



February 2018

FEDERAL PERSONAL PROPERTY

Opportunities Exist to Improve Identification of Unneeded Property for Disposal

Accessible Version

GAO Highlights

Highlights of [GAO-18-257](#), a report to congressional requesters

Why GAO Did This Study

The federal government owns billions of dollars of personal property—such as office furniture, scientific equipment, and industrial machinery. By law, each agency is required to follow GSA's disposal process so that an agency's unneeded property can be used by other agencies or certain non-federal entities. Since 2012, agencies have reduced their office and warehouse space due to government-wide initiatives, a reduction that in turn has required agencies to dispose of some affected personal property.

GAO was asked to review how federal agencies identify and dispose of unneeded personal property. This report examines (1) how selected agencies assess whether personal property is needed and (2) how these agencies dispose of unneeded property and how, if at all, space reduction efforts have affected disposals. GAO reviewed federal statutes and regulations, and selected five agencies—EPA, Forest Service, GSA, HUD, and IRS—mainly based on space reduction results and goals. GAO reviewed these agencies' property disposal data for 2012 through 2016 and interviewed headquarters and field staff about their property management and disposal processes.

What GAO Recommends

OMB should provide guidance to executive agencies on managing their personal property, emphasizing that agencies' policies or processes should reflect the requirement to continuously review and identify unneeded personal property. OMB did not comment on GAO's recommendation.

View [GAO-18-257](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

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What GAO Found

The five agencies GAO reviewed—the Environmental Protection Agency (EPA), Forest Service, General Services Administration (GSA), Department of Housing and Urban Development (HUD), and Internal Revenue Service (IRS)—generally do not have policies or processes for identifying unneeded personal property, such as office furniture, on a proactive basis. Instead, officials from these agencies said they typically identified unneeded property as a result of a “triggering event,” such as an office space reduction. Executive agencies are required by law to continuously review property under their control to identify unneeded personal property and then dispose of it promptly. Without such policies or processes, agencies may not be routinely identifying unneeded property that could be used elsewhere, and efforts to maximize federal personal property use and minimize unnecessary storage costs may not be effective. GSA has issued regulations establishing a government-wide disposal process for unneeded personal property. However, according to GSA officials, the agency lacks the authority to promulgate regulations or formal guidance on management of in-use agency property, and there is no government-wide guidance to agencies on identifying unneeded personal property. Agencies are required to have internal control activities—such as policies and procedures—for reasonable assurance of efficient operations and minimal resource waste, and the Office of Management and Budget (OMB) provides guidance to agencies on implementing such activities. Guidance from OMB that emphasizes agencies' internal control responsibilities could help ensure that agencies are proactively and regularly identifying property that is no longer needed.

The selected agencies reported little difficulty in following GSA's personal property disposal process, reporting over 37,000 items as unneeded property in fiscal years 2012 through 2016. This property was disposed of through transfers to other agencies, donations to authorized recipients, sales, or discarding. When disposing of personal property from space reduction projects at locations GAO visited, agencies also reported using GSA's process (see figure). Overall, agencies said they have not experienced major challenges with disposing of personal property from space reduction efforts. This lack of challenges could be because projects are geographically dispersed and spread over several years.

Example Project – Department of Housing and Urban Development (HUD)



In 2017, HUD reduced its office space 30 percent at its Denver Regional Office as part of its space reduction efforts. HUD replaced most of its existing 20-year-old office furniture, which was too large to allow HUD to meet its space utilization goals, and sold or discarded the old furniture using GSA's disposal process.

Source: GAO analysis of HUD information. | [GAO-18-257](#)

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Abbreviations

EPA	Environmental Protection Agency
GSA	General Services Administration
GSA OAS	GSA's Office of Administrative Services
GSA OGP	GSA's Office of Government-wide Policy
GSA OPPM	GSA's Office of Personal Property Management
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture

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February 16, 2018

The Honorable Ron Johnson
Chairman
The Honorable Claire McCaskill
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Thomas R. Carper
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The federal government owns and manages billions of dollars of “personal property”—a term that refers to most government property other than real property—ranging from common products, such as office equipment and furniture, to specialized apparatuses, including scientific devices and heavy machinery.¹ In fiscal year 2016, federal civilian agencies reported \$206 billion in personal property assets, but the actual amount owned is considerably higher.² Each year, agencies identify thousands of items that are no longer needed, or “excess.”³ In some cases, this classification is because the items are broken and cannot be repaired, or obsolete; however, many items are in good working order but are no longer needed to meet agencies’ missions. Because this property

¹41 C.F.R. § 102-36.40. Real property generally consists of buildings, structures, and land. For the purposes of this report, “property” refers to personal property unless otherwise specified.

²*Financial Report of the United States Government, Fiscal Year 2016*. Personal property is recorded as an asset of the federal government and depreciated if the acquisition cost is in excess of thresholds that vary considerably between the federal entities. Personal property with a cost below the threshold is recorded as an operating cost in the federal government’s financial statements in the year it is acquired and not as an asset.

³Excess personal property means any personal property under the control of any federal agency that is no longer required for that agency’s needs, as determined by the agency head or designee. 41 C.F.R. § 102-36.40.

was originally purchased with federal funds and represents a significant investment, the government seeks to promote its reuse by other federal agencies, to minimize new procurement costs, and by non-federal entities, in order to maximize the property's public benefit. The General Services Administration (GSA) plays a central role in the process of reusing and disposing of excess property and has issued regulations which govern agencies' personal property disposal. In fiscal year 2016, agencies reported disposing of more than 160,000 items (with an original acquisition cost reported at nearly \$2 billion in nominal dollars) using GSA's disposal process. However, reports that we and others have previously issued have shown that this process is not always effective in maximizing use of property because, for example, agencies have retained property that they no longer need and that others could have used.⁴ Furthermore, government-wide space reduction initiatives—such as Freeze the Footprint and Reduce the Footprint—have encouraged agencies to reduce their domestic office and warehouse space and could have implications for how agencies identify and dispose of unneeded personal property.⁵ As agencies reduce office and warehouse space, they will also likely have to make arrangements for the personal property inside these spaces.

You asked us to review agency processes for managing and disposing of federal personal property, including preparations to address excess personal property resulting from space reduction efforts. This report examines (1) how selected federal agencies assess whether personal property is needed and (2) how selected federal agencies dispose of

⁴See for example GAO, *Property Management: NASA's Goal of Increasing Equipment Reutilization May Fall Short without Further Efforts*, [GAO-09-187](#) (Washington, D.C.: Jan. 30, 2009); Department of Homeland Security, Office of Inspector General, *Management of the Transportation Security Administration's Logistics Center*, OIG-10-14 (Washington, D.C.: Nov. 13, 2009); and U.S. Environmental Protection Agency, Office of Inspector General, *To Ensure Greater Use of Scientific Equipment, the Office of Research and Development Should Use an Enterprise Approach to Property Management*, Report No. 15-P-0115 (Washington, D.C.: Mar. 16, 2015).

⁵In 2012, the Office of Management and Budget (OMB) introduced the Freeze the Footprint policy, which instructed executive agencies going forward to not increase the total square footage of their domestic office and warehouse inventory compared to their fiscal year 2012 baseline. Subsequently, in March 2015 OMB introduced the Reduce the Footprint policy, which directed executive agencies to reduce the total square footage of their domestic office and warehouse inventory relative to an established baseline. The Freeze the Footprint and Reduce the Footprint initiatives only apply to the 24 Chief Financial Officers Act agencies, listed at 31 U.S.C. § 901(b).

unneded personal property and how, if at all, space reduction efforts have affected these disposals.

To address our objectives, we reviewed applicable federal statutes, regulations, and guidance regarding personal property management; our prior work; and reports by other federal agencies' offices of inspectors general on personal property issues. In addition, to determine how selected federal agencies assess whether personal property is needed, we selected five federal agencies and reviewed pertinent agency documents, such as personal property policies, and interviewed agency officials about their processes for managing personal property assets, such as their inventory procedures and asset management systems. These agencies are the Environmental Protection Agency (EPA), the Forest Service within the U.S. Department of Agriculture (USDA), GSA's Office of Administrative Services (GSA OAS), the Department of Housing and Urban Development (HUD), and the Internal Revenue Service (IRS) within the Department of the Treasury.⁶ In order to select agencies that were more likely to have relevant, recent experience with excess personal property from space reduction efforts, we ranked the 23 non-Defense agencies based on their Freeze the Footprint square footage reduction results, Reduce the Footprint space reductions goals, and the amount of declared excess personal property over the last 5 years, and eliminated the bottom third of the agencies. We selected GSA as our first agency due to its central role in personal property disposal and randomly selected four additional agencies from the remaining agencies. The information we obtained from these agencies about their personal property management is not generalizable to all federal agencies. We compared existing federal guidance related to personal property management and the selected agencies' policies and processes with federal internal control standards related to designing control activities. We also conducted literature searches to identify best practices in personal property or asset management. To identify criteria and examples of a formal process for assessing property for continued need, we reviewed federal regulations and agency policies on personal property management from the National

⁶We included multiple offices within GSA that have personal property responsibilities in our review. Generally, GSA's Office of Administrative Services performs comparable property management functions as the other selected agencies. The remaining offices within GSA are not considered part of the five selected agencies. They are GSA's Office of Government-wide Policy (GSA OGP), which is responsible for government-wide personal property policy and regulation and GSA's Office of Personal Property Management (GSA OPPM), which provides assistance to agencies in disposing of excess personal property.

Aeronautics and Space Administration (NASA) based on our prior work.⁷ We also interviewed GSA's Office of Government-wide Policy (GSA OGP) officials and Office of Management and Budget (OMB) staff to discuss regulations and policies pertaining to personal property and their role in personal property management.

To determine how selected federal agencies dispose of excess and surplus personal property and how, if at all, space reduction efforts have affected disposals, in addition to the above, we conducted site visits to a non-generalizable selection of 2 locations—Philadelphia, Pennsylvania, and Denver, Colorado—to meet with regional and local officials from each of our agencies responsible for managing and disposing of excess personal property. We selected locations that had the highest number of our selected federal agencies present, the largest amount of personal property declared as excess, and space reduction projects. We discussed any impacts space reductions had on excess property and requested supporting documentation on the amount of property declared as excess and the disposition outcomes of that property. We did not independently verify the information that was provided because data reported as excess from space reduction projects is not always tracked separately from other property disposed of for other purposes. We also reviewed documents and interviewed officials from GSA's Office of Personal Property Management (GSA OPPM) in GSA's headquarters, in Philadelphia, and in Fort Worth, Texas. The GSA OPPM offices in these two cities have responsibility over the locations we selected to visit. We did not assess agencies' inventory processes and generally excluded certain types of personal property, such as aircraft and vehicles, from our review because we have reviewed or are reviewing these types of property in prior or ongoing work. We reviewed regulations governing some of these types of property as part of our work and some of the data on agencies' owned property and property they declared excess includes these items.

We conducted this performance audit from July 2016 to February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and

⁷[GAO-09-187](#).

conclusions based on our audit objectives. Appendix I contains additional information about our scope and methodology.

Background

Federal agencies' personal property may include commonly used items, such as computers, office equipment, and furniture, and more specialized property reflective of their mission, such as scientific devices, fire control equipment, heavy machinery, precious metals, generators, and chemicals. Some items require special handling, such as hazardous materials, animals, and firearms. See figure 1 for examples of federal personal property.

Figure 1: Examples of Federal Personal Property



Examples of personal property items (shown clockwise from top left): laptop computer, office furniture, filing cabinets, pack mules, and electrical generators.

Sources: GAO, General Services Administration and US Department of Agriculture. | GAO-18-257

Federal agencies manage personal property while they are using it. Specifically, executive agencies are required by law to:

- maintain adequate inventory controls and accountability systems for property under their control;⁸
- continually survey property under their control to identify excess;⁹

⁸40 U.S.C. § 524(a)(1).

- promptly report excess property to GSA and dispose of it in accordance with GSA regulations;¹⁰ and
- use existing agency property or obtain excess property from other federal agencies before purchasing new property.¹¹

GSA assists agencies when they no longer need personal property and has established a government-wide personal-property disposal process in federal regulation.¹² The process generally begins when an agency declares a personal property item as “excess”—that is, the agency determines it no longer needs the item to carry out its mission. Agencies are to make this determination only after ensuring the property is not needed elsewhere within the agency.¹³ Once property is declared excess, there are four potential property disposal methods: transfer to another federal agency or certain non-federal entities, donation, sale, and abandonment or destruction. Federal agencies¹⁴ and some non-federal entities¹⁵ have the priority to acquire excess property, through transfer. If none of these eligible entities have requested the property for transfer after 21 days, the property becomes “surplus”—that is, GSA determines that federal agencies no longer need the item to carry out their missions. Surplus property may be donated to eligible entities through a State Agency for Surplus Property, representing the state of the prospective donee.¹⁶ Property not donated within 5 days after the close of the 21-day

⁹40 U.S.C. § 524(a)(2).

¹⁰40 U.S.C. § 524(a)(3), (a)(5).

¹¹40 U.S.C. § 524(b); 41 C.F.R. §§ 102-35.15(b), 102-36.65, 102-36.210; 48 C.F.R. § 8.102.

¹²GSA is authorized by law to prescribe policies and methods to promote the maximum use of excess property by executive agencies, in order to minimize expenditures for property. 40 U.S.C. § 521.

¹³41 C.F.R. § 102-36.35(a). Agencies are required to reassign property to another activity within the agency when the property is no longer required for the purposes of the appropriation used to make the purchase. 40 U.S.C. § 524(b)(1).

¹⁴In addition to federal agencies, the Senate, the House of Representatives, the Architect of the Capitol and any activities under his direction, the District of Columbia government, and certain mixed-ownership government corporations are also eligible to acquire excess personal property. 41 C.F.R. § 102-36.60.

¹⁵Besides federal agencies, certain entities have access to federal excess property. For example, Executive Order 12999 allows transfer of excess federal computer equipment to schools and nonprofit organizations.

¹⁶40 U.S.C. § 549. Eligible recipients of such property within states include state and municipal governments and nonprofit and public programs for education and public health.

screening period may be sold to the general public and, finally, unsold property may be abandoned or destroyed.¹⁷ See appendix II for an expanded description of the personal property disposal process.

OMB is responsible for establishing government-wide management policies and requirements and provides guidance to agencies to implement them. OMB has issued guidance for specific types of personal property, such as for government aircraft and information technology systems. OMB also implemented the Freeze the Footprint and Reduce the Footprint initiatives, starting in 2012, to reduce the amount of domestic office and warehouse space needed by the federal government, in part, through consolidations and improved space utilization. As a result, federal agencies have reported achieving space reductions, and they have goals for additional reductions in the future. Although these reductions are a relatively small part of the federal government's overall footprint, according to OMB, through this and other efforts agencies collectively reduced their office and warehouse space by about 25 million square feet from fiscal years 2012 through 20156. As federal agencies continue to reduce office and warehouse space, they will also likely have to manage or dispose of personal property, such as office furniture or stored property, from these spaces.

¹⁷Abandonment or destruction of federal personal property can include recycling, crushing, or sending to a landfill. Agencies are authorized to use their abandonment or destruction authority instead of reporting property as excess if they make a written determination that the property has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. However, agencies must provide public notice of intent to abandon or destroy personal property, including an offer to sell the property, except under certain circumstances, such as when the original acquisition cost of the property is less than \$500.

Selected Agencies Had Personal Property Accountability and Inventory Control Processes but Most Did Not Have a Formal Process for Assessing Property for Continued Need

Agencies Inventory Their Most Valuable and Sensitive Property

Each of the five selected agencies we reviewed have policies and processes for carrying out their responsibilities to maintain adequate accountability systems and inventory controls for property under their control:

- All five agencies have policies for regularly inventorying their personal property to physically locate and verify property tracked in their asset management systems. EPA, GSA OAS, and IRS policies require physical inventories of personal property once a year, while Forest Service's policy requires inventories every other fiscal year and a 10 percent sample inventory in the alternate years.¹⁸ HUD policies require inventories every 2 years at its headquarters, but according to HUD officials, field locations conduct inventories annually.
- All of the agencies also have an electronic asset-management system for maintaining information on personal property. Although each agency has its own system, and the type of information maintained varied by agency or type of property, generally each system generates a record for each property item that provides descriptive information about the item, such as manufacturer name, model number, serial number or other identifier, acquisition cost, condition, and current location.¹⁹

We found that the five agencies use these policies and processes to track and inventory certain property determined by each agency to be "accountable." Accountable property is nonexpendable personal property

¹⁸Four of the five agencies' policies also provide for more frequent inventories, such as for specific types of property, or in certain situations, such as when there is a change in the personnel responsible for property.

¹⁹GSA OAS maintains a separate management system for information technology property items.

with an expected useful life of 2 years or longer that an agency determines should be tracked in its property records, based on an item’s acquisition cost and sensitivity. Each agency determines its own appropriate acquisition cost threshold: four of the agencies—EPA, Forest Service, HUD, and IRS—consider property with an original acquisition cost of \$5,000 or greater to be accountable; GSA OAS’s accountable threshold is \$10,000 or greater.²⁰ In addition, certain sensitive property—such as digital cameras, laptop computers with hard drives, and firearms—is considered accountable regardless of acquisition cost because it could be easily stolen or can store data or personal information.²¹

Table 1 provides a snapshot of accountable personal property items—including the reported original acquisition cost, amount, and examples—reported from 4 of the selected agencies’ asset management systems in 2017.

Table 1: Original Acquisition Cost, Number of Items, and Examples of Accountable Property Reported by Selected Agencies’ Asset Management Systems in 2017

Agency	Reported property original acquisition cost ^a (in millions)	Reported number of items	Examples of tracked personal property
EPA	\$500.2	96,653	<ul style="list-style-type: none"> Laboratory equipment Emergency response vehicles
Forest Service	\$1,367.7	58,761	<ul style="list-style-type: none"> Global Positioning System units Firearms Radiological equipment (soil moisture gauges)
GSA OAS	Not available	Not available	<ul style="list-style-type: none"> Not available
HUD	\$25.6	9,037	<ul style="list-style-type: none"> Laptops Computer monitors Cameras

²⁰Agencies included capitalized property, which is depreciated and reported as an asset in an agency’s annual financial statement, as accountable property. Agencies’ established thresholds for capitalized property (e.g., \$25,000) were generally higher than those for accountable property.

²¹Sensitive personal property includes all items, regardless of value, that require special control and accountability due to unusual rates of loss, theft or misuse, or due to national security or export control considerations. 41 C.F.R. § 102.35.20.

Agency	Reported property original acquisition cost ^a (in millions)	Reported number of items	Examples of tracked personal property
IRS	\$32.4	2,639	<ul style="list-style-type: none"> Multi-media training equipment Projectors

Sources: Environmental Protection Agency (EPA), Forest Service, General Services Administration's Office of Administrative Services (GSA OAS), Department of Housing and Urban Development (HUD), and Internal Revenue Service (IRS). | GAO-18-257

Note: Four agencies provided us information on their accountable personal property with different as-of dates, ranging from April to July 2017. As of February 2018, GSA had not provided information on its accountable personal property.

^aAll original acquisition costs are in nominal dollars and may not reflect fair market value.

The agencies in our review generally did not track in their asset management systems or formally inventory their remaining—or “non-accountable”—personal property that did not meet their definition of accountable property.²² According to agency officials we interviewed, they do not track or inventory low value items because: (1) the cost and manpower required to do so are too high; (2) certain property, such as office furniture, is less susceptible to theft; or (3) agencies believe they are not required by law to inventory low value items. While agencies are required to have systems of accounting and internal controls that provide effective control over, and accountability for, their assets, they generally have latitude in how they implement these procedures, including which property to track and inventory.²³

Most Selected Agencies Did Not Have a Systematic Process for Assessing the Continued Need for Personal Property

While the five selected agencies had policies and processes for their property accountability and inventory control responsibilities, they largely did not have policies and processes for carrying out their responsibilities, as established in law, to continually survey property under their control to

²²In addition to its inventory of accountable property, EPA also requires an annual inventory of its non-accountable property in storage, such as in a warehouse. According to GSA OAS officials, GSA is conducting a one-time initial “wall-to-wall” inventory of all of its personal property, including non-accountable property such as office furniture, at regional offices as it rolls out its new asset management system; however, the officials said non-accountable property will not be included in its regular inventories in the future.

²³31 U.S.C. § 3512(b); Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards 6: *Accounting for Property, Plant, and Equipment* (Nov. 30, 1995).

identify excess.²⁴ According to officials at each of the selected agencies, the responsibility for identifying unneeded property generally lies with that agency's property custodians—designated officials who are assigned responsibility for the property—or the agency program or individual using the property. Four of the five selected agencies' policies do not require property custodians or other property users to assess property for continued need.²⁵ Furthermore, these four agencies' policies did not have specific criteria for the property custodian or user to assess property for continued need. Only IRS's personal-property management policy specifies that the property custodian is responsible for identifying excess property and provides criteria to be applied in doing so, such as whether property is still needed in its location and the feasibility of transferring it to other locations, taking into account the property's condition and transportation charges.²⁶ An official at one of the selected agencies identified several specific criteria that should be used to assess property for continued need, including the item's serviceability, whether it poses a safety hazard, and the feasibility of relocating it. However, the official acknowledged that these or any other criteria are not part of the agency's formal policy.

The personal property policy of an agency not included in our review—NASA—includes requirements and criteria to review NASA property for continued need in multiple ways. For example, it requires a high-level NASA official to conduct a walk-through inspection annually to identify idle or underused equipment that is no longer needed and report it as excess. It also requires, as part of an annual property inventory, that property that appears to be excess, worn out, or in obvious need of repair be noted as such and that guidance on identifying unneeded property be provided to personnel involved in conducting the inventories as well as employees assigned to use the property.

²⁴40 U.S.C. § 524(a)(2).

²⁵EPA's policies address this issue in a limited way by prohibiting storing property intended for use by the agency for more than 6 months and requiring systematic reviews of property kept in storage areas or warehouses. The policy does not apply to most EPA property, including property in-use or requiring longer-term storage, such as for emergency response.

²⁶IRM 1.14.4.15.3 *Declaration of Property as Excess*. We did not evaluate whether IRS's policy affected how IRS property officers assessed the continued need for property in making excess determinations.

In addition to not having policies on identifying and assessing property for continued need, agencies we reviewed also did not have a systematic process for doing so. Instead, when describing situations in which they declared property as excess, officials said they typically did so as a result of a “triggering event.” The types of triggering events the officials cited include an office move or consolidation or a lifecycle replacement of laptops. For example, officials from field locations of three of these agencies reported declaring most of their existing furniture as excess as the result of an office relocation or renovation. Agency officials said they were unable to use their existing furniture and had to declare it excess because it did not conform to new space utilization standards.²⁷ At another agency, officials were disposing of a large number of laptop computers that had been declared excess because they had been replaced by new computers. Officials at two agencies said an assessment of property for continued need is an assumed practice that is part of the inventory for accountable property. However, an official from one of these agencies acknowledged that assessing need is not addressed in the written instructions provided to those conducting the inventory. Officials from two other agencies acknowledged that they continue to retain unneeded property that should be declared excess in storage on-site but had not pursued disposal due to other competing responsibilities with higher priorities.

Proactively assessing personal property for continued need instead of responding to a triggering event can help agencies achieve both effective and efficient operations by ensuring that only needed property is retained and unneeded property is identified and declared excess. Federal internal control standards require that agencies design and maintain internal control activities—such as policies and procedures—to identify risks arising from mission and mission-support operations, and to provide reasonable assurance that agencies are operating in an efficient manner

²⁷OMB’s Reduce the Footprint initiative requires Chief Financial Officers Act agencies to specify a design standard for maximum useable square feet by workstation for use in office space renovations and new acquisitions, at a minimum. As a result, GSA and some agencies have revised policies or guidance on the design and allocation of workspace by reducing specific targets or limits on the overall number of square feet of space per person in order to maximize efficiency. For example, for workplace projects, GSA reduced its standard of usable square feet per person from 150 to 136. Thus, a space to accommodate 100 workers would be limited to 13,600 usable square feet.

that minimizes the waste of resources.²⁸ Such a system also provides reasonable assurance that agency property is safeguarded against waste, loss, or unauthorized use. OMB staff and GSA officials agreed that assessing all types of property—accountable and non-accountable—for continued need is important and called-for by internal control standards. Because the agencies we reviewed did not have systematic processes for assessing the continued need for personal property, they may not be aware of potential risks of maintaining property that may no longer be needed for operational purposes.

Furthermore, previous work others have performed has shown that inaction on unneeded or idle property can limit efficient use of the government's personal property, unnecessarily use an agency's resources, or miss opportunities for potential cost savings, for example:

- The Department of Homeland Security's Inspector General found that the U.S. Coast Guard could not ensure that personal property was efficiently reutilized or properly disposed of to prevent unauthorized use or theft because the Coast Guard did not have adequate policies, procedures, and processes to identify and screen, reutilize, and dispose of excess personal property properly, including criteria for identifying such property.²⁹
- The EPA's Inspector General estimated EPA could save \$8.9 million in reduced warehouse costs through improved management of stored personal property.³⁰
- GSA personal property asset management studies conducted in 2003 and 2005 found, among other things, that personal property is not being used to its fullest extent in some agencies and that no government-wide usage assessment or standard exists to detect

²⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014) and OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular No. A-123 (revised July 15, 2016).

²⁹Department of Homeland Security, Office of Inspector General, *Identification, Reutilization, and Disposal of Excess Personal Property by the United States Coast Guard*, DHS OIG-13-19 (Washington, D.C.: Dec. 21, 2012).

³⁰Environmental Protection Agency, Office of Inspector General, *EPA Needs Better Management of Personal Property in Warehouses*, Report No. 15-P-0033 (Washington, D.C.: Dec. 8, 2014).

whether property is no longer needed and can be reported as excess.³¹

Without a triggering event, agencies may not be seeking out or identifying property that is no longer needed and declaring it excess as often as they should. Such unneeded property may be put to better use elsewhere within the agency or the federal government, or agencies may purchase or lease new property instead of using another agency's property that is unneeded but not reported as excess. In addition, agencies may be missing opportunities to realize cost savings by identifying and disposing of unneeded property, such as property stored in warehouses, to reduce or make better use of that space.

While the requirements for agencies to continually survey property under their control to identify excess is established in law, according to GSA officials, there are no government-wide regulations on managing personal property or fulfilling this specific requirement.³² According to GSA OGP officials, GSA does not have the authority to promulgate regulations or issue formal guidance on personal property that is in use by executive agencies. Furthermore, according to the officials, GSA is only authorized by law to prescribe regulations on excess and surplus personal property. OMB staff stated that they could issue a notification, such as a controller alert to agencies' chief financial officers, to reinforce the statutory requirement that agencies conduct assessments of personal property for continued need. OMB periodically issues such alerts to highlight emerging financial management issues for agencies and also issues guidance to agencies through bulletins, circulars, and memorandums. By

³¹GSA Federal Asset Sales, *Personal Property Utilization and Donation Study: Findings and Recommendations* (Dec. 19, 2003) and GSA, *Federal Asset Management Evaluation: Findings, Recommendations, and Implementation Plan* (Mar. 31, 2005). The 2003 study, in part, involved interviews of more than 30 personal property management stakeholders, including from 9 federal agencies.

³²GSA has issued regulations applicable government-wide, for specific types of property, such as vehicles and aircraft, which require an assessment for need or continued need. For example, there is a GSA regulation that requires an executive branch agency requesting GSA Interagency Fleet Management System services to justify full time use of a GSA vehicle, based on utilization guidelines, such as a minimum number of miles driven annually. 41 C.F.R. § 101-39.301. According to GSA's Office of General Counsel officials, there are various authorized exemptions and waivers, and these guidelines are generally no longer used. Another GSA regulation requires that an agency justify owning and operating an aircraft after holding it for 5 years by reviewing operations and establishing a continuing need for the aircraft every 5 years. 41 C.F.R. § 102-33.200. Federal agencies need specific statutory authority to purchase, maintain, or operate an aircraft. 31 U.S.C. § 1343(d).

issuing a controller alert or other guidance, OMB can help ensure that agencies are proactively taking steps to evaluate their property for continued need, including developing appropriate policies for doing so, and can thereby improve efforts to promote maximum use of excess personal property.

Selected Agencies Used GSA's Disposal Process to Dispose of Unneeded Property, Including Property from Space Reductions

Selected Agencies Used a Structured Disposal Process for Personal Property

Officials from the five agencies we reviewed reported that they followed GSA's automated process to dispose of property once they had made the determination it was no longer needed to support their agency's mission. As previously described, GSA regulations on disposing of property establish a specific process for all executive agencies to follow, and GSA has also issued guidance to help agencies dispose of property under this process. In particular, once an agency has determined that the property it has is no longer needed within the agency, the agency is required to promptly report the property to GSA as excess,³³ typically by entering information about it into GSAXcess, GSA's web-based system for facilitating personal property disposal.³⁴ This method requires agency employees to manually enter information using data entry screens that include help screens and error messages.³⁵ GSA encourages agencies to provide a complete description of the property and to include multiple photographs of it. Officials from the five agencies we reviewed reported no significant difficulties with entering information into GSAXcess; collectively, these agencies reported over 37,000 items as excess property from fiscal year 2012 through 2016. Figure 2 indicates the

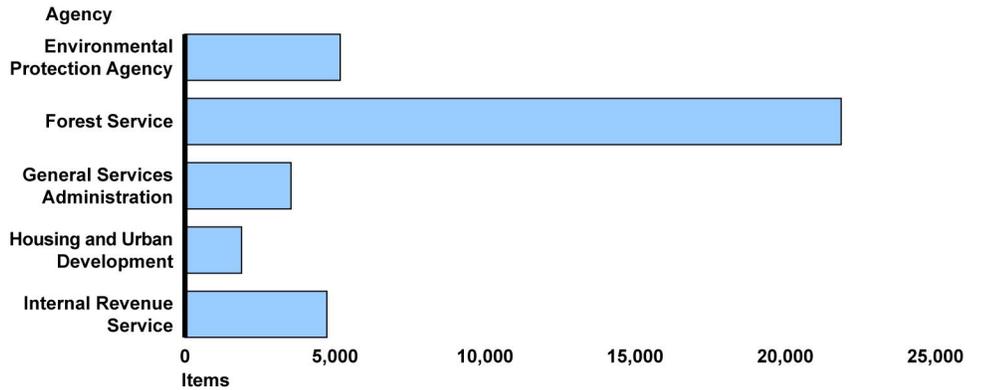
³³40 U.S.C. § 524(a)(3); 41 C.F.R. § 102-36.35(a).

³⁴USDA, including the Forest Service, uses an optional module of GSAXcess, the Agency Asset Management System, to provide internal screening and re-distribution of property within USDA. Entering property information into this system is essentially the same as for GSAXcess.

³⁵According to GSA, most property reported as excess into GSAXcess is transmitted electronically by batch or system-to-system interface. For example, USDA's Agency Asset Management System can transmit records of excess property into GSAXcess.

number of items each selected agency reported to GSA as excess during that period.

Figure 2: Total Items Reported to the General Services Administration (GSA) as Excess by Selected Agencies, Fiscal Years 2012 through 2016



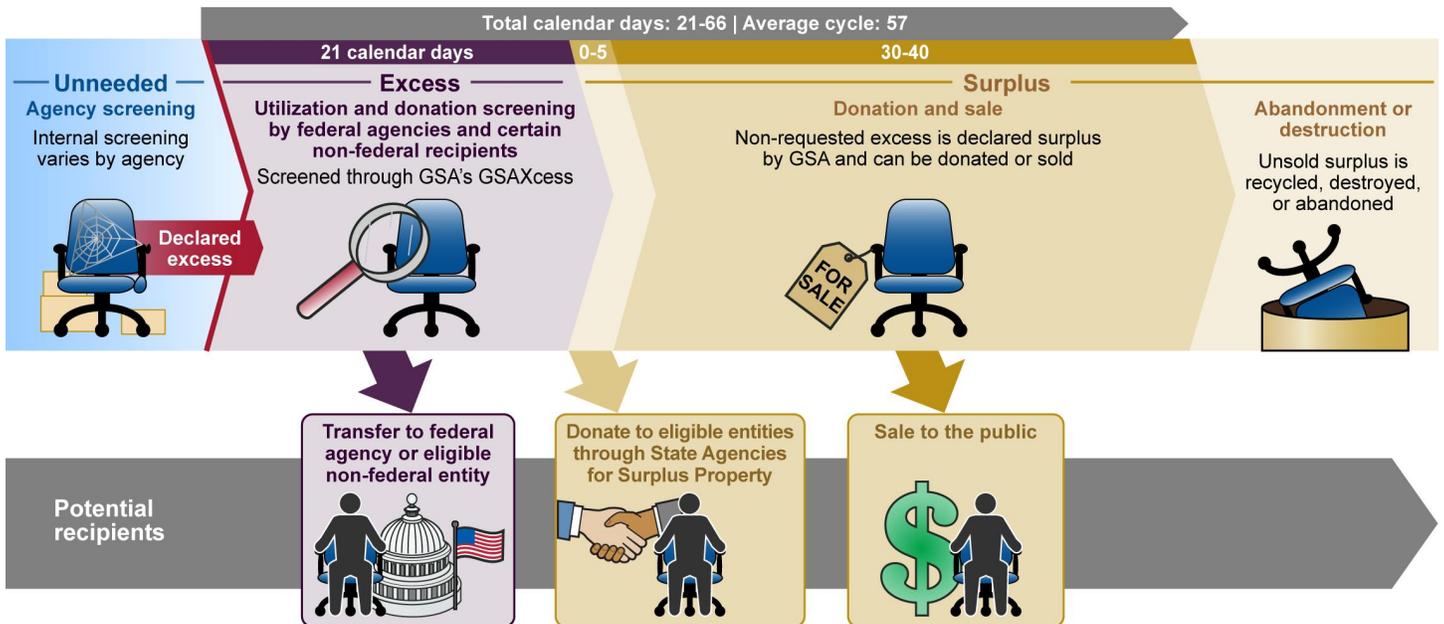
Sources: GSAXcess, as reported by the Environmental Protection Agency (EPA), Forest Service, General Services Administration (GSA), Department of Housing and Urban Development (HUD), and Internal Revenue Service (IRS). | GAO-18-257

Note: These numbers may include aircraft and vehicles.

Once information entry is completed, the disposal process begins. If the property is not disposed of during one stage, it advances to the next stage.³⁶ The disposal process is shown in figure 3.

³⁶The property-holding agency generally retains physical control of the property until it is transferred, donated, sold, or abandoned or destroyed.

Figure 3: The General Services Administration's (GSA) Disposal Process for Federal Personal Property



Source: GAO analysis of General Services Administration information. | GAO-18-257

Note: Agencies can abandon or destroy personal property at any stage of the disposal process as long as a written determination has been made that the property has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale.

Agency officials we interviewed told us that responsibility for disposing of property is decentralized and typically occurs at the property's location, whether at an agency headquarters, regional office, or lower level. Because of the large federal government presence in the Washington, D.C., area, agency offices in that area may have access to resources to facilitate the disposal process that are unavailable elsewhere, such as transferring excess property to certain entities that complete some or all aspects of the disposal process for a fee. Two such entities are GSA's Personal Property Center in Springfield, Virginia, which takes full accountability and control of an agency's excess property for a fee and handles all the details of the disposal process, and USDA's Centralized Excess Property Operation in Beltsville, Maryland.³⁷ According to USDA's Agriculture Property Management Regulations, property not needed by USDA or its bureau offices in the Washington, D.C., area must be

³⁷The Centralized Excess Property Operation was created by USDA in 1986 to provide a centralized location for USDA agencies in the Washington, D.C., area to dispose of their personal property.

transferred to this office for final disposal actions. It also provides these same services to some non-USDA agencies.

Agencies also use GSAXcess to search for and select available excess property. Agency officials told us that the system also sends disposition instructions to the property-holding agency, when the property is to be transferred to other federal agencies, donated, or sold and that the agencies follow these instructions. For example, when an agency requests an excess item in GSAXcess and GSA approves the request, the system notifies the requesting agency and the property-holding agency and provides contact information to arrange to complete the transaction. None of the selected agency officials reported difficulties completing a transfer or donation transaction. For property not transferred, donated, or sold, GSA notifies the agency that the property has no commercial value and can be abandoned or destroyed. All of our selected agencies reported trying to recycle such property.

Selected Agencies Reported Little Difficulty Disposing of Personal Property from Space Reduction Initiatives

Selected agency officials told us they disposed of property from space reduction efforts, such as Freeze the Footprint and Reduce the Footprint, the same way as other personal property—using GSA’s disposal process. To meet space reduction goals, selected agencies are undertaking projects at dozens of locations. Projects have primarily involved leased space for offices and warehouses and have included office moves, consolidations, and closures.

As federal agencies carry out these space reduction projects, they must also address any personal property in the project spaces. Selected agencies reported several factors that affected their decisions about this property, which for three of the agencies was primarily office furniture. Four agencies reported needing less space than they previously occupied because of changes in agency missions or staffing levels. Furthermore,

Space Reduction Project Example – Housing and Urban Development



In 2017, Housing and Urban Development (HUD) reduced its Denver regional office space by 30 percent. HUD's lease was expiring and it needed less space because it had fewer employees in the office, in part due to increased telework. Adhering to new space utilization standards in its office and furniture design further reduced HUD's overall required space. An example of a new workstation is shown above. Before the project, the agency occupied about five floors of a commercial building. HUD renovated in place, one floor at a time, and replaced its existing office furniture with new. Personal property at this office included primarily office furniture, such as desks and 25-year old modular systems, and equipment, such as telephones. As each floor was completed and employees moved to new workstations, the property official on-site disposed of their old furniture and workstations by entering its information in GSAXcess. The official reported selling some of the excess furniture after completing the first floor but recycled or discarded excess furniture in subsequent rounds.

Sources: GAO analysis of HUD information. | GAO-18-257

officials from GSA OAS and IRS noted that workplace trends, including teleworking and decreased staffing, reduced the space needed. Finally, agencies also reported that the office furniture itself was mostly unsuitable because it was old and because it could not be configured for use in more efficient office space designs. As a result, some selected agency locations that completed an office move or renovation project reported that most of their existing furniture was not needed in their new space. For example, in its Reduce the Footprint plan for fiscal years 2017 through 2021, HUD noted that many of its locations were designed and furnished when it had a much larger staffing level and reported that in 2016, its usable square feet per employee was 356. Subsequently, HUD revised its space design standards, requiring future office spaces to adhere to a utilization rate of 175 square feet or less.³⁸ At the HUD project we visited, an official told us the furniture in use before the project was old and was generally too large to be used to achieve space design standards.

In some cases, agencies did not dispose of all the personal property after a space reduction project but instead were able to retain it for other uses within the agency. For example, IRS officials reported closing an office in Englewood, Colorado, and transferred its furniture to Ogden, Utah, for storage for an upcoming project. GSA OAS officials in Denver said that after a space reduction project in which GSA decreased the size of its regional office, it retained the unneeded furniture and office space for temporary use by other agencies. For property that was declared excess following a space reduction project, agencies reported transferring, donating, and selling property to dispose of it, using GSA's process. For example, officials in GSA OAS, Forest Service, and IRS locations told us they transferred some excess property to other federal agencies. The Forest Service in Denver transferred some modular office furniture to the Bureau of Land Management and the U.S. Postal Service. The Forest Service and IRS also reported donating property, such as office furniture and equipment, through the State Agencies for Surplus Property program. Four agencies reported selling some of their property from a space reduction project. For example, HUD's regional office in Denver sold some of its excess office furniture, which dated to 1992, and recycled or discarded the remainder.

³⁸The utilization rate is calculated by dividing the usable square feet by the number of staff and contractors housed in the space.

Space Reduction Project Example – Forest Service



When the Forest Service's lease on its Denver-area office expired, the agency leased space in another location, requiring a move but reducing its office by over 21,000 square feet. The agency sought to conform to new space utilization standards, which required more efficiently-designed furniture than its existing office furniture. Because the Forest Service did not reuse most of its old furniture in its new space, it no longer had a need for it. The Forest Service retained some of the furniture for use in other Forest Service offices within the region and declared the remainder as excess. Through GSAXcess, the Forest Service transferred some of its excess furniture to other federal agencies, such as the Bureau of Land Management and the U.S. Postal Service. The Forest Service sold some furniture at auction; broken items were recycled.



Sources: GAO analysis of Forest Service information and Forest Service (photographs). | GAO-18-257

When disposing of property from a space reduction project, some agencies sought assistance from GSA. GSA's Office of Personal Property Management (GSA OPPM) assists agencies, when requested, in disposing of personal property, and officials at selected agency locations reported receiving assistance and training.³⁹ In one example, GSA officials told us that a regional office of a selected agency needed to dispose of an office full of furniture and, in addition to using the disposal process, contacted GSA OPPM for additional assistance. Because of the large amount of property, GSA OPPM took steps to make other agencies in the area aware of the available property and facilitated access to allow agencies to view the property. In another example, GSA OPPM officials met with officials from another agency in the planning stages of a relocation to answer questions and provided advice and guidance for disposing of personal property.

Agencies may dispose of large amounts of property during a space reduction project, but overall, agency officials reported few challenges in doing so. This may be in part because any effects from space reductions are distributed across an entire agency. Although selected agencies' average Reduce the Footprint space reduction goals ranged from 97,000 square feet to 662,000 square feet each fiscal year from 2016 to 2020, each agency's efforts consisted of dozens of geographically dispersed projects of various sizes to be completed over several years. For example, as of fiscal year 2016, EPA had 21 space reduction projects planned from fiscal years 2016 through 2021, with individual anticipated reductions ranging from less than 1,000 square feet to more than 140,000 square feet. At least one project is present in 8 of EPA's 10 regions. Agencies' ability to pay for space reduction projects may also have affected these projects' effects. Two selected agencies said they delayed projects because of a lack of funding. Agencies may reduce costs over the long term because of lower rent for smaller spaces but they may have to pay some expenses upfront, such as for moving, renovations, and new furniture.

Although officials from all five agencies told us they have been able to manage personal property disposals from space reductions, they identified factors that can impact the efficient use of the disposal process

³⁹GSA OPPM specialists in states and regions are available to assist agencies with disposing and acquiring excess personal property, including preparing for a space reduction project.

during a space reduction project and some strategies taken to address them:

- *Inventorying non-accountable property:* As a space reduction project commenced at a location, most selected agencies reported that they did not have a complete list of the personal property affected by the project. As previously described, selected agencies do not maintain an itemized list of non-accountable personal property and for four agencies, office furniture is generally non-accountable. During a space reduction project, property personnel had to develop some type of inventory to identify property that would be needed and property that should be disposed of. Selected agencies had various methods for conducting such an inventory. For example, officials from two agencies said they walked through the affected space and created a list of all the items. Officials from one agency said a contractor was hired for this purpose. Most agencies reported using the inventory they created to enter information on excess property into GSAXcess. Officials at GSA's OPPM offices in Philadelphia and Fort Worth said that they offer training and guidance to agencies in conducting inventories.
- *Managing disposals within time frames:* Agencies generally are not able to begin the disposal process until the property is no longer in use. For example, agency staff continue to use their old workspaces until they can move to new workspaces. Agencies also face deadlines, such as vacating space due to a lease expiration or commencement of renovation work. Officials from three agencies described challenges completing the disposal process—reporting excess personal property as well as completing transactions to transfer, donate, sell or abandon or destroy it—within required time frames. Some agency officials reported using different strategies to address this timing challenge. For example, one agency official was able to enter information about the excess property items into GSAXcess while employees were still using them. According to the official, this was possible because a note could be included in the property item's description in GSAXcess, with the date when the property would be available. When the property was no longer in-use within the agency, the transfers or other transactions were completed. Additionally, an agency may conduct an on-site screening of its unneeded property to allow other federal agencies or authorized parties to physically view and identify any furniture they want. For example, GSA OPPM officials in Philadelphia conducted an on-site screening of unneeded office furniture resulting from the agency's regional office relocation.

Conclusions

Federal agencies collectively have billions of dollars' worth of personal property, ranging from office furniture to highly specialized equipment that, when in use, supports agency missions. However, the agencies in our review did not have policies and systematic processes for identifying unneeded property. Furthermore, other's previous work has shown that agencies across the government may not be effectively assessing their property for continued need, leading to idle property that could be put to better use elsewhere within the agency or the federal government and potential unnecessary storage costs. Consequently, agencies may be retaining property that is no longer needed. GSA has recognized that opportunities may exist for agencies to more effectively manage property under their control, but according to GSA OGP officials, GSA's authority is limited to agency property that has been declared excess or surplus. According to OMB staff, OMB has the authority to issue guidance, such as controller alerts, emphasizing agencies' property management obligations, and thus, it is well-positioned to assist agencies to more effectively manage their property and to ensure unneeded property is made available to others, as appropriate.

Recommendation for Executive Action

The Director of OMB should provide guidance to executive agencies on managing their personal property, emphasizing that agencies' policies or processes should reflect the requirement to continuously review and identify unneeded personal property. (Recommendation 1)

Agency Comments

We provided a draft of this report to OMB, EPA, the Forest Service, GSA, HUD, and IRS for comment. OMB stated that it did not have any comments on our draft report in an email and provided a technical clarification to the report, which we incorporated. GSA and IRS provided technical comments in an email, which we incorporated as appropriate. EPA, the Forest Service, and HUD each stated in an email that they did not have any comments on the draft report.

We are sending copies of this report to the appropriate congressional committees, the Director of the Office of Management and Budget, the

Administrator of the Environmental Protection Agency, the Secretary of the U.S. Department of Agriculture, the Administrator of the General Services Administration, the Secretary of the Department of Housing and Urban Development, and the Secretary of the Department of the Treasury. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-2834 or rectanusl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff making key contributions to this report are listed in appendix III.

A handwritten signature in black ink that reads "Lori Rectanus". The signature is written in a cursive, flowing style.

Lori Rectanus
Director, Physical Infrastructure Issues

Appendix I: Objectives, Scope, and Methodology

The objectives of this report were to examine (1) how selected federal agencies assess whether personal property is needed and (2) how selected federal agencies dispose of unneeded personal property, and how, if at all, space reduction efforts have affected disposals. We excluded certain types of personal property, such as aircraft and vehicles, from our review because of our prior or ongoing work.¹ To address our objectives, we reviewed applicable federal statutes and regulations pertaining to personal property management and disposal, our prior work, and reports by federal agencies' Offices of Inspector General on personal property issues.

In addition, to determine how selected federal agencies assess whether personal property is needed, we conducted background searches to inform our understanding of key practices for personal property and asset management through a search of databases containing peer-reviewed articles, government reports, general news, hearings and transcripts, and association and think tank papers. We also reviewed relevant asset management practices, such as ASTM standards² and the General Services Administration's (GSA) *Federal Asset Management Evaluation and Personal Property Asset Management Study*.³ In order to select agencies that may have had recent experiences with excess personal property, we selected 5 of the 24 agencies that were included in the

¹GAO, *Reported Inventory: Use, and Cost of Federally Owned Aircraft*, [GAO-17-73R](#) (Washington, D.C.: Oct 31, 2016) and *Federally Owned Vehicles: Agencies Should Improve Processes to Identify Underutilized Vehicles*, [GAO-17-426](#) (Washington, D.C.: Apr. 25, 2017).

²ASTM International is an international standards organization that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems, and services.

³GSA, *Federal Asset Management Evaluation: Findings, Recommendations, and Implementation Plan*, Mar. 31, 2005 and *Personal Property Asset Management Study: Findings and Recommendations*, Feb. 1, 2005.

Freeze the Footprint and Reduce the Footprint initiatives.⁴ We selected agencies based on their overall Freeze the Footprint results, in terms of the amount of square feet reduced, and Reduce the Footprint goals for reducing domestic office and warehouse space, and the amount of personal property declared excess over the last 5 years, as reported to GSA's GSAXcess system from fiscal years 2012 to 2016, to coincide with the Freeze the Footprint time frame.⁵ Specifically, we obtained information on the Freeze the Footprint results and Reduce the Footprint goals from the Office of Management and Budget's public website and from Performance.gov. We limited our scope to civilian federal agencies with personal property within the United States. Although we have previously reported that the overall accuracy of data that agencies reported on office and warehouse space reductions could be improved, we found that the data were generally reliable for our purposes.⁶ After reviewing the data for any inconsistencies and discussing the information with selected agency officials to ensure that the reported numbers for the Reduce the Footprint initiative were current, we determined that the quality of the data were sufficient for our use in selecting agencies. In order to select agencies that were more likely to have relevant, recent experience with excess personal property from space reduction efforts, we ranked these agencies based on their Freeze the Footprint results, Reduce the Footprint goals, and the amount of declared excess personal property, and eliminated the bottom third of the agencies. We selected GSA as our first agency due to its central role in excess personal property disposal, and randomly selected four additional agencies from the remaining agencies. These agencies were the Environmental Protection

⁴The Freeze the Footprint and Reduce the Footprint initiatives apply to the 24 Chief Financial Officers Act agencies, which are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and the Agency for International Development.

⁵The data from Freeze the Footprint are historical and include reported domestic office and warehouse square footage changes from fiscal year 2012 through fiscal year 2015. The data from Reduce the Footprint are prospective and include agencies' annual domestic office and warehouse square footage reduction targets for fiscal years 2016 through 2020.

⁶GAO, *Federal Real Property: Government-wide Building-Disposal Data Generally Reliable, but Opportunities for Further Improvements Exist*, [GAO-17-321](#) (Washington, D.C.: Mar. 2, 2017).

Agency, the U.S. Department of Agriculture, the Department of Housing and Urban Development, and the Department of the Treasury. The organizational structure of two selected agencies, the Department of Agriculture and the Department of the Treasury, is different than the other three agencies in that they are comprised primarily of sub-agencies. Therefore, we selected the largest sub-agency for both departments—the Forest Service within the Department of Agriculture and the Internal Revenue Service within the Department of the Treasury.

We obtained information from the five selected federal agencies on the total value and number of items in their asset management systems in 2017 to understand the size and scope of personal property assets they manage. As we used the information to describe the scope of the agencies' property holdings, we did not verify the data. We also analyzed documents, such as the selected agencies' personal property management policies, along with policies from the National Aeronautics and Space Administration and Department of Energy, to understand how they addressed requirements for managing personal property. We included these agencies' policies based on our review of prior work related to personal property.⁷ We interviewed officials from the selected agencies about their processes for managing personal property assets, such as their inventory procedures. However, we did not independently assess agencies' inventory practices. We also interviewed staff from the Office of Management and Budget (OMB) to discuss regulations and policies pertaining to personal property and OMB's role in personal property management.

To determine how selected federal agencies dispose of excess and surplus⁸ personal property and how space reduction efforts may have affected disposals, in addition to the above, we obtained information from each selected agency on its space reduction projects and interviewed officials about their roles and responsibilities in the agency's space reduction planning efforts and personal property disposal process. We

⁷GAO, *Property Management: NASA's Goal of Increasing Equipment Reutilization May Fall Short without Further Efforts*, [GAO-09-187](#) (Washington, D.C.: Jan. 30, 2009) and *Department of Energy: Management of Excess Property*, [GAO/RCED-99-3](#) (Washington, D.C.: Nov. 4, 1998).

⁸Excess personal property means any personal property under the control of any federal agency that is no longer required for the agency's needs, as determined by the agency head or designee. Surplus personal property means excess personal property no longer required by the federal agencies as determined by GSA.

also conducted site visits to Philadelphia, Pennsylvania, and Denver, Colorado to meet with regional and local officials from each selected agency responsible for managing and disposing of personal property. These locations were chosen based on the number of our selected federal agencies present, the amount of excess personal property declared, and the existence of space reduction projects. We discussed property accountability policies, overall personal property disposal processes, and how the disposal processes were affected by government-wide space savings initiatives, such as Freeze the Footprint and Reduce the Footprint, and any efforts to prepare for them, and requested supporting documentation on the amount of property declared as excess and the disposition outcomes of that property. We did not independently verify the information that was provided, as data reported as excess from space reduction projects are not always tracked separately from other property disposed of for other reasons. We reviewed documents and interviewed officials from GSA's Office of Personal Property Management (GSA OPPM) in GSA's headquarters, in Philadelphia and in Fort Worth, Texas, to discuss their role in assisting agencies in disposing of personal property and to obtain their views on how personal property disposals have been affected by space reductions.⁹ Finally, we interviewed GSA's Office of Government-wide Policy (GSA OGP) officials about the Interagency Committee on Property Management and the Property Management Executive Council¹⁰ regarding their personal property and asset management efforts and met with officials and representatives from the following: the U.S. Department of Agriculture's Centralized Excess Property Operation, the Users and Screeners Association–Federal Excess Personal Property, and the National Association of State Agencies for Surplus Property to discuss their roles in the reuse and disposal of Federal personal property.

We conducted this performance audit from July 2016 to February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

⁹Denver is in GSA OPPM's Southwest Central zone, which is headquartered in Fort Worth.

¹⁰The Interagency Committee on Property Management is chaired by GSA OGP and consists of representatives designated by any executive agencies interested in personal property. The committee conducts studies, reviews, and projects and makes recommendations for improvements in government-wide property management policies and practices to the GSA Associate Administrator for Government-wide Policy.

findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: The Disposal Process for Federal Personal Property

The Federal Property and Administrative Services Act of 1949, as amended, requires executive agencies, in part, to promptly report excess property to the General Services Administration (GSA) and dispose of it in accordance with GSA regulations.¹ Each executive agency is also required to fulfill requirements for personal property by using existing agency property or by obtaining excess property from other federal agencies before purchasing new property.² GSA's disposal process, as laid out in federal regulation, incorporates and facilitates these requirements, providing a means for both disposing of and acquiring unneeded property: agencies with excess personal property can dispose of it and other agencies, authorized non-federal entities, and, eventually, the general public can acquire this property.

Disposal before Declaring Property as Excess to GSA

After determining that a property item is no longer needed to complete its mission, an agency may have several options for proceeding before formally declaring the property as excess to GSA:³

- *Immediately authorize abandonment or destruction of the property:* Determine, in writing, that the property has no commercial value⁴ or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. If an agency makes such a determination, it may abandon or destroy the property without reporting it to GSA as excess. In lieu of abandonment or destruction,

¹40 U.S.C. § 524(a)(3), (a)(5).

²40 U.S.C. § 524(b); 41 C.F.R. § 102-35.15(b); 41 C.F.R. §§ 102-36.35(a), 102-36.65; 48 C.F.R. § 8.102.

³These options are not in sequential order and may vary based on factors such as the agency and property type.

⁴Property has no commercial value when it has neither utility nor monetary value (either as an item or as scrap).

an agency may donate excess personal property to a public body without going through GSA.⁵

- *Directly transfer the property to another federal agency:* Agencies usually become aware of available property through informal means, such as a contact at the disposing agency, according to GSA. GSA approval for such a transfer is not needed if the total original acquisition cost for each item does not exceed \$10,000. If this cost is greater than \$10,000, the acquiring agency must obtain prior approval from GSA. In either case, the acquiring agency must notify GSA of the transfer.
- *Directly transfer the property to an eligible recipient under a special authority:* Special authorities are legal provisions that are designed to give excess assets to groups that may use them for a particular purpose, such as universities that can use the National Aeronautics and Space Administration's scientific equipment in their research. Some authorities exist to collectively support all federal agencies and some support an agency-specific program.⁶ According to GSA, the primary government-wide programs are the Stevenson-Wydler Technology Innovation Act of 1980⁷ and Executive Order 12999, also

⁵41 C.F.R. § 102-36.320. A public body is any department, agency, special purpose district, or other instrumentality of a state or local government; any Indian tribe; or any agency of the federal government. Additionally, if an agency becomes aware of an interest from an entity in purchasing the property set for abandonment or destruction, the agency must implement sales procedures in lieu of abandonment or destruction. 41 C.F.R. § 102-36.315(b).

⁶Each agency must annually report to GSA the total amount of property furnished in any manner in that year to non-federal entities.

⁷The American Technology Preeminence Act of 1991 specifically added this direct transfer authority by amending the Stevenson-Wydler Technology Innovation Act of 1980 to add subsection (i). Pub. L. No. 102-245, § 303, 106 Stat. 7, 20 (Feb. 14, 1992) (codified as amended at 15 U.S.C. § 3710(i)). This special direct transfer authority permits the Director of a laboratory, or the head of any federal agency or department, to loan, lease, or give research equipment that is excess to the needs of the laboratory, agency, or department to an educational institution or nonprofit organization for the conduct of technical and scientific education and research activities.

known as the Computers for Learning program.⁸ Recipients meeting eligibility requirements of the special authority contact agencies to determine the availability of property, and the agency and recipient must complete the appropriate documentation to make a record of the transfer.

Disposal Process after Declaring Property as Excess to GSA

An agency initiates GSA's disposal process by formally declaring property as excess, either by completing and submitting a form to GSA or, more typically, by electronic entry of an item into GSAXcess, GSA's real-time, Web-based site for facilitating the disposal process.⁹ The latter method requires agency employees to enter information about the excess property using data entry screens that include help screens and error messages. GSA encourages reporting agencies to provide a complete description of the property and to include multiple photographs of the property.

The disposal process generally consists of four sequential stages in which personal property may be transferred to another agency or eligible recipient, donated, sold, or abandoned or destroyed, as described below.¹⁰ If the property is not disposed of during one stage, it advances to the next stage, though the holding agency generally retains physical

⁸Executive Order 12999 requires, to the extent permitted by law and where appropriate, agencies to identify educationally useful federal equipment that they no longer need and transfer it to a school or nonprofit organization. Additionally, all agencies must give highest preference to schools and nonprofit organizations, including community-based educational organizations, in the transfer, through gift or donation, of educationally useful federal equipment. Educationally useful federal equipment means computers and related peripheral tools, including telecommunications and research equipment that are appropriate for use in prekindergarten, elementary, middle, or secondary school education. It also includes computer software, where the transfer of licenses is permitted. Exec. Order No. 12999, 61 Fed. Reg. 17,227 (Apr. 19, 1996).

⁹GSA provides a batch electronic submission method for agencies that have a high volume of property to report information about multiple pieces of property at once.

¹⁰These four stages are generally sequential, though various regulations permit agencies to deviate under certain circumstances. Additionally, agencies have the authority to use the abandonment or destruction options at any stage of the disposal process.

custody of the property until it is disposed of.¹¹ Table 2 illustrates actions a disposing agency and eligible property recipients take during each of the four stages of the disposal process after an agency declares property excess.

Table 2: Actions Taken During the Disposal Process by the Disposing Agency and Eligible Property Recipients

Disposing agency actions	Recipients and actions
<p>Transfer of excess property stage</p> <p>If a recipient is allocated property, GSAXcess provides information to both the disposing and receiving agencies about the transaction, and the agencies make arrangements to transfer the property. Generally, there is no cost to either agency for the property, but the receiving agency is responsible for transportation and shipping costs.</p>	<p>Recipients in the transfer stage may include federal agencies and non-federal entities eligible to receive personal property. All agencies must, to the maximum extent practicable, fill requirements for personal property by using existing agency property or by obtaining excess property from other federal agencies in lieu of new procurements.</p> <p>Potential recipients who have registered and obtained access to GSAXcess may view available property (known as screening), request, and obtain excess property. Property may be screened in GSAXcess for up to 21 days and, in some circumstances, potential recipients may also be able to physically inspect the property.^a Potential recipients may request property they are interested in.</p> <p>After the screening period is complete, GSA allocates, or assigns, the property generally based on a first-come, first-served basis. However, if there is insufficient quantity of an item to meet the federal demand, GSA will consider factors such as national defense requirements and emergency needs, among others.</p> <p>If no potential recipient requests property at this stage, GSA determines that the property is surplus and not needed by any federal agency.</p>

¹¹Some types of property require different disposal procedures or have restrictions that prohibit their disposal. For example, GSA regulations limit the transfer of firearms to federal agencies authorized to acquire firearms for official use and limits the type of firearms that can be donated. In addition to firearms, categories of personal property with special handling requirements include all-terrain vehicles, ammunition, animals and plants, property containing asbestos or lead, and precious metals.

**Appendix II: The Disposal Process for Federal
Personal Property**

Disposing agency actions

Donation of surplus property stage

The receiving entity and the disposing agency make arrangements to transfer the property. The acquiring entity is responsible for transportation and shipping costs.

Recipients and actions

Recipients in the donation stage may include non-federal entities eligible to receive surplus personal property, through a State Agency for Surplus Property. The State Agency for Surplus Property can distribute the donated items to eligible recipients within the state, such as schools, colleges, or universities; child care centers; and libraries. Other non-federal entities eligible to receive surplus personal property include public airports and certain businesses that have been approved by the Small Business Administration.

Recipients who have registered and obtained access to GSAXcess may screen property during the previously described 21-day screening period for excess property. However, GSA can only allocate the property to donation recipients for a period of 5 days beginning when GSA determines the property to be surplus. If property is requested by two or more state agencies for surplus property, GSA allocates property among them on a fair and equitable basis using several factors, such as relative need and whether the recipient previously received the same type of property.

If property is not donated, it is generally offered for sale.

Sale of surplus property stage

For property not requested by potential recipients during the transfer and donation stages, the disposing agency decides whether it is viable for sale and how to sell it. Generally, agencies are required to use one of the seven approved sales centers, most of which specialize in the sale of a certain type of property, such as aircraft.^b Although GSAXcess is not used in the sales stage, the disposing agency must notify GSA at the time the property is reported as excess if the agency does not want GSA to conduct sales for them. Property may be sold using a variety of methods, including online auctions, live auctions, fixed price sales, negotiated sales, sealed bid, and spot bid sales. Time frames to sell property average about 35 days, according to GSA.

If GSA sells property that is in the possession of the holding agency, GSA provides information to the holding agency about the transaction, and the agency makes arrangements with the buyer to pick up the property. Generally, proceeds from the sale of personal property are deposited into the U.S. Treasury, less the costs incurred in selling the property, such as a GSA fee for selling property. If the property is not sold, the agency may evaluate other disposition options, such as abandonment and destruction or attempting to sell the asset through another channel.

Recipients in the sale of surplus property stage may include members of the general public and state and local governments.

Abandonment or destruction of surplus property stage

**Appendix II: The Disposal Process for Federal
Personal Property**

Disposing agency actions

Recipients and actions

Property not transferred, donated, or sold is generally disposed of through the abandonment or destruction process. Prior to abandonment or destruction of property, the agency must make a written determination that the property has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. For final disposal of property, each agency must not abandon or destroy it in a manner that is detrimental or dangerous to public health or safety. Disposition methods include crushing, sending to a landfill, and recycling.

Source: GAO analysis of federal regulations and GSA information. | GAO-18-257

^aThe screening period is 14 days for furniture and 21 days for most other property. GSA may shorten or extend these periods in coordination with the holding agency. Screening starts when GSA receives the report of excess personal property.

^bApproved personal property sales centers are the Department of Agriculture, Centralized Excess Property Operation; Department of Defense: Defense Reutilization and Marketing Service; Department of the Interior, Aviation Management Division; Department of the Treasury, Internal Revenue Service & Asset Forfeiture Division; Department of Justice, U.S. Marshal Service; General Services Administration, Federal Acquisition Service, Sales Program Division; and General Services Administration, Public Building Service Real Property Sales Centers.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individual named above, the following individuals made important contributions to this report: David J. Wise (Director), Nancy Lueke (Assistant Director), Travis Thomson (Analyst-in-Charge), Lacey Copping, Rosa Leung, Josh Ormond, Amy Rosewarne, Pamela Vines, and Elizabeth Wood.

Appendix IV: Accessible Data

Data Table

Data Table for Figure 2: Total Items Reported to the General Services Administration (GSA) as Excess by Selected Agencies, Fiscal Years 2012 through 2016

Agency	Items
Environmental Protection Agency	5175
Forest Service	21866
General Services Administration	3532
Housing and Urban Development	1891
Internal Revenue Service	4730

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