U.S. General Services Administration
Office of Inspector General

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FROM: for ROBERT C. ERICKSON, JR.
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SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2025 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2026.

This year we have identified significant challenges in the following areas:

1. Implementation of GSA-Wide Reorganization Efforts
2. Establishing and Maintaining an Effective Internal Control Environment
3. Improving Contract Award and Administration
4. Developing Efficient and Effective Acquisition Solutions
5. Maximizing the Performance of GSA's Real Property Inventory
6. Managing Agency Cybersecurity Risks
7. Providing a Safe Work Environment
8. Securing Federal Facilities
9. Changing the Direction of the Technology Transformation Service
10. Overhauling the Federal Acquisition Regulation

Please review the attached assessment at your earliest convenience. If you have any questions or wish to discuss our assessment further, please call me on (202) 501-0450. If your staff needs any additional information, they may also contact R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Attachment

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2026

EXECUTIVE SUMMARY

GSA currently faces a multitude of challenges. Ongoing reorganization efforts, significant personnel reductions, perennial funding shortfalls, and rapidly evolving business practices are stretching the agency's ability to manage its responsibilities to the American taxpayer.

This report lays out the Office of Inspector General's assessment of GSA's most significant management and performance challenges for Fiscal Year 2026. These challenges are summarized as follows:

Challenge 1: Implementation of GSA-Wide Reorganization Efforts – Although the president directed agencies to develop reorganization plans to most efficiently deliver their statutorily required functions, GSA undertook widespread staffing reductions before it had effective reorganization plans in place. This resulted in a series of unintended consequences. GSA should assess its reorganization efforts to ensure it has the resources and skill sets necessary to fulfill its statutory mission while meeting the president's call for efficiency and savings.

Challenge 2: Establishing and Maintaining an Effective Internal Control Environment – GSA lacks effective internal controls or does not follow the controls it has in place. This puts the agency at risk of not complying with federal laws and regulations, and inefficiently using or misusing government resources.

Challenge 3: Improving Contract Award and Administration – GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After awarding these contracts, GSA is responsible for proper contract administration to ensure compliance with the terms of the contracts, safeguard the government's interests, and protect taxpayer dollars. Despite GSA's efforts, we continue to find deficiencies in the agency's contract administration practices. These deficiencies, combined with GSA's increased role in government acquisitions, place taxpayer dollars at risk.

Challenge 4: Developing Efficient and Effective Acquisition Solutions – GSA's Federal Acquisition Service (FAS) is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining and right-sizing the Multiple Award Schedule Program, managing supply chain risk, and consolidating government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.

Challenge 5: Maximizing the Performance of GSA's Real Property Inventory – GSA's Public Buildings Service (PBS) must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to the taxpayer. To achieve this goal, PBS must determine the best approach to accelerate the disposal of federal buildings and to meet the operations and maintenance needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of its energy and utility contracts.

Challenge 6: Managing Agency Cybersecurity Risks – The Office of GSA IT must continue to identify and implement technical solutions and processes to mitigate cyber threats and risks in an environment of evolving priorities, reduced budgets and staff, and increasingly sophisticated cyberattacks.

Challenge 7: Providing a Safe Work Environment – GSA is responsible for providing a safe and healthful work environment at buildings under its jurisdiction, custody, and control. To foster a safe work environment, GSA must continue to address ongoing challenges to its management of, among other things, drinking water quality; environmental contaminants, including asbestos; fire and life safety risks; and fall protection.

Challenge 8: Securing Federal Facilities – GSA needs to strengthen its monitoring and enforcement of security protocols at federal facilities nationwide.

Challenge 9: Changing the Direction of the Technology Transformation Service – Past oversight of GSA's Technology Transformation Service (TTS) has reported weaknesses in its management controls related to oversight, financial management, performance, information technology, and human capital. In Fiscal Year 2026, with a 67 percent staffing reduction and changing priorities, TTS remains at risk of misspent taxpayer money and degradation of services for its customer agencies.

Challenge 10: Overhauling the Federal Acquisition Regulation – The GSA Office of Acquisition Policy is responsible for writing and maintaining the Federal Acquisition Regulation (FAR) as part of the Federal Acquisition Regulatory Council. Executive Order 14275, *Restoring Common Sense to Federal Procurement*, has tasked the Council to completely overhaul the FAR within 180 days of April 15, 2025. GSA is challenged with overhauling the FAR and adopting deviations within this extremely short amount of time.

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2026

Challenge 1: Implementation of GSA-Wide Reorganization Efforts

In February 2025, the president issued an executive order requiring federal agencies to reform the federal workforce to maximize efficiency and productivity.[1] As part of this order, the president directed federal agencies to "promptly undertake preparations to initiate large-scale reductions in force, consistent with applicable law." Accordingly, the president directed agencies to develop agency reorganization plans so that the reductions in force would enable agencies to most efficiently deliver their statutorily required functions.

In response, GSA undertook widespread staffing reductions before it had effective reorganization plans in place, leading to a series of unintended consequences. For example, GSA's Public Buildings Service (PBS) significantly reduced its Design and Construction workforce while still undertaking more than 16,100 construction, repair, and alteration projects nationwide. Project managers provide critical oversight, holding contractors accountable for the work performed and supporting PBS's ability to complete projects on time and within budget. The project management staffing reductions have led to shortages in available staff to manage PBS's construction workload. As a result, PBS has had to call upon staff from disparate parts of the country to meet project management needs. For one capital project, a construction contractor contacted an Office of Inspector General (OIG) audit team because the entire PBS project team left the agency, and the contractor did not have contact information for replacement personnel. Further, the new project contracting officer, assigned from another region, did not have access to the contract file.

Similarly, PBS has faced challenges with the management of its nationwide portfolio of more than 7,400 leases due to significant lease personnel reductions. These staffing reductions have particularly diminished the ranks of lease contracting officers who are responsible for negotiating with lessors to obtain favorable and cost-effective lease terms for the government. In one region alone, PBS reduced its leasing staff by 56 percent. At the same time, the region saw a 37 percent increase in its assigned leasing workload. Faced with managing so many leases with reduced staff, the regional lease contracting officers are unable to undertake full lease acquisitions to meet customer needs. Instead, the lease contracting officers are executing lease extensions and holdovers. However, as we reported in June 2020, lease extensions and holdovers are costly and inefficient means of managing PBS's lease portfolio.[2] This is because extensions and holdovers limit the negotiating power of the government to secure favorable contract terms, rental rates, or other conditions due to a lack of competition.

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[1] Executive Order 14210, *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative*, February 11, 2025.

[2] *Audit of PBS's Lease Extensions and Holdovers* (Report Number A190033/P/R/R20007, June 22, 2020).

GSA’s Federal Acquisition Service (FAS) also faces challenges due to significant staffing reductions. For example, according to FAS contracting personnel, staffing shortages have required continual adjustments to their workloads and lengthened contract processing times. This has adversely affected contract administration, resulting in confusion and forcing contractors to wait up to 5 months to have requested contract modifications processed. At the same time, efforts are underway to consolidate federal procurement functions to GSA. Consequently, FAS faces the challenge of fulfilling its current workload—in addition to inheriting contracts from multiple federal agencies—with staff who collectively possess far less acquisition experience and institutional knowledge.

In another example, the Office of GSA IT (GSA IT) has experienced a 40 percent reduction in staff. The significant staff reduction has affected GSA IT’s ability to implement corrective actions in response to our audit recommendations. For example, GSA recently requested a 1-year extension for the completion of its corrective actions taken in response to our August 2024 audit report, *GSA Should Strengthen the Security of Its Robotic Process Automation Program*.[3] In requesting the extension, GSA cited the loss of “a significant number of personnel resulting in the need to realign resources with impacts across the board,” adding that “some key personnel are no longer at GSA.”

Similarly, approximately 30 percent of the Office of the Chief Financial Officer’s personnel took part in GSA’s deferred resignation program. The program’s swift implementation prevented many roles and job functions from being properly transitioned. This led to delays in the performance of required tasks for the agency’s Fiscal Year (FY) 2025 Financial Statements Audit, as well as breakdowns in the performance of internal controls.

Many aspects of GSA’s reorganization remain on hold due to ongoing legal actions and changes in the agency’s leadership. During this pause, GSA should conduct a comprehensive assessment of the reorganization to ensure that the agency has the resources and skill sets necessary to fulfill its statutory mission while meeting the president’s call for efficiency and savings.

Challenge 2: Establishing and Maintaining an Effective Internal Control Environment

GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. GSA is required to establish and maintain internal controls through the Federal Managers’ Financial Integrity Act of 1982; U.S. Office of Management and Budget (OMB) Circular No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*; and U.S. Government Accountability Office (GAO) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*.

[3] Report Number A230020/B/T/F24004, August 6, 2024.

Importance of Internal Control

Internal control is integral to an agency's success. An effective internal control system helps an agency adapt to shifting environments, evolving demands, changing risks, and new priorities. Most importantly, it helps government program managers achieve desired results by providing reasonable assurance that the agency is meeting three fundamental objectives:

- Effectiveness and efficiency of operations;
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations.

To meet these objectives, management is responsible for designing, implementing, and monitoring controls to ensure the organization is operating effectively. Internal control must be built into the agency's infrastructure to ensure the proper stewardship of public resources. The system of internal control should be the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Accordingly, management must recognize that internal control is not one event, but a series of actions that occur throughout the entity's operation to achieve its objectives.

Continuing Internal Control Problems

Since 2018, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in FY 2025:

- In July 2025, we reported that GSA's Technology Transformation Services (TTS) deviated from merit system principles in its hiring and workforce management practices, resulting in noncompliance with federal hiring requirements and raising serious concerns about fairness and accountability.[4]

  Specifically, we found that TTS failed to comply with federal hiring authorities by improperly using Direct Hire Authority, which eliminated veterans' preference and appeared to preselect future hires. TTS also failed to annually certify the U.S. Digital Corps group recruitment incentive and misused recruitment strategies. Finally, we reported that the majority of TTS's employees receive the highest available pay grade, and the TTS Talent team performed some of the GSA Office of Human Resources Management's core functions.

- In May 2025, we reported on deficiencies in procurement management reviews (PMRs) performed by the GSA Office of Government-wide Policy's Procurement Management

[4] *GSA's Technology Transformation Services Violated Hiring Rules and Overpaid Incentives* (Report Number A240037/Q/6/P25001, July 14, 2025).

Review Division.[5] GSA relies on PMRs as a critical internal control to monitor its acquisition programs and evaluate if they are operating effectively, efficiently, and in compliance with applicable policies, regulations, and procedures. However, we found that the Procurement Management Review Division needed to strengthen its PMR reporting process to more effectively identify deficiencies and ensure corrective actions are taken.

Specifically, we reported that PMR reports lack a clear relationship between the PMR scorecard results, findings, recommendations, and whether corrective actions are required. By not requiring corrective actions for findings and recommendations in PMR reports, weaknesses or issues in GSA acquisition programs may not be corrected. In addition, we found that the Procurement Management Review Division is not ensuring that all supporting documentation for corrective plans is maintained in the appropriate system.

- During FY 2025, we issued two alert memorandums that identified deficiencies in PBS's enforcement of security requirements at the San Luis I Land Port of Entry (LPOE) expansion and modernization project:

    - First, in March 2025, we found that the project's construction contractor used a drone manufactured by a Chinese-based company that the U.S. Department of Defense has identified as a potential national security threat.[6]

    - Second, in July 2025, we found that numerous contractor and subcontractor employees worked on the project without the required security clearances.[7] Specifically, we found that 28 employees who failed their clearance were still allowed to work on site, and 62 employees likely did not undergo security screening.

These breakdowns in internal controls inhibit GSA's ability to promote effective and efficient operations and demonstrate that GSA lacks the oversight needed to ensure and enforce compliance with laws, regulations, and policies.

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[5] *The Office of Government-Wide Policy's Procurement Management Review Division Should Strengthen Its Reporting Function* (Report Number A230074/M/6/F25002, May 28, 2025).

[6] *Alert Memorandum: PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

[7] *Alert Memorandum: Uncleared Contractors Worked on PBS's San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).

Failure to Address Findings Identified in Audit Reports

As part of an effective internal control system, GSA management is responsible for ensuring that its corrective actions resolve audit recommendations in a timely manner. During FY 2025, we conducted implementation reviews of the corrective actions GSA took in response to four previously issued audit reports. As described below, we found that GSA did not fully take the corrective actions for two of these reports.

- ***Implementation Review of Corrective Action Plan – GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds.***[8] GSA did not effectively address the recommendations included in our February 2023 audit report on its administration of performance-based contracts.[9] Specifically, we found that GSA did not complete corrective actions to:

    - Revise or issue policy to ensure contracting personnel have clear, descriptive instruction on how to monitor and enforce quality assurance surveillance plans during contract administration to ensure compliance and improve acquisition outcomes; and

    - Implement management oversight to ensure contracting personnel comply with policies and procedures intended to ensure sufficient government oversight of contractor performance.

- ***Implementation Review of Corrective Action Plan – PBS Needs to Strengthen Its Training and Warranting Programs for Contracting Officers.***[10] We found that PBS did not complete corrective actions for three recommendations included in our December 2022 audit report on its contracting officer training and warranting program.[11] Specifically, PBS did not complete corrective actions to:

    - Adequately address the training and development needs of its contracting officers at the GS-12 level and above;

    - Implement a national policy to establish a standardized process for evaluating and verifying the contracting experience and qualifications of warrant applicants; and

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[8] Assignment Number A240079, March 25, 2025.

[9] Report Number A210064/A/3/F23002, February 9, 2023.

[10] Assignment Number A240068, October 29, 2024.

[11] Report Number A210053/P/2/R23002, December 30, 2022.

- Mitigate warrant authority risks created by the limitations of the acquisition career management system of record.

The examples above highlight the persistent problems with GSA's internal controls. GSA management needs to address these issues and continue its efforts to implement a more effective system of internal control.

Challenge 3: Improving Contract Award and Administration

GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After GSA awards a contract, its work turns to contract administration. Contract administration includes monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. As we noted in our *Assessment of GSA's Management and Performance Challenges for FY 2025*, we continue to find weaknesses in GSA's contract administration, across business lines and contract types.

In FY 2025, we identified additional examples of poor contract and lease administration practices, resulting in violations of regulations, deviations from policies, and waste of taxpayer funds. For example:

- In March 2025, we issued a report on the implementation of the GSA Office of Government-wide Policy's corrective actions taken in response to the recommendations in our February 2023 audit report on GSA's administration of performance-based contracts.[12] In the original audit, we found that GSA contracting personnel were not always establishing or enforcing quality assurance surveillance plans; GSA contracting personnel were not preparing justified or timely past performance reports; and FAS contracting personnel did not comply with an internal policy intended to improve contract administration.[13] We made several recommendations to the GSA Administrator, through FAS, PBS, and the Office of Administrative Services, to address the findings identified in our report.

  In conducting the implementation review, we found that GSA did not fully implement the corrective actions to improve the administration of performance-based contracts and reduce the risk of unsatisfactory contractor performance and wasted funds. Specifically, GSA did not complete corrective actions to: (1) revise or issue agency policy to ensure contracting personnel have clear, descriptive instruction on how to monitor

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[12] *Implementation Review of Corrective Action Plan, GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds, Report Number A210064/A/3/F23002* (Report Number A240079, March 25, 2025).

[13] *GSA's Administration of Performance-Based Contracts Puts the Government at Risk of Unsatisfactory Contractor Performance and Wasted Funds* (Report Number A210064/A/3/F23002, February 9, 2023).

and enforce quality assurance surveillance plans during contract administration to ensure compliance and improve acquisition outcomes; and (2) implement management oversight to ensure contracting personnel comply with policies and procedures intended to ensure sufficient government oversight of contractor performance.

As a result, GSA management is not ensuring that contracting personnel comply with contract administration policies and procedures. This insufficient oversight continues to put GSA at risk of unsatisfactory contractor performance and wasted government funds.

- In July 2025, we issued a report on PBS's award and administration of the energy savings performance contract (ESPC) task order supporting 10 buildings across Texas and Louisiana.[14] We found deficiencies in PBS's award and administration of the contract. Specifically, PBS violated contract requirements and its own policy and guidance by: (1) not witnessing and verifying the energy service company's energy baseline measurements and (2) allowing operations and maintenance (O&M) contractor employees to serve as government witnesses and sign the baseline witnessing forms. As a result, PBS improperly relied on the energy service company's data to negotiate the contractor's guaranteed energy savings and annual savings performance goals.

- In August 2025, we reported on deficiencies in PBS's oversight of an ESPC covering a number of GSA-controlled buildings in the Los Angeles, California, area.[15] In 2020, the contractor installed battery systems at two buildings covered under the ESPC—the Glenn M. Anderson Federal Building in Long Beach, California (Anderson Building), and the Ronald Reagan Federal Building and U.S. Courthouse in Santa Ana, California (Reagan Building). Combined, these battery systems consisted of 3,200 nickel-iron batteries. If not properly maintained, nickel-iron batteries can pose numerous health and safety risks, including the risk of electric shock, release of and exposure to hazardous materials, fire, and explosions.

  We found that PBS did not provide effective oversight of the ESPC contractor at the Anderson and Reagan Buildings. For example, PBS did not ensure that the contractor complied with maintenance requirements governing the use of qualified and properly supervised personnel to maintain the nickel-iron batteries. As a result, the batteries were not properly maintained. The improper maintenance likely contributed to a March 2022 battery explosion and release of hazardous materials at the Anderson Building and an April 2022 incident in which a contractor employee sustained chemical burns.

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[14] *PBS Should Improve Its Oversight of the Energy Savings Performance Contract in Texas and Louisiana* (Report Number A240046/P/2/R25003, July 1, 2025).

[15] *PBS's Pacific Rim Region Grossly Mismanaged the Battery Energy Storage Systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse, Resulting in Health and Safety Issues* (Report Number A230079/P/4/R25005).

As an agency, GSA is responsible for administering many different contracts, not only for its own purchases, but also purchases for other federal agencies. In particular, FAS administers more than 13,900 Multiple Award Schedule (MAS) contracts that account for more than $39 billion in government procurements. FAS also administers federal customer contracts through Assisted Acquisition Services. Assisted Acquisition Services contracts represent 60 percent of all federal spending on information technology (IT) and professional services. In addition, FAS administers multiple government-wide acquisition contracts, such as 8(a) STARS III and Polaris, that are specifically aimed at providing government IT and professional services from small businesses.

GSA has taken action to improve contract administration by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements. However, problems continue. Because GSA has so much responsibility over federal contracting and continually has issues with contract administration, significant taxpayer dollars are at risk. It is imperative for GSA to take a deeper look into its contract administration processes and procedures to take corrective action, especially given its recently increased role in government-wide acquisitions.

Challenge 4: Developing Efficient and Effective Acquisition Solutions

As the federal government's primary provider of acquisition services, GSA has stated that it is focused on maximizing the negotiating power of volume buying, streamlining the procurement process, and improving the procurement technology infrastructure. To assist GSA in meeting these objectives, FAS is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining and right-sizing the MAS Program, managing supply chain risk, and centralizing government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also significantly change FAS's processes and programs, creating challenges to FAS's ability to meet its mission.

Streamlining the MAS Program

Beginning in 2016, FAS has transformed the MAS Program through the implementation of several initiatives and tools. These include the transactional data reporting (TDR) pilot, automating pricing tools, and reducing or eliminating contracts. With the simultaneous deployment of these initiatives and tools, FAS is continually challenged to ensure they are effectively implemented, managed, and evaluated so that FAS meets its core objective of leveraging the government's buying power.

Using TDR to support pricing decisions for MAS contracts. FAS has never effectively implemented the TDR pilot and has never made it functional for pricing decisions. Prior to the commencement of the TDR pilot in 2016, FAS's goal in price negotiations for MAS contracts was to achieve a contractor's "most favored customer" or best pricing to coincide with the discounts provided to a contractor's commercial customers. Under the TDR model, however, FAS no longer tries to obtain a contractor's best commercially comparable pricing.

When GSA first proposed the TDR pilot in 2015, it stated that this proposed rule would create a TDR clause to improve GSA's ability to conduct meaningful price analysis and more efficiently and effectively validate fair and reasonable pricing on both its non-MAS and MAS contracts. It would also allow GSA's customers to improve their ability to compare prices prior to placing orders under its contracts. However, this has yet to happen.

Currently, TDR data is barely used for pricing. The TDR pilot is still plagued by data quality and usage issues. Specifically, as of August 5, 2025, more than 72 percent of reported TDR MAS sales data is still not usable. In addition, contracting personnel are not being given access to the complete sets of TDR data. While FAS has started to incorporate TDR data into its Price Point Plus Portal, it only includes TDR pricing data for products when an item is sold at least five times in quantities of five or less. This small subset of transactional data does not take advantage of or leverage the government's buying power. Furthermore, TDR data is only available for sales of products, which make up a minority of MAS sales.

Despite these issues with the TDR pilot program, FAS announced in June 2025 that TDR would be required for all MAS contracts beginning in late 2025. This mandatory requirement will now impact how FAS determines pricing for all contracts in the nearly $52 billion MAS Program.

FAS's move to make TDR mandatory for all MAS contracts is problematic, especially with FAS's inability to correct data issues and limiting the use of the TDR data it collects. As TDR formally expands to all MAS contracts, FAS will continue to be challenged with ensuring that GSA schedule pricing complies with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

Automated pricing tools for MAS contracts. Instead of relying on commercial sales data or TDR data, FAS contracting personnel largely rely on pricing tools, such as the Contract-Awarded Labor Category tool on services contracts and the Price Point Plus Portal on products contracts, to determine fair and reasonable pricing. These tools are populated with pricing from multiple government contracts.

However, contracting officers' reliance on these automated pricing tools is problematic because pricing tools can only assess the relative competitiveness of a contractor's contract price to other contractors' contract prices, which does not ensure the government is receiving a contractor's best pricing. As a result, FAS contracting personnel are missing opportunities to leverage the government's buying power and provide ordering agencies with "prices associated with volume buying." Once again, FAS has no assurance that it is providing ordering agencies with pricing that will comply with the Competition in Contracting Act of 1984's requirement that orders result in the lowest overall cost alternative to meet the government's needs.

Reducing and eliminating duplicative, underutilized, and noncompliant MAS contracts. A February 2025 FAS decision paper, *Recommendations to Address Duplicative, Underutilized, and Non-Compliant Contracts*, outlines proposed steps to "right size" the MAS Program. Specifically, the decision paper establishes two categories for action: (1) duplicative and underutilized contracts and (2) contractor noncompliance.

According to the decision paper, in the past, GSA has "softened its approach" when attempting to eliminate duplicative and underutilized contracts for various reasons, including market impacts of the pandemic, concerns on growing the industrial base, and strong pushback. As a result, the number of low and no sales contracts built up into the hundreds. In addition, prior to the decision paper, FAS had a pilot effort to address contracts with multiple compliance issues, including performance, that monitored just 30 contractors. As a result of the decision paper, FAS is expanding its contractor compliance pilot to include monitoring an additional 121 contractors, for a total of 151 contractors.

In its decision paper, FAS estimates $15,202 as the annual administrative cost per contract and identified nearly 1,000 contracts, including those with noncompliance issues, for elimination, with a purported annual cost savings of $15.2 million. However, FAS's attempt to eliminate duplicative, underutilized, and noncompliant contracts will likely be met with pushback from those contractors, industry representatives, and other stakeholders.

Supply Chain Risk Management

Supply chain risk management remains a major challenge for FAS and the entire federal government. Due to its unique responsibility in acquisition and contracting, as well as its increasing number of multiple government-wide procurement vehicles, FAS plays a crucial role in how the federal government manages supply chain risk and in establishing effective controls to protect customer agencies from foreign adversaries.

Congress passed Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (NDAA Section 889) to help the federal government manage its supply chain risk. This law prohibits the federal government from procuring certain telecommunication items from specific Chinese-named entities, as well as entering contracts with entities that use these prohibited telecommunication items.

GSA recognizes the federal government's supply chain risk related to NDAA Section 889 and has implemented internal controls to reduce that risk. For instance, FAS has developed the Prohibited Products Robomod process that flags potentially prohibited telecommunication items included on GSA Advantage! based on keyword searches.[16] FAS has also developed a process to identify MAS contractors that have repeatedly added prohibited telecommunication items on GSA Advantage!. FAS also relies on the Federal Acquisition Regulation (FAR) provision

[16] GSA Advantage! is GSA's online shopping and ordering system that provides customers access to products and services.

that requires contractors to self-report if they provide or use the telecommunication items prohibited by NDAA Section 889.

Despite these efforts, GSA still has difficulty identifying prohibited items and contractors that should be removed from its many contracting vehicles and platforms. In July 2023, we reported that FAS's reliance on contractors' assertions regarding NDAA Section 889 is inadequate, and that other controls and processes FAS has put in place, including the Prohibited Products Robomod process, are insufficient.[17]

In addition to our audit work in this area, a recent criminal case supported by our Office of Investigations highlights this challenge. In May 2024, a Florida resident and dual citizen of the U.S. and Turkey was sentenced to 6 years and 6 months in prison for trafficking fraudulent and counterfeit Cisco networking equipment.[18] Under the scheme, tens of thousands of low-quality, modified computer networking devices were imported from suppliers in China and Hong Kong. These devices included counterfeit labels, stickers, boxes, documentation, and packaging, which made them appear like genuine, high-quality devices authorized by Cisco. However, the devices suffered from numerous performance, functionality, and safety problems. The devices also made their way into highly sensitive federal systems, including classified information systems and platforms supporting U.S. military aircraft. Taken together with our audit work, this case highlights the challenges that GSA faces with managing supply chain risks.

Trade Agreements Act. The Trade Agreements Act of 1979 (TAA) is a prominent supply chain procurement law. The TAA was enacted on July 26, 1979, to foster fair and open international trade. This act requires the federal government to only purchase goods that are manufactured in the U.S. or a TAA-designated country, with limited exceptions. Examples of countries that are not TAA-designated are China, India, Iran, Iraq, and Russia.

To ensure compliance, the requirements of the TAA have been included in the FAR. FAR 52.225-6(c), *Trade Agreements Certificate*, outlines that the government will only consider "U.S.-made or designated country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for those products are insufficient to fulfill the requirements of [the] solicitation."

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[17] *Multiple Award Schedule Contracts Offered Prohibited Items, Putting Customers at Risk of Unauthorized Surveillance by Foreign Adversaries* (Report Number A220016/Q/6/P23002, July 10, 2023).

[18] Press Release, U.S. Department of Justice, *Leader of Massive Scheme to Traffic in Fraudulent and Counterfeit Cisco Networking Equipment Sentenced to Prison* (May 2, 2024), https://www.justice.gov/opa/pr/leader-massive-scheme-traffic-fraudulent-and-counterfeit-cisco-networking-equipment.

In January 2024, we reported that GSA IT employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made, TAA-noncompliant videoconference cameras.[19] We also reported that the TAA-noncompliant cameras were susceptible to security vulnerabilities.

Two years earlier, on January 21, 2022, we issued a letter to the FAS Commissioner, stating that FAS contracting officers did not report TAA-noncompliant products that were added to contracts supporting COVID-19 efforts.[20] We also found that FAS contracting officers modified contracts to add TAA-noncompliant products that were not in support of the government's COVID-19 response. We determined that FAS's controls to monitor and prohibit the sale of TAA-noncompliant products were insufficient.

In addition, under the FAR requirement that contractors must disclose credible evidence of certain violations of federal criminal law, our office received two new contractor disclosures involving potential TAA noncompliance in FY 2025.

Further, a recent case supported by our Office of Investigations further supports this ongoing challenge. In July 2024, Telecom Technologies, Inc. (Telecom), agreed to pay the U.S. $400,000 to resolve allegations it violated the False Claims Act by selling government agencies counterfeit products and TAA-noncompliant products. Telecom was awarded a MAS contract in 2006 and received extensions of the contract in 2011, 2016, and 2021. The alleged fraud occurred during the period from July 18, 2018, through August 9, 2022.

As this work demonstrates, GSA faces multiple challenges in mitigating its supply chain risks. Until the proper controls are in place and enforced, prohibited telecommunication items may be offered under GSA's contracts, and TAA-noncompliant items may be inappropriately or unknowingly purchased, potentially putting customer agencies at risk of unauthorized surveillance by foreign adversaries.

Centralizing Government Procurement

On March 20, 2025, the president issued Executive Order 14240, *Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement*. In accordance with the executive order, FAS is undertaking efforts to consolidate government-wide purchasing. This change puts GSA in charge of contracts in 10 government-wide acquisition categories, which were valued at $488.9 billion in FY 2024. The consolidation brings challenges to FAS. Most notably, FAS will take on additional contracting work after recently reducing its contracting staff. In addition, the consolidation is occurring on a compressed time frame, presenting challenges to ensure workforce readiness. Also, while FAS is proposing to use automation and artificial intelligence to

[19] *GSA Purchased Chinese-Manufactured Videoconference Cameras and Justified It Using Misleading Market Research* (Report Number A220070/A/6/F24002, January 23, 2024).

[20] *FAS Lacks Sufficient Controls to Monitor and Prohibit the Sale of Trade Agreements Act Non-Compliant Products in Support of the Government's COVID-19 Response* (January 21, 2022).

make up for its lack of staffing, implementing these technologies has presented challenges in the past.

Reduced contracting staff. A consolidation of this scale would require GSA to increase its buying operations to 20 times its current level; however, FAS simply does not have enough contracting personnel. With the deferred resignation program and reductions in force that have occurred, FAS has lost over 300 of its contracting staff. To absorb the contracting operations of other agencies, FAS will need to expand its workforce significantly and may need to conduct a major workforce shift from other agencies' contracting offices to GSA.

Compressed time frame. According to the executive order, agency heads had just 60 days from the date of the order (March 20, 2025) to submit proposals to GSA to conduct domestic procurement with respect to common goods and services for their agency. GSA was then given only 90 days from the date of the order to submit a comprehensive plan to the director of the Office of Management and Budget (OMB) for how GSA will procure common goods and services across the domestic components of the government. These deadlines present compressed time frames for GSA to ensure workforce readiness when consolidation occurs.

Reliance on automation and artificial intelligence. GSA initially plans to take over the procurement operations for the U.S. Office of Personnel Management, U.S. Small Business Administration, U.S. Department of Education, and U.S. Department of Housing and Urban Development. Taking on such a large contract portfolio likely means substantial, new investments in emerging technology, such as automation and artificial intelligence. We have found that GSA has not effectively implemented such technologies. For example:

- In November 2023, we issued a report on the time and money GSA claimed to save with its robotic process automation (RPA) program.[21] We found that GSA lacks evidence to support its claims that its RPA program is generating savings. Specifically, we found that GSA is not verifying the actual work hours saved with end-users of its RPAs (commonly referred to as "bots"), causing its assertion in the FY 2020 *Agency Financial Report* that its robotic process automation program reclaimed more than 240,000 work hours annually to be inaccurate and unreliable. We also found that GSA is not tracking the costs associated with its bots, which precludes GSA from determining whether the bots are generating cost savings and a return on investment.

- In August 2024, we issued a report on GSA's RPA program.[22] We found that GSA's RPA program did not comply with its own IT security requirements to ensure bots are operating securely and properly. GSA also did not consistently update system security plans to address access by bots. Furthermore, GSA's RPA program did not establish an

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[21] *GSA's Robotic Process Automation Program Lacks Evidence to Support Claimed Savings* (Report Number A210057/B/5/F24001, November 30, 2023).

[22] *GSA Should Strengthen the Security of Its Robotic Process Automation Program* (Report Number A230023/B/T/F24004, August 6, 2024).

access removal process for decommissioned bots, resulting in prolonged, unnecessary access that placed GSA systems and data at risk of exposure.

With the centralization of the government's procurement function, FAS faces challenges as it: (1) absorbs other agencies' contracting operations with limited contracting staff over a short period of time; and (2) relies significantly on automation and artificial intelligence, something that has been problematic in the past for GSA.

Challenge 5: Maximizing the Performance of GSA's Real Property Inventory

PBS must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to the American taxpayer. To achieve this goal, PBS must determine the best approach to accelerate the disposal of federal buildings and to meet the O&M needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of energy and utility contracts.

Accelerated Disposal of Federal Buildings

PBS's strategy to right-size its real estate portfolio has been accelerated with the Administration's initiative to reduce the size of the federal government. While PBS can achieve the benefits of reduced building maintenance, operations, and redevelopment costs through this initiative, it faces challenges in identifying buildings for disposal while still complying with laws and regulations governing real property disposal.

Identifying buildings for disposal is a significant challenge, as PBS must consider a building's O&M costs, as well as its utilization rate, function, and sale potential in the local real estate market. Additionally, as part of its strategy, PBS must consider a building's current use, tenant agency occupancy, and the cost of moving or relocating those tenant agencies. Moving or relocating existing tenant agencies requires a move plan and funding strategy prior to the disposal of a building. However, there is generally no additional appropriation for disposal actions, making it difficult to relocate existing tenant agencies into new space.

In June 2025, GSA submitted a prospectus to Congress to help fund these efforts.[23] Under the prospectus, GSA proposes a $364,707,000 budget to help with its ongoing efforts to right-size and modernize the federal government's real estate footprint. The prospectus notes that "Preference will be given to projects that are interrelated to the disposition of assets that no longer support the mission needs of the Federal Government and agency co-location projects that facilitate shared resources and shared special space …." It adds that "Federal agencies have identified the lack of resources as the main challenge in achieving optimal utilization of workspaces."

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[23] *Prospectus – Alteration Optimization Program Various Buildings* (Prospectus Number POP-0001-MU26, June 11, 2025).

In addition to addressing funding challenges, PBS must comply with the laws and regulations governing the real property disposal process. PBS must first offer to transfer excess properties to other federal agencies, who generally pay market value for the properties they acquire. If the properties are not acquired by federal agencies, PBS must then offer the properties to state and local governments, and qualified nonprofits, for use in accomplishing the public purposes specified in statute, such as public parks or providing services to the homeless (i.e., McKinney Vento Act).[24] Surplus properties not conveyed for public benefit are then available for sale at fair market value or are demolished if the property cannot be sold due to its condition or location. These legal and regulatory requirements slow down the disposal process, forcing PBS to incur operating costs for months or years before the properties are disposed of.

PBS must contend with these property disposal challenges with less staff and new leadership. As a result of the deferred resignation program, PBS's Office of Real Property Disposition staffing is down approximately 33 percent over the last year, which could affect the ultimate success of the accelerated disposal initiative. Additionally, the recent resignation of the PBS Commissioner will, at a minimum, delay the Administration's current plans as new leadership settles in and establishes its vision and path forward.

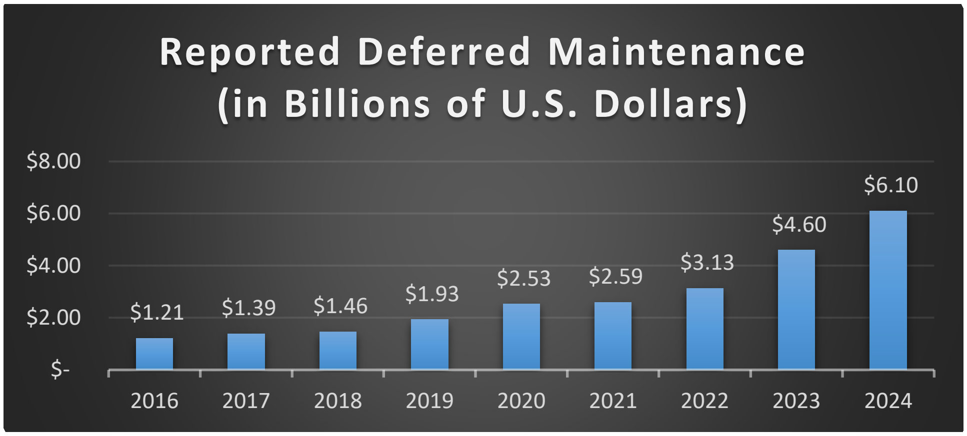
Meeting the O&M Needs of Federal Buildings

PBS continues to face challenges in managing the maintenance and repair needs of its aging portfolio of owned buildings and often must defer needed building maintenance into the future. Deferred maintenance is defined as maintenance and repairs that are not performed when scheduled or are delayed for a future period. These are activities categorized as preventive maintenance; replacement of parts, systems, or components; and other activities needing to be performed immediately to restore or maintain the building inventory in an acceptable condition.

As shown in *Figure 1* on the next page, GSA has reported a significant increase in deferred maintenance costs in recent years. In its FY 2024 *Agency Financial Report*, GSA reported approximately $6.1 billion in total estimated costs of deferred maintenance for its building inventory. This was a 32.61 percent increase from FY 2023 and a 404 percent increase from FY 2016.

[24] PBS can convey surplus properties for these purposes at less than fair market value or no cost.

Figure 1. GSA's Reported Deferred Maintenance Costs for FYs 2016–2024 (in Billions of U.S. Dollars)[25]



We recently reported on weaknesses in PBS's building maintenance and repairs. For example, in June 2025, we reported worker safety violations due to numerous water leaks in mechanical rooms at the Jacob K. Javits Federal Building in New York, New York.[26] We found that these leaks were not promptly repaired, which presents a slipping hazard, since warning signage was not present. Additionally, in August 2025, we reported that the O&M contractor of the Peachtree Summit Federal Building in Atlanta, Georgia, has deferred maintenance on the building's green roof system since 2021 because the ladder used to access the roof is in disrepair and there is no fall protection.[27]

As demonstrated by PBS's increasing deferred maintenance backlog and the audit findings on weaknesses in building maintenance and repairs, PBS continues to face significant challenges in meeting and managing the needs of its portfolio of owned buildings.

Administering GSA's Capital Construction Program

PBS's Office of Project Delivery (OPD) oversees the execution of PBS's capital construction program, in addition to PBS's small and reimbursable projects. OPD is responsible for data analysis, project measures, IT tools, project manager training and certification, cost and schedule management, and project risk identification and management. OPD's capital projects

[25] GSA Agency Financial Reports for FYs 2016–2024.

[26] *Safety and Accessibility Deficiencies at the Jacob K. Javits Federal Building in New York, New York* (Report Number A240064/P/2/R25002, June 17, 2025).

[27] *Audit of Roof Fall Protection and Safety in GSA-Owned Buildings* (Report Number A240041/P/9/R25004, August 14, 2025).

result in newly constructed, altered, leased, or purchased facilities where the federal government does its essential work.[28]

As of August 2025, PBS reported 260 active capital construction projects, with aggregate values of more than $10.4 billion. Due to resource limitations, PBS faces significant challenges in awarding and administering these contracts and has become excessively reliant on construction management firms (i.e., construction managers) to oversee the agency's major construction projects. In addition, PBS continues to struggle with its administration of Construction Manager as Constructor (CMc) contracts, a project delivery method used for large, complex capital projects.

In response to our *Assessment of GSA's Management and Performance Challenges for FY 2025*, PBS stated that it has proposed legislation to facilitate access to the full amount of the annual Federal Buildings Fund's revenues and collections, and increase GSA's prospectus threshold to assist in its efforts to administer GSA's capital construction program. GSA's *FY 2025 Congressional Justification* notes that the president's budget supports the expansion of the allowable uses of the disposal fund. However, PBS continues to face challenges in this area.

Construction Management Services. Due to a lack of project management staff, PBS requires the use of construction managers for its capital construction projects. Construction managers are private firms that act as advisors or consultants to PBS during the execution of capital construction projects. PBS has used construction managers to fulfill many functions and responsibilities within its capital construction program. In addition, PBS also uses construction managers for smaller projects and lease administration.

In our 2020 audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.[29] As a result, PBS has allowed construction managers to perform inherently governmental functions, including developing independent government cost estimates, assessing contractor proposals on source selection boards, negotiating contracts, and accepting project deliverables. Further, PBS has provided construction managers with access to sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

We continued to find similar issues during a 2023 audit, which found that PBS delegated critical functions to a construction manager without oversight.[30] PBS allowed the construction

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[28] Capital construction projects are projects that exceed the prospectus threshold, currently $3.926 million, and require congressional approval. In FY 2026, the prospectus threshold will increase to $3.961 million.

[29] *Audit of the GSA Public Buildings Service's Use of Construction Management Services* (Report Number A150028/P/4/R20009, September 4, 2020).

[30] *Audit of the Calexico West Land Port of Entry Expansion and Modernization Project* (Report Number A210070/P/9/R23006, March 2, 2023).

manager to develop independent government estimates, perform the technical analyses for modifications, and prepare price negotiation memorandums without government approval. PBS also delegated labor and payroll standards compliance to the construction manager without oversight, which resulted in inadequate verification of payrolls.

During a 2024 audit, we found that PBS awarded construction management services for a $5.6 million project funded by the Infrastructure Investment and Jobs Act (IIJA) at inflated pricing and paid for services that were not received.[31] PBS negotiated the contract by comparing the price to an independent government estimate instead of evaluating hourly rates and quantity of hours, resulting in a $124,290 award that should have been approximately $78,290. Further, the construction manager billed PBS $17,000 for inspection services that the construction manager did not perform.

PBS must ensure that sufficient oversight controls are in place and followed to prevent construction managers from performing inherently governmental functions and that steps are taken to identify or mitigate potential conflicts of interest. PBS must also ensure that its staff possesses the necessary skills to perform critical functions. This will pose a significant challenge since nearly 70 percent of PBS's FY 2025 capital construction workforce was subject to a reduction in force or opted into the deferred resignation program.

Construction Manager as Constructor Contracts. The CMc contract is a project delivery method that PBS often uses for its capital construction projects. Using this method, PBS first awards a design contract to an architect-engineering firm. During the design phase, PBS awards a CMc contract to a general contractor for design-phase services, including cost estimating and constructability reviews. The contract includes an option for construction services. This option requires the contractor to construct the project within a competitively bid guaranteed maximum price.

Since our audits of PBS's projects funded under the American Reinvestment and Recovery Act of 2009, we have reported on deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.[32] We noted that PBS is:

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on the contractor's cost records for contractor payments and shared savings calculations;

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[31] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

[32] *Improvement Needed in PBS's Use of Construction Manager as Constructor Contracts* (Memorandum Number A220057, August 17, 2022).

- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and
- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

Additionally, in our 2025 audit of PBS's administration of CMc contracts, we identified further concerns.[33] We found that PBS:

- Is not using the CMc project delivery method properly, resulting in excessive costs and violations of federal law and regulations;
- Failed to properly negotiate the fee for contract changes, resulting in violations of federal law and acceptance of unallowable costs; and
- Did not ensure that contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

PBS must ensure project teams use the CMc methodology correctly to prevent significant increases in project costs and avoid overpaying on current and future CMc contracts.

Infrastructure Investment and Jobs Act and Inflation Reduction Act. GSA received $3.418 billion from the IIJA for the acquisition, construction, and repair and alteration of 26 land ports of entry (LPOEs). In addition, the IIJA funding was to be used for paving projects, lease purchases, program contingency, and operational support costs.

In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.[34] These challenges include:

- Ensuring the effective stewardship of taxpayer funds;
- Addressing the need for qualified project managers and contracting officers;
- Providing effective oversight of construction management contractors;
- Managing potential delays and cost overruns;
- Preparing and maintaining complete and accurate documentation;
- Awarding effective construction contracts; and
- Safeguarding access to LPOEs.

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[33] *PBS's Administration of Construction Manager as Constructor Contracts Needs Improvement* (Report Number A230058/P/5/R25006, September 15, 2025).

[34] *GSA's Public Buildings Service Faces Challenges in Using Funds Received under the Infrastructure Investment and Jobs Act* (Memorandum Number A220036-2, August 11, 2022).

These challenges were exemplified, as part of our ongoing oversight of PBS's projects funded by IIJA, in the following audit report and alert memorandums:

- We issued an audit report in September 2024, in which we found that PBS did not comply with applicable laws, regulations, and policies when awarding and administering the $5.6 million IIJA-funded project to repave six LPOEs at New York State's northern border.[35] We found deficiencies in PBS's task order award and administration that led to, among other things, violations of federal competition requirements, poor pricing and overpayments, security vulnerabilities, and a small business "pass-through" environment. PBS's performance on this project shows the risks arising from rushed attempts to obligate IIJA funding.

- We issued an alert memorandum in March 2025, in which we reported that PBS did not take the appropriate steps in the San Luis I LPOE expansion and modernization project to ensure the construction contractor complied with applicable security requirements covering the use of drones.[36] This enabled the construction contractor to regularly use a drone manufactured by a company that the U.S. Department of Defense has identified as a "Chinese military company" and a potential threat to national security.

- We issued an alert memorandum in July 2025, in which we reported that numerous contractor and subcontractor employees working on the San Luis I LPOE expansion and modernization project either failed or did not undergo the required security screening. Additional oversight is needed to ensure security vulnerabilities are addressed.[37]

The alert memorandums discussed above show that additional oversight is needed to ensure construction projects comply with security requirements to safeguard access to LPOEs.

In addition to the IIJA funding, GSA received nearly $3.4 billion from the Inflation Reduction Act (IRA) for low-embodied carbon materials in construction and renovation projects, emerging and sustainable technologies, and high-performance green buildings. The IRA targets reducing the federal government's carbon footprint associated with building materials and encourages new technology to develop a federal building portfolio with net-zero operational emissions. However, in July 2025, the One Big Beautiful Bill Act rescinded over $1.5 billion of GSA's unobligated IRA funds. *Figure 2* on the next page shows the initial $3.375 billion of IRA funds allocated by category compared to the $1,845,380,383 of IRA funds obligated before the rescission.

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[35] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

[36] *PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

[37] *Uncleared Contractors Worked on PBS's San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).

Figure 2. IRA Funds Obligated Before Rescission

IRA Category	Total Funding	Obligations
Low Embodied Carbon Materials	$2,150,000,000	$853,325,691
Emerging & Sustainable Technology	$975,000,000	$755,830,460
High Performance Green Buildings	$250,000,000	$236,224,232
Totals	**$3,375,000,000**	**$1,845,380,383**

PBS established a program management office to oversee its use of IIJA and IRA funds. According to PBS, this office will identify, coordinate, and proactively mitigate risks to ensure IIJA and IRA funding is spent efficiently and effectively. As of August 2025, the program management office overseeing the IIJA and IRA projects was reduced from 20 employees to 5 employees. The program management office will report to OPD during the PBS reorganization.

PBS must continue to take steps to address the challenges identified in our August 2022 memorandum, as well as any identified through the program management office, to ensure the successful delivery of IIJA- and IRA-funded projects. In addition, PBS needs to maintain effective funds management on projects using a combination of funds from IIJA, IRA, regular budgetary accounts, and customer agencies to ensure funds are used properly.

Ensuring Effective Management of Energy Savings Performance Contracts and Utility Energy Service Contracts

Between December 2010 and June 2025, PBS awarded over $2.85 billion in energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs). ESPCs and UESCs are high-risk areas, with high-dollar contract values and long-term financial commitments. Without effective management, PBS may not realize the savings needed to fund these contracts. Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges.

Under an ESPC, the government contracts with an energy service company to install energy-saving upgrades to buildings and pays the energy service company from the energy savings generated by those upgrades. An ESPC can last for up to 25 years. A UESC is a contract between a federal agency and a utility company for energy management services, including energy and water efficiency improvements. The utility company pays most or all the upfront costs, and the government repays the utility company through utility savings, appropriated funds, or a combination of the two. UESCs can also last up to 25 years.

In July 2025, we reported that PBS had deficiencies in the award and administration of an ESPC task order supporting 10 buildings across Texas and Louisiana.[38] As a result, rather than witnessing and verifying contractor-submitted data, PBS relied on the data submitted by the

[38] *PBS Should Improve Its Oversight of the Energy Savings Performance Contract in Texas and Louisiana* (Report Number A240046/P/2/R25003, July 1, 2025).

contractor to negotiate the $43 million contract's guaranteed energy savings and annual savings performance goals.

In August 2025, we reported on deficiencies in PBS's oversight of an ESPC contract covering GSA-controlled buildings in and around Los Angeles, California.[39] Among other things, we found that PBS did not address health and safety concerns raised by project team members during their review of design documents for the battery systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse. Ultimately, a fire in the battery room at the Anderson Building led to the disconnection of the batteries, which prevented the battery system from generating energy cost savings.

Similarly, UESCs present a host of challenges for PBS, including limited competition, high numbers of sole-source contracts, and a lack of mandated savings guarantees. Accordingly, in recent years, PBS has taken steps to address the challenges associated with ESPCs and UESCs. PBS has established a centralized ESPC oversight program within its Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue its efforts to ensure that ESPCs and UESCs are effectively managed.

Challenge 6: Managing Agency Cybersecurity Risks

Like all federal agencies, GSA depends on information technology (IT) to fulfill its mission. However, as cybersecurity threats continue to emerge, sensitive government information and systems must be adequately secured to safeguard against internal and external threats that could compromise critical information and systems. GSA is not immune to these threats. Accordingly, GSA will continue to be challenged to effectively monitor, efficiently identify, and respond to cybersecurity threats against agency systems and data. GSA will have to continuously identify technical solutions and implement controls to mitigate such threats as bad actors find new ways to penetrate and navigate government networks and systems undetected.

Controlling Access to GSA Systems and Sensitive Information

In our *Assessments of GSA's Management and Performance Challenges* for FYs 2024 and 2025, we reported on threats to sensitive information maintained by GSA.[40] As these threats remain, GSA must ensure that it controls access to sensitive information available on its network and maintained in GSA systems. Sensitive information collected and maintained on GSA's network and within its systems includes:

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[39] *PBS's Pacific Rim Region Grossly Mismanaged the Battery Energy Storage Systems at the Glenn M. Anderson Federal Building and the Ronald Reagan Federal Building and U.S. Courthouse, Resulting in Health and Safety Issues* (Report Number A230079/P/4/R25005, August 20, 2025).

[40] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2024* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025*.

- Personally identifiable information, such as social security numbers, employment-sensitive information, and security clearance forms;
- Procurement-sensitive information, such as information related to bidding and prices paid; and
- Controlled unclassified information, such as sensitive building information and financial, legal, contractual, and other sensitive information that is not classified.

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in May 2024, we issued a memorandum documenting several access control weaknesses to draw awareness to the need to better enforce existing access control policies and create new policies where necessary.[41]

In April 2025, we issued an alert memorandum to notify GSA management of an access control issue that warranted immediate attention.[42] During our audit of security controls for GSA's Google shared drives, we alerted GSA management to documents found on GSA's Google Drive that contain sensitive information, such as blueprints for a high-profile federal building and a U.S. courthouse and banking account information for payment to a vendor. Because these documents were accessible by all GSA Google Drive users, including contractors, the sensitive information was available to users who did not have a legitimate business need to know.

Due to the sensitive data contained within its systems, GSA must continue its efforts to strengthen its monitoring of access to agency systems, devices, and data to protect against the intentional or unintentional release of sensitive information. In addition, GSA must ensure that it implements the appropriate management, operational, and technical security controls to manage and mitigate threats to its resources and operations.

Prioritizing Cybersecurity Supply Chain Risk Management

Cybersecurity supply chain risk management (C-SCRM) is the process of identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that underpin government systems, networks, and operations. C-SCRM covers the entire life cycle of a product or service, including its design, development, distribution, deployment, acquisition, maintenance, and destruction.

Agency implementation of C-SCRM is required under Executive Order 14028, *Improving the Nation's Cybersecurity*, which was issued in May 2021. It directs the National Institute of Standards and Technology to issue guidance "identifying practices that enhance the security of the software supply chain." The executive order directs OMB to require agencies to comply

[41] Due to the sensitive information contained in this memorandum, it is not available to the public.

[42] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Drive* (Memorandum Number A250043-2, April 18, 2025).

with such guidelines. These requirements involve systematic reviews, process improvements, and security standards for both software suppliers and developers, in addition to customers who acquire software for the federal government.

To address the risks associated with the cyber supply chain, GSA must ensure it is adhering to federal C-SCRM requirements and incorporating risk management practices into its operations. These practices involve continuously identifying, assessing, and mitigating the risks associated with suppliers of hardware, software, firmware, networks, systems, and services that support agency operations. Additionally, GSA must continue to ensure that it is not procuring restricted products and services to support internal operations that could subject agency assets and resources to cyber supply chain risks.[43]

Attacks on Third-Party Vendors

GSA's third-party vendors continue to face cyberattacks that threaten GSA's security posture. Of increasing concern is the risk of ransomware, a type of malicious attack where attackers encrypt an organization's data and demand payment to restore access. Third-party vendors often have access to GSA's systems and data via remote desktop or Application Programming Interfaces. If the vendor's system is compromised, the threat actors can pivot into GSA's network using these access points.

Between January 2024 and June 2025, at least three GSA vendors' corporate networks were victims of malicious attacks. Below are specific examples of the vendor attacks:

- In January 2024, a GSA vendor managing electric vehicle charging stations for PBS suffered a ransomware attack that compromised sensitive data, such as program portfolio information and client and supplier employee data.
- In May 2025, malware was detected on a GSA employee's laptop. The employee had visited a vendor's website that had been secretly compromised and was delivering malware to unsuspecting customers.
- In June 2025, a GSA vendor faced a ransomware event attributed to the Play ransomware variant.[44]

Login.gov

GSA developed Login.gov as a single sign-on identity platform for the public to access online government services that require user authentication. Login.gov provides services to several high-traffic government resources, including the U.S. Social Security Administration, the

[43] NDAA Section 889 prohibits executive agencies from purchasing restricted products and services to better manage supply chain risks and reduce threats to key U.S. supply chains by foreign adversaries.

[44] Since June 2022, Play ransomware (also known as Play or Playcrypt) group has affected a wide range of businesses and critical infrastructure in North America, South America, and Europe. Play ransomware was among the most active ransomware groups in 2024.

USAJOBS website, the System for Award Management, and some U.S. Department of Homeland Security websites. The technical security controls that protect Login.gov are important because they provide access to systems that contain personally identifiable information, facilitate the transfer of government funds, and conduct other mission-critical government business.

In March 2023, we reported on GSA's efforts to provide a technical solution for Login.gov to meet digital identity standards.[45] In our evaluation, we found that GSA misled its customer agencies when it failed to communicate Login.gov's known noncompliance with Identity Assurance Level 2 (IAL2) requirements of National Institute of Standards and Technology (NIST) Special Publication (SP) 800-63-3, *Digital Identity Guidelines.* The IAL2 level of identity assurance is needed to provide the level of security necessary to protect Login.gov's customers and resources against ever-growing and changing cybersecurity threats. Despite GSA officials' assertions that Login.gov met the IAL2 requirements of NIST SP 800-63-3, Login.gov never included a physical or biometric comparison for its customer agencies.

Since the report was issued, GSA has been trying to address the deficiencies identified in our evaluation. In May 2024, GSA began to pilot facial recognition technology consistent with NIST SP 800-63-3 to achieve evidence-based remote identity verification at the IAL2 level. This pilot provided users with a visible, upfront option to verify their identity in-person at one of more than 18,000 local U.S. Postal Service locations without the use of facial-matching technology.

Further, in August 2025, GSA announced that Login.gov will begin allowing individuals to verify their identity using a U.S. passport, marking a first-of-its-kind partnership between federal agencies to use authoritative government records as a source for identity verification. The addition of passport-based proofing is an effort to build upon Login.gov's existing IAL2 capabilities.

While GSA's efforts to satisfy the IAL2 requirements continued, a number of website spoofing incidents targeting federal government domains that are tied to Login.gov continued to be reported in FY 2025. Website spoofing attacks are cyberattacks in which a bad actor creates a convincing copy of a legitimate website, most often with a subtly altered URL, for the purpose of either tricking users into divulging sensitive information to what they believe to be a legitimate government website or executing malicious software on the user's browser while they access the fraudulent website.

GSA has reported such spoofing attacks targeting many different domains that use Login.gov as their centralized authentication platform, including domains related to federal employee retirement benefits, social security, and more. Continued spoofing attacks may lead to an increase in the number of compromised user accounts, either because the users have

[45] *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards* (Report Number JE23-003, March 7, 2023).

unwittingly given their credentials to the attackers or because their devices have been compromised by malware delivered via these spoofed sites.

GSA will continue to be challenged with timely identifying and counteracting the evolving schemes of bad actors trying to gain unauthorized access to Login.gov. GSA must continue ensuring that the technology implemented to meet the biometric requirements needed to satisfy IAL2 standards is appropriate to further secure the system and prevent bad actors from gaining unauthorized access to user accounts.

System for Award Management

FAS is responsible for the System for Award Management (SAM). SAM is part of the Integrated Award Environment, a presidential e-government initiative that consolidated 10 procurement-related legacy systems. These systems are used by personnel who award, administer, and receive federal funds.

From 2016 to 2018, significant security incidents exposed vulnerabilities in SAM related to the identity verification of individuals and their authorization to conduct business on behalf of a company.[46] Much of the information regarding these incidents is law-enforcement sensitive; however, one criminal successfully redirected a payment of $1.521 million from a business registered in SAM into an account the criminal controlled.

In 2025, bad actors continued efforts to impersonate GSA acquisition officials to profit from unsuspecting government vendors. GSA IT officials stated that SAM is facing approximately $40 million in budget cuts and significant staffing and financial changes. As a result, GSA will be challenged in determining how to best support the program going forward.

SAM is critical to enabling agencies to share acquisition data and make informed procurement decisions, making it easier for contractors to do business with the government and generating savings for the taxpayer. FAS must ensure the availability of sufficient resources and appropriate technical controls to secure the system and protect users and data from malicious threats.

Artificial Intelligence

In 2025, GSA continued to respond to a number of executive orders and directives that require the rapid adoption of artificial intelligence (AI). As a result, GSA's efforts to develop AI increased dramatically over the past year. Recently, GSA announced the launch of new AI tools designed to support staff in their daily work. These AI tools include GSAi and Google Gemini for Workspace. GSAi can be used to draft emails, create talking points, summarize text, and write code. Google Gemini for Workspace has built-in AI capabilities that have been enabled

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[46] *FAS Does Not Effectively Manage Information Security Risks in the System for Award Management* (Report Number A170116/Q/T/P20001, December 20, 2019).

across all Google applications like Google Drive, Docs, Sheets, Slides, and Meet. Both GSAi and Google Gemini for Workspace can interact with and process controlled unclassified information. Therefore, it is imperative that GSA ensure the implementation of robust IT security controls to protect the security of sensitive government information.

As GSA continues to implement AI tools and solutions, it will be challenged with doing so in compliance with federal security standards and guidance. GSA will have to ensure that while implementing this new and emerging technology, it is not creating new vulnerabilities and exposing GSA systems and data to increased cyberattacks.

State-Sponsored Attempts to Compromise and Maintain Persistent Access to Federal Networks

In February 2024, the Cybersecurity and Infrastructure Security Agency, National Security Agency, and Federal Bureau of Investigation issued a joint cybersecurity advisory titled *People's Republic of China State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure*. These authoring agencies have confirmed that Chinese state-sponsored cyber actors have compromised the IT environments of multiple critical infrastructure organizations—primarily in communications, energy, transportation systems, and water and wastewater systems sectors—in the continental and non-continental United States and its territories, including Guam.

According to this advisory, Chinese state-sponsored cyber actors' choice of targets and pattern of behavior is not consistent with traditional cyber espionage or intelligence-gathering operations. The authoring agencies assess with high confidence that Chinese state-sponsored actors are pre-positioning themselves on IT networks to enable lateral movement to operational technology assets to disrupt functions. There are concerns about the potential for these actors to use their network access for disruptive effects in the event of potential geopolitical tensions or military conflicts.

In November 2024, the U.S. House of Representatives Committee on Homeland Security released a "Cyber Threat Snapshot" examining growing threats posed by hostile nation-state actors targeting U.S. data and IT systems.[47] The snapshot reported several increasing trends related to cyberattacks, including a 30 percent increase in cyberattacks against critical infrastructure; and stating that government agencies were the third-most-targeted sector for ransomware attacks.

Since GSA supports many sensitive and critical systems, such as human resources, payroll, real property, and financial systems, both internally and as shared services, GSA has an increased risk of being targeted for these types of threats from state-sponsored actors. GSA will need to

[47] *House Homeland Releases "Cyber Threat Snapshot" Highlighting Rising Threats to US Networks, Critical Infrastructure* (November 12, 2024).

continue to assess these risks and monitor for any indications that its systems may be compromised.

IT Personnel Losses

GSA management has expressed concern that ongoing personnel and organizational changes could negatively affect its ability to meet its goals. During 2025, GSA IT has experienced a 40 percent personnel loss. These personnel losses could have an impact in several areas of GSA IT's operations. The declining security personnel and increased scrutiny over contractors and security contracts could lead to a period of reduced capacity that threat actors can seek to exploit.

GSA IT officials stated that they are challenged with the loss of institutional knowledge that may pose a significant risk to its continued operations. Additionally, GSA IT will have to sustain its losses for a considerable time due to the ongoing federal hiring freeze.

Challenge 7: Providing a Safe Work Environment

GSA plays a significant role in providing a safe and secure work environment for federal employees and visitors at over 8,300 federally owned and leased facilities nationwide. Part of GSA's responsibility is implementing its PBS Facility Safety, Health, and Environmental Management Program to ensure compliance with safety and health requirements as mandated by Executive Order 12196, *Occupational safety and health programs for Federal employees*; and 29 C.F.R. 1960, Subpart E, *General Services Administration and Other Federal Agencies*.

GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building tenants, visitors, contractors, PBS staff, and federal property. However, the following reports and memorandums demonstrate that GSA faces challenges in this area:

- In August 2024, we issued a memorandum notifying the PBS Commissioner of a significant backlog of open occupational safety and health, and fire risk conditions throughout GSA-managed assets.[48,49] According to PBS data, nearly 36,000 actionable, open risk conditions exist at almost 2,000 GSA-managed assets nationwide. PBS's data also shows that more than 5,000 of these open risk conditions have not been addressed within the 30-day period required by the Occupational Safety and Health Administration.

[48] *Assessment of a Hotline Complaint: GSA's Public Buildings Service Faces a Significant Backlog of Open Occupational Safety and Health, and Fire Risk Conditions* (Memorandum Number A230075, August 29, 2024).

[49] GSA-managed assets consist of government-owned buildings and leased spaces.

- In October 2024, we issued an inspection report that revealed that GSA had not implemented all required facility security controls at the building. Specifically, we found issues concerning the on-site central security control center, emergency exit doors, the visitor entrance, mechanical and utility rooms, required safety training, required procedural documentation, and the absence of a physical security manager. We also found that the building did not have a functioning Facility Security Committee.[50]

- In June 2025, we reported that PBS Northeast and Caribbean Region (PBS Region 2) did not fully comply with applicable laws, regulations, and PBS policies governing fire protection, worker safety, and accessibility at the Jacob K. Javits Federal Building.[51] We found various fire protection violations, worker safety hazards, and disability access deficiencies. We also found that PBS Region 2 did not notify building occupants of identified environmental, health, safety, and fire protection risks in a timely manner, in violation of PBS policies. Without corrective actions, proper monitoring, and timely notification of safety risks, these deficiencies can result in safety and health hazards for building tenants, workers, and visitors.

- In August 2025, we reported that PBS is not consistently complying with Occupational Safety and Health Administration and GSA requirements to protect GSA employees and contractors from roof fall hazards.[52] We found that PBS is not providing adequate oversight of O&M contractors' safety plans, lacks sufficient fall protection systems and protective equipment, and is not ensuring PBS facility managers receive safety training. As a result, PBS is not ensuring that its employees and contractors comply with fall protection requirements.

  We also found that PBS risk management surveys are not effectively identifying and resolving roof fall hazards in a timely manner. Additionally, PBS did not conduct the roof fall protection assessments for roof replacement projects required by GSA's P100, *Facilities Standards for the Public Buildings Service*, and did not always post appropriate signage at its buildings to warn GSA employees, contractors, and tenants of roof fall hazards. Taken together, these deficiencies increase the risk of fall-related injury or death.

As these reports and memorandums demonstrate, PBS continues to face significant challenges to meet and manage its responsibilities for providing a safe work environment at federally owned and leased facilities.

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[50] *Facility Security Inspection of a High-Risk GSA Building* (Report Number JE25-001, October 16, 2024).

[51] *Safety and Accessibility Deficiencies at the Jacob K. Javits Federal Building in New York, New York* (Report Number A240064/P/2/R25002, June 17, 2025).

[52] *Audit of Roof Fall Protection and Safety in GSA-Owned Buildings* (Report Number A240041/P/9/R25004, August 14, 2025).

Challenge 8: Securing Federal Facilities

Federal agencies are required to provide safe and healthful work environments for federal employees and the visiting public.[53] As landlord for the federal government, GSA has an added responsibility to ensure that GSA-controlled space is constructed, operated, and maintained in a safe, secure, and healthful manner.[54] However, our recent audit work demonstrates that GSA remains challenged to fulfill this responsibility across its real estate portfolio.

One emerging security issue for GSA is the use of foreign-made drones. In a March 2025 alert memorandum, we reported that a construction contractor for a project at the San Luis I Land Port of Entry (LPOE) frequently took aerial photographs of the construction progress using a drone manufactured by a company that the U.S. Department of Defense has identified as a "Chinese military company" and a potential threat to national security.[55] This LPOE houses the U.S. Department of Homeland Security's U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement and is considered a Security Level III facility.[56] Accordingly, if the area was compromised, it could result in significant adverse consequences for the facility, operation of the facility, the mission of the agency, or its occupants and visitors. We alerted the PBS Commissioner that this is the second time we have identified security concerns related to using drones to photograph LPOE construction sites. In September 2024, our office reported similar concerns related to drone usage on a LPOE paving project completed by the PBS Region 2 at New York State's northern border.[57]

This is not the only security vulnerability similarity between these two projects. In July 2025, we issued an alert memorandum notifying the PBS Commissioner that numerous contractor and subcontractor employees working on the San Luis I LPOE project either failed or did not undergo the required security screening.[58] In our September 2024 report on PBS Region 2's project, we also found that PBS did not adequately enforce security requirements for construction personnel who worked on the project task order, did not ensure that background

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[53] 41 C.F.R. 102, *Federal Management Regulation*.

[54] 40 U.S.C. 582, *Management of buildings by Administrator of General Services*; and 41 C.F.R. 102.

[55] *Alert Memorandum: PBS Allowed the Use of a Drone from a Prohibited Source to Photograph Construction at a Land Port of Entry in San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

[56] The U.S. Department of Homeland Security defines Facility Security Level as a categorization based on the analysis of several security-related facility factors, which serves as the basis for the identification of preliminary countermeasures and recurring risk assessments. There are five Facility Security Levels, with Level V facilities facing a very high level of risk.

[57] *Oversight of PBS's Projects Funded by the Infrastructure Investment and Jobs Act: Audit of Paving Project at New York State's Northern Border* (Report Number A220036/P/2/R24008, September 24, 2024).

[58] *Alert Memorandum: Uncleared Contractors Worked on PBS's San Luis I Land Port of Entry Expansion and Modernization Project in San Luis, Arizona* (Memorandum Number A220036-8, July 18, 2025).

security checks were completed for construction personnel, and was unaware that the contractor did not submit the names of all construction personnel for background security checks.

In late FY 2024, we found that another security risk persisted in GSA-controlled buildings. In our September 2024 implementation review, we reviewed the corrective actions PBS took in response to the recommendations contained in our January 2020 report on child care centers in GSA-controlled buildings.[59] Our implementation review found that PBS had not effectively addressed the recommendations in our January 2020 report. Specifically, significant security vulnerabilities remained outstanding for 80 of the 93 child care centers in GSA-controlled buildings. In addition, PBS did not fully complete the corrective actions to determine repair cost estimates for identified security deficiencies for GSA-controlled buildings with child care centers.

Taken together, these persistent findings demonstrate that the physical security of GSA's vast real estate portfolio remains a significant challenge.

Challenge 9: Changing the Direction of the Technology Transformation Service

In 2016, FAS's Technology Transformation Service (TTS) was established as GSA's third service to unite various technology programs and offices previously found across GSA. A year later, the IT Modernization Centers of Excellence were added, and TTS was moved within the FAS. In March 2025, the new TTS director announced that TTS would end all of its non-critical and non-statutorily required work (e.g., 18F, an original TTS program), and associated personnel would be dismissed.

According to the TTS director, in FY 2026, TTS will focus on two internal GSA initiatives and five priority programs: (1) SAM.gov; (2) Login.gov; (3) Centers of Excellence (4) Federal Risk and Authorization Management Program (FedRAMP); and (5) cloud.gov. TTS will also use the results of systematic IT audits of customer agencies to identify opportunities for new shared services or a consolidation of contracts. The TTS director has stated that TTS must be more selective in the projects it accepts to ensure it has the capacity and resources for success.

[59] *Implementation Review of Corrective Action Plan: Child Care Centers in GSA-Controlled Buildings Have Significant Security Vulnerabilities Report Number A170119/P/6/R20001, January 30, 2020* (Assignment Number A240019, September 17, 2024).

Since its inception, TTS (or its components) has been the subject of multiple audits and evaluations.[60] Each one has reported weaknesses in TTS's management controls related to oversight, financial management, performance, IT, or human capital. After nearly 9 years, TTS is forecasted to again miss its financial requirement to achieve cost recovery of its operational funding from the Acquisition Services Fund. Our most recent TTS-focused audit report (issued on July 14, 2025) found that TTS violated federal hiring requirements and raised concerns about fairness and accountability. While TTS eliminated its Talent Division (the main subject of the audit) through a March 2025 reduction in force, the findings of this audit demonstrate TTS's continued challenges to comply with federal regulations in its operations.

Moreover, according to GSA human resource data, TTS's overall staff has been reduced by 67 percent since January 25, 2025. The TTS director told us he believes that TTS has made the most aggressive changes to meet workforce optimization mandates, due in part to its small size and political leadership. Despite a new direction with streamlined priorities, TTS's reduced staff and a history of weak controls place it at risk of misspent money and degradation of services for the customer agencies it serves.

Challenge 10: Overhauling the Federal Acquisition Regulation

Under Executive Order 14275, *Restoring Common Sense to Federal Procurement*, the federal government is undertaking the first-ever comprehensive overhaul of the FAR in its 41-year history. Led by OMB's Office of Federal Procurement Policy and the Federal Acquisition Regulatory Council (FAR Council), which includes GSA, the National Aeronautics and Space Administration, and the U.S. Department of Defense, the goal of this initiative is to return the FAR to its statutory roots, rewrite it in plain language, and remove most non-statutory rules.

GSA's Office of Government-wide Policy is primarily responsible for writing and maintaining the FAR within the FAR Council. According to the executive order, the FAR Council has just 180 days from April 15, 2025, to overhaul the FAR. This is a very short timeline considering typical FAR amendments and revisions take an average of 16 months (or 480 days) to complete. To achieve quicker and more immediate implementation, initial FAR changes will be implemented through agency-specific deviations before going through the formal rule-making process. The head of each federal agency is responsible for issuing a class deviation that explains that it will be following the FAR Council's proposed FAR revisions rather than the legacy FAR. These class deviations will stay in effect until the revised FAR clauses are incorporated into the final FAR through the formal rule-making process.

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[60] GAO's *Digital Service Programs: Assessing Results and Coordinating with Chief Information Officers Can Improve Delivery of Federal Projects* (GAO-16-602, August 15, 2016); GSA OIG's *Evaluation of 18F* (JE17-001, October 24, 2016); GSA OIG's *Evaluation of 18F's Information Technology Security Compliance* (JE17-002, February 21, 2017); GSA OIG's *GSA Misled Customers on Login.gov's Compliance with Digital Identity Standards* (JE23-003, March 7, 2023); and GSA OIG *GSA's Technology Transformation Services Violated Hiring Rules and Overpaid Incentives* (A240037/Q/6/P25001, July 14, 2025).

OMB guidance related to the executive order requires agencies to issue their agency-specific deviations within 30 days of the date the FAR Council's proposed FAR revisions are published. The agency-specific deviations permit agencies to adopt the FAR revisions before the formal rule-making process, which includes a required legal review and public comment period.

While the public can provide informal feedback to proposed revisions, the deviation process does not require the FAR Council to address feedback or disclose it to the public. As the rewrite moves forward, GSA is challenged with overhauling the FAR and adopting deviations in such a short amount of time.