the plan is "GSA is About Great Work Environments." The formal mission statement is "To improve the cost-effectiveness of the federal government while ensuring quality work environments for its employees." According to the plan, GSA developed the simple mission statement so that it could be easily communicated to all levels of its organization. On June 13, 1997, GSA provided us with the following updated mission statement: "We provide

expertly managed space, supplies, services and solutions, at the best value, to enable Federal employees to accomplish their missions.”

GSA’s updated mission statement is an improvement over the prior version because it is more specific in describing GSA’s statutory mission. It is results oriented and clearly states the public need GSA fulfills—enabling federal employees to accomplish their missions. We noted, however, that the narrative supporting the comprehensive mission statement section in the April 1997 plan explained GSA’s commitment to being “good stewards of the taxpayer’s dollar” and “safeguarding the taxpayers’ resources.” But the accompanying mission statement, as well as the updated mission statement provided in June, makes no direct mention of GSA’s statutory responsibility to ensure economy and efficiency as a reflection of the taxpayers’ interests. If the reference to “best value” in the updated mission statement is intended to address the issue of economy and efficiency, GSA may wish to incorporate this concept more directly in the mission statement or other components of its plan where it believes doing so would be appropriate.

Goals and Objectives

GSA’s April 1997 draft plan contained the following five goals:

- reduce costs: reduce overall costs to the government for the goods and services GSA makes available;
- invest wisely: invest taxpayers’ money wisely, obtaining the best yield on the expenditure of federal funds through cost-effective solutions;
- manage assets: improve management of the federal government’s assets;
- spread best practices: help all federal agencies reflect the best practices for policies and operations; and
- plan for the future: provide leadership for the future of federal work.

On June 13, 1997, GSA provided us with the following four revised goals:

- competition: become the space/supplies/telecommunications provider of choice for all federal agencies by delivering quality products and services at the best value;
- thrilling customers: thrill our federal customers by anticipating their needs and working with them to develop creative solutions to their mission-related problems;
- asset management: conserve government assets in GSA’s care and provide supportive policy solutions for governmentwide asset management; and

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- innovation: design and develop future federal work environments with state-of-the-art technology, innovation, and “best practice” in use of space, furniture, equipment, telephones, contracts, and other tools.

GSA’s general goals and objectives, from both the April plan and the update provided in June, reflect a positive attempt to define results that GSA expects from its major functions. In comparing the two sets of goals/objectives, it seems to us that GSA consolidated the five April goals into three more general goals—competition, asset management, and innovation—and added a new goal related to customer satisfaction. The first and third goals—competition and asset management—address GSA’s major mission-related functions—space, supplies, telecommunications, and overall asset management—while the others seem to represent concepts that go hand-in-hand with good, strategic management.

These four goals appear to be results oriented and do address, in some form or another, GSA’s primary activities. Even so, we offer the following observations for consideration as the plan evolves. GSA seems to have de-emphasized economy and efficiency in the goals/objectives. Although GSA’s responsibilities to economy and efficiency could be implicit in the phrase “at the best value” in the first goal, the importance of this GSA core value does not seem explicit enough in the goals/objectives. By being more explicit about economy and efficiency GSA would, in our view, greatly improve the goals/objectives as a whole.

In addition, GSA’s first goal, to become the “provider of choice” for all federal agencies, could be confusing because it may imply that agencies always have a choice when obtaining space, supplies, and telecommunications. Although GSA is moving toward greater competition in some areas such as supplies and leasing, it is still the required provider for most federal agencies in other areas, such as construction and major alteration of general purpose office space. Therefore, greater clarity on the result GSA is aiming to achieve vis-a-vis the services it provides to federal agencies would be beneficial. In addition, GSA’s updated goals/objectives seem to be expressed in terms that may be difficult to translate into quantitative or measurable analysis. We believe that it will be challenging for GSA to develop corresponding performance measures that will enable stakeholders to determine whether its goals are actually being achieved.

As another point, OMB Circular A-11 specifies that strategic plans are to set forth long-term management goals as well as programmatic goals. To better meet the purposes of the Act and the Circular A-11 guidance, GSA

could reflect in its goals the need to resolve long-standing management problems. As an example, in developing strategic goals, GSA could be sensitive to the need for better program-related and financial data needed to oversee programs and measure performance. The problems GSA has experienced in the data reliability area are discussed later in this letter.

Relating Annual Performance Goals/Measures to General Goals and Objectives

The April plan's section on relating annual performance goals and measures to general goals and objectives represents a good attempt at linking goals/objectives with performance measures. This linkage is important because it will allow Congress to judge whether GSA is achieving its goals. GSA's use of a matrix was helpful in illustrating the linkages among goals, objectives, and measures. In fairness to GSA, the text of the plan we reviewed stated that this section was intended to stimulate discussion within GSA and that additional details, such as baseline and future year projections, would be added in the plan development process. In addition, this section was based on the five goals contained in its April 28, 1997, version of its draft plan and was incomplete in parts. Overall, the performance goals, objectives, and measures developed thus far were linked to GSA's general goals. However, to better allow GSA and its stakeholders to measure actual performance against targets, it is important that GSA effectively (1) follow through on its commitment to add additional detail and (2) reflect all of its major programs in its performance goals and measures.

GSA's draft plan includes some specific performance goals, performance objectives, and measures. In reviewing them, we noted that in many instances, the performance goals are fairly general; and, in some instances, what the draft plan shows as a measure is really a performance objective. For example:

- Under the general goal of reducing overall costs to the government for the goods and services GSA makes available, one of GSA's draft performance goals is to reduce overall costs to the federal government for the goods and services made available through the Federal Supply Service. The corresponding performance objective is to reduce costs in the interagency fleet management program, and the performance measure is cost per mile. Although the proposed measure is specific and quantitative, the performance objective and goal are fairly general and are not quantitative or time bound. Therefore, GSA, Congress, or other stakeholders would not be able to easily gauge progress since there is no specific target. One way GSA could improve this situation would be to set a specific, quantitative

cost reduction goal covering a multiple-year period that would then support specific, quantifiable, annual performance objectives, or targets. To illustrate, the performance goal could be to reduce costs per mile of managing the interagency fleet by a specific amount between fiscal years 1998 and 2001, and the performance objectives could be to achieve a specifically identifiable reduction in the cost per mile annually.

- Under the same general goal as the first example, another of GSA's performance goals is to effectively manage Public Building Service operations to maintain costs at or below those prevailing in comparable private sector activities. Although use of a private sector comparison in the goal is noteworthy, stakeholders would have difficulty tracking progress against the goal, because it is not quantitative or time bound. Further, one of the performance objectives for the goal is to reduce costs for building operations; and one of the measures reads, "In FY 98 cost per sq. ft. for cleaning will be ____ vs ____ in FY 97." As with the goal, the performance objective also is not quantitative, and it appears that the measure as stated is more suited to be the performance objective. One way to improve this situation would be for GSA to set a specific, quantitative cost per square foot reduction goal over a multiple-year period, use what is now shown as the measure as the objective, and show the measure as cost per square foot. GSA would also need to provide context in terms of the prevailing comparable cost per square foot in the private sector.

Key External Factors

OMB Circular A-11 points out that agencies' achievement of their goals and objectives can be influenced by certain external factors that exist, occur, or change over the time period covered by their plans. The circular notes that these factors can be economic, demographic, social, or environmental and states that the strategic plan should describe each external factor, indicate its link with a particular goal(s), and describe how the achievement of the goal could be affected by the factor.

In GSA's April plan, the key external factors section identified the following factors: service to state and local governments, technology changes and missed opportunities, where federal workers will work, and the size of the federal workforce. However, regarding the factor about service to state and local governments, the text is unclear as to how enabling state and local governments to use GSA contracts would affect the goals. Although GSA recognizes that there are some concerns about providing services to state and local governments within the executive and legislative branches, the plan would benefit from a more detailed explanation of the issues and

the steps GSA plans to take to mitigate these concerns. For the factor on technology changes, the narrative states that GSA may lose customers if it is restrained from taking advantage of newer technologies—an understandable external factor. However, the narrative is not explicit about the underlying external factor or factors that could cause this to happen. In addition, the plan does not address such factors as the Telecommunications Act of 1996—a comprehensive rewrite of U.S. communications law—which should provide both opportunities and challenges for GSA in its procurement of telecommunications services.

The discussion on the key external factor on where federal workers will work could benefit from an explanation of why greater reliance on working at home will require more money than traditional approaches. It seems logical that this shift would in fact be more cost effective in the long run because of less reliance on expensive office space. Finally, it is unclear from the narrative why the changing size of the federal workforce is an external factor that would affect GSA's ability to achieve its goals. More discussion about GSA's perspective on this factor would be helpful.

In addition to the factors GSA identified, we noted that this section had limited or no information on some other important external factors we have identified over the years. These factors pertain mostly to GSA's real property activities and include: shortfalls in the Federal Buildings Fund (which were alluded to in GSA's plan but were not explicitly identified as a major external factor); the current budget process (i.e. the lack of a capital budget); and the nature of the prospectus authorization process. These factors, which tend to impede GSA's ability to be more businesslike in the real property area, are fully explained in our October 1991 testimony on real property issues facing Congress. (See Related GAO Products on p. 20.)

Other Observations

Overall, the relationships between some of the various components could be clearer and more direct. For example, the strategies, key external factors, and program evaluations sections are not directly linked to the general goals and objectives. Improving these linkages could make the plan easier to follow and allow the reader to better understand how the relationships among the various components affect GSA's ability to meet its goals.

As previously noted in table 1, the components in GSA's plan do not appear in the same order as they are outlined in the Results Act. For example, the strategies section (how the goals and objectives will be achieved) in GSA's

plan appears after the section on relating performance goals to general goals and objectives. It seems to us more logical that the strategies section would appear before the section on relating performance goals to general goals and objectives.

Key Statutory Authorities Generally Reflected in GSA's Strategic Plan

GSA's draft plan discusses the three major pieces of legislation that serve as the basis for the mission statements it sets forth, and the goals and objectives identified thus far reflect GSA's underlying statutory responsibility. The three laws cited by GSA are as follows:

- The Federal Property and Administrative Services Act of 1949 makes GSA responsible for providing an economical and efficient system for the purchase of personal property and nonpersonal services for federal agencies, utilizing and managing available government property, and disposing of surplus government property. GSA is also responsible for the assignment and reassignment of space for federal agencies in government-owned and leased buildings and for the operation, maintenance, and management of federal buildings;
- The Public Buildings Act of 1959 authorizes GSA to construct and alter public buildings for federal agencies if it is deemed to be most advantageous to the United States; and,
- The Information Technology Management Reform Act of 1996 continues GSA's authority to manage and coordinate long-distance telecommunications services for federal agencies.

Although GSA is authorized to provide telecommunications services to federal agencies under the Federal Property and Administrative Services Act of 1949, the draft strategic plan states that GSA has direct authority for telecommunications under the Information Technology Management Reform Act of 1996 (renamed the Clinger-Cohen Act of 1996 in the Omnibus Consolidated Appropriations Act of 1997).

The April 1997 version of the draft plan indicates the linkages of the mission, as spelled out in that version, to the key statutory authorities and OMB's designation in the information technology area. The general and performance goals, objectives, and measures shown in the April draft plan also relate to the mission as described in that version and to the key statutes and OMB's designation. Similarly, the goals, as revised in June 1997, also relate to the key statutes and OMB's designation.

However, as previously mentioned, GSA's statutory responsibilities to promote economy and efficiency are not explicitly reflected in either GSA's April or June mission statements, even though discussions in the draft plan emphasize GSA's responsibility to be a good steward of the taxpayer's dollar. Also, amendments to the original statutes governing GSA and other statutes broaden the scope of GSA's responsibilities. These include laws related to homeless assistance, environmental concerns, and child care centers, to name a few. Although the Results Act does not require it, a listing that briefly summarizes GSA's responsibilities under laws that are reflected in various components of the plan might help stakeholders better understand the diversity and complexity of GSA's overall mission and the linkages between stated goals and objectives and the underlying statutory authorities on which they rest.

For example, under the general goal of helping all federal agencies reflect the best practices for policies and operations, the draft plan lists a performance goal and three performance objectives to improve child care centers overseen by GSA. One of the objectives is to ensure that child care centers remain economically accessible to the average federal employee—the measure for this objective is the percentage of slots filled by children of federal workers. It would be helpful to stakeholders to know that GSA does have specific statutory responsibilities related to allotting space for child care centers and for GSA to briefly describe what they are so stakeholders can have a basis on which to evaluate GSA's proposed goals and objectives. In fact, Public Law 100-202 [40 U.S.C. 490b] specifies that federal employees shall be given priority for available child care services and it states that at least 50 percent of the children for whom child care services are provided are to be children of federal employees.

Crosscutting Activities and Agency Stakeholder Involvement Not Fully Discussed

GSA is a central management agency that has responsibility for the performance of a wide range of policymaking and service functions. Given this, it is involved in a number of crosscutting issues for which successful performance depends on actions by GSA and other agencies. For example, in the public buildings area, GSA seeks to provide leadership to federal agencies in the use and management of real property. It is responsible for the development, coordination, administration, and issuance of governmentwide real property principles, guidelines, standards, criteria, policies, and asset management principles concerning real property programs. The federal government's real property portfolio includes almost 450,000 buildings and 650 million acres of land that together are worth hundreds of billions of dollars. In the federal procurement area, GSA

researches, develops, and publishes policy guidance to support the federal acquisition system, through which federal agencies obligate over \$200 billion annually. Despite the potential for crosscutting issues that affect GSA's mission, the plan is silent on whether GSA coordinated with its governmentwide stakeholders and does not discuss the potential for crosscutting issues to arise as a major part of doing business and as an ingredient to GSA meeting its goals and objectives.

An example in this area relates to one of GSA's proposed goals that it identified in its June 1997 mission and goals/objectives statement. The goal relates to conserving the government's assets in GSA's care and providing supportive policy solutions for governmentwide asset management. Reducing space occupied by federal agencies that are downsizing could fall under this goal. A review we are conducting on GSA's and agencies' efforts to save costs by reducing space that is no longer needed due to downsizing has shown that at least in one area, GSA and the agencies must depend on one another to achieve this goal. To illustrate, one obstacle some agencies face in reducing space is the lack of funds to consolidate space. To assist the agencies, GSA is experimenting with a program called "Ponding," which is an effort to consolidate small amounts of unneeded or underutilized space, and demonstrating to Congress that by funding the cost of space consolidations, long-term savings can be achieved.

Strategic Plan Does Not Address Major Management Challenges

Over the years, we have reported on the major management problems that GSA faces in carrying out its mission. In response to our work and the work of others, including the GSA Inspector General and the National Performance Review, GSA has undertaken efforts to reorganize, reform, and reengineer its overall mission-related management approaches. For example, in 1995, GSA attempted to identify the most cost-effective methods of carrying out each of its 16 major mission support functions or business lines under its Federal Operations Review Model (FORM). In addition, GSA's June 1997 revisions to its goals recognized the importance of competition in providing goods and services—a concept initially discussed in our 1992 Transition Report.³ Nonetheless, GSA's draft strategic plan is silent on the status of its reform efforts. In addition, the draft makes no mention of how GSA has worked to address the formidable management problems that have been identified over the years or the status of its efforts to address them.

³GAO/OCG-93-28TR, Dec. 1992.

This type of information could help GSA and its stakeholders in at least two ways. First, it could help in the processes of developing and reviewing the selection of goals, strategies, and objectives. Second, major management problems could impede GSA's efforts to achieve its goals and objectives, and stakeholders could benefit from knowing what GSA has done, is doing, or plans to do to address such problems. GSA clearly recognized the importance of considering problems identified by GAO and others in its previously issued strategy and business plan analyses for the Federal Telecommunications Service Program. This plan recognized that the lessons learned and verified over the years through reviews by GAO and others were integral to its development of a new program strategy.

We have not recently examined GSA's efforts to address the problems we have identified over the last several years and have made only limited examinations of reform efforts, such as FORM. Accordingly, we are not in a position to comment on GSA's success in these areas. The GSA Inspector General's office has been involved with the FORM process and believes it has been instrumental in improving the delivery of GSA's services and reducing their costs. However, the Inspector General reported that FORM evaluations should not be relied upon because better cost data are needed for comparing competing service delivery options. The Inspector General also reported that the benchmarking criteria used in each FORM analysis were either limited in number or were not necessarily comparable to other private or public entities engaged in similar activities.

We believe our past work, as well as that of GSA's Inspector General, identified problem areas significant enough to warrant some discussion in the plan. At a minimum, in problem areas where GSA has taken successful corrective actions, some discussion of how GSA addressed the problems and intends to prevent them from resurfacing would be more informative and useful. If the problems resurface, they could have a negative impact on GSA's ability to achieve its goals and measure performance. For other problems where GSA may have had less success, the plan could identify these and discuss how GSA plans to resolve them, because its ability to successfully implement the Results Act may be hampered if these management problems persist. The challenges GSA faces to correcting major management problems that we have reported over the years generally fall into four categories: (1) resolving conflicting roles, (2) making GSA more businesslike, (3) strengthening GSA's internal management systems, and (4) improving GSA's governmentwide procurement practices.

- Resolving Conflicting Roles. When GSA was established in 1949, it was envisioned, primarily but not exclusively, as a policymaking body with the option of delegating its authorities while maintaining comprehensive accountability to Congress for efficiency and economy. Since its creation, however, GSA has been torn between an internal dynamic that favors a centralized approach for directly providing services and a largely external expectation that its primary role should be to issue governmentwide policy guidance and oversee decentralized operations within the departments and agencies themselves. We have reported over the years that building delegations, staffing reductions, increasing customer demands, and changing work technologies and concepts collectively dictate that GSA recognize that its traditional predilection for direct operations must become secondary to strategic leadership. We have said that GSA should not directly operate all the support services that federal agencies need to accomplish their missions. Instead, it should set governmentwide policy, provide effective and comprehensive oversight, and operate activities only where it makes sense to do so and is cost effective to have a central agency involved. (See, for example, [GAO/T-GGD-92-4](#), [GAO/OCG-93-28TR](#), and [GAO/T-GGD-95-96](#).)⁴
- Making GSA More Businesslike. As previously mentioned, GSA is in many respects a large, diversified business enterprise. Its real estate portfolio, supply procurement and distribution activities, travel and transportation services, telecommunications and computer services, and property management and disposal functions involve a cash flow of over \$13 billion annually. We reported in 1992 that if GSA were a private company, it would rank among the top 50 on the Fortune 500 list. Despite its businesslike mission, however, our work over the last several years showed that GSA had difficulty operating in a businesslike manner in such areas as depot operations and management of its real estate portfolio. For example, in 1992, we reported that GSA spent millions of dollars to modernize two of its four large depots at a time when the private sector was reducing the need for depots and moving toward direct deliveries of supplies. (See, for example, [GAO/GGD-93-32](#), [GAO/T-GGD-95-96](#), [GAO/T-GGD-95-149](#), and [GAO/T-GGD-92-4](#).)
- Strengthening GSA's Internal Management Systems. It is especially critical that GSA's operations be supported by reliable information systems and adequately protected from fraud, waste, and mismanagement. However, our work found that GSA's general management and internal control systems and practices needed substantial improvement. Our September 1992 report on internal controls found that GSA's operations were not adequately protected from fraud, waste, and mismanagement.

⁴All reports referred to by number are identified in full in the Related GAO Products section at the end of this letter.

GSA agreed with the bulk of this work and committed to implement various recommendations we made to correct problems. (See, for example, [GAO/GGD-90-14](#) and [GAO/GGD-92-98](#).)

- Improving GSA's Governmentwide Procurement Practices. GSA is responsible for operating or overseeing several governmentwide procurement programs. However, our past work showed that the government's procurement practices need improvement. In September 1992, we identified procurement of common use supplies and supply depot operations as two of eight areas that were highly vulnerable to fraud, waste, and mismanagement. Further, in January 1993, we found that GSA continued to award competitive supply contracts to vendors who repeatedly had supplied defective or poor-quality products or who were late with deliveries. (See, for example, [GAO/GGD-92-98](#), [GAO/GGD-93-34](#), and [GAO/GGD-94-137](#).)

GSA's Capacity to Provide Reliable Information on Achievement of Strategic Goals Is Unclear

To efficiently and effectively operate, manage, and oversee its diverse array of public buildings, supply and transportation, information technology, and telecommunications, and excess real and personal property responsibilities, GSA needs reliable data. These data are needed so that GSA can measure its progress and monitor, record, account for, summarize, and interpret millions of transactions, as well as prevent, detect, and combat instances of fraud, waste, abuse, or mismanagement.

As discussed previously, GSA relies on a number of automated management information systems to carry out central management and governmentwide service provider roles. However, our past work showed that GSA lacks the timely, accurate, and reliable program data that it needs to effectively manage and oversee its various activities and programs. Several GAO and GSA Inspector General reports documented a variety of operational and oversight problems at GSA that were caused by poor management information.⁵ In the public buildings area, many of GSA's program-related information systems have been obsolete, inaccurate, and/or unreliable. Consequently, we found that the systems did not permit or facilitate planning or decisionmaking. In its fiscal year 1996 accountability report, GSA's auditors noted that financial management practices in the Public Buildings Service continued to require improvement.

OMB guidance implementing the audit requirements of the Chief Financial Officers Act of 1990 requires agency auditors to determine whether the

⁵See, for example, [GAO/T-GGD-96-19](#), [GAO/GGD-94-145](#), [GAO/GGD-93-34](#), and [GAO/GGD-92-98](#).

agency's internal control structure provides reasonable assurance that the data supporting the reported performance measures exist and are complete, so as to permit preparation of reliable and complete performance information. Between 1994 and 1997, the GSA Inspector General's office made limited audits of the internal controls over the production of reliable data to support various GSA performance measures and found mixed results. Specifically, of the eight audits, controls over producing reliable data to support the performance measures were considered to be low risk for four performance measures, moderate risk for three, and high risk for one.

Regarding financial management information systems, GSA reported for several years in its Federal Managers' Financial Integrity Act Report that deficiencies identified in the financial reporting area precluded managers from having the appropriately detailed, accurate, and complete reports on which to gauge financial performance and take appropriate actions. Also, as GSA's auditors noted in its fiscal year 1996 accountability report, a number of reportable conditions are related to its financial statements, including (1) the Public Buildings Service's financial management practices need improvement, (2) procedures to identify completed construction projects are insufficient, (3) procedures for establishing reserves for past due accounts require improvement, and (4) procedures for establishing and evaluating the accuracy and completeness of year-end accruals were not operating effectively. According to GSA, it has developed a new system, one we have not evaluated, that has corrected some of these deficiencies. On a positive note, GSA has been able to make its year-end financial reports generally complete and has successfully received unqualified audit opinions on its financial statements for a number of years.

If GSA is to use data from its existing management information systems to measure and manage program results, it needs to ensure that such data are complete, reliable, and timely. At a minimum, GSA could discuss this issue in its strategic plan especially with regard to (1) what it has done, is doing, or plans to do, to address previously cited data problems; and (2) the ease or difficulty it foresees with obtaining data to measure results, such as private sector data that to its credit, it plans to use as a benchmark for some goals and objectives. For example, one of its draft performance goals is to manage public building operations at or below the prevailing cost for comparable private sector activities.

It would also be helpful to GSA's stakeholders to explain in the plan how GSA intends to obtain data on the second general goal in its June 1997 plan revision—thrilling its customers. It would seem as though at least one performance goal, objective, and measure would relate to customer satisfaction with GSA's services, but getting good information from customers is sometimes problematic. For example, some organizations experience low response rates when they attempt to survey their customers. Thus, it could be helpful if GSA were to discuss its proposed approach and the ease or difficulty it anticipates with measuring how well it is thrilling its customers.

Agency Comments

On June 30, 1997, we provided a draft of this letter to GSA for oral comment. On July 2, 1997, we met with, and obtained comments from, the two coordinators of strategic planning from the Office of Financial Management and Office of Public Affairs, who are responsible for preparing the strategic plan. These officials agreed with our observations and said they found our comments informative and useful. They reiterated that the development of the plan is an evolutionary and iterative process. They added that it is especially important to recognize the need to reach agreement or consensus on the mission statement and the general goals and objectives before developing and then linking the other sections of the plan.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from its issue date. At that time, we will send copies of this letter to the Minority Leader of the House of Representatives; Ranking Minority Members of your Committees; the Chairmen and Ranking Minority Members of other Committees that have jurisdiction over GSA activities; the Administrator of GSA; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Major contributors to this letter are listed in the enclosure. Please contact me at (202) 512-4232 if you or your staffs have any questions concerning this letter.

A handwritten signature in black ink, appearing to read "Bernard L. Ungar". The signature is fluid and cursive, with the first name "Bernard" being more legible than the last name "Ungar".

Bernard L. Ungar
Director, Government Business
Operations Issues

Enclosure

Major Contributors to This Report

General Government
Division, Washington,
D.C.

Gerald Stankosky, Assistant Director, Government Business Operations
Issues
John F. Mortin, Senior Evaluator
David E. Sausville, Senior Evaluator
William J. Dowdal, Senior Evaluator

Accounting and
Information
Management Division
Washington, D.C.

Linda D. Koontz, Associate Director
Joan B. Hawkins, Assistant Director

Office of the General
Counsel, Washington,
D.C.

Alan L. Belkin, Acting Associate General Counsel
Susan Michal-Smith, Senior Attorney

Related GAO Products

Courthouse Construction: Better Courtroom Use Data Could Enhance Facility Planning and Decisionmaking ([GAO/GGD-97-39](#), May 19, 1997).

Courthouse Construction: Improved 5-Year Plan Could Promote More Informed Decisionmaking ([GAO/GGD-97-27](#), Dec. 31, 1996).

Federal Courthouse Construction: More Disciplined Approach Would Reduce Costs and Provide For Better Decisionmaking ([GAO/T-GGD-96-19](#), Nov. 8, 1995).

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Public Buildings: GSA's Reinvention Initiatives ([GAO/T-GGD-95-100](#), March 2, 1995).

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