

GAO Highlights

Highlights of [GAO-19-405](#), a report to congressional requesters

Why GAO Did This Study

As the federal government's landlord, GSA is authorized to lease property to accommodate federal agencies. It can also delegate this authority to other agencies, though GSA is still responsible for overseeing the delegated leasing program. However, prior audits found problems with delegated leasing, including excessive rental rates and insufficient documentation to support that the government received a fair and reasonable price for the lease.

GAO was asked to review GSA's delegated leasing program. This report examines: 1) GSA's efforts to reform its delegated leasing program; 2) the extent to which GSA assesses agencies' policies, procedures, and performance in managing their delegated leasing activities; and 3) the extent to which GSA ensures delegated leases meet requirements. GAO reviewed federal statutes and regulations, and GSA's guidance and data on delegated leases. To illustrate how GSA approves and oversees delegated leases, GAO judgmentally reviewed 17 delegated leases selected to include lease contract value, type of lease, and agencies with high number of delegated leases. GAO interviewed officials from GSA and the four agencies associated with GAO's selected delegated leases.

What GAO Recommends

GAO recommends that GSA (1) reconcile its databases; (2) regularly assess agency procedures for managing delegated leasing, (3) track agency performance, and (4) develop a review process for post lease award documents. GSA agreed with the recommendations.

View [GAO-19-405](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

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FEDERAL REAL PROPERTY

GSA Needs to Strengthen Oversight of Its Delegated Leasing Program

What GAO Found

The General Services Administration (GSA) has taken steps to reform its delegated leasing program, but data reliability issues remain. For example, GSA created GSA's Real Estate Exchange (G-REX) to centralize delegated lease requests and approvals, but GAO found G-REX had incorrect information on lease rental values and rates—reporting rates 12 times higher than they actually were. Moreover, GAO found that GSA was not annually reconciling data between G-REX and the government-wide real property database, per GSA's own procedures. GSA officials said that their past efforts to fully reconcile the data were unsuccessful but acknowledged there may be ways to compare the data to improve the reliability of both datasets. Until GSA clarifies what it can do to partially reconcile the data sets, it is not obtaining the intended benefits of this data validation exercise.

GSA does not know if agencies have the ability to manage their delegated leasing activities because it does not regularly assess their policies and procedures, or their performance in meeting GSA's management goals, such as avoiding extensions. GSA procedures state that GSA will consider the agency's organizational structure and ability to meet certain GSA performance measures prior to granting requests for delegated leasing authority. Moreover, federal internal control standards call for agencies to design control activities to better manage the program. However, GSA officials said that GSA relies on the agencies to oversee their own delegated leases. Nevertheless, GAO found instances of inadequate policies and procedures at one agency in managing its delegated leasing activities. Further, all 4 agencies had delegated leases that were in holdover status (occupying a space beyond the expiration of the lease term), which violates program requirements. Because GSA does not regularly assess agencies' procedures or performance, it cannot ensure that agencies are effectively managing their delegated leasing activities.

GSA cannot ensure that the leases agencies execute under delegated authority meet program requirements and are within the authority granted because it lacks key procedures to do so. GAO found that GSA had only reviewed 1 percent of the post lease award documents agencies had submitted, and in some cases, agencies had not submitted required documentation. GSA officials said the agencies are responsible for ensuring that documents are submitted and requirements are met. However, a risk-based assessment of a selection of delegated leases' post award documents can provide assurances that agencies comply with existing regulations and prevent potential fraud, waste, and abuse. Because GSA did not have a process to systematically review these documents, GSA is unable to ensure that delegated leases meet requirements and that agencies are positioned to prevent fraud, waste, or abuse.