

**GAO**

Report to the Chairman, Subcommittee  
on General Services, Federalism and the  
District of Columbia, Committee on  
Governmental Affairs, U.S. Senate

May 1990

# GENERAL SERVICES ADMINISTRATION

## Delegated Buildings Adequately Operated But Better GSA Oversight Needed



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United States  
General Accounting Office  
Washington, D.C. 20548

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General Government Division

B-227394

May 15, 1990

The Honorable Jim Sasser  
Chairman, Subcommittee on General Services,  
Federalism and the District of Columbia  
Committee on Governmental Affairs  
United States Senate

Dear Mr. Chairman:

As requested by the Subcommittee, we are providing you with the results of our follow-up review of the General Services Administration's (GSA) Building Delegation Program. This program significantly changed GSA's role by delegating to certain tenant agencies day-to-day building operation responsibilities, such as cleaning and recurring repairs. In an earlier report on GSA's pilot delegations and the Reagan Administration's 1984 decision to expand the program nationwide,<sup>1</sup> we supported building delegations but noted that GSA needed to collect all cost and performance data to effectively oversee delegations and assess agency performance. This report updates that prior work, provides information on how well the agencies operate delegated buildings, and identifies various actions GSA needs to take to improve its oversight of the program.

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## Results in Brief

Available evidence indicates that the building delegation program works. GSA evaluations indicate that agencies are doing an adequate job in the day-to-day operations of delegated buildings. Also, all agency officials we contacted in nine delegated buildings believe that building services have improved under the program.

However, GSA's oversight of delegated buildings continues to be hindered because GSA does not require agencies to submit all operating cost and performance data. Without these data, GSA cannot determine whether agency officials manage building operations cost-effectively because GSA (1) cannot identify how much the agencies spend to operate the buildings or (2) determine whether the agencies obtain economical and efficient building services. The cost data that GSA does require from these agencies are frequently inaccurate or sometimes never received.

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<sup>1</sup> Building Operations: GSA's Delegations of Authority to Tenant Agencies (GAO/GGD-88-103, Aug. 3, 1988).

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Further, not all GSA regions analyze the cost data to identify potentially inefficient operations. Better data on operating costs and services coupled with an analytical process to evaluate agency performance would strengthen GSA's ability to oversee delegated building operations.

GSA can also provide better program assistance by (1) routinely communicating common delegated building management problems and emerging building operational trends to GSA regional and delegated building officials, and (2) sharing GSA's building manager training curriculum with delegated building managers. These actions could

- improve delegated building operations by allowing GSA regional and delegated building officials to benefit from each other's experiences, and
- provide delegated building officials guidance on the courses and experiences that GSA believes building managers need to be effective.

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## Background

GSA is responsible for operating about 239 million square feet of space in over 7,000 buildings nationwide. These buildings are either owned by the government or leased from private owners. Traditionally, on behalf of its tenants, GSA directly performed or contracted out to commercial firms part or all of the building operations function.

In response to a common perception among federal agencies that GSA was not providing timely or responsive building services, GSA, between 1982 and 1984, experimented with a pilot program to test the costs and benefits of delegating building operations to a few selected agencies in the Washington, D.C., metropolitan area.<sup>2</sup> In late 1984, the Reagan Administration decided to reduce GSA's operational role by expanding the building delegation program nationwide. The Office of Management and Budget directed GSA to delegate building operations authority to agencies in single tenant buildings where feasible and economical.

As a result, GSA's role has changed significantly, from operating all government buildings in GSA's inventory to operating some—usually multi-tenant—buildings and overseeing and assisting agencies that operate others. As emphasized in our recently issued report on GSA's overall

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<sup>2</sup>GSA defines building operations as cleaning and landscaping; preventive maintenance; recurring repairs; minor alterations; utilities; certain security services; and selected aspects of other building functions, such as awarding and administering building services contracts.

management practices,<sup>3</sup> effective GSA leadership and oversight of the building delegation program are essential to ensure its success. At a minimum, effective program leadership and oversight requires that GSA (1) determine whether the agencies adequately carry out delegated building operations—such as cleaning or repairs, (2) gather and analyze the data to determine whether the agencies' building operations are cost-effective, (3) promote effective communication of operational issues between the agencies and GSA, and (4) share GSA's building management expertise with the agencies.

As of February 1989, GSA had 2,160 delegated buildings that contained over 78 million occupiable square feet of space. One hundred ninety-six of the buildings were agency-operated and contained about 45 million occupiable square feet of space; 1,964 were lessor-operated buildings containing about 33 million occupiable square feet of space.

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## Objectives, Scope, and Methodology

Our objectives were to determine whether (1) agencies were adequately operating delegated buildings, (2) GSA was effectively overseeing building delegations, and (3) GSA was providing assistance to the agencies. This review updates our August 1988 report on pilot delegations and specifically focuses on the 196 agency-operated delegated buildings that contain the majority of delegated building square footage. We did not review the 1,964 lessor-operated delegated buildings because the tenant agencies do not directly operate the buildings on a day-to-day basis.

To accomplish our objectives, we did work at GSA's central office, three GSA regional offices, and nine delegated buildings. At GSA's central office we reviewed and analyzed information on delegation policies and procedures, discussed program operations with responsible program officials, analyzed all 40 completed evaluation reports covering 76 of the 196 agency-operated buildings,<sup>4</sup> and reviewed available studies dealing with building delegations.

At the three regions—the National Capital Region (NCR) in Washington, D.C.; Region III in Philadelphia, Pennsylvania; and Region IX in San Francisco, California—we reviewed delegated building management

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<sup>3</sup>General Services Administration: Sustained Attention Required to Improve Performance (GAO/ GGD-90-14, Nov. 6, 1989).

<sup>4</sup>Evaluation reports for the remaining 120 buildings were not available because either the reports were not finalized or the evaluations were not completed.

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files; interviewed officials responsible for overseeing delegated buildings; reviewed available fiscal year 1988 delegated buildings cost reports, which were the most current available; analyzed delegated building occupant surveys; interviewed building evaluators; and observed three delegated building evaluations. These regions are responsible for 161 delegated buildings, or about 86 percent of the 45 million occupiable square feet of space that is agency-operated.

At the nine delegated buildings, we reviewed pertinent building management files, analyzed available fiscal year 1988 operating cost reports, and interviewed agency officials responsible for operating the buildings. We selected these buildings to cover a variety of conditions, such as geographic location, size, fiscal year 1989 operating budget, and whether building management was performed in-house or by a commercial facility management contractor. (See app. I for specific details on each selected building.)

Since we confined our work to available completed evaluation reports, occupant surveys, and visits to nine delegated buildings, our detailed findings cannot be projected to the operations of all delegated buildings. We did our audit work between March and November 1989 in accordance with generally accepted government auditing standards. Written comments on a draft of this report were obtained from GSA and have been incorporated into this final report where appropriate.

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## Delegated Buildings' Day-To-Day Operations Adequate

Available evidence indicates that delegated buildings have been adequately operated. Specifically, GSA has evaluated 76 of the 196 agency-operated buildings and concluded that 71 were operated in a satisfactory manner or better. Agency officials responsible for building operations in the nine delegated buildings we visited said that building operations had improved since delegations, and they wanted the program to continue.

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## GSA Evaluations Indicate Delegated Buildings Operated Satisfactorily

To help oversee delegated buildings, GSA established an evaluation program to determine whether the agencies (1) preserve and protect the delegated buildings; (2) provide timely and responsive building services; and (3) adhere to applicable laws, policies, and regulations. GSA regional offices are required to evaluate each building on or near the first anniversary of the building's delegation. Regional offices are also required to do subsequent evaluations biennially or more frequently if the initial evaluation identifies unsatisfactory agency operations.

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GSA developed guidelines to help ensure that the evaluations are objective, uniform, and consistent. The guidelines cover 11 areas—operations and maintenance, energy management, cleaning, security, fire protection and safety, repair and alterations, resource management, contracting, space assignment and utilization, concessions, and lease management. GSA uses the program area evaluation results as a basis for assessing the overall operations of each delegated building.

As of November 1989, GSA had completed and issued 40 final evaluation reports covering 76 of the 196 agency-operated buildings. The completed evaluation reports showed that, overall, 71 of the buildings were operated in a satisfactory manner or better, and 5 buildings were operated in a less than satisfactory manner. When evaluations identify unsatisfactory operations, GSA recommends corrective actions and expects the agencies to implement the recommendations. GSA plans to reevaluate four of the buildings which had unsatisfactory operations to determine whether the agencies have taken corrective action. However, GSA does not plan to reevaluate the other building, which is a small warehouse, due to limited GSA resources.

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## Agencies Like Delegations

Building conditions affect employee morale and retention, productivity, and mission success. Consequently, agencies must be satisfied with their building services and overall working environments. In the 9 delegated buildings we visited, all 19 agency executives and building management officials we talked with said that the quality of building services improved under the delegation program.

Specifically, they said that with control of building operations in their own hands, they are in a much better position to adapt these operations to the agencies' goals and mission objectives than when GSA controlled the buildings and services. For example, building managers at one location said that their agency has minimized interruptions that building services cause by considering operational needs when planning maintenance and repair schedules. GSA had required the agency to shut down computer operations the night before GSA started computer room repair work. Now that the agency schedules maintenance and repair work, the computer system, which usually operates 24 hours a day, 7 days a week, is not shut down until an hour before the repair work starts.

NCR building occupant surveys also indicated that delegated building occupants are satisfied with their working environments. As part of delegated building evaluations, GSA regional staff may survey the opinions

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of building occupants. These surveys generally ask a sample of occupants to rate routinely provided building services as either excellent, satisfactory, or needing improvement. We analyzed all available NCR occupant surveys and found that 14 of 19 buildings surveyed received an overall passing grade. That is, at least 70 percent of the respondents in each of the 14 buildings rated the overall building services as satisfactory or excellent. Senior GSA officials told us that similar occupant surveys were not done when GSA operated the buildings. Rather, GSA evaluators interviewed three or four agency building management officials to obtain their views regarding the quality of GSA building services. As a result, GSA cannot compare current satisfaction levels with those that existed prior to delegations.

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## GSA Oversight of Delegated Buildings Needs to Be Strengthened

Although agencies appear to be doing an adequate job in the day-to-day operations of delegated buildings, GSA cannot determine whether agencies are operating the buildings cost-effectively. GSA cannot identify how much agencies spend to operate the buildings, or determine whether the agencies obtain economical and efficient building services. GSA's oversight of delegated buildings continues to be hindered because GSA does not require the agencies to submit all operating cost and performance data. In addition, the cost data that GSA does require from the agencies are frequently inaccurate or sometimes never received. Further, not all GSA regions analyze the data to identify potential inefficient operations.

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## All Cost and Performance Data Not Available

Annually, the agencies pay GSA rent for delegated buildings, and GSA transfers back to the agencies an amount that GSA estimates it would have spent, in the absence of delegation, to provide standard-level building services. GSA defines standard-level services as those building services provided during a normal 50-hour work week (5 days at 10 hours per day). To oversee how agencies use this funding to provide standard services, GSA requires agencies to submit an annual building operations cost report. The report is designed to show, by service category, the total amount agencies spend to provide standard-level building services.

In promoting the building delegation program, GSA told the agencies that they could supplement GSA funding with agency funds to upgrade their environments. The agencies also have spent their own funds to provide night and weekend building services—e.g., cleaning, utilities, and security. GSA considers expenditures an agency makes to upgrade its environment or for night and weekend services to be above standard-level and does not want these costs reflected in the annual building cost report. As

a result, the building cost reports that GSA receives do not show all operating costs. For example, one agency's financial management and budget officials said that their agency spent about \$6 million of its fiscal year 1988 funds to upgrade and provide above standard-level services at its main building. These costs were not reflected in the agency's building cost report.

Our August 1988 report and our recent GSA management report said that because GSA does not collect all cost data, it has lost visibility over building operating expenditures and cannot determine how much it costs to operate a building under the delegation program. Further, both reports recognized that even if GSA collected all building operations cost information, GSA still could not determine whether the building was being operated cost effectively because it does not collect performance data—the quantity and quality of services provided. With all cost and performance data, GSA could begin to assess agency performance in operating individual delegated buildings as well as compare the operations of similar delegated buildings within a geographic area. In our GSA management report, we recommended, and GSA's Acting Administrator agreed, that agencies should report all operating cost and performance information. He also said that GSA officials plan to meet with agency representatives to discuss the best way to obtain the data.

### Standard-Level Cost Reports Inaccurate Or Not Received

While GSA agrees that it should begin to collect all operating cost and performance data, GSA also needs to ensure that the annual building cost reports on standard-level services it currently requires are accurate and received. At the nine buildings we visited, we found that, for various reasons, six of the seven buildings submitted inaccurate fiscal year 1988 building cost reports. The cost reports at the other two buildings were not available for review. The following examples illustrate some of the errors we identified and agencies' comments on why they occurred:

- One building cost report excluded labor costs of approximately \$260,000. The building management officials said that because their agency keeps payroll records at its headquarters, the officials did not have the labor cost data. The officials also said that they erred in reporting \$136,133 of non-cleaning materials and supplies under the cleaning category.
- Another building cost report showed costs that nearly equalled the amount GSA provided for standard-level operations. The agency's financial management and budget officials said that some of the costs reported were actual costs, but the utilities figure was "plugged" so that

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the total cost reported would be close to the amount GSA provided. These officials said that they (1) were reluctant to report actual expenditures because GSA might provide less funding or withdraw the delegation, and (2) cannot accurately determine expenditures for standard-level services because the building operates 24 hours a day, 7 days a week, and utility and service contract bills do not identify charges for standard- and above standard-level services.

GSA's evaluations of overall delegated building operations confirmed that agencies submit inaccurate building cost reports. Our analysis of 76 GSA delegated building evaluation reports showed that 23 of the cost reports were inaccurate. For example, at one building, building management officials reported operating expenses that equalled the funds GSA provided. In response to GSA's inquiry regarding the reported expenses, the officials replied that even though actual costs exceeded GSA's funding, they believed that reported building costs could not exceed GSA funded amounts.

Moreover, 38 of the 161 fiscal year 1988 building cost reports for NCR, Region III, and Region IX were never received. Although GSA's standard delegation agreement specifies that the agencies should submit the cost reports to the appropriate regional office, several agency officials who responded to GSA follow-up requests said they were unaware of this requirement and sent the reports to GSA's central office. Central office officials said they had received two or three cost reports and had forwarded them to the appropriate regional office. Except for these reports, the officials said no other cost reports were received by the central office. As a result, GSA regional officials did not have the data necessary to identify potentially inefficient operations in 38 buildings.

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## Not All GSA Regions Analyze Cost Data

Even if the agencies submitted accurate annual building cost reports to the GSA regions, only one of the three regions we visited used the building cost reports to identify inefficient operations. NCR officials have developed a methodology to analyze the cost data to enhance their oversight of delegated building operations. At the end of each fiscal year, NCR officials analyze the building cost data to identify all variances between GSA funded amounts and actual reported costs of 0 and plus or minus 10 percent or more. According to NCR delegation officials, (1) a 0-percent variance indicates that the agency may be reporting funded rather than actual costs; (2) a plus variance of 10 percent or more indicates possible inefficiencies that should be corrected; and (3) a minus variance of 10 percent or more indicates possible efficiencies that should

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be shared with other delegated building officials. If NCR officials find such variances, they are to write the agencies and ask them to assess the reasonableness of the reported costs.

In contrast, GSA's Region IX and III officials have not routinely analyzed building cost reports to identify potentially inefficient operations. These officials said that, unlike NCR, they had not considered the benefits of analyzing the cost reports. Region IX officials who oversee delegated buildings said that when they receive the reports they merely look at the total operating and maintenance costs, but do not compare the data to current year funding or prior year reported costs. A Region III delegation program official said that an analysis similar to that done by the NCR would be beneficial in that it would help identify buildings that may be inefficiently operated.

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## GSA Could Better Assist Regional Staff and Delegated Building Managers

In addition to strengthening its ability to oversee delegated buildings, GSA could better assist its regional staff that is responsible for the delegation program and delegated building managers. Specifically, GSA could routinely communicate to its regional office staffs and delegated building managers the common problems and the emerging trends associated with delegated building management. GSA also could share its building manager training curriculum with delegated building managers. Such actions would allow GSA regional staff and delegated building managers to benefit from each other's experiences, and provide delegated building managers guidance on the courses and experiences that GSA believes are necessary for effective building management.

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## Communicate Common Problems and Emerging Trends

GSA's central office routinely analyzes and disseminates to its regional administrators the evaluation results of GSA-operated buildings. According to senior GSA officials, analyzing and disseminating evaluation results provides a mechanism for, among other things, ensuring the preservation and protection of GSA-operated buildings. However, GSA does not routinely analyze and disseminate the results of delegated building evaluations, which are similar to the evaluations of GSA-operated buildings.

GSA regional officials, an interagency task force, and delegated building managers have recognized that sharing the delegated building evaluation results would be beneficial. GSA regional officials responsible for

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overseeing delegated building operations said that if they had information on the common problems found during delegated building evaluations they would be aware of and in a position to prevent or correct similar problems. The April 1985 Report of the Interagency Task Force on Delegations of Authority recommended that GSA publish comparative information on how the agencies carry out delegated responsibilities. Further, building managers in the nine delegated buildings we visited said that information identifying common problems and emerging trends in building operations would be very helpful. For example, one manager said that receiving a summary of common problems identified in delegated building evaluations would help him avoid or identify and correct such problems within his buildings. Another manager said that with information on emerging trends, such as automated preventive maintenance programs, she would have pursued instituting similar operations in her building.

GSA has made some efforts to communicate building problems and trends, but has not routinely analyzed and disseminated the results of delegated building evaluations. For example, the central office Delegations Division staff, which is responsible for providing program policy, coordination, and oversight, analyzed 21 delegated building evaluation reports—covering 40 buildings—at the request of GSA's Public Buildings Service Commissioner. The Commissioner had this one-time analysis distributed at GSA's March 1989 Assistant Regional Administrators' Conference. The analysis highlighted operational problems and noted that agencies were implementing automated preventive maintenance programs. According to a senior GSA official, the Commissioner instructed GSA staff to investigate the highlighted problems and to look for similar problems in other delegated buildings.

The Delegations Division has also encouraged the sharing of innovative and effective programs at NCR Delegations Users Group meetings. The NCR Users Group serves as a forum for delegated building officials in the Washington, D.C., metropolitan area to discuss common delegation issues.<sup>5</sup> The available minutes of the NCR Users Group meetings indicate that officials from four different agencies made presentations on programs they had implemented in their buildings. Three officials gave presentations on automated maintenance systems, and one official discussed his building's energy management program.

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<sup>5</sup>Similar building delegation groups do not exist in other GSA regions.

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The Director of the Delegations Division gave two reasons why her staff does not routinely analyze and disseminate the common problems and emerging trends identified by the delegated building evaluation reports. First, the staff has never considered doing routine analyses. Second, the staff believes that the evaluation reports provide few examples of successful agency implemented building management and/or operating trends that could be used in other delegated buildings.

Our analysis of the completed evaluation reports, however, showed that the reports did identify common problems and successful developments in building operations. For example, the completed evaluation reports showed that officials in 23 of the 76 buildings were having problems accurately reporting annual building costs for standard-level services. Also, 13 completed evaluation reports—covering 36 buildings—showed that agency officials had automated various building management activities, such as energy management, preventive maintenance, or cost accounting operations. Because GSA has no plans to analyze and disseminate the results of completed evaluations, and the NCR Users Group meetings serve a limited audience, GSA regional and delegated building officials may not receive information that could help them (1) identify, correct, and/or avoid operational problems, and (2) implement new technologies that improve building operations.

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### Share GSA Building Manager Training Curriculum

GSA has developed its Occupational Certification Program to improve the professionalism and expertise of, among other occupations, GSA building managers. The program's building manager training curriculum identifies (1) the knowledge, skills, and abilities that GSA believes are necessary for its building managers, and (2) the training and developmental activities that these managers should complete. For example, the curriculum recommends that manager trainees complete rotational assignments in day-to-day building operations such as repair and alteration, physical security, and maintenance. However, GSA has not shared the training curriculum with delegated building managers.

Over the years, GSA and other organizations have recognized that GSA should provide structured training curriculums for agency staff to help ensure that delegated buildings are operated effectively. Specifically,

- in September 1984, the GSA Inspector General recommended that GSA develop a training program for agency staff to ensure an effective transition of building operation responsibilities;

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- in April 1985, the Interagency Task Force on Delegations of Authority recommended that GSA develop a real property management training curriculum to promote professionalism among delegated building managers; and
  - in February 1986, GSA's Public Buildings Service Commissioner said that, to help agencies operate delegated buildings, GSA will incorporate its building manager training curriculum into a governmentwide training system.

GSA has provided building management training to agency staff. The training consisted of courses, seminars, and/or workshops, and addressed such topics as contract administration, building maintenance, and building delegation funding. In addition, GSA has referred agency staffs to other sources of building operations training.

However, agency and GSA regional officials said that GSA should take additional steps to improve the training offered and guidance provided. In the nine delegated buildings we visited, the agency officials responsible for building operations said that specific courses in building management and administration and GSA's building cost reporting requirements would be very helpful. They also said that GSA's building manager training curriculum would provide them with useful guidance for identifying the most beneficial training for their building management staff.

The GSA regional officials responsible for overseeing delegated buildings in the three regions we visited also said that delegated building officials should receive more training. They cited building cost reporting and preventive maintenance as two areas in which GSA should provide additional training to improve delegated building operations. Further, they said that sharing GSA's building manager training curriculum with agency officials would inform them of the courses and experiences that GSA believes a building manager needs.

Because of resource constraints, senior GSA officials said that GSA focused its efforts on delegating operational authority to the agencies and did not develop structured training programs for delegated building personnel. GSA officials responsible for developing building manager training programs said that they had not considered sharing the curriculum with the agencies, but acknowledged that it could be done. Although Region III has shared GSA's building manager training curriculum with selected agencies, NCR and Region IX have not. As a result, delegated building managers who did not receive GSA's curriculum may not be

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acquiring the knowledge, skills, and abilities needed to effectively operate the buildings.

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## Conclusions

Although available evidence indicates that day-to-day delegated building operations—such as cleaning or repairs—are adequate and agency officials believe the quality of building services has improved, GSA cannot determine whether delegated building operations are cost-effective. GSA cannot make this determination because it lacks all cost and performance data to oversee the program. Also, GSA's required building cost data for standard-level services are frequently inaccurate or sometimes never received. Further, not all GSA regions analyze the building cost data to identify inefficient operations.

GSA has also missed opportunities to assist GSA regional and delegated building officials—opportunities that could improve delegated building operations. Because GSA has not routinely disseminated available information on common problems and the emerging trends in building operations to GSA regional and delegated building officials, they have not benefitted from each other's experiences. And because GSA has not shared its building manager training curriculum with delegated building officials, they may not have acquired the skills and experiences GSA deems necessary to effectively manage buildings.

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## Recommendations

In addition to obtaining all cost and performance data as recommended in our recent GSA management report, we recommend that the GSA Administrator direct the regional offices to (1) work with the agencies to ensure that cost data currently collected to oversee and monitor standard-level services are accurate and submitted to the appropriate regional office, and (2) analyze the cost data to identify potential inefficient operations.

We also recommend that the Administrator require the Public Buildings Service Commissioner to (1) identify common problems and the emerging trends associated with delegated building operations and communicate them to GSA regional and delegated building officials, and (2) share GSA's building manager training curriculum with delegated agency officials.

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## Agency Comments and Our Evaluation

In an April 6, 1990, letter the Acting Administrator of GSA provided written comments on a draft of this report and generally agreed with our recommendations. (See app. II.) Specifically, he said that GSA has begun efforts to examine the most appropriate methods for collecting total cost data on delegated buildings from the agencies and plans to start gathering this information beginning in fiscal year 1991. He also said that GSA will (1) advise its regional offices that cost report data should be carefully scrutinized and the reports incorporated into their reviews of delegated buildings; (2) disseminate to the agencies common problems, trends, and successes that GSA identifies during its building evaluations; and (3) share its building manager training curriculum with agency officials and work with them to identify what additional training/skills are needed, as well as the best methods to obtain them.

While the Acting Administrator generally agreed with our recommendations, he said that he saw no need to collect performance data beyond that which is required through GSA's evaluation program. We disagree. GSA usually evaluates the operations of delegated buildings every 2 years. As mentioned in our recent GSA management report, collecting performance data only when making periodic evaluations limits GSA's oversight capability. By more frequently collecting this information from agencies, GSA could more regularly and thoroughly assess the quality and quantity of delegated building services and compare the level of services being provided in similar delegated and non-delegated buildings within the same geographic area.

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As agreed with the Subcommittee, we are sending copies of this report to the Administrator of the General Services Administration, the Director of the Office of Management and Budget, and other interested parties. Copies of this report will also be made available to others upon request.

Major contributors to this report are listed in appendix III. If you have any questions regarding this report, please contact me on 275-8676.

Sincerely yours,

A handwritten signature in black ink that reads "L. Nye Stevens". The signature is written in a cursive style with a prominent horizontal line at the end.

L. Nye Stevens  
Director, Government Business  
Operations Issues

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## Abbreviations

GSA	General Services Administration
NCR	National Capital Region



# Statistics on Nine Government-Operated Delegated Buildings Visited

Department/agency building and location	Occupiable square feet	FY 1989 operating budget	Type facility management
<b>National Capital Region</b>			
Department of Labor Frances Perkins Building Washington, D.C.	1,191,813	\$6,437,700	In-house
Department of State Main State Building Washington, D.C.	1,612,085	\$6,618,700	In-house
Federal Trade Commission FTC Building Washington, D.C.	164,490	\$1,276,600	In-house
<b>Region III</b>			
Social Security Administration Mid-Atlantic Program Service Center Philadelphia, Pa.	390,530	\$2,379,600	Commercial contract
U.S. Coast Guard Fifth District Headquarters Portsmouth, Va.	79,661	\$583,400	In-house
<b>Region IX</b>			
Internal Revenue Service Fresno Service Center Fresno, Calif.	456,085	\$2,577,500	In-house
Minerals Management Service Federal Building Los Angeles, Calif.	57,125	\$215,400	Commercial contract
Social Security Administration Western Program Service Center Richmond, Calif.	400,130	\$2,091,200	In-house
U.S. Geological Survey Flagstaff Field Center Flagstaff, Ariz.	55,833	\$112,800	In-house

# Comments From the General Services Administration



Administrator  
General Services Administration  
Washington, DC 20405



April 6, 1990

The Honorable Charles A. Bowsher  
Comptroller General of the  
United States  
General Accounting Office  
Washington, DC 20548

Dear Mr. Bowsher:

Thank you for the opportunity to comment on the draft General Accounting Office (GAO) audit report, "Delegated Buildings Adequately Operated But Better GSA Oversight Is Needed."

The report offers a number of recommendations, which we generally concur with, that would serve to enhance the General Services Administration's (GSA's) oversight role. As indicated in the report, the delegations program, as viewed by agencies and as demonstrated in the results of GSA's reviews of delegated operations, has been a highly successful program.

We have continuously explored ways to improve program effectiveness by providing training and technical advice to agencies. Based on an assessment of agency training needs, we developed and provided training courses, specifically tailored to delegatee agencies, in contract administration and lease management. A total of 24 classes were held in Washington, DC; Kansas City, MO; San Francisco, CA; Philadelphia, PA; and Los Angeles, CA. Over 500 delegatee agency personnel attended these courses at no cost other than travel expenses. We have held three training conferences, which included workshops on technical and administrative issues relating to real property management.

We have provided keynote speakers at a delegated agency forum in our National Capital Region to address agencies on real property management issues. We established, with the endorsement of the Office of Management and Budget, a system of allocation accounts to monitor and account for spending under the delegation program. We have developed and implemented an evaluation program, that mirrors the program utilized in evaluating our non-delegated facilities, to ensure that the assets are properly maintained and, where necessary, worked with agencies to correct any deficient areas. We have disseminated information on operational issues to agencies on a wide spectrum of topics such as environmental issues, e.g., radon or asbestos. We have reviewed an agency's headquarters delegations program to determine their effectiveness of the management of their delegated sites.

Appendix II  
Comments From the General  
Services Administration

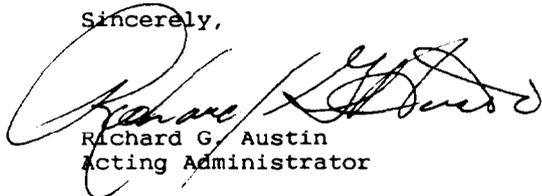
- 2 -

We acknowledge the need to collect total cost data on delegated buildings and have begun to examine the most appropriate methods to obtain this information. Our plan is to start gathering this information beginning in fiscal year 1991. We do not, however, believe there is a need to collect any additional performance data over and above that which is required through our evaluation program which focuses on service delivery in terms of quality and quantity.

We appreciate the time and effort you and your staff have devoted to developing this draft report, and we look forward to working with you to continue to improve GSA's program. Our detailed comments regarding the recommendations of the report are enclosed.

Thank you for the opportunity to comment on this report.

Sincerely,



Richard G. Austin  
Acting Administrator

COMMENTS ON THE GAO DRAFT

"DELEGATED BUILDINGS ADEQUATELY OPERATED  
BUT BETTER GSA OVERSIGHT NEEDED"

**All Cost and Performance Data Are Not Available**

The General Services Administration (GSA) agrees that there is a need to capture total cost data on delegated buildings. This information will prove helpful in gauging total financial activity in each facility. In fact, we have, in response to the recommendations of GAO's general management review of GSA (GAO/GGD-88-103), begun exploring different approaches to collecting this information from agencies. By the beginning of fiscal year 1991, we intend to publish a Federal Property Management Regulation which will address this requirement.

**Standard Level Cost Reports Are Inaccurate or Not Received**

The report states that annual standard level cost reports required under the delegation agreement are inaccurate or not received by GSA's regional offices. In addition, in those instances where regions receive the reports many of them do not routinely analyze the data. We agree that these reports can serve as a tool to examine inefficiencies in operations. We will advise our regional offices of the importance of incorporating cost reports in their reviews of delegated facilities and that they carefully scrutinize the data submitted.

**Communicate Common Problems and Emerging Trends**

Effective communication has been an intrinsic part of the delegations program. We have hosted delegations forums, issued policy guidance on a myriad of subjects impacting the performance and management of the delegations program, co-chaired a quarterly delegated agency user group meeting, and worked with agencies at

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local and headquarters levels to provide technical advice as well as resolve areas of concern. We agree that communicating information on emerging trends and common problems to our regional office staffs and delegated building managers is a worthwhile endeavor and believe that this is yet another method to ensure the continued success of the delegations program. We have included in our strategic plan a requirement that we define and establish distinct roles for our regions, support centers and field offices to assist, coordinate, train, monitor, and evaluate agencies in the performance of their delegated responsibilities. As part of this enhanced communication effort, we will disseminate the results of all building operational evaluations to the respective agencies, identifying common trends or problems as well as sharing success in accomplishing efficiencies in operations.

**Share GSA Building Manager Training Curriculum**

The report discusses the benefits of GSA sharing its building manager training program with delegated agency officials. As stated in the report, we have offered a wide range of training opportunities to the agencies in the form of conferences, 1-day seminars, and formalized training courses. We have continuously endeavored to satisfy agencies' training requirements wherever possible. We will personally work with the agencies to share our building manager training curriculum and explore what additional training/skills are needed, and the most appropriate methods, (either in-house or private, or a combination) to obtain them.

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