



GAO

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United States Government Accountability Office  
Washington, DC 20548

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May 9, 2007

Congressional Committees

Subject: *General Services Administration Could Better Manage Unexpended Construction Balances and Make Its Budget More Transparent*

The General Services Administration (GSA) is the federal government's principal real estate agent, with responsibilities including constructing, leasing, and maintaining a variety of facilities—such as office buildings, courthouses, border stations, and laboratories—that it rents to federal agencies. GSA's construction projects, which can span several years, are authorized to carry forward fund balances from year to year in its construction and facility accounts for these projects. GSA is responsible for keeping track of and managing these balances to ensure that any unexpended funds that remain after projects are completed are redirected to other construction project needs within the agency.<sup>1</sup> GSA is required to identify construction projects that are estimated to cost in excess of established thresholds and obtain congressional approval for them. Funding for these projects exists in two accounts: (1) Construction and Acquisition and (2) Repairs and Alterations. For the purposes of this report, we refer to them as GSA's construction accounts. Additionally, the studies required for construction projects are among the items funded in the Building Operations account and we decided to include this account in our review. For purposes of this report, we refer to this as GSA's facility account.

Under the Comptroller General's authority to conduct evaluations on his own initiative, and as part of a continued effort to assist Congress in overseeing real property management issues, we examined GSA's management of unexpended construction balances in relation to issues raised in our high-risk series.<sup>2</sup> Specifically, we addressed the following question: To what extent does GSA have readily available information about unexpended balances in its construction and facility accounts to effectively manage these funds?

To do this work, we reviewed the President's fiscal years 2006 and 2007 budgets, GSA's fiscal year 2007 congressional budget justification, previous years'

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<sup>1</sup>Unexpended funds are the cumulative total of past fiscal years unobligated and obligated-but-not-yet-outlaid balances.

<sup>2</sup>GAO, *High-Risk Series: Federal Real Property*, [GAO-03-122](#) (Washington, D.C.: January 2003); *Federal Real Property: Progress Made Toward Addressing Problems, but Underlying Obstacles Continue to Hamper Reform*, [GAO-07-349](#) (Washington, D.C.: April 2007).

appropriations, conference reports, committee reports, GSA Inspector General (IG) reports, and previous GAO reports. We also reviewed Office of Management and Budget (OMB) guidance for budget preparation, Circular A-11. We limited our review to GSA construction and facility accounts. We reviewed project financial information, project management information, and facility financial information provided by GSA. We interviewed GSA Washington, D.C., headquarters officials in budget, finance, and construction management. Working with these GSA officials we obtained budget authority, and obligated and unexpended balances for each project; identified and verified all financial information gathered; and verified shortcomings we identified in gathering this information. We determined that the reliability of the information was adequate for our purposes. We conducted our review from February 2006 to January 2007 in accordance with generally accepted government auditing standards.

## **Results in Brief**

In its construction accounts, GSA did not have readily available information about unexpended balances that were no longer needed and could be redirected to other needs. Having such information would better ensure effective management of these funds. Two issues hindered GSA from readily identifying these unexpended balances, which could be made available to support other construction projects.

- First, GSA's project information system lacked readily available information to track project status and provide timely and accurate information to GSA management. For example, GSA took almost 2 months to provide corrected data on unexpended balances that were no longer needed and could be redirected.
- Second, GSA lacked effective policies and procedures for determining when projects are complete and unexpended balances become available for other needs. For example, instead of identifying projects as soon as they are completed, GSA identified construction projects for closure on an ad hoc basis. These issues allowed unexpended balances in completed construction project accounts to accumulate. We found about \$32 million in unexpended balances from 45 completed projects; as a result of our review, GSA reallocated these funds to other projects.

GSA's construction funds are made available from the Federal Buildings Fund (FBF), a revolving fund that includes the rent federal agencies pay for the space that GSA leases to them. Although the unexpended balances we identified are small compared with FBF's almost \$8 billion budget, the absence of an adequate means of tracking the status of projects associated with these funds leaves GSA vulnerable to larger balances accumulating and not being redirected in a timely manner to other construction project needs within the agency.

We also found that GSA's *Fiscal Year 2007 Congressional Justifications* lacked transparency regarding how GSA treats certain facility account unexpended balances used to fund unexpected needs. For example, we found about \$70 million in

unexpended Building Operations account balances that GSA retained from prior fiscal years to use to address unexpected needs that might arise. GSA officials said the agency was authorized to hold over these funds in this manner and that they were used, for example, to address unexpected needs related to Hurricane Katrina. Nonetheless, GSA's congressional budget justification did not clearly identify these funds as being available for such contingency purposes; as a result, congressional oversight for these funds was limited. We are making recommendations to GSA aimed at strengthening its ability to track and manage unexpended balances for completed projects and improving transparency with regard to how unexpended balances are identified in its congressional budget justification. GSA generally agreed with our recommendations related to tracking and managing unexpended balances that could be redirected but disagreed with our recommendation to be more transparent with regard to how unexpended balances are identified in its budget justification.

## **Background**

In annual appropriation legislation, Congress appropriates funds from the FBF for GSA to obligate for specific construction projects. The funding is made available as "no-year money" if the project starts in the fiscal year for which the funds were appropriated (that is, the funding is available until expended without further time constraints); this allows GSA to fund construction projects that take several years to complete.<sup>3</sup> The President's fiscal year 2007 budget request for GSA sought about \$8 billion in new obligational authority from the FBF, including \$245 million in appropriations to the FBF. GSA estimated that the unobligated FBF balance carried forward into fiscal year 2007 would be almost \$3.5 billion.

Within the FBF, GSA fiscal year 2007 construction projects estimated to cost in excess of \$2.54 million for public buildings and \$1.27 million for leased buildings are identified individually to and approved by Congress.<sup>4</sup> Funding for these projects in GSA's construction accounts (Construction and Acquisition and Repairs and Alterations) were estimated to have unobligated balances of \$912 million and almost \$1 billion, respectively, at the end of fiscal year 2006. Studies required for construction projects are funded in the Building Operations account, also in the FBF. This account had an unobligated balance of \$60 million of fiscal year 2005 funds to supplement fiscal year 2006 funds; however, it was estimated that no funds would be carried forward to fiscal year 2007.<sup>5</sup>

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<sup>3</sup>P.L. 109-115, 119 STAT. 2479-2482.

<sup>4</sup>40 U.S.C. § 3307

<sup>5</sup>Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2007* (Washington, D.C., Feb. 6, 2006), 1051.

## **GSA Lacks Readily Available Information about Unexpended Construction Balances Needed to Ensure Effective Management of These Funds**

In its' construction accounts, GSA did not have readily available information about unexpended balances that were no longer needed and could be redirected to other needs. Having such information would better ensure effective management of these funds. GSA took almost 2 months to provide us with what they considered to be accurate data on these unexpended balances in its construction projects. We identified two issues that hindered GSA officials from identifying unexpended balances available to support other construction projects within its construction accounts.

First, GSA's project information system lacked timely data GSA management would need to redirect funds from completed projects to other needs. In April 2006, we asked for data about open projects from budget officials within GSA's Public Building Service. GSA provided (1) a project-specific spreadsheet of financial management information system (FMIS) data from its Pegasys reports and (2) project-specific management information in the form of Executive Project Fact Sheets (EPF) generated by its electronic project information portal (PIP). However, some of the data contained in these EPFs were neither current nor accurate, a fact that GSA officials acknowledged in a subsequent discussion with us. GSA provided corrected information 2 months later, in June 2006.

According to GSA headquarters officials, regional officials update project status data on a spreadsheet once a year to fulfill an OMB requirement for planning, budgeting, acquisition, and management of capital assets.<sup>6</sup> GSA headquarters officials said they send a list of open projects to regional officials to obtain updated information on project status and that regional officials generally comply with this request. However, headquarters officials were unsure of the source of the information that the regional GSA staff use. GSA headquarters officials explained, for example, that information is obtained through contact with regional managers or project executives rather than through the EPF system. These GSA officials told us that because project managers do not comply with existing policies and procedures to regularly update their EPFs, the currency and reliability of EPF information were questionable. As a result, GSA management lacked the information on unexpended balances that it needed to identify the unexpended balances that could be redirected. GSA was able to identify these funds only after matching financial and project data on a project-by-project basis.

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<sup>6</sup>Office of Management and Budget, *Preparation and Submission of Budget Documents*, OMB Circular No. A-11, Part 7, Section 300, "Planning, Budgeting, Acquisition, and Management of Capital Assets" (Washington, D.C., June 2006) requires annual reporting on the original baseline of cost and schedule goals of capital investments, modifications, and actual performance and variance from the OMB approved baseline.

Second, GSA headquarters officials lacked effective policies and procedures for determining when projects are complete and unexpended funds become available for other needs. GSA officials stated that instead of identifying projects as they are completed, they identify construction projects for closure on an ad hoc basis. They explained that regional officials control the project-specific funds and that there is a disincentive for them to identify completed projects and make funds available to be reallocated back to the central office. Nevertheless, GSA headquarters officials occasionally ask regional officials to identify projects that can be closed so that residual funds can be reallocated to support other ongoing projects.

As a result of these two issues, GSA allowed unexpended balances for completed construction projects to accumulate. We found that GSA had about \$32.2 million in unexpended balances that could have been reallocated to address other construction project needs. More specifically, GSA identified 9 completed Construction and Acquisition projects with about \$700,000 in unexpended funds that could be reallocated and 36 completed Repairs and Alterations projects with about \$31.5 million in unexpended funds that could be reallocated. GSA reallocated the almost \$32.2 million to other projects as a result of our review. Although such balances are small in relation to the size of the FBF's almost \$8 billion budget, the absence of an adequate means of tracking the completed projects associated with these funds leaves GSA vulnerable to larger balances accumulating and not being redirected in a timely manner to other construction project needs within the agency.

#### Unexpended Facility Account Funds GSA Held for Contingencies Are Not Clearly Identified

In addition to the unexpended balances at the construction project level, we noted a lack of transparency in the way GSA treats unexpended balances in its facility account that are used for contingencies. We found that almost \$70.3 million in unexpended facility management balances were carried over from prior fiscal years to the current fiscal year Building Operations account for contingencies, but these funds were not clearly identified in GSA's congressional budget justification as being available for such a purpose. GSA officials stated that there was typically about a 1 percent carryover of funds expected for the next fiscal year and the estimated carryover funds were not used to offset the fiscal year 2007 request. GSA provided data, however, showing the carryover has ranged from 3.35 percent (in fiscal year 2001) to 4.17 percent (in fiscal year 2004).

In follow-up discussions concerning the amount of carryover, GSA officials said that carrying over funds in the facility account (the Building Operations account) gives GSA the flexibility to respond to emergencies such as Hurricane Katrina. Nonetheless, these funds were not identified for budget contingency purposes at the time of our review. Additionally, because GSA did not clearly identify these carryover funds in its congressional budget justification, the funds have not been fully transparent to the Congress to enable it to carry out its role in overseeing federal funds.

## **Conclusions**

Although the amount of unexpended balances that could be reallocated to support other construction project needs is small compared to the size of GSA's construction and facilities budget, the balances we found point to a larger concern: the absence of timely and accurate information about the status of construction projects, along with effective policies and procedures that would systematically identify related unexpended balances for GSA's management. Without such information, policies, and procedures, GSA officials may not readily know whether unexpended funds from completed projects are available to support other construction projects. Given the lack of information, GSA officials may not know if amounts greater than those we identified are accumulating, representing an even greater untapped resource for other projects.

Furthermore, as long as the transparency of the carryover funds that GSA holds for contingencies remains limited, Congress lacks a complete picture of GSA's available resources. The absence of such information means that Congress may not have all the pertinent information it needs before making budget decisions.

## **Recommendations for Executive Action**

To help strengthen GSA's ability to track and manage unexpended balances and to improve transparency with regard to how they are identified in its congressional budget justification, we are recommending that the Administrator of the General Services Administration take the following three actions:

- ensure that project data on unexpended balances identify any such funds that are no longer needed and could be redirected,
- strengthen existing policies and procedures to update and keep current its electronic project information system so that completed projects are identified in a timely manner, and
- identify amounts in the Building Operations account estimated for carryover in future congressional budget justification requests so that these funds would be transparent to OMB and Congress.

## **Agency Comments and Our Evaluation**

We provided a draft of this report to GSA for review and comment. GSA provided written comments, which are reprinted in enclosure I, together with our responses to specific points GSA raised.

GSA generally concurred with our first and second recommendations—which relate to data on unexpended balances and keeping the electronic project information system current. However, we clarified these recommendations based on the GSA

comments discussed below. GSA said that it is implementing performance measures to reinforce existing procedures and to improve fund recovery from unobligated balances. GSA said that it looks forward to improving its processes and agreed to work on the recommendations that relate to construction projects. However, GSA disagreed with our third recommendation to identify carryover amounts for the Building Operations account in future budget justifications because, according to GSA, the carryover amount cannot be known at the time the congressional budget justification is submitted. GSA asked that we eliminate this recommendation from the final report. While it is true that GSA would not know the actual carryover amounts when the budget is submitted, we recommended including estimates to improve transparency with regard to how these funds are managed. In fact, OMB guidance encourages agencies to include estimates for these types of funds, and GSA has included estimates of this carryover in prior year budgets. As a result, we decided not to eliminate this recommendation.

GSA raised several points that led us to adjust some of the language in the report and clarify the first two recommendations. GSA stated that our findings were inconsistent with GSA's practices for managing its unexpended balances. For our finding that GSA did not have the readily available information about unexpended balances in its construction accounts needed to ensure effective management of these funds, GSA stated that information about unexpended balances is available from GSA's financial system and that a daily report that tracks unexpended balances. While it is true that these sources provide information about unexpended balances, they do not identify unexpended balances that are no longer needed and can be directed to other needs. Having such information would allow GSA to better ensure effective management of these funds and not allow them to accumulate. We added information to clarify these points in the report.

We are sending copies of this report to interested congressional committees and the Administrator of GSA and the Director of OMB. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions, please contact me at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov). Contact points for our Office of Congressional Relations and Office of Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report include David Sausville (Assistant Director), Lindsay Bach, and George Depaoli.



Mark L. Goldstein  
Director, Physical Infrastructure Issues

## **List of Congressional Committees**

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Chairman

The Honorable Sam Brownback  
Ranking Minority Member  
Subcommittee on Financial Services and General Government  
Committee on Appropriations  
United States Senate

The Honorable Barbara Boxer  
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The Honorable James M. Inhofe  
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Committee on Transportation and Infrastructure  
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The Honorable Henry A. Waxman  
Chairman

The Honorable Tom Davis  
Ranking Minority Member  
Committee on Oversight and Government Reform  
House of Representatives



## Enclosure I

### Comments from the General Services Administration

Note: GAO comments supplementing those in the report text appear at the end of this enclosure.



GSA Administrator

April 6, 2007

The Honorable David M. Walker  
Comptroller General of the United States  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Walker:

The U.S. General Services Administration (GSA) appreciates this opportunity to submit agency comments on the Government Accountability Office's (GAO's) draft report entitled "GSA Needs to Better Manage Unexpended Construction Balances and Make Its Budget More Transparent," GAO-07-409R.

The draft report cites findings that are inconsistent with GSA's practices for managing its unexpended balances. For example, the report states that GSA did not have readily available information about unexpended balances contained in its construction accounts to ensure effective management of these funds. Information about unexpended balances in construction accounts and all Federal Buildings Fund (FBF) accounts is readily available from GSA's financial system of record, Pegasys. GSA also uses a daily report, Allowance Budget Plan Status Report (FR83AB), to track unexpended balances for all FBF accounts.

In addition, GAO's report identified areas where GSA can strengthen its performance of project close-out and redirecting the unexpended balances. Currently, GSA is implementing performance measures to reinforce existing procedures and improve fund recovery from unobligated balances to yield the best value to our Federal customer agencies and the American taxpayer. GSA looks forward to improving its processes and agrees to work on the recommendations relating to construction projects.

I suggest eliminating the finding and recommendation related to unexpended balances in the Building Operations account, since the carry-over amount cannot be known at the time the congressional budget justification request is submitted. I have included additional clarifications for GAO's consideration.

Again, thank you for the opportunity to comment on the draft report. Should you have any questions, please contact me. Staff inquiries may be directed to Mr. Kevin Messner, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Cordially,

A handwritten signature in black ink, appearing to read "Lurita Doan".

Lurita Doan  
Administrator

Enclosure

cc: Mark Goldstein, Director, Physical Infrastructure

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## Enclosure I (cont'd.)

Enclosure

### Additional GSA Comments

**SUBJECT:** GAO-07409R- Draft Audit Report, Titled: *GSA Needs to Better Manage Unexpended Construction Balances and Make Its Budget More Transparent*

Overall: The Budget Submission process timing issue related to the Buildings Operations Account should not be confused with project unexpended balances. PBS recommends that such references be removed or, at a minimum, revised in the report.

Finding: "Congress appropriates funds for GSA to obligate for specific construction projects and facility management from the FBF in annual appropriations legislation. The funding is made available as 'no-year money' (that is, the funding is available until expended without time constraints), that allows GSA to fund construction projects that take several years to complete."

Public Law 109-115 appropriates \$792,056,000 for new construction and \$881,376,000 for repairs and alterations, indicating that these amounts shall remain available until expended. However, it further specifies that funds for direct construction projects and funds for repairs and alterations prospectus projects "shall expire on September 30, 2007 and remain in the Federal Building Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to that date."

More simply stated, funds for line-item new construction and repairs and alterations projects are not appropriated as "no-year money" but attain that status when obligations against the line-item are made. If no obligation for a project is made by the date specified in the appropriations act, the funds for that project remain in the Federal Buildings Fund but are no longer available for obligation.

Finding: "Within the FBF, GSA's fiscal year 2007, Construction Projects that are estimated to cost in excess of \$1,500,000 for Public Buildings and \$750,000 for Leased Buildings are Identified Individually to and Approved by Congress."

The draft report states incorrect amounts for the 2007 prospectus levels. The amount in the report references \$1.5 million for construction and \$750,000 for leasing. The statute sets these amounts forth, but does not adjust for them based on inflation as required by the statute. Therefore, they are outdated and misleading. The FY 2007 prospectus threshold for construction, acquisition, alteration and lease projects is \$2,540,000. For alterations in leased space (space already under lease to, and occupied by, the Government), the FY2007 threshold is \$1,270,000.

Finding: GSA Lacks Readily Available Information about Unexpended Construction Balances Needed to Ensure Effective Management of These Funds.

Information about unexpended balances in all accounts is readily available from Pegasys, GSA's financial system of record. GSA utilizes a daily report, Allowance Budget Plan Status Report (FR83AB) to track and monitor unexpended balances for all Federal Building Fund Budget Activities. This report tracks obligations against the allowances, as well as shows the cumulative undelivered orders and unobligated balances. In addition, financial information is updated daily and transferred into our Financial Management Information System (FMIS) for

See comment 1.

See comment 2.

See comment 3.

## Enclosure I (cont'd.)

-2-

query by financial and program managers. The draft report refers to Executive Project Fact Sheets (EPFS) drawn from our Project Information Portal (PIP). Construction project managers update project status and financial information in PIP on a monthly basis. As we acknowledged during the audit, this status information is not always updated in a timely manner, thus necessitating headquarters officials to request regional officials to update the status information as needed. The draft report correctly points out that regional officials are generally able to comply with this request. The draft report should be modified to make the distinction between financial data, which is updated and available on a daily basis from Pegasys and FMIS, and project status data in PIP. PIP is not GSA's accounting system of record for identifying project and account balances.

See comment 4.

The second issue identified in the report is a perceived lack of policies and procedures for identifying unexpended balances once construction projects are completed. As previously stated, the unexpended balances are known. The issue is rather one of identifying when a project is complete and the balances become available to support other ongoing projects. Current policies identify when a project is considered "substantially complete". Unless we anticipate claims against the government, we then expect the unexpended balances to taper down to their final levels. However, financial completion cannot occur until expenditures have ended. This point in time is difficult to predict. Thus, on a semiannual basis, we require regional officials to review their open items to ascertain what funds will be available to support other ongoing projects. Because of potential claims that continue long after the project is complete, regional officials are sometimes hesitant to release the funds. (As of December 31, 2006, pending claims total \$236 million.) As stated in the report, these balances, which may be available, are small in relation to the size of the Federal Buildings Fund budget, and are not material to the FBF. The draft report should be modified to identify the problem relating to flagging projects as financially complete, not as a problem identifying the project unexpended balances.

See comment 5.

Finding: Unexpended Facility Management Funds GSA Held as Contingency Are Not Clearly Identified.

The draft report does not make a clear distinction between the minor Repairs and Alterations (non prospectus) Budget Activity 54, which funds construction projects not estimated to be excess of established thresholds, and the Buildings Operations Budget Activity 61, which funds facilities management, personnel, travel, and other administrative functions. The discussion regarding Buildings Operations carryover amounts (ranging from 3.35 percent to 4.17 percent) is not pertinent to the construction program, and should be removed from the report in this context. For the minor Repairs and Alterations budget activity, as well as the Buildings Operations, at the time the congressional justification for the fiscal year 2007 was submitted in February 2006, the unexpended balance for fiscal year 2006 could not be known.

See comment 6.

### Conclusions

The conclusions should show that the unexpended construction project balances are known, and that policies and procedures are in place to identify completed projects for which those balances can be made available to support other need projects.

See comment 7.

Recommendation: Establish policies and procedure to periodically identify completed projects for close-out and redirect the unexpended balances, in a timely manner, to other construction project needs within GSA.

**Enclosure I (cont'd.)**

-3-

This recommendation should be modified to say, "enforce existing policies ..." instead of "establish policies ..."

Recommendation: establish policies and procedures for its EPFS to update and keep current the data on Construction and Acquisition projects and Repairs and Alterations projects.

This recommendation should be modified to say, "enforce existing policies ..." instead of "establish policies ..."

Recommendation: Identify amounts in the Buildings Operations account estimated for carry-over in future congressional budget justification requests so that these available funds would be transparent to OMB and Congressional oversight.

This recommendation should be eliminated, since the carry-over amount cannot be known at the time the congressional budget justification request is submitted.

The following are GAO's comments on the General Services Administration's (GSA) letter dated April 6, 2007.

### **GAO Comments**

1. In response to GSA's comment, we clarified the distinction between unexpended account balances for (1) projects and (2) building operations.
2. GSA clarified that funds for line item new construction and repairs and alterations projects are not appropriated as "no-year money" but attain that status when obligations against the line item are made. We revised the report to reflect that.
3. We revised the report to reflect the adjusted dollar amount provided by GSA that 40 U.S.C. § 3307 requires.
4. While GSA's financial systems provide information about unexpended balances, they do not identify unexpended balances that are no longer needed and can be directed to other needs. To identify unexpended balances that can be redirected, updated or current project status information is necessary—which GSA agrees is not always available. Having such information would allow GSA to better ensure effective management of these funds and not allow them to accumulate. We clarified this point further in the report on the basis of GSA's comment. The data on unexpended balances that GSA provided—which we used to identify the \$32.2 million in unexpended balances that were no longer needed—were created by GSA for the purposes of our audit and came from Pegasys, GSA's financial management system. GSA had to manually determine the status of projects and whether the funds were no longer needed, thus demonstrating that GSA is unable to make this determination in a systematic manner.
5. GSA agreed with our description of the unexpended balances as small in relation to the FBF, but further stated that they were not material to the FBF. We chose not to use the word material in the report as we are discussing GSA's ability to identify unexpended balances that could be redirected to other needs and not the significance of the size of the unexpended balances that we found. GSA further states that the problem we found with the construction accounts is related to "flagging projects as financially complete" and not a problem of identifying unexpended project balances. As discussed in comment 4, both project status and financial information are necessary to identify unexpended project balances that could be redirected to other needs. We clarified this point in the report.

6. We clarified the distinction between the various purposes of GSA's budget accounts in the report. We also revised the report to reflect that one of the items the Building Operations account funds is the studies for construction projects. The fact that this budget account funds activities not directly related to construction is not, in our view, an adequate justification for not discussing its carryover of funds as part of this report.
7. GSA said that the conclusions should show that the unexpended balances are known and that policies and procedures are in place to identify completed projects. As discussed in comments 4 and 5, our findings focus on the fact that GSA does not know when unexpended funds are available for other purposes. We clarified the report to recognize that the policies and procedures GSA does have are not effective in identifying unexpended balances that could be redirected.
8. On the basis of GSA's comments, we clarified this recommendation, focusing on the need to ensure that data on unexpended balances identify funds that are no longer needed and could be redirected.
9. In response to GSA's comment, we modified the recommendation to emphasize a need to strengthen existing policies to update and keep current the project information system so that completed projects are identified in a timely manner.
10. While it is true that GSA would not know the actual carryover amounts when the budget is submitted, we recommended including estimates to improve transparency with regard to how these funds are managed. In fact, OMB guidance encourages agencies to include estimates for these types of funds and GSA has included estimates of this carryover as recently as its fiscal year 2004 budget.<sup>7</sup> Additionally, greater transparency would be beneficial for Congressional oversight because the Building Operations carry-over continues to grow, and is now shown as \$90 million for fiscal year 2007 in the Presidents fiscal year 2008 budget.

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<sup>7</sup> Office of Management and Budget, *Preparation, Submission and Execution of the Budget*, OMB Circular No. A-11, Part 1, Section 10.3, "General Information" (Washington, D.C., June 2006).

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