FEDERAL PROPERTY

Improved Monitoring, Oversight, and Data Would Help Understand Effects of Providing Property to Non-Federal Recipients
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Why GAO Did This Study

The federal government owns and manages over a trillion of dollars of property that is not real property, such as vehicles, computers, and office furniture. Federal agencies generally get rid of excess property through GSA’s disposal process, which then allows entities such as other federal agencies, to obtain that property if they want. Some agencies have independent authorities that allow them to provide property to non-federal recipients, such as universities, before or during the GSA disposal process.

GAO was asked to review how federal agencies provide property to non-federal recipients. This report examines (1) how selected agencies manage unneeded and excess property provided to non-federal recipients and (2) what is known about benefits, effects, and data on property provided to these recipients. GAO analyzed GSA non-federal recipients’ reports from fiscal years 2013 to 2017, the most current available at the start of our review, and selected three agencies—USDA, DOE, and DOL—to obtain variety on the methods used to provide property to non-federal recipients. GAO reviewed relevant processes and interviewed officials from GSA, selected agencies, and non-federal recipients.

What GAO Found

GAO found the U.S. Department of Agriculture (USDA), Department of Energy (DOE), and Department of Labor (DOL) established a process for providing property to non-federal recipients but had limited insight into how these recipients used this property. Officials told GAO that some of the property was disposed of prematurely or not used at all. Such outcomes are inconsistent with agency policy. Whether these instances are widespread or uncommon is unknown due to a lack of consistent monitoring and oversight. For example, DOE officials said they were not monitoring property provided by one of their programs, because they thought the authorization had expired. Without consistent monitoring or oversight, agencies cannot be assured that property is being used as required or achieving intended objectives.

What GAO Recommends

GAO is making seven recommendations, including one to DOL and two apiece to USDA, DOE, and GSA concerning improving oversight, monitoring, and data quality for property provided to non-federal recipients. All four agencies agreed with the recommendations.

Selected agencies identified benefits of providing unneeded and excess property to non-federal recipients, but the larger effect of these efforts is unclear due to a lack of reported reliable data. Agency officials said providing property to these recipients saves costs and enhances their mission. However, other sources, including a General Services Administration (GSA) study, reported that using these authorities has reduced the amount of property that would otherwise be available to federal agencies or other recipients. While data on property provided to non-federal recipients are key to understanding the effects of the program, GAO found the government-wide data on property provided to non-federal recipients were unreliable. For example, GAO found that agencies reported incorrect authorities for transactions and underreported excess property provided to such recipients. GSA’s current reporting tool and guidance are unclear on how agencies should report these items, and GSA does not have definite plans on what changes it will make to address these government-wide data issues. Until these changes are made, it will be hard to understand the scope of property provided to non-federal recipients and assess the effects on the federal government’s disposal process, such as whether federal agencies and other recipients may be missing opportunities to obtain property.
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Abbreviations

DOE Department of Energy
DOL Department of Labor
ETA Employment and Training Administration
FAIR Federal Agriculture Improvement and Reform (Act)
GSA General Services Administration
ITI International Training Institute
IUOE International Union of Operating Engineers
NIFA National Institute of Food and Agriculture
USDA United States Department of Agriculture

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December 20, 2019

The Honorable Bobby Scott
Chairman
The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
House of Representatives

The Honorable Carolyn Maloney
Chairwoman
The Honorable Jim Jordan
Ranking Member
Committee on Oversight and Reform
House of Representatives

The federal government owns and manages property that is not considered real property—from vehicles and aircraft, to computers and office furniture, to firearms.¹ In fiscal year 2018, federal agencies reported holding nearly $1.7 trillion in these assets. Agencies are responsible for acquiring and managing this property, including identifying when the property is no longer needed for their mission. When that circumstance happens, agencies generally declare the property as excess² and report the property to the General Services Administration’s (GSA) online property system, known as GSAXcess.³ Once in this system, the property is made available to other federal agencies for their own use or for use by an eligible non-federal recipient, such as a grantee (for example, public agencies or non-profit organizations).⁴ Property not provided to another federal agency or an eligible non-federal recipient becomes “surplus” and then becomes available for transfer to state agencies (which can then donate it to non-federal entities within their state), or sale to the general public. In fiscal year 2017, federal agencies reported over $7 billion in

¹In this report, we will refer to personal property as property throughout the report.

²Excess property is any property under the control of any federal agency that is no longer required for that agency’s needs. Federal agency refers to any executive agency or any establishment in the legislative or judicial branch, with certain exceptions. 41 C.F.R. § 102-36.40.

³GSAXcess is used for reporting, searching, and selecting excess personal property.

⁴41 C.F.R. § 102-36.60.
excess property that was made available to federal agencies, non-federal recipients, and for donation to state agencies.

Some agencies also have independent authorities that allow them to directly provide specific types of property to certain non-federal recipients instead of going through the GSA disposal process. For example, the Department of Energy (DOE) provides energy-related laboratory equipment to colleges and universities for educational programs.\(^5\)

We have previously reported on issues related to managing excess property and providing property to non-federal recipients. In 2016, we reported that the Department of Defense prioritized providing excess property to non-federal recipients over potential federal recipients, and as a result, federal agencies could be spending federal funds on property that they might have been able to obtain for free through the disposal process.\(^6\) More broadly, in 2018, we reported that selected federal agencies did not have procedures in place to effectively manage, identify, and dispose of excess property.\(^7\) In each of these reports we made a recommendation, but agencies have not yet taken action to implement them.

Due to congressional interest in how non-federal recipients obtain property, you asked us to review how federal agencies distribute and manage property provided to non-federal recipients, and the effect on federal agencies and other stakeholders in the disposal process. This report examines:

- how selected agencies manage unneeded and excess property provided to non-federal recipients, and
- what is known about the benefits, effects, and reported data on property provided to non-federal recipients.

\(^{5}\)42 U.S.C. § 7381c.


To address how selected agencies manage unneeded\(^8\) and excess property provided to non-federal recipients, we selected three agencies—the United States Department of Agriculture (USDA), DOE, and the Department of Labor (DOL). Using GSA data, we selected these agencies to obtain variation in the amount of property they provided to non-federal recipients in terms of original acquisition cost from fiscal year 2013 to fiscal year 2017, the most current data available at the start of our review, as well as the methods agencies used to provide property to non-federal recipients. For each of these agencies, we interviewed knowledgeable agency officials and reviewed their programs and policies for providing property to non-federal recipients, and compared selected agencies’ policies and practices to relevant property-management regulations and federal internal control standards on monitoring and oversight. Due to the decentralized nature of property management, our findings are not generalizable, but illustrate how some federal agencies provide property to non-federal recipients.

To assess what is known about the benefits, effects, and reported data on property provided to non-federal recipients, we reviewed GSA’s property management regulations, briefings, and a 2003 GSA property utilization and donation study.\(^9\) In addition, we interviewed a wide range of stakeholders to gain perspective on their experiences with providing, obtaining, and reporting property provided to non-federal recipients, including:

- **GSA**: The Office of Government-wide Policy is responsible for developing government-wide policies for the management and disposal of property. The Office of Personal Property Management helps federal agencies dispose of property no longer needed and helps other federal agencies and state, local, and public organizations acquire these items.

- **State agencies**: State Agencies for Surplus Property are responsible for providing government surplus property to non-federal entities. We selected agencies from states that are geographically dispersed and that obtain a large amount of surplus property from GSA. Specifically,

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\(^8\)For the purposes of this report, we define unneeded property as property that has not been formally reported to GSA as excess, such as property that is going through an agency’s internal-screening process to determine if there is need for it within the agency.

we selected 5 states (Arizona, California, Georgia, Illinois, and Texas) because their state agency was a top 20 recipient of surplus property in terms of original acquisition value during a given year from fiscal year 2014 to fiscal year 2017, according to data provided by GSA on surplus property donation.\textsuperscript{10}

- **Non-federal recipients:** We selected 17 non-federal recipients in the five states (above) that obtained property from USDA, DOE, or DOL. We selected the recipients based on information provided to us by USDA, DOE, and DOL on the non-federal recipients that obtained property in those states between fiscal year 2013 and 2017.

We reviewed and analyzed data submitted through the GSA-reporting tool that is used to create the *Non-Federal Recipient Report*, a report on property furnished to non-federal recipients, from fiscal year 2013 to 2017 to understand the scope of unneeded and excess property agencies provided to non-federal recipients through various independent authorities, programs, and agreements.\textsuperscript{11} We determined during our analysis that the data were not sufficiently reliable for reporting the amount of property provided to non-federal recipients through authorities and agency programs, as discussed in this report. For further details on our methodology, including a complete list of stakeholders we interviewed, see appendix I.

We conducted this performance audit from June 2018 to December 2019 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 conclusions based on our audit objectives.

**Background**

Generally, agencies dispose of their excess property through GSA’s government-wide property disposal process. See figure 1. Disposal is

\textsuperscript{10}GSA officials provided us the top 20 State Agencies for Surplus Property in terms of the original acquisition value and number of line items obtained for fiscal year 2014 to fiscal year 2017. Some of our selected states were top 20 recipients in terms of original acquisition value for multiple years.

\textsuperscript{11}Fiscal year 2018 non-federal recipient report data became available during the course of our review. However, we did not include them in our analysis to be consistent with the data used to support our agency selection.
facilitated by GSA’s disposal system, known as GSAXcess. Once an agency has determined that it no longer has an internal agency need for its property during agency internal screening, it generally declares and reports the property as excess. Subsequently, the agency places information on the property in GSAXcess and then other federal agencies can screen, request, and, if approved by GSA, obtain the excess property for their own use or can then provide it to an authorized non-federal recipient free of charge, minus transportation costs. If no federal agency (for its own use or use by its eligible non-federal recipient) requests the excess property from GSAXcess, it then becomes surplus to the federal government, and a State Agency for Surplus Property can request it and provide it to eligible non-federal entities in their state, such as local governments and non-profits. Property not claimed by a State Agency for Surplus Property can then be sold to the general public typically through a GSA auction or an approved sales center. Finally, unsold property may be abandoned and destroyed by the reporting agency.

12In fiscal year 2017, the Department of the Air Force, National Aeronautics and Space Administration, and Department of State were the three largest obtainers of property from GSAXcess in terms of original acquisition dollars.

13In fiscal year 2017, Texas, Florida, and Arizona were the three largest obtainers of surplus property from the federal government.

14Generally, agencies are required to use one of seven approved sales centers that generally specialize in a certain type of property. Approved 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; GSA, Federal Acquisition Service, Sales Program Division; and GSA, Public Building Service Real Property Sales Centers.
Agencies can provide property to non-federal recipients in various ways. Some agencies, such as USDA and DOE, have been granted their own independent authorities that allow them to provide their unneeded or excess property to eligible non-federal recipients, such as public entities and colleges or universities. Eligible recipients are determined by program requirements. Other agencies, such as DOL, predominately provide excess property to non-federal recipients through a grant, contract, or cooperative agreement. For our three selected agencies, we focused on how USDA and DOE provided property to non-federal recipients using their independent authorities and how DOL provided property to non-federal recipients through contracts. Table 1 describes these agencies’ programs that provide property to eligible non-federal recipients. More detail on the independent authorities used by USDA and DOE can be found in appendix II. Additional information about excess property previously provided by DOL through cooperative agreements to apprenticeship programs can be found in appendix III.
Table 1: Selected Agency Offices and Programs That Provide Property to Eligible Non-Federal Recipients

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<th>Office</th>
<th>Programs and Description of Property Use</th>
<th>Eligible Non-Federal Recipients</th>
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<tr>
<td>United States Department of Agriculture (USDA)</td>
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<tr>
<td>Office of Property and Fleet Management</td>
<td>This USDA Federal Excess Personal Property Program provides property and transfers the title to eligible institutions in support of research, educational, technical, and scientific activities or for related programs (Federal Agriculture Improvement and Reform Act).</td>
<td>Historically black colleges and universities, 1994 Native American institutions, and Hispanic-serving institutions</td>
</tr>
<tr>
<td>Forest Service</td>
<td>This USDA Federal Excess Personal Property Program provides property, including financial, technical and other assistance to state foresters to help with fire protection on their non-federal wildlands and other rural lands.</td>
<td>State foresters or equivalent state officials</td>
</tr>
<tr>
<td>Agricultural Research Service</td>
<td>This USDA National Institute of Food and Agriculture Federal Excess Personal Property Program provides property to further the purposes of the cooperative agricultural research and extension programs.</td>
<td>1862 land-grant colleges and universities, schools of cooperative extension agricultural experiment stations, colleges of veterinary medicine, and forestry schools</td>
</tr>
<tr>
<td>Department of Energy (DOE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Science</td>
<td>Laboratory Equipment Donation Program provides excess energy-related laboratory equipment to support educational programs at colleges and universities.</td>
<td>Accredited post-secondary, non-profit degree-granting institutions including universities, colleges, community colleges, or junior colleges located in the United States and interested in establishing or upgrading energy-oriented science, technology, engineering, or mathematics educational programs(^a)</td>
</tr>
<tr>
<td>Office of Science</td>
<td>Math and Science Equipment Gift Program provides gifts and transfers the title of excess and surplus research equipment for the purpose of improving math and science curricula or conducting technical and scientific and research activities.</td>
<td>Educational institutions and nonprofit organizations</td>
</tr>
<tr>
<td>Office of Asset Management</td>
<td>Economic Development Property Program provides excess property to support critical economic development programs in communities.(^b)</td>
<td>Community Reuse Organizations(^c)</td>
</tr>
<tr>
<td>Department of Labor (DOL)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment and Training Administration</td>
<td>DOL provides Job Corps Centers excess property through contracts to support educational and vocational training for young adults ages 16 through 24.</td>
<td>Job Corps Centers</td>
</tr>
</tbody>
</table>

Source: GAO analysis of USDA, DOE, and DOL information provided to GAO. | GAO-20-101.

Note: We did not review excess property that may have been provided to non-federal recipients through other agreements, such as a grant, contract, or cooperative agreement at DOE or USDA.

\(^a\) According to DOE officials, the updated guidance that reflects the current program is available at the Laboratory Equipment Donation Program website (https://apps.orau.gov/ledp).

\(^b\) The Office of Asset Management does not provide property directly to non-federal recipients. Each program office and site is responsible for the management of the program.

\(^c\) Community Reuse Organizations are DOE established organizations in areas where communities are affected by reconfiguration or downsizing of DOE sites.
Agencies with independent authorities and programs differ in when they are able to provide property to non-federal recipients. Such agencies can allow eligible non-federal recipients, as determined by their agency’s independent authority, to screen for and request unneeded property during agency internal screening; in other words, before the property is declared excess and available to other agencies and entities. For example, USDA is authorized to provide certain equipment to its contractors or recipients when doing so would further agricultural research or teaching objectives. Currently, USDA allows eligible non-federal recipients to screen for all USDA unneeded property through an USDA internal module in GSAXcess at the same time as its sub-agencies, and before the property is made available to federal agencies in GSAXcess. If there is no demand for the property by an eligible non-federal recipient during internal screening, it is then made available in GSAXcess, where other agencies screen for and request property for their own use or for use by associated non-federal recipients.

Regardless of how agencies provide property to non-federal recipients, they are required to annually report to GSA on property they provided. GSA provides agencies with guidance to assist with their reporting responsibilities, including:

- **GSA Bulletin Federal Management Regulation B-27**: defines terms and provides agencies guidance on using GSA’s Personal Property reporting tool.

- **GSA Personal Property Reporting Tool (reporting tool)**: a template used by federal agencies to report excess property provided to non-federal recipients. The reporting tool has pre-determined drop-down menu items for agencies to select from when reporting property provided to non-federal recipients, such as the authority used.

- **Technical Assistance and Guidance**: GSA officials told us that they provide training, technical assistance, and guidance through

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16For example, USDA uses a module within GSAXcess known as the Agency Asset Management System to screen for property internally before any remaining property is released into GSAXcess system federal screening.


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webinars, email, and phone when agencies seek additional information on reporting requirements.\textsuperscript{19}

GSA publishes the information reported by agencies in its annual \textit{Non-Federal Recipient Report}, which includes information such as the agency, non-federal recipient, authority used, and the original acquisition cost of the property.

Selected Agencies Established Processes for Providing Property to Eligible Non-Federal Recipients but Lacked Insight into Property Use

Each Agency Established Regulations or Guidance to Govern the Process of Providing Property to Eligible Non-Federal Recipients

USDA, DOE, and DOL established agency regulations or guidance for managing the disposition of property during the internal-screening process and once it has been declared excess, including providing property to non-federal recipients, as described below.\textsuperscript{20}

- USDA has three separate Federal Excess Personal Property Program handbooks specific to each sub-agency within USDA that manages property provided to non-federal recipients under the Federal Agriculture Improvement and Reform (FAIR) Act, the Forest Service, and the National Institute of Food and Agriculture’s (NIFA) Federal Excess Personal Property Programs. These handbooks describe the process through which eligible non-federal recipients can screen (i.e.,...

\textsuperscript{19}Guidance can be found at https://www.property.reporting.gov/PPRT/PPRTLogin.

search for and select) for unneeded and excess property. Specifically, USDA makes property available to non-federal recipients for each of these programs during internal screening at the same time that other USDA sub-agencies can screen the property.

- DOE officials and guidance explained how its offices should dispose of federal excess personal property, including when eligible non-federal recipients can screen for unneeded and excess property. DOE makes property available to non-federal recipients after internal agency screening once it is determined the property is not needed within DOE. For DOE’s Economic Development Property Program, DOE makes property available to the eligible Community Reuse Organization by word of mouth or through a DOE excess email listing. For the Math and Science Equipment Gift Program, the recipient is made aware of property by word of mouth or as a result of a subcontract that has ended with a university. For the Laboratory Equipment Donation Program, DOE extracts energy-related property from within the Energy Asset Disposal System and allows eligible non-federal recipients to screen for that property on an external website. During this screening period by non-federal recipients, if property is requested and the request is approved by DOE, DOE then transfers the property directly to the non-federal recipient.

- DOL policy explains how Job Corps contractors may directly access GSAXcess to obtain excess property. Specifically, it explains how contractors can screen and obtain excess property when it is made available to all federal agencies and other eligible non-federal recipients, generally on a first-come, first-served basis.

- Additionally, for USDA and DOE, if there is no demand for unneeded property among eligible non-federal recipients, the property is then

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declared as excess property and reported to GSA and becomes available in GSAXcess where it is made available to all other federal agencies and eligible non-federal entities.

Through the various programs at our selected agencies, officials reported to us that they provided property with an original acquisition value of between $0.4 and $33 million to non-federal recipients through their agency-specific programs in fiscal year 2017, most of it through the Forest Service’s Federal Excess Personal Property Program. (See table 2).24

<table>
<thead>
<tr>
<th>Agency</th>
<th>Program</th>
<th>Original acquisition dollar value (in millions) of property provided to eligible non-federal recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Department of Agriculture</td>
<td>Federal Excess Personal Property Program (Federal Agriculture Improvement and Reform Act)</td>
<td>$0.8</td>
</tr>
<tr>
<td></td>
<td>Forest Service’s Federal Excess Personal Property Program</td>
<td>$32.7</td>
</tr>
<tr>
<td></td>
<td>National Institute of Food and Agriculture’s Federal Excess Personal Property Program</td>
<td>$18.5</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>Laboratory Equipment Donation Program</td>
<td>$8.9</td>
</tr>
<tr>
<td></td>
<td>Math and Science Equipment Gift Program</td>
<td>$0.4a</td>
</tr>
<tr>
<td></td>
<td>Economic Development Property Program</td>
<td>$9.5a</td>
</tr>
<tr>
<td>Department of Labor</td>
<td>Job Corps Program</td>
<td>$5.1</td>
</tr>
</tbody>
</table>


Note: The Laboratory Equipment Donation Program was formerly known as the Energy-Related Laboratory Equipment Grant Program. We did not verify the accuracy of the reported program’s data in this table.

aThese numbers reflect only the Office of Science program sites. The Department of Energy could not provide us financial data for other offices within DOE that used these programs.

Each Agency Did Not Generally Know How Recipients Were Using Property

The three agencies we reviewed assigned various offices the responsibility for monitoring property provided to non-federal recipients. The program officials in charge of monitoring are to ensure, among other things, that non-federal recipients use the property within a reasonable period of time and for the purpose it was intended, according to agency regulations and program requirements. See figure 2. Once property is

24Selected agencies obtained federal excess property valued in original acquisition dollar amounts.
provided to a non-federal recipient some agencies retain title, or ownership, of the property, while others pass ownership to the recipient. For agencies disposing of property using the GSA-regulated disposal process, GSA regulations require agencies to, among other things: (1) ensure the use of excess personal property acquired for use by the non-federal recipient is authorized and complies with applicable federal regulations and agency guidelines, (2) review and approve transfer documents once property is requested by the non-federal recipient, and (3) ensure the non-federal recipient does not place the property into storage (i.e., stockpile) property and uses the property within a reasonable time frame. Requirements in the authorizing legislation govern USDA and DOE disposal when these agencies use their independent authorities.

While monitoring responsibilities were assigned, these selected agencies reported and we found that property provided to non-federal recipients was sometimes disposed of prematurely, not used at all, or not used within the required time frames. For example:

25Retaining title or passing ownership to non-federal recipients differs based on agency regulations and program requirements.

• According to Office of Property and Fleet Management officials responsible for property provided under the FAIR Act, they conducted an unscheduled property compliance check at a non-federal recipient location that revealed that a non-federal recipient (i.e., a school) improperly sold property before USDA’s 1-year requirement to use the property was met.\textsuperscript{27} As a result, the school was put on probation and was required to send inventory reports to USDA on a regular basis.

• An official from a state forestry department we spoke to reported having obtained a large vehicle that was not used. Furthermore, this official told us that due to a lack of indoor storage space the vehicle was stored outside exposed to the elements and its condition deteriorated over time.

• According to Agricultural Research Service officials responsible for property provided under the NIFA Federal Excess Personal Property Program, they revoked the participation of a non-federal recipient (i.e., a college) that was unable to provide information on how or whether property was being used.

• Several Laboratory Equipment Donation Program recipients reported instances where they did not report required information at the end of the first year of use, according to program requirements.\textsuperscript{28} One recipient told us that it never used several pieces of equipment it received because they were in poor condition and put them in storage, rather than disposing of the property.

Whether these instances are widespread or uncommon is unknown, due to a lack of consistent monitoring at USDA, DOE, and DOL to determine how and whether the property provided to non-federal recipients was used.

• USDA’s guidance from the Federal Excess Personal Property Program handbook for the FAIR Act specifies that regular audits and reviews of participating institutions are required to ensure property is being used in support of research, educational, technical, and scientific activities for related programs.\textsuperscript{29} Specifically, USDA requires

\textsuperscript{27}7 C.F.R. § 3200.9.

\textsuperscript{28}The Laboratory Equipment Donation Program guidelines require recipients to report to DOE on the use of the equipment, including any new courses instituted as a result of acquisition of the equipment.

\textsuperscript{29}U.S. Department of Agriculture, \textit{Federal Excess Personal Property Program Authorized under Section 923 of the Federal Agriculture Improvement and Reform Act Public Law 104-127} (April 2012).
property that is obtained by an institution to be placed into use for the purpose it was acquired within 1-year of receipt and to be used for 1-year thereafter. However, USDA Office of Property and Fleet Management officials told us that due to a limited travel budget and staff to conduct monitoring they relied on informal “spot checks” to monitor property provided to non-federal recipients under the FAIR Act.

- DOE’s Office of Asset Management said it had discontinued monitoring any excess property provided by the Economic Development Property program to non-federal recipients. According to DOE Office of Asset Management officials, they mistakenly believed the Economic Development Property authority had expired, and thus believed they were relieved of their monitoring responsibilities of the property provided to non-federal recipients. According to officials, they determined during the course of our review that the authority had not expired, but stated DOE regulations currently do not reference Economic Development Property. Officials stated that they did not know when they had last monitored the program and were not informed of its activities, even though between fiscal years 2013 and 2017, DOE reported to GSA’s Non-Federal Recipient Report that the program provided over $154 million in property to non-federal recipients. According to DOE Office of Asset Management officials, they were unaware of the DOE sites that reported this data to GSA. In addition, DOE has previously acknowledged monitoring concerns with the program. Office of Asset Management officials told us they are determining how use of this authority will continue in the future. As of December 2019, DOE’s Office of Asset Management had not issued any new guidance or clarifications on the program, or a time frame for when such guidance or clarification might be issued.

- DOE’s Office of Science told us it had not consistently monitored property provided to Laboratory Equipment Donation Program recipients to ensure that required information was reported at the end of the first year, which is a requirement of the program. According to

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30DOE Office of Science officials told us that their office reported a total of $34 million in the Non-Federal Recipient Report for the Economic Development Property Program between fiscal years 2013 and 2017. However, we did not validate the data, and DOE Office of Asset Management officials did not know what other offices within DOE may have reported.

31In 2003, DOE issued a memorandum that identified, among other issues, concerns with how Community Reuse Organizations were using proceeds from the sale of excess property obtained through the Economic Development Property program.
three Laboratory Donation Equipment Program recipients we spoke with, they had never provided information to DOE, and DOE had not requested information on property they received. According to Office of Science officials, they had not regularly contacted Laboratory Donation Equipment Program recipients because the process for doing so had been manual, and therefore was unsustainable and led to poor record-keeping. In March 2019, Office of Science officials established a new platform that will generate automatic email notifications to non-federal recipients of Laboratory Equipment Donation Program property within 11 months of receipt. DOE officials told us that the new system started receiving applications in June 2019, and thus DOE will begin the automated notifications no later than May 2020.

- Within DOL, the National Property Officer for DOL’s Job Corps Program retired in December 2018 and the position has not been officially filled. In September 2019, DOL officials told us that the National Property Officer’s responsibilities—which include periodically reviewing policies, procedures, and excess property provided to Job Corps centers—are temporarily being filled by another employee, in addition to that employee’s other responsibilities. They do not expect to hire a full-time National Property Officer before the end of calendar year 2019. It is unclear to what extent monitoring activities have been conducted within the National Office in the absence of a full-time National Property Officer. We identified discrepancies between the data provided to us by Job Corps Program officials on the excess property provided to Job Corps centers, and the data maintained by the Job Corps centers we visited. For example, we identified items that had been provided to Job Corps centers that were not tracked in DOL’s internal property-management system. According to DOL officials, property under a certain dollar threshold is not tracked internally, a practice that might account for the discrepancies. However, we identified several items that were obtained by Job Corps centers that were over the dollar threshold set by DOL. For example, one Job Corps center we visited obtained two walk-through metal detectors that exceeded the dollar threshold but are missing from DOL’s Job Corps Program data.

Offices within our selected agencies also did not fully carry out their oversight responsibilities. According to federal standards for internal control, management should evaluate performance and hold individuals accountable for their internal control responsibilities as well as internally communicate the necessary quality information to achieve the entity’s
objectives. Specifically, effective oversight and communication with key stakeholders are essential in ensuring that management is held accountable for carrying out their internal control responsibilities and meeting agency objectives. However, we found that the selected agencies did not take steps, such as communicating information, to ensure that the non-federal recipient programs were carried out in accordance with the agency’s property management regulations or program requirements, for various reasons:

- At USDA, Office of Property and Fleet Management officials acknowledged they have not consistently provided oversight of personal property across USDA because it was not considered a priority within the agency to do so. For example, until USDA established an inventory-compliance metric, sub-agencies did not regularly conduct required property inventories, and Office of Property and Fleet Management officials lacked the ability to require them to do so. As another example, officials said they requested that an office within USDA reconcile its non-federal recipient reporting data and make changes to the report to be provided to GSA. However, the office did not respond to their request, and the Office of Property and Fleet Management did not have the ability to enforce any corrective actions not taken. These experiences signaled to the Office of Property and Fleet Management that this area was not an agency priority and limited the ability to conduct oversight. However, USDA’s Office of Property and Fleet Management officials conceded that more consistent and robust agency-wide oversight of property provided to non-federal recipients would provide them with a better understanding of the effectiveness of their property-management controls.

- At DOE, communication problems have interfered with oversight. The Office of Asset Management is responsible for communicating information and providing guidance on the agency’s property management regulations to ensure that program offices are carrying out their property programs in accordance with those regulations. However, according to Office of Science officials, they were unaware

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32GAO, Standards for Internal Control in the Federal Government, GAO-14-704G (Washington, D.C.: September 2014). Internal control is a process affected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. Internal controls work to support effective and efficient of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations.

33GAO-14-704G.
that the Laboratory Equipment Donation Program was included in DOE’s property management regulations, though they had seen manuals about the program referenced in other DOE guidance.

In addition, according to Office of Science officials, in the absence of information about the Economic Development Program in DOE regulations, they were using DOE guidance that reflected DOE policy to provide property to non-federal recipients. However, the guidance used by Office of Science was discontinued in 2011 and, as mentioned above, is currently under review, according to Office of Asset Management officials. Office of Asset Management officials stated that not having official guidance that can be communicated to the sites about the use of this program is problematic and said they recognized the need for improved guidance and communication between the offices going forward.

In addition to these issues, we have reported in the past that managing property in general has been a low priority for federal agencies.34 Consistent with this report, officials from our three selected agencies stated that it was not always cost-effective to prioritize the monitoring and oversight of property programs for various reasons. Some also reported that, given limited resources, they prioritized high-risk or high-dollar value property that was still in the federal government’s possession rather than low-risk or low-dollar valued property within or divested from federal agency possession. We recognize that higher value property still being used may require more robust monitoring. However, as described above, there are good reasons to pay attention to whether the property provided to non-federal recipients, such as schools and state foresters, is being used according to regulations and guidance—not the least of which, it collectively represents millions of dollars in federal resources. As we described above, our three selected agencies alone provided about $76 million in property to non-federal recipients in fiscal year 2017.

Furthermore, agencies may consider the property low value, because they are no longer using it, but if that property, for example an old fire truck, keeps a federal or non-federal entity from purchasing expensive new parts, then it is not as clear that the value of the property is actually low. Finally, no matter the value of the property, agencies without effective oversight of the authorities and programs they are responsible for cannot be assured that they are adhering to federal regulations and

meeting program requirements, including whether property is being used as intended or to its fullest extent.

Benefits of Property Were Reported by Agencies and Non-Federal Recipients but Effect on Government Is Unclear due to Lack of Reliable Data

Programs Reportedly Benefit Selected Agencies and Non-Federal Recipients but May Reduce Others Agencies’ Access to Property

Officials at the three agencies we reviewed told us that providing unneeded or excess property to non-federal recipients was cost-effective for them or the federal government. For example, DOE officials reported that being able to dispose of property during internal screening helped them dispose of property more quickly than they would be able to do through GSAXcess and also reduced warehousing costs. USDA officials told us that being able to provide property to non-federal recipients potentially saves USDA on warehouse costs, but there are also likely additional savings since many of their non-federal recipients also obtain excess property from other federal agencies. DOL officials told us they save on contracting costs, as the Job Corps centers are able to obtain federal property for free, versus having to purchase similar property, whose costs could be built into contracts with federal agencies and paid for with federal funds.

Officials at our selected agencies told us that distributing unneeded and excess property to non-federal recipients also enhances their mission. For example, a USDA official told us a goal of the Federal Excess Property Program under NIFA—as managed by the Agricultural Research Service—was to provide property to non-federal recipients to establish relationships between USDA and state agricultural schools and programs. The official told us there is also increased value to USDA from the partnerships in the program, including an increase in agricultural experimental work and cooperative educational programs that assist USDA. DOE Office of Science officials told us that providing the scientific equipment through the Laboratory Equipment Donation Program
encourages colleges and universities to develop energy-related programs. In addition, officials told us the program encourages future scientists to potentially work for DOE in the future. DOL officials told us that providing property to Job Corps center contractors helps DOL provide job training for at-risk youth.

All 17 non-federal recipients we spoke with told us that federal property received from the selected agencies was beneficial for their program or department as well. For example, one DOE Laboratory Equipment Donation Program recipient told us that the equipment received was used to furnish a teaching laboratory, which the recipient would not have otherwise been able to purchase due to a limited budget. A state forester told us that property received from the Forest Service’s Federal Excess Property Program (such as fire trucks, gloves, and electronics) has had a real positive effect on rural fire departments because they would otherwise have been unable to purchase these items due to limited budgets. Officials from a DOL Job Corps center told us that the property they obtained as excess from GSAXcess is a lifeline for their operations, as they were able to obtain a lot of dorm and kitchen equipment to assist with their operations. See figure 3 below for examples of equipment obtained by non-federal recipients.
Figure 3: Examples of Equipment Provided by the United States Department of Agriculture, Department of Labor, and Department of Energy to Non-Federal Recipients

U.S. Department of Agriculture Forest Service equipment being used by the Buckeye Valley Fire District in Buckeye, Arizona

Department of Labor equipment being used by the Fred G. Acosta Job Corps Center in Tucson, Arizona

Department of Energy Laboratory Equipment Donation Program equipment being used by the University of Arizona in Tucson, Arizona

Source: GAO | GAO-20-101
While the selected agencies and non-federal recipients report benefits, the agency-specific disposal programs and agreements used at our selected agencies and other agencies may not benefit all federal agencies or even non-federal recipients. As we describe in more detail later in this report, GSA does not have reliable data on the scope of property provided to non-federal recipients across the federal government. However, based on our discussions with GSA officials and other stakeholders, as well as our review of 2003 property utilization and donation study, when agencies use their independent authority, in some instances, other stakeholders may not be eligible to acquire the property.35

First, non-federal recipients can obtain property at multiple points in the disposal process, a factor that could mean potential recipients get several chances to obtain property. For example, when agencies, such as USDA and DOE, provide unneeded property to non-federal recipients, the property does not enter GSAXcess. Additionally, other federal agencies and State Agencies for Surplus Property may not be eligible recipients to obtain unneeded property. According to the GSA property utilization and donation study, the increase in laws providing agencies with independent authority to give property to non-federal recipients has reduced the remaining pool of assets that would have otherwise entered the government-wide property disposal cycle. Additionally, when property does enter GSAXcess, an agency may obtain the property and provide it to a non-federal recipient. While GSA officials said they prioritize giving the property to the federal agency that plans to use it for its own needs over a federal agency that plans to provide it to a non-federal recipient, GSA officials said they are not always aware of how federal agencies plan to use the property. In this respect, a federal agency may acquire the excess property for use by a non-federal recipient instead of a federal agency acquiring the property for its own use. GSA officials also told us that they did not have data on the amount of property that is provided to non-federal recipients at the various points of the disposal process. Thus, it is unknown how often non-federal recipients obtain excess property from a federal agency, and whether or how often other recipients that may want excess and surplus property are missing out on property. Figure 4 illustrates the reduction in property that can occur when non-federal recipients obtain property at various points in the disposal cycle.

Second, because of the decentralized nature of disposal, some non-federal recipients could benefit more than others. For example, a rural fire department eligible to receive property under the USDA Forest Service’s Federal Excess Property Program could potentially obtain property: (1) during USDA internal screening, (2) from USDA as excess, or (3) through their State Agency for Surplus Property once the property is deemed surplus to federal government. Officials from four out of five State Agencies for Surplus Property told us that they have some recipients that are eligible to receive property through multiple points in the disposal process. In contrast, other non-federal entities, such as non-profit groups, may only be able to obtain property through their State Agency for Surplus Property because they are not eligible to receive property under a federal agency-specific program. As a result, these non-federal entities may have less property available to them and would have to pay a fee to the State Agency for Surplus Property to obtain the property. In addition, DOE and USDA officials said they do not advertise their agency-
specific property programs, so a smaller pool of eligible recipients may be competing for and benefiting from the property over those that are unaware of those programs. For example, one Laboratory Equipment Donation Program recipient told us he became aware of the program through a previous mentor and would have not otherwise known about the program because it is not advertised.

GSA's reporting tool and accompanying bulletin are unclear, a lack of clarity that resulted in inconsistent data on the number of non-federal recipients obtaining property. As the reporting tool and bulletin serve as the primary means for ensuring consistent information is collected on non-federal recipients that are provided property, it is important that they accurately convey the information agencies should report. However, we found the following three issues made the data unreliable for reporting the amount of property provided to non-federal recipients through authorities and agency specific programs.

Wrong Disposal Authority and Program Reported

We found that agencies incorrectly reported the authorities and programs used to provide excess property to non-federal recipients, making it difficult to understand how many agencies are providing property to non-federal recipients or what authority they are using to do it. Our analysis of the non-federal recipient reports found that during fiscal years 2013 to 2017, 16 agencies reported providing property to a non-federal recipient through various types of authorities, including agency-specific authorities. However, one of our selected agencies reported using another agency's independent authority or program to provide excess property to a non-federal recipient. Specifically, in fiscal year 2016, we found five instances where DOL reported using a DOD independent authority. DOL and GSA officials told us these instances were likely the result of data entry errors.

37In fiscal year 2017, agencies and independent government offices also reported providing property to non-federal recipients under government-wide authorities, such as the Stevenson-Wydler Act Computers for Learning program, which allows for agencies to provide excess research equipment to schools and non-profit entities. Pub. L. No, 102-245, § 303 (1991). However, these authorities were outside the scope of this review.

38We found other instances of agencies using another agency's independent authority or program to provide excess property to a non-federal recipient, but since these agencies were outside the scope of our engagement, we could not confirm with these agencies on why they reported using these independent authorities or programs.
We also found that agencies reported information incorrectly under their own programs. The full extent of such errors is unclear due to the inconsistency and incompleteness of the data; however, we found clear examples of reporting errors that agency officials confirmed. As previously discussed, DOE reported providing $154 million in unneeded property to non-federal recipients through the Economic Development Property program, but DOE officials stated that they do not know if the data were accurate or complete, in part, because the officials were not aware the Economic Development Program existed and thus were not conducting any oversight at the time. DOE officials told us that they are taking steps to clarify when the Economic Development Property program should be used in reporting, and anticipate that the correct reporting will take place in fiscal year 2020 once clarification is complete.

These errors occur because GSA’s reporting tool is limited. Specifically, the tool allows those who are inputting the information to select authorities and programs that are not specific to their agencies, rather than limiting options to the drop down menu of selections that actually are appropriate. GSA Office of Government-wide Policy officials told us that they provide a definition sheet, and offer training to each agency on how to enter data, but they are not sure if agencies are using their guidance. Even if those inputting data did refer to the sheet, GSA officials told us that since these are agency-specific programs, they are not aware of all the ways in which agencies are able to provide property to non-federal recipients and that the reporting tool may not reflect all the current authorities and programs used. A DOE official told us that the categories are not mutually exclusive, a situation that is confusing and can lead to inconsistent reporting even among offices within DOE. Because of this data input issue, it makes it difficult to understand how many agencies are providing property to non-federal recipients under these independent authorities.

We found that agencies inconsistently reported loaned property provided to non-federal recipients, resulting in inaccurate government-wide data on the amount of loaned property. Loaned property is considered property provided to a non-federal recipient for temporary use. Our analysis of the data found that only DOE, among all reporting agencies, reported providing loaned property ($104 million) to non-federal recipients between fiscal year 2013 and 2017 to GSA’s Non-Federal Recipient Report. According to DOE’s
property guidance, all excess property, including loaned property furnished to non-federal recipients should be reported. Conversely, USDA and DOL officials told us that they did not believe loaned property had to be reported, because title or government ownership of that property remained with the federal government.

It is unclear based on GSA’s guidance and interviews with GSA officials whether loaned property should be reported by agencies. GSA’s guidance states that excess property furnished in any manner whatsoever, including loaned property, should be reported. The reporting tool seems to support the guidance, as it included loaned property in the drop-down menu from which agencies could select the mechanism used to provide property. However, GSA’s guidance does not specify the circumstances in which loaned property should be reported and how it may differ from property loaned under an agency-specific program. For example, we found that USDA reported providing property to non-federal recipients under its agency-specific Federal Excess Property Programs when the title or ownership remained with the federal government, but did not report providing any loaned property outside of its agency-specific programs. GSA officials stated that there might be confusion among some agencies about whether excess property loaned to non-federal recipients needs to be reported when ownership remains with the federal government. Because only one agency reported loaned property outside of agency-specific programs, GSA guidance may not clearly specify whether and how loaned property should be reported.

We found inconsistencies in how property obtained by agencies in GSAXcess on behalf of non-federal recipients was reported, leading to underreporting of property provided to non-federal recipients. For example, we found that DOL was not reporting property obtained in GSAXcess for its Job Corps centers, because it believed that since this property was obtained from GSAXcess, GSA should be reporting these transactions. GSA officials told us DOL is responsible for reporting this information. According to GSA’s bulletin, agencies are required to report all of their transactions involving excess property provided to non-federal recipients, but do not need to report items sold, transferred, or donated by GSA on their behalf as part of the disposal process. Thus, there may be


41General Services Administration, Bulletin FMR B-27.
confusion among agencies on whether property obtained in GSAXcess should be reported by the agency or GSA. As a result, there could be undercounting of property provided to non-federal recipients, as neither DOL nor GSA is reporting the property.

GSA Office of Government-wide Policy officials told us that they realize data reporting can be improved but do not have concrete plans in place to do so. For example, GSA officials told us they have identified changes to the reporting tool to make it more user-friendly and to address some of the features that lead to reporting errors. GSA officials provided us with documentation listing some changes they would like to make to the reporting tool, including incorporating a range of data checks that will trigger caution or error messages for inappropriate data entries, and to generate agency system reminders to ensure data are turned in by each agency. GSA officials told us they made some of these changes to the fiscal year 2019 reporting tool. These changes represent a potential step in the right direction. However, GSA has not established a plan with time frames to implement further changes. Moreover, based on the documentation provided to us, it is unclear whether the proposed changes will address some of the limitations we identified including (1) agencies’ reporting property under another agency’s program in the reporting tool, (2) whether loaned property should be reported by agencies, and (3) clarifying what property GSA is reporting on behalf of agencies. According to federal standards for internal control, it is important for management to periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or related risks. As we have shown, each of these limitations obscure data that would be helpful in understanding whether and to what extent property provided to non-federal recipients is done so at a cost to the federal government.

Without addressing the limitations of the reporting tool and bulletin, it is not clear that the non-federal recipients’ report data will be consistent moving forward. Moreover, due to limited data, the implications of providing property to non-federal recipients ahead of other recipients, such as federal agencies and State Agencies for Surplus Property are unknown. Without taking action to update the reporting tool and bulletin to identify issues we found, it is unclear the extent to which GSA will be able to improve the data collected in the Non-Federal Recipient Report.

Conclusions

By using GSA’s government-wide disposal process as well as independent agency authorities, agencies have an opportunity to be good
stewards of government property by allowing others to reuse federal property in lieu of purchasing new property. While there are benefits to allowing agencies to provide property to non-federal recipients before others receive it, there are also potential implications. In the past, we have observed there is a government-wide lack of attention to management of property other than real property, and we continue to find that lack in this review. A full assessment of whether these efforts are achieving the intended effects are impeded due to a lack of oversight, monitoring, and accurate data about what types and amounts of property are provided to non-federal recipients. Until USDA, DOE, and DOL direct their offices to fulfill their oversight responsibilities, there may be an ongoing lack of accountability for managing such programs. Furthermore, lack of effective monitoring will continue to undermine any assurances to agencies and Congress that this property is being used in a timely manner, as intended, or to its fullest extent. Finally, given the large amount of property managed and disposed of by the federal government each year, the lack of reliable data makes it difficult to understand the overall scope of property provided to non-federal recipients and the implications for the government-wide disposal process.

We are making seven recommendations: two recommendations to USDA, two recommendations to DOE, one recommendation to DOL, and two recommendations to GSA.

The Secretary of Agriculture should direct the Office of Property and Fleet Management to consistently monitor property provided to non-federal recipients within 1 year of receipt, and to ensure property is being used for its intended purpose 1 year after initial monitoring. (Recommendation 1)

The Secretary of Energy should direct the Office of Asset Management to resume monitoring the Economic Development Property program, including property provided to non-federal recipients. (Recommendation 2)

The Secretary of Labor should direct the Employment and Training Administration to take steps, such as reconciling data between Job Corps centers and the Job Corps National Office, to ensure that the entities responsible for overseeing and monitoring the Job Corps Program have accurate data on the excess property provided to non-federal recipients. (Recommendation 3)
The Secretary of Agriculture should direct the Office of Property and Fleet Management to establish clear processes to oversee property programs, including excess property provided to non-federal recipients across the agency. (Recommendation 4)

The Secretary of Energy should direct the Office of Asset Management to update its regulations and guidance on programs that provide property to non-federal recipients to ensure regulations are current and establish a process to regularly communicate information about non-federal recipient programs to DOE program offices. (Recommendation 5)

The GSA Administrator should direct the Office of Government-wide Policy to revise the Personal Property Reporting Tool by updating the authorities agencies can select. (Recommendation 6)

The GSA Administrator should direct the Office of Government-wide Policy to document in what circumstances excess property loaned to non-federal recipients should be reported and what property GSA is reporting on behalf of agencies, for example, by updating GSA guidance. (Recommendation 7)

We provided a draft of this report to USDA, DOE, DOL, and GSA for comment. Three agencies provided comments, which are reprinted in appendixes IV through VI and summarized below. USDA informed us by email that it had no comments and concurred with the recommendations. DOE also provided technical comments, which we incorporated, as appropriate.

In its written comments, DOE agreed with our recommendations and stated that the Office of Asset Management will update the annual property reporting requirements for Economic Development Property and will also update DOE’s internal policies and provide property information on DOE’s internal informational website.

In its written comments, DOL’s Employment and Training Administration agreed with our recommendation and stated that it will take steps to improve the accuracy of data on excess property provided to Job Corps contractors and has recently taken actions to improve the monitoring and oversight of Job Corps property. For example, the Employment and Training Administration stated it is working closely with DOL’s Office of the Assistant Secretary for Administration and Management to develop a new process for GSAXcess review and will formalize property reporting
requirements, processes, and roles and responsibilities in the next update to its property management guidance.

In its written comments, GSA agreed with our recommendations and stated that it already added relevant authorities to the Personal Property Reporting Tool in July 2019. In addition, GSA stated it will continue to contact agencies to ensure that all relevant authorities are included in the reporting tool and will evaluate technical updates to the reporting tool to ensure that agencies select an appropriate authority when reporting. Also, GSA stated it will communicate with agencies to clarify any confusion regarding reporting requirements for loaned property and is committed to reviewing and updating relevant regulations and guidance, particularly in terms of reporting property that agencies obtain via GSAXcess.

We are sending copies of this report to the appropriate congressional committees, the GSA Administrator, Secretary of Agriculture, Secretary of Energy, Secretary of Labor, and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff members have any questions regarding this report, please contact Lori Rectanus 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. Key contributors to this report are listed in appendix VII.

Lori Rectanus
Director, Physical Infrastructure Issues
Appendix I: Objectives, Scope, and Methodology

Our review focused on how federal agencies provide, manage, and report on property provided to non-federal recipients. Our objectives were to examine (1) how selected agencies manage unneeded and excess property provided to non-federal recipients, and (2) what is known about the benefits, effects, and reported data of providing property to non-federal recipients. To address both objectives, we reviewed applicable federal statutes and regulations pertaining to property disposal, including General Services Administration (GSA) property management regulations, and agencies’ independent authorities for providing property to non-federal recipients. We also reviewed GSA bulletins, briefings, and a 2003 GSA property utilization and donation study¹ to understand the effects and requirements for providing and reporting property to non-federal recipients.

To assess how selected agencies manage unneeded² and excess property provided to non-federal recipients, we selected three agencies and reviewed documentation and interviewed officials from the three agencies—the United States Department of Agriculture (USDA), the Department of Energy (DOE), and the Department of Labor (DOL). We selected these agencies using information from GSA’s government-wide Non-Federal Recipient Report that provides data on excess property provided to non-federal recipients by agency, and reports from GSA’s centralized property database (GSAXcess) on overall property disposed of and obtained by federal agencies from fiscal year 2013 to 2017. After reviewing those reports, we selected agencies based on: (1) the amount of property provided to non-federal recipients in terms of original acquisition cost, (2) the amount of property obtained through GSAXcess in terms of original acquisition cost, (3) the number of independent authorities reported being used by the agency to provide property to a non-federal recipient, and (4) the amount of property provided to non-


²We define unneeded property as property that has not been formally reported to GSA as excess, such as property that is going through an agency’s internal-screening process to determine if there is need for it within the agency.
federal recipients through a grant, contract, or cooperative agreement. We selected these agencies based on these factors because we were looking for agencies that provided a large amount of property to non-federal recipients through their independent authorities and programs, as well as an agency that provided less property through the independent authorities and programs, and more through grants, contracts, or cooperative agreements.

We reviewed each selected agency’s policies and program guidance describing disposal processes, including processes for providing unneeded and excess property to non-federal recipients, and compared the processes to relevant federal internal control standards on oversight and monitoring. We interviewed agency property management officials as well as agency program officials responsible for managing property provided to non-federal recipients through agency programs, including DOE’s Laboratory Equipment Donation Program, Economic Development Property program, and Math and Science Equipment Gift Program and three USDA Federal Excess Personal Property programs, including the Federal Agriculture Improvement and Reform (FAIR) Act program, the Forest Service Federal Excess Property Program, and the National Institute of Food and Agriculture Federal Excess Property Program to gain a high-level understanding of the impetus of the agency-specific disposal programs, and how those programs were managed.

For DOL, officials told us that they currently provided property to non-federal recipients through contracts with DOL Job Corps centers and had previously provided property through cooperative agreements and memorandums of understanding with apprenticeship programs, but these

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3 According to GSA definitions used in the reporting of property provided to non-federal recipients, a grant is an award of financial assistance, which often includes property, from a federal agency to a recipient to carry out a public purpose of support or stimulation authorized by law. Grant policies are contained in OMB Circulars. Office of Management and Budget (OMB) Circular No. A-102, Grants and Cooperative Agreements with State and Local Governments (Aug. 29, 1997).

4 According to GSA definitions used in the reporting of property provided to non-federal recipients, a contract is an entity under a contractual relationship with the government, where property is provided to the contractor.

5 According to GSA definitions used in the reporting of property provided to non-federal recipients, a cooperative agreement allows an entity that has an agreement with the government to be provided property.

agreements were canceled in 2016. Thus, we interviewed agency officials knowledgeable about excess property obtained through GSAXcess and provided through contracts to Job Corps Centers to understand how DOL provided property to non-federal recipients. More detail on the independent authorities used by agencies can be found in appendix II and additional information about excess property DOL previously provided to apprenticeship programs can be found in appendix III.

To assess what is known about the benefits, effects, and reported data on providing property to non-federal recipients, we interviewed officials from State Agencies for Surplus Property in Arizona, California, Georgia, Illinois, and Texas to obtain their views on the GSA property disposal process. We selected these states because their State Agency for Surplus Property was a top 20 recipient of surplus property in terms of original acquisition value during a given year from fiscal year 2014 to fiscal year 2017, according to data provided by GSA on surplus property donation.7 We also interviewed and obtained documentation from 17 non-federal recipients in those five states to understand how they used unneeded and excess property provided by the USDA’s Forest Service Federal Excess Property Program, the DOE’s Laboratory Equipment Donation Program, and DOL’s Job Corps Program and how monitoring of federal property occurred. We selected these non-federal recipients because they obtained property from these three agencies through their independent authorities or agency programs. Information we obtained from these non-federal recipients is not generalizable to all non-federal recipients of excess property. In addition, we interviewed knowledgeable officials from GSA’s Office of Government-Wide Policy and Office of Personal Property Management. See table 1 for a list of federal agencies, non-federal recipients, and other stakeholders interviewed.

7Some of our selected states were top 20 recipients in terms of original acquisition value for multiple years.
### Appendix I: Objectives, Scope, and Methodology

#### Table 3: Federal Agencies, Non-Federal Recipients, and Other Stakeholders Interviewed

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<td>Agricultural Research Service</td>
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<td>Department of Energy (DOE)</td>
<td>Office of Asset Management</td>
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<td>Office of Science</td>
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<tr>
<td>Department of Labor (DOL)</td>
<td>Office of the Assistant Secretary for Administration and Management</td>
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<td>Office of Job Corps</td>
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<td>Office of Apprenticeship</td>
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<td>Office of Management and Administrative Services</td>
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<tr>
<td><strong>Non-Federal Recipients</strong></td>
<td>USDA Forest Service’s Federal Excess Personal Property Program</td>
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<tr>
<td></td>
<td>USDA Agricultural Research Service’s National Institute of Food and Agriculture Federal Excess Personal Property Program</td>
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<tr>
<td></td>
<td>DOE Laboratory Equipment Donation Program</td>
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<td></td>
<td>DOL Job Corps Program</td>
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<td></td>
<td>Arizona State Forestry, Department of Forestry and Fire Management (Arizona)</td>
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<td></td>
<td>California Department of Forestry and Fire Protection (California)</td>
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<td></td>
<td>Georgia Forestry Commission (Georgia)</td>
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<td>Illinois Department of Natural Resources (Illinois)</td>
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<td>Texas A&amp;M Forest Service (Texas)</td>
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<td>University of Arizona, Tucson (Arizona)</td>
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<td>Joliet Job Corps Center (Illinois)</td>
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<td>Paul Simon Job Corps Center (Illinois)</td>
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<td>Gary Job Corps Center (Texas)</td>
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Appendix I: Objectives, Scope, and Methodology

We also analyzed and summarized Non-Federal Recipient Report data from fiscal year 2013 to 2017 to understand the scope of excess property that agencies provided to non-federal recipients through various programs and agreements. We used these years because this was the most current data available to us at the time we started our review.\(^8\) To assess the reliability of the Non-Federal Recipient Report data, we (1) performed electronic testing for obvious errors in accuracy and completeness; (2) reviewed GSA’s agency guidance on reporting requirements; and (3) interviewed officials at our selected agencies to discuss identified data errors. We found that information in the database was not sufficiently reliable for reporting the amount of property provided to non-federal recipients through independent authorities and programs. As discussed in the report, we used some of the data to provide illustrative examples of reporting errors and to develop recommendations for improving or establishing management controls to help ensure data quality.

We conducted this performance audit from June 2018 to December 2019 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

---

\(^8\)Fiscal year 2018 non-federal recipient report data became available during the course of our review. However, we did not include these data in our analysis to be consistent with the data used to support our agency selection.

---

### Other Stakeholders

<table>
<thead>
<tr>
<th>Other Stakeholders</th>
<th>Arizona State Surplus Property Management Office (Arizona)</th>
</tr>
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<tbody>
<tr>
<td>State Agencies for Surplus Property</td>
<td>Department of General Services (California)</td>
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<td></td>
<td>Department of Administrative Services Surplus Property Division (Georgia)</td>
</tr>
<tr>
<td></td>
<td>Illinois Department of Central Management Services (Illinois)</td>
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<tr>
<td></td>
<td>Texas Facilities Commission State and Federal Surplus Property Program (Texas)</td>
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<tr>
<td>Industry Association</td>
<td>National Association of State Agencies for Surplus Property</td>
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<tr>
<td>Apprenticeship Programs</td>
<td>International Union of Operating Engineers</td>
</tr>
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<td></td>
<td>International Training Institute</td>
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</table>

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
## Table 4: Selected Independent Authorities of Property Provided to Non-Federal Recipients

<table>
<thead>
<tr>
<th>Act / Authority</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Federal Agriculture Improvement and Reform Act of 1996</strong>; Pub. L. No. 104-127, § 923 (1996)</td>
<td>Authorizes the United States Department of Agriculture (USDA) to transfer title of excess personal property to qualified educational institutions or federal agencies/departments.</td>
</tr>
<tr>
<td><strong>Cooperative Forestry Assistance Act of 1978</strong>, Pub. L. No. 95-313, § 7(b) (1978)</td>
<td>Authorizes the Forest Service to provide financial, technical, and other assistance to state foresters in cooperative efforts to organize, train, and equip local firefighting forces.</td>
</tr>
<tr>
<td><strong>Agriculture and Food Act of 1981</strong>, Pub. L. No. 97-98, § 1439 (1981); 7 U.S.C. § 3318(d)</td>
<td>Authorizes USDA to provide ownership of certain equipment and other personal property purchased with funding from USDA contracts, grants, or cooperative agreements to a contractor/recipient when the transaction furthers USDA agricultural research or teaching objectives.</td>
</tr>
<tr>
<td><strong>Atomic Energy Commission</strong>, 42 U.S.C. § 2051(b)</td>
<td>Authorizes the Atomic Energy Commission to provide equipment to eligible institutions to support courses, studies, training, and disciplines related to nuclear safety, security, environmental protection, or other fields related to the Atomic Energy Commission mission.</td>
</tr>
<tr>
<td><strong>Educational Partnerships</strong>, 42 U.S.C. § 7381c</td>
<td>Authorizes Department of Energy (DOE) to enter into agreements with eligible educational institutions to loan or transfer equipment or transfer surplus equipment in order to encourage or enhance study in scientific areas.</td>
</tr>
<tr>
<td><strong>Leasing of Property at DOE Facilities</strong>, 42 U.S.C. § 7256(c)</td>
<td>Authorizes DOE to lease, under terms to promote national security or the public interest, excess personal property located at DOE facilities to be closed or reconfigured.</td>
</tr>
<tr>
<td><strong>Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019</strong>, Pub. L. No. 115-245, § 113 (2018)</td>
<td>For fiscal year 2019, authorizes Department of Labor to furnish through grants, cooperative agreements or other arrangements up to $2 million of excess personal property to apprenticeship programs in order for training apprentices.</td>
</tr>
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Note: This appendix is not intended to be a complete list of the selected agencies disposal authorities.
Appendix III: Provision of Excess Property through Department of Labor’s Employment and Training Administration

<table>
<thead>
<tr>
<th>Background on Excess Property Provided to Apprenticeship Programs</th>
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<td>For several decades, the U.S. Department of Labor’s (DOL) Employment and Training Administration (ETA) has provided excess property to support apprenticeship training programs, according to DOL officials.¹ For about 15 years, the Office of Apprenticeship within ETA had agreements with two apprenticeship programs—the International Union of Operating Engineers (IUOE) and the International Training Institute for the Sheet Metal Workers and Air Conditioning Industry (ITI) to support the training of apprentices in the fields of heavy equipment operation and maintenance and sheet metal fabrication and installation, respectively.² According to the most recent agreements, DOL’s objective was to increase the number of women and minorities in apprenticeships. According to IUOE staff, these agreements supported equipment needs and hands-on training hours at 63 of 64 apprenticeship programs that provide training for construction-industry jobs, and according to ITI staff, property was obtained by its 150 training centers.</td>
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<th>How Property Has Been Provided for Apprenticeship Program Use</th>
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<tr>
<td>Under GSA regulations, federal agencies, including DOL, can provide excess property to their grantees, contractors, and cooperatives.³ DOL executed cooperative agreements and memorandums of understanding with IUOE and ITI to provide excess property to support their apprenticeship training programs. According to DOL officials, the cooperative agreements and memorandums of understanding served as the legal instrument that laid out the relationship between ETA and the apprenticeship programs and the terms and conditions for obtaining excess property. The most recent memorandums of understanding between ETA and the apprenticeship programs were signed in August 2015 and were set to expire on December 31, 2020.</td>
</tr>
</tbody>
</table>

¹DOL officials did not have records of cooperative agreements with current apprenticeship programs prior to 2004, but stated that at least one agreement with apprenticeship programs to obtain excess property had been in place since the 1960s.

²After 2006, the agreements were with the IUOE National Training Fund, which is an umbrella organization for all of IUOE’s training programs. IUOE has over 400,000 members in the United States and Canada; two-thirds of its members work as heavy equipment operators in the construction industry and one-third work as stationary engineers in the maintenance and operation of existing building systems. ITI has about 150 training centers across the United States and Canada.

³41 C.F.R. § 102-36.150.
IUOE and ITI representatives were provided access to view and request federal excess property in GSAXcess, the General Services Administration's (GSA) government-wide, web-based system for facilitating the disposal of excess property. As authorized by DOL, IUOE and ITI representatives could screen property at the same time as other federal agencies. Once property was requested, the request would be reviewed and approved by DOL officials, certifying that the property fulfilled a mission-need for the particular site requesting the property. If GSA allocated the property to DOL, the federal agency disposing of the property would transfer the property directly to the training program or school that requested it; the particular training program or school was required to pay any associated transportation costs. Once the property was transferred, the training program or school was responsible for maintaining the property, which remained under the ownership of DOL, and IUOE and ITI were responsible for annually inventorying and certifying the property in their possession. When the property was no longer needed, it could be transferred to another site that needed the equipment or was disposed of by DOL’s listing the property in GSAXcess.

Benefits and Challenges for Provision of Property to Apprenticeship Programs

There are no available data on the types or number of property that has been historically provided for apprenticeship program use. There are, however, data on what property is currently held by IUOE and ITI.⁴ According to DOL, as of September 2019, IUOE had over 2500 pieces of construction equipment and vehicles they obtained from GSAXcess between 1979 and 2017,⁵ while ITI had over 2000 pieces of property acquired from GSAXcess between 1999 and 2013. According to IUOE and ITI staff, this property was useful to the sites that received it because it provided training hours to apprentices and lead to cost savings, but challenges were cited in disposing of property when it was no longer needed.

- **Training hours:** according to IUOE staff, the equipment they obtained, while often dated, provided invaluable opportunities for apprentices to receive training hours on equipment they might not otherwise obtain. For example, according to IUOE staff, a training

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⁴We did not verify the accuracy of the information reported.

⁵IUOE identified 5 items acquired in 2017 after the Memorandum of Understanding had been canceled. According to IUOE staff, these acquisitions had been approved prior to the cancellation.
A center in Michigan obtained a used crane that could cost $1 million to purchase new, and uses it at a dedicated area onsite to support various types of disaster response training activities. According to ITI staff, the property obtained by their schools included hand saws, drills, computers, and furniture.

- **Cost savings:** DOL officials and apprenticeship program staff said that the ability to obtain equipment in this fashion lead to cost savings. For example, according to IUOE staff, the property that was obtained through GSAXcess was a key element to fulfilling equipment needs for their programs, particularly for smaller programs that did not have as many resources. However, these sites have other options to obtain equipment, such as from the original equipment manufacturer or on the market. In addition, according to IUOE staff at the Casa Grande Training Center in Arizona, equipment obtained by the site was primarily heavy equipment and rolling stock used to train apprentices and saved the center money because they did not have to purchase new equipment. See figure 5 for an example of excess equipment obtained. ITI staff stated that the property they obtained to support the training of apprentices in their schools allowed the schools to spend funds on other program areas, rather than equipment.

**Figure 5: Department of Labor’s Excess Equipment (Water Pull) Provided to the Casa Grande Training Center**

![Image of water pull equipment](source: GAO)
• **Out-of-date equipment:** Many IUOE sites continue to use the equipment they obtained, but it is not all in working condition. For example, Casa Grande has some equipment that is no longer in working order and the site does not want to invest money to repair the equipment, if it can no longer use it. According to ITI staff, they have not obtained excess property from GSAXcess since 2013 and have been unable to dispose of property received under prior agreements with DOL that is no longer needed. For example, staff estimated that about 90 percent of the equipment they obtained is now obsolete (over 2,000 items) and they would like to dispose of it. At a school in Miami, Florida, ITI had to purchase additional storage to store obsolete property and classrooms were filled with obsolete computers. ITI schools currently fulfill their equipment needs through loans from ITI headquarters or through purchasing their own equipment.

**Recent Changes to the Apprenticeship Program and Potential Effects**

In 2016, DOL made the determination that it would no longer provide equipment to apprenticeship programs due to legal and policy concerns, and according to DOL officials, they dissolved the agreements with IUOE and ITI in October 2016. In August 2017, DOL sent letters to IUOE and ITI stating that DOL would no longer continue to furnish excess property to non-federal entities. In cancelling these agreements, the department said it no longer wanted to retain ownership of the equipment, nor did it have a mechanism to allow IUOE and ITI to retain the property.

However, recently DOL has received independent authority to provide property to the apprenticeship programs. Specifically, in its fiscal year 2018 appropriations, DOL received independent statutory authority to provide up to $2 million in excess property to apprenticeship programs for purposes of training apprentices in those programs through grants.

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6According to DOL officials, they determined that they were not following GSA regulations because the cooperative agreements with IUOE and ITI did not specify a dollar value of the agreement. According to GSA regulation, cooperative agreements must limit the total dollar amount of property transfers to the dollar value of the cooperative agreements. 41 CFR §102-36.180.

7According to DOL officials, the only existing option to transfer title to IUOE and ITI was through a grant agreement, but DOL would incur a cost under such an arrangement, which was not desirable. Under GSA regulations, when federal agencies acquire excess property for use by their grantees, they must deposit 25 percent of the original acquisition cost of the property into the U.S. Treasury, with certain exceptions. 41 C.F.R. §§ 102-36.185(d), 102-36.190.
cooperative agreements, contracts, or other arrangements.\textsuperscript{8} DOL did not provide excess property to these programs during fiscal year 2018.

In its fiscal year 2019 appropriations, DOL was again authorized to provide up to $2 million in excess property.\textsuperscript{9} According to DOL officials, they planned to use the authority to transfer ownership of property already in IUOE's and ITI's possession that the programs would like to keep in support of its apprenticeship training programs. In April and May 2019, DOL officials sent letters to IUOE and ITI requesting that the apprenticeship programs take steps to verify property currently in their possession. In addition, IUOE and ITI were required to identify property for which they would like to obtain ownership from DOL and provided instructions for applying the fair market value to this property. In September 2019, DOL approved the transfer of ownership of 96 items at a fair market value of about $1.7 million IUOE wished to retain and 75 items with a fair market value of about $216,000 ITI wished to retain, for a total of $1.9 million in the aggregate. For property that IUOE and ITI did not want to keep, including obsolete items discussed above, DOL is in the process of disposing of it using GSAXcess, according to DOL officials.

DOL officials told us that DOL does not plan to transfer any additional property to apprenticeship training programs in the future because the authority provided in the fiscal year 2019 appropriations expired at the end of the fiscal year.


Appendix IV: Comments from the Department of Energy

Department of Energy
Washington, DC 20585
December 10, 2019

Mr. David Trimble
Director
Natural Resources and Environment
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Trimble:


The report contains seven recommendations, of which GAO directed two recommendations to DOE. The report’s recommendations to DOE are consistent with the Office of Management’s commitment to continuous improvement. The Department’s planned actions to address GAO’s recommendations and general comments on the report are in the enclosure.

GAO should direct any further questions regarding the Department’s response to Ms. Monja Vadhais, Office of Asset Management, at (202) 586-6199.

Sincerely,

[Signature]

Ingrid Kolb
Director
Office of Management

Enclosure
Appendix IV: Comments from the Department of Energy

Responses to the Recommendations for Executive Action

Government Accountability Office Report GAO-20-101

Federal Property: Better, Monitoring, Oversight and Data Would Help Understand Effects of Providing Property to Non-Federal Recipients (Job Code 102887)

**Recommendation 2:** “The Secretary of Energy should direct the Office of Asset Management to resume monitoring the Economic Development Property program, including property provided to non-federal recipients, if the program continues.”

**Office of Asset Management Response:** Concur

Office of Asset will update the annual personal property reporting requirements.

**Anticipated Completion Date:** September 30, 2020

**Recommendation 5:** “The Secretary of Energy should direct the Office of Asset Management to update its regulations and guidance on programs that provide property to non-federal recipients to ensure they are current, and establish a process to regularly communicate information about non-federal recipient programs to DOE program offices.”

**Office of Asset Management Response:** Concur

Office of Asset Management will update DOE internal policies and provide personal property information on DOE’s internal informational website (Powerpedia).

**Anticipated Completion Date:** September 30, 2020
Appendix V: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for Employment and Training
Washington, D.C. 20210

DEC 8, 2019

Ms. Cindy S. Brown-Barnes
Director
Education, Workforce,
and Income Security Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, DC 20548

Dear Ms. Brown-Barnes:


The Department of Labor’s (Department) Employment and Training Administration (ETA) appreciates GAO’s findings on how agencies manage excess property and the benefits to providing excess property to non-federal recipients. As stated in the report, ETA’s contracts with Job Corps center operators provide contractors the ability to access GSAXcess to obtain free federal property, which centers can use to provide enhanced training and employment services to Job Corps’ youth. It could also result in cost savings to the government, since these centers would otherwise need to purchase similar property and build those costs into their contracts.

In its report, the GAO made the following recommendation:

“The Secretary of Labor should direct the Employment and Training Administration to take steps, such as reconciling data between Job Corps centers and the Job Corps National Office, to ensure that the entities responsible for overseeing and monitoring the Job Corps Program have accurate data on the excess property provided to non-federal recipients.”

ETA agrees with this recommendation and will take steps to ensure it has accurate data regarding the excess property provided to Job Corps contractors. ETA has recently taken actions to improve the monitoring and oversight of Job Corps property, including modifying the GSAXcess approval process by elevating review of all GSAXcess requests made by the Job Corps centers to ETA’s National Office. ETA is also working closely with the Department’s Office of the Assistant Secretary for Administration and Management (OASAM) to develop a new process for GSAXcess review, to include: identifying item categories including “special interest” items that require additional approvals; identifying approval levels for each category; developing Job Corps policies and training with support from the Department’s Personal Property Management and Fleet Management offices; and coordinating and streamlining access request procedures and appropriate levels. Lastly, OASAM will formalize property reporting requirements, processes,
and roles and responsibilities into the next Property Management Department of Labor Manual Series (DLMS) update. A recently revised draft Fleet DLMS already addresses motor vehicle property management and property obtained from GSAXcess.

Thank you for the opportunity to review and provide a response to the draft report.

Sincerely,

John Pallasch
Assistant Secretary for Employment and Training
December 6, 2019

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:


To help improve agency reporting of property provided to non-Federal recipients, GAO makes two recommendations for GSA:

1. The GSA Administrator should direct the Office of Government-wide Policy to revise the Personal Property Reporting Tool by updating the authorities agencies can select. (recommendation 6)

2. The GSA Administrator should direct the Office of Government-wide Policy to document in what circumstances excess property loaned to non-federal recipients should be reported, and what property GSA is reporting on behalf of agencies, such as by updating its bulletin, in order to improve the consistency of data reporting. (recommendation 7)

In response to Recommendation 6, GSA concurs. GSA added relevant authorities to the Personal Property Reporting Tool (Tool) as recently as July 2019, and will continue to contact agencies to ensure that all relevant authorities are included in the Tool. Additionally, in order to improve the accuracy of data, GSA is evaluating technical updates to add verification measures to the Tool to ensure that reporting agencies select an appropriate authority when reporting personal property.

In response to the GAO draft report and Recommendation 7, GSA will communicate with agencies to better understand what confusion exists in regard to reporting loaned property, as reporting requirements are enumerated in statute, regulations, and guidance. GSA also commits to reviewing and updating, as necessary, relevant regulations and guidance in this area, including Federal Management Regulation Bulletin B-27, "Annual Executive Agency Reports on
Excess and Exchange/Sale Personal Property,” particularly in terms of reporting personal property that agencies obtain via GSAXcess.

If you have any questions, please contact me at (202) 969-7277 or Mr. Jeffrey A. Post, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0553.

Sincerely,

Emily W. Murphy
Administrator

cc: Lori Rectanus, Director, Physical Infrastructure Issues, GAO
## Appendix VII: GAO Contact and Staff Acknowledgments

<table>
<thead>
<tr>
<th>GAO Contact</th>
<th>Lori Rectanus, Director, Physical Infrastructure, (202) 512-2834 or <a href="mailto:rectanusl@gao.gov">rectanusl@gao.gov</a></th>
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</thead>
<tbody>
<tr>
<td><strong>Staff Acknowledgments</strong></td>
<td>In addition to the contact above, the following staff made key contributions in this report: Aisha Cabrer; Lacey Coppage; Nancy Lueke (Assistant Director); Joshua Ormond; Nitin Rao (Analyst-in-Charge); Amy Rosewarne; Kelly Rubin; Atiya Siddiqi; and Crystal Wesco.</td>
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