

GAO Highlights

Highlights of [GAO-14-769](#), a report to the Committee on Foreign Affairs, House of Representatives.

Why GAO Did This Study

The Department of State (State) holds or leases about 70-million square feet of real estate in about 275 posts worldwide and has the authority to construct, acquire, manage, and dispose of real property abroad.

GAO was asked to review State's management of overseas real property. This report examines: (1) what is known about State's overseas real property inventory, and (2) what factors State considers in managing its overseas real property portfolio and to what extent it documents its decision-making process pertaining to real property.

GAO requested 202 files for all acquisitions, disposals, and major leases pertaining to State's management of its real property abroad for the period from 2008-2013. In addition, GAO interviewed State officials in headquarters and at four posts abroad, selected because they had (1) ongoing or recently completed embassy construction or renovation projects without property disposals, (2) properties reported as identified for disposal for multiple years without being disposed, and (3) both owned and leased properties. The results of the four case studies cannot be generalized for the purpose of this review.

What GAO Recommends

GAO recommends that the Secretary of State (1) clarify accounting code guidance for tracking expenses related to disposal of unneeded properties, and (2) take steps to collect and retain documents related to real property purchases, disposals, and leases in accordance with the *FAM* and OMB's guidance. State concurred with GAO's recommendations.

View [GAO-14-769](#). For more information, contact David J. Wise 202-512-2834 wised@gao.gov or Michael J. Courts at 202-512-8980 or courtsm@gao.gov

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OVERSEAS REAL PROPERTY

State Department Needs to Improve Guidance and Records Management

What GAO Found

GAO's analysis of the overseas real property portfolio of the Department of State (State) indicates that the overall inventory has increased in recent years. State reported that its leased properties, which make up about 75 percent of its inventory, increased from approximately 12,000 to 14,000 between 2008 and 2013. State's numbers of federally owned properties increased, but comparing the total number of owned properties from year to year can be misleading because State's method of counting these properties has been evolving over the past several years. Specifically, according to State officials, they have been revising their method for counting properties to produce more precise counts and to meet reporting guidance from the Office of Management and Budget (OMB), among others. For example, State began counting separately structural assets previously included as part of another building's assets, such as guard booths or perimeter walls, and consequently reported approximately 650 additional structural assets in fiscal year 2012 than in 2011, and approximately 900 more structures in 2013.

State officials told GAO that they consider many factors in managing real property; however, GAO found State's available data and documentation on management decisions were limited. State officials said that they work with overseas posts to identify and dispose of unneeded properties, primarily using factors in State's *Foreign Affairs Manual (FAM)* guidance. Such factors include identifying properties deemed obsolete or with excessive maintenance costs. State collects data on costs associated with unneeded properties identified for disposal, relying on posts to charge all such costs to a specific accounting code. The four posts GAO visited did not use this code consistently. For example, officials at one post charged some disposal costs to a routine maintenance account. Officials at the other posts with properties for sale used the code to charge all related disposal costs. GAO also found that other posts with unneeded properties identified for disposal in fiscal year 2013 had not charged expenses to this account. The guidance provided in the *FAM* for using this code does not detail the types of costs that can be charged. This omission raises questions about the extent to which posts use the code as State intends and the extent to which State receives accurate and comprehensive cost information about its unneeded properties. State, without accurate data on unneeded property, may not have the information it needs to make a decision about property offers when attempting to maximize revenue for property sales. Also, posts may not have sufficient funding for routine property maintenance if they use funds designated for this type of maintenance on unneeded property. GAO requested to review 202 files between fiscal year 2008 through 2013 on acquisitions (72), disposals (94), and leases (36), but was provided 90, as State told GAO that these files were not centrally located and too time consuming to find and provide during the time frame of our review. State provided most of what it considers "core" documents for the acquisition and disposal files, but these documents do not constitute all of the documentation listed in the *FAM* and OMB guidance. In addition, although State provided all 36 of the requested lease files, some documentation that State agreed to provide was missing for 30 of the 36 files. Without the missing files and documentation, it is unclear how efficiently and effectively State is managing its overseas real property.