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REPORT BY THE U.S.

# General Accounting Office

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## x The General Services Administration Should Improve The Management Of Its Alterations And Major Repairs Program

The General Services Administration spends \$250 million a year to alter or repair 3,300 Federal buildings. Its system to manage the program has several deficiencies. Consequently, management does not have reliable information to control expenditures, monitor results, or support congressional budget requests. Many problems have been known since 1973, but little has been done to correct them.

This report contains several recommendations to improve program management.

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OFFICE

LCD-79-310  
JULY 17, 1979





UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS  
DIVISION

B-95136

The Honorable R. G. Freeman III  
Administrator of General Services

Dear Mr. Freeman:

This is our report on General Services' management of the alterations and major repairs program. The report discusses various aspects of the program and contains several recommendations that should improve management.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen, House Committee on Appropriations, on Government Operations, and on Public Works and Transportation; the Senate Committee on Appropriations, on Governmental Affairs, and on Environment and Public Works; and the Director, Office of Management and Budget.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "R. W. Gutmann", is written over the typed name.

R. W. Gutmann  
Director

NCJRS

NOV 24 1980

ACQUISITIONS



GENERAL ACCOUNTING OFFICE  
REPORT TO THE ADMINISTRATOR  
OF GENERAL SERVICES

THE GENERAL SERVICES ADMIN-  
ISTRATION SHOULD IMPROVE  
THE MANAGEMENT OF ITS ALTER-  
ATIONS AND MAJOR REPAIRS  
PROGRAM

D I G E S T

The General Services Administration manages an alterations and major repairs program for 3,300 Federal buildings. The work is necessary for efficient operation of Government activities and maintenance of safe, healthful, and well-designed working environments. As of May 1979, estimated costs of all work requirements in the program were about \$1.4 billion.

In fiscal year 1978 General Services obligated about \$212 million for alterations and repairs, and it plans to obligate about \$203 million in fiscal year 1979.

On request, General Services also performs alterations work on a reimbursable basis. Ordinarily this means alterations over and above what General Services normally provides through direct appropriations. General Services obligated about \$46 million for reimbursable work in fiscal year 1978.

This is the second GAO report on the program. GAO's first report discussed the implementation of the Public Buildings Act of 1959 which requires the Senate and House Committees on Public Works to approve each project estimated to cost over \$500,000. This review focuses on General Services' overall management of the program. (See pp. 1 and 2.)

A KEY MANAGEMENT TOOL--THE  
COMPUTERIZED INVENTORY--IS NOT RELIABLE

A computerized inventory of alterations and major repairs work requirements is an important element in General Services' justifications of its annual requests for new obligation authority, congressional oversight of its reduction of the backlog of work requirements, and management of the program. (See pp. 3 and 11 to 13.)

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Congressional concern about the growing backlog of work requirements several years ago led to a substantial increase in the obligation authority approved for the program. Thus, there is a critical need for an accurate inventory of alterations and major repairs requirements to establish the funding needed, set priorities, schedule the work, and measure results. (See pp. 13 to 16.)

The inventory of work requirements is not a reliable basis for these purposes. GAO found instances in which the individual building inventories were overstated or understated by millions of dollars. Most cost estimates for individual work items were not supportable; many were inaccurate. The total inventory provided to congressional committees did not include unscheduled or unprogramed work requirements of \$232 million. (See pp. 4 to 11, 14, and 15.)

General Services' cost estimating needs to be improved and all known work should be reflected in the inventory. Building inspections should be performed more frequently and comprehensively to keep abreast of deterioration. Management should be more aggressive in checking on the activities of the regional offices to be sure the inventory is more reliable and useful. More complete and accurate information on program requirements should be provided to the Congress.

GAO recommends that the Administrator of General Services direct the Public Buildings Service to:

- Review each work item to assure it is accurate, current, and represents a valid requirement.
- Develop specific cost estimating procedures and require sufficient documentation to adequately determine their implementation. These procedures should include criteria on deriving cost estimates for labor, material, overhead, design, and supervision. The inventory computer program should be revised so that work

items reflect the estimated cost of the program year.

- Develop criteria on the nature, scope, frequency, procedures, and practices for carrying out comprehensive building inspections. A standard format should be developed providing for inspection documentation.
- Develop a system for General Services' Central Office to track inventory requirements and building inspections on a continuing basis.
- Report in subsequent congressional budget presentations the total inventory, including requirements unscheduled or unprogramed. (See pp. 16 and 17.)

#### OTHER MANAGEMENT CONTROL PROBLEMS

Management control is the entire system of organization, policies, procedures, and practices used to manage operations and resources. Numerous improvements are needed and should be made to General Services' management control system of the alterations and major repairs program to promote efficiency, economy, and achievement of planned results.

Some of the problems GAO noted are:

- The regions deviate from approved work programs without Central Office's authority.
- The regional offices are unduly retaining authority for prospectus projects by improperly charging the costs of work to non-prospectus projects.
- The accomplishment of work, which is classified by major types for inventory and budget purposes, is not measured and reported by the same types.
- Regional offices do not have an efficient system of matching obligations with work requirements by building.

--General Services charges tenant agencies on a reimbursable basis for work that apparently should be included in their rental payments for the space. (See pp. 20 to 28.)

GAO recommends that the Administrator of General Services direct the Public Buildings Service and other appropriate General Services offices to:

--Issue clarifying instructions to the regional offices on, and exercise better oversight over, the approval requirement for major projects.

--Establish tighter controls over charging the costs of work to outstanding prospectus expenditure authority. The Central Office should clearly define and communicate to the regional offices what work should be charged to existing prospectus authority.

--Consult with alterations and major repairs program managers and develop the appropriate computerized systems modifications that will enable them to (1) match and efficiently track by building the work requirements, work programed, work-in-process, obligations, and other necessary factors and (2) relate the costs of work accomplished to the total inventory requirements and annual budget and program objectives by the major categories of work. In this regard, subsequent budget congressional presentations should reflect such program results information on the previous year's approved budget request.

--Provide specific criteria and educate the regional offices and tenant agencies on what constitutes direct-funded and reimbursable repair and alteration work. The regional offices should not charge tenants for work which is provided through rental payments to General Services. (See pp. 28 and 29.)



### AGENCY COMMENTS

A draft of this report was reviewed by officials of General Services' Repair and Alteration Division. They generally agreed with the thrust of the report and with GAO's recommendations. (See pp. 17 to 19, 29, and 30 for General Services' specific comments.)



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ABBREVIATIONS

A&MR Alterations and Major Repairs

GAO General Accounting Office

GSA General Services Administration

RACATS Repair and Alteration Construction  
Automated Tracking System

SLUC Standard Level User Charges

## CHAPTER 1

### INTRODUCTION

Alterations and Major Repairs (A&MR), one of six programs financed through the Federal Buildings Fund, provides space and related services to Federal agencies in about 3,300 buildings. The program is designed to prevent or correct deterioration, alter space to improve use (including additions), improve safety and security, install aids for the handicapped, reduce energy consumption, and install pollution control devices in Federal buildings managed by the General Services Administration (GSA). As of May 1979 the estimated costs of all work requirements in the program were about \$1.4 billion. Two-thirds of the alterations and repairs requirements are in one-half of the buildings, which are over 30 years old. In fiscal year 1978 GSA obligated about \$212 million for alterations and major repairs. It plans to obligate about \$203 million in fiscal year 1979.

GSA also performs alterations work on a reimbursable basis at the request of its tenant agencies. Ordinarily, this would mean alterations over and above what GSA normally provides. Examples of extraordinary requirements are upgrading heating, ventilation, electrical, and air-conditioning systems, and preparing sites for computer centers. GSA obligated about \$46 million for reimbursable work in fiscal year 1978.

GSA's Public Buildings Service, through its Repair and Alteration Division, manages the A&MR program, prepares the annual proposal submitted by the Administrator of General Services to the Congress, allots funds to GSA's 10 regions, and establishes the policy and instructions for carrying out the programs. The 10 regions identify the work requirements, advise the Central Office of their priorities, and implement the program.

This report focuses on GSA's overall management of the A&MR program. We evaluated the adequacy of services provided to tenants, the reliability of the key management tool--the computerized inventory system--and the effectiveness of other management and financial controls.

This is the second report on the A&MR program. The first report (LCD-78-335, Mar. 21, 1979) addressed the implementation of the Public Buildings Act of 1959, as amended (40 U.S.C. 601 et seq.), which requires the Senate and House Committees on Public Works to approve each A&MR project estimated to cost over \$500,000. We recommended actions which should provide the cognizant congressional committees better oversight and control over major A&MR projects.

## SCOPE OF REVIEW

We made our review at GSA's Central Office, Washington, D.C.; Region 2, New York, New York; Region 3, Washington, D.C.; and Region 5, Chicago, Illinois. These regions represent about 60 percent of the program.

To assist us in determining whether GSA's A&MR inventory is reliable, our engineer and engineers from GSA performed technical inspections of the 15 buildings listed in appendix I. The buildings were selected based on their age, historical significance, repairs and alterations inventory dollar amount, amount of vacant space, and the extent of fire and safety requirements. GSA's workload for these buildings represented about 10 percent of the total reported inventory of work as of April 1978.

We reviewed the accuracy of the inventory, the budget process, selected accounting and reporting procedures, and other management controls. To assess tenant perceptions of GSA's management of the A&MR program, we queried 66 agencies occupying space in the sample buildings. We reviewed documentation the tenants provided and followed up on issues they raised.

## CHAPTER 2

### A KEY MANAGEMENT TOOL--THE COMPUTERIZED

#### INVENTORY--IS NOT RELIABLE

GSA has a computerized requirements inventory system called the Repair and Alteration Construction Automated Tracking System (RACATS). The system tracks repair and alteration work from initial identification to work completion, and it is the foundation of the annual A&MR program budget request.

The inventory of repair and alteration work is unreliable because it contains duplications and completed work, omits some required work, has incomplete descriptions of work, and has questionable cost estimates.

The nationwide compilation of the work inventory, as of May 17, 1979, is shown below.

<u>Estimated Cost of the</u> <u>Alterations and Major Repairs Requirements</u>							
<u>Program</u> <u>year</u>	<u>Correct</u> <u>deterioration</u>	<u>Improve</u> <u>space</u> <u>utilization</u>	<u>Fire</u> <u>prevention</u> <u>and safety</u>	<u>Aids to</u> <u>handicapped</u>	<u>Environmental</u> <u>protection</u>	<u>Energy</u> <u>conservation</u>	<u>Total</u>
----- (000 omitted) -----							
Overdue	\$ 2,394	\$ 873	\$ 123	\$ 4	\$ -	\$ 604	\$ 3,998
1979	138,217	21,028	27,763	20,650	279	22,474	230,411
1980	115,811	42,380	25,646	3,994	7,322	10,969	206,122
1981	213,133	83,739	52,104	2,375	117	25,920	377,388
1982	86,257	42,571	57,250	2,026	675	17,945	206,724
1983	29,967	39,324	17,068	793	80	30,274	117,506
Unscheduled or unpro- gramed	<u>131,125</u>	<u>60,412</u>	<u>25,121</u>	<u>1,740</u>	<u>-</u>	<u>13,880</u>	<u>232,278</u>
Total	<u>\$716,904</u>	<u>\$290,327</u>	<u>\$205,075</u>	<u>\$31,582</u>	<u>\$8,473</u>	<u>\$122,066</u>	<u>\$1,374,427</u>

## DESCRIPTION OF INVENTORY SYSTEM

The basic element of the RACATS inventory is the individual work item. The inventory describes the scope of each work item, including its nature, location in the building, necessary materials, and a reason it is required. The inventory should also show the estimated cost of the work escalated to the year it will be accomplished.

Each work item is coded to summarize other information, as follows:

- Priority codes indicate the priority of the work on a scale of 1 to 10 and are used to develop annual budget programs.
- Program area codes denote how the work is categorized as follows: basic work to correct deterioration, improvement of space to promote utilization, life and fire safety, environmental protection, aids to the handicapped, and energy conservation.
- Status codes indicate whether the work is planned, authorized, being designed, in process, or completed.
- Miscellaneous codes indicate to whom funds are authorized, whether the work is major or minor, prospectus or nonprospectus, and capitalized or noncapitalized.

The work items in the inventory are generated from various sources, as follows:

- Most work is identified through building inspections made by A&MR and accident and fire prevention engineers.
- Building managers submit annual work item priorities. They can also submit emergency items.
- The Construction Management Division can submit work resulting from special environment, energy, or other studies.
- Tenants can request that special work be done on a reimbursable basis.

## WHAT IS WRONG WITH THE INVENTORY?

To review the reliability of the workload inventory, we selected 15 Federal buildings in three GSA regions. The in-



ventories for these buildings had a total of 296 authorized or planned work items, estimated to cost about \$100 million. That estimate represents about 10 percent of GSA's total backlog of reported alterations and major repairs requirements. (See app. I.)

Duplications, overstatements,  
understatements, and other deficiencies

We compared the inventory data to actual conditions noted during technical inspections of the 15 buildings and to information in GSA's files. The inspections took place from May through July 1978 and were made by the building manager for each building, a regional office A&MR engineer, a Central Office A&MR representative, two Central Office accident and fire protection representatives, one of our engineers, and two of our auditors.

Among the 296 planned or authorized work items examined, 95 work items had the following inaccuracies:

- Twenty-two items estimated at \$5.9 million were completed but still in the inventory.
- Twenty-three items estimated at \$7.1 million duplicated work in other work items.
- Ten items estimated at \$1.5 million were not required.
- Six items estimated at \$565,000 pertained to another building.
- Eighteen items estimated at \$5.7 million had incorrect status codes.
- Sixteen items estimated at \$1.3 million were improperly coded by program area.

In addition, the inspection of the buildings identified 166 work items that were not in the inventory. Although some of these items were minor work that the building manager could do, most of the items should be in the inventory. We obtained estimates for 78 work items totaling \$6.4 million.

Sixty-one of the additional work items identified during the building inspections were for the safety of Federal employees. These items are discussed on page 11. Some of the other items identified include

- \$1.4 million for installing a central air-conditioning system,

- \$34,000 for water clarifying equipment,
- \$25,000 for cyclical painting,
- \$52,000 for replacing floor tiles,
- \$14,000 for repairing an elevator control system, and
- surveys to be performed by consultants which identify the extent of structural damage and other possible building defects.

#### Questionable cost estimates

GSA's Repair and Alteration Program Management Handbook requires that each work item include a brief, but adequate, description of scope, location, materials needed, and why the work is required. Further, the handbook requires that cost estimates include the costs of design, reproduction, construction, contingencies, and supervision--all escalated to the planned year the work will be accomplished. The handbook does not require the regions to document or substantiate how work item estimates are derived. Also, GSA does not use specific procedures for estimating repair and alteration work.

#### Analysis of inventory estimates

The cost estimates for the 296 work items were generally questionable for the following reasons:

- Two hundred and sixty-six of the work items valued at \$87 million were lump-sum figures with no details in the RACATS inventory on the cost elements making up the estimates.
- Two hundred and nine work items valued at \$68 million had no support (other than the description in RACATS). Another 57 items valued at \$29 million had limited, and sometimes unreliable, support.
- GSA could not substantiate the completeness of 260 work items valued at \$94 million because it lacked information on the cost elements, such as labor, material, design, and other factors.
- One hundred and nine work items valued at \$46 million were not escalated to the planned construction year. For another 94 work items valued at \$32 million, GSA could not substantiate that the estimates were in fact escalated.

--The scope of 34 work items valued at \$32 million was vague. For example, a \$5 million work item in one building was described only as, "modernize old building including ceiling and lights." For another building, a \$7 million work item was simply described as "modernize existing building, ceiling, floors, etc."

Actual cost varies significantly  
from initial estimates

We examined the obligations charged to 75 repair and alteration projects as of June 30, 1978, to determine the accuracy of initial cost estimates. In all three regions visited, actual obligations for many items varied significantly from the initial estimates. Since many of the projects were not completed at that time, the full extent of the variances may be even greater than we observed. The following examples illustrate the significance of these variances and the unreliability of the cost estimates in the work inventory.

<u>Initial estimate (note a)</u>	<u>Obligations as of June 30, 1978 (note a)</u>	<u>Percent</u>
\$144,700	\$276,900	191
119,500	348,000	291
13,300	127,800	961
61,000	212,200	348
59,100	116,100	196

a/ Rounded to nearest \$100.

Work item inventory not  
adequately monitored

One of the responsibilities of A&MR regional office engineers is to monitor the status of the work items identified and included in the inventory. Because work requirements have not been adequately monitored, the inventory does not reflect the current status of various work items.

Among the 113 work items examined during our May 1978 inspection of five buildings in region 5, 33 inventory items estimated to cost over \$7.3 million should have been removed from the inventory but had not been properly reviewed by the regional office engineers. For instance,

--10 had been completed but still remained in the inventory,

- 7 were duplicated or considered unnecessary,
- 2 were under construction but still remained in the inventory, and
- 14 were in the design stage but had not been updated to reflect their current status.

The following are some examples of completed items:

- One work item estimated at \$401,000 for space alterations was completed about 3 years before the item was deleted from the inventory.
- One building manager completed eight work items for \$183,000 that covered painting, landscaping, repairing sidewalks, installing carpeting, and modernizing toilets. A&MR engineers did not monitor these items and allowed them to remain in the inventory for as long as 13 months after the work had been completed.
- Two other work items included in the inventory, at an estimated cost of \$773,000, covered the cleaning and painting of mechanical areas and replacement of deteriorated windows. Although contracts had been awarded for these items in December 1977 and January 1978, they still remained in the work item inventory at the time of our inspection.

About \$1.2 million of work items in three buildings were considered unnecessary or duplicates and should have been deleted from the inventory. For example, in one building two new stairwells and horizontal fire subdivision walls, totaling \$843,500, were placed in the inventory in 1974. In March 1978 a work item for \$1,350,000 was entered into the inventory to provide for an automatic sprinkler system for the entire building. Central Office accident and fire prevention personnel told us when a building has a sprinkler system the additional stairwells and fire subdivision walls are not required. A&MR engineers agreed that these items should be deleted. However, the items had not been removed by September 30, 1978.

At the time of our building inspections, we noted examples of other cases where the work item inventory did not reflect the current status of the work requirements. Fourteen work items, with estimated costs of \$4.8 million, were actually in the design stage although the work item inventory had not been updated to show this. This occurred on four of the five buildings inspected and ranged from \$26,500

for fire resistive cutoffs in one building to \$2.8 million for court facilities in another building.

The A&MR engineers of region 5 advised us that the primary reason the items were not removed from the inventory upon completion was the untimely and unprocessed paperwork of others who advise them of the work completed.

Building inspections are delinquent and superficial

The Repair and Alteration Program Management Handbook states that buildings shall be inspected as often as necessary to maintain a current record of the workload, but in no instance shall the period between inspections exceed 5 years. Furthermore, building managers are encouraged to participate in each inspection. During inspections, agreements are required on the work which will be undertaken (1) immediately as minor repairs by the building manager without being entered into the RACATS inventory or (2) at some later time and entered into the RACATS inventory. Other inspections are required for the accident and fire prevention condition of buildings.

As discussed below, the regional offices' policies on frequency of building inspections vary. In addition, the completeness of some inspections appears questionable.

Frequency varies between regions and completeness of A&MR building inspections are questionable

Region 2 does not maintain an inspection schedule because inspections are accomplished in conjunction with field office evaluations scheduled biennially by the region's Buildings Management Division. However, the evaluation reports showed no support to indicate whether all buildings within the field office's jurisdiction were actually inspected. Inspection reports and required agreements between the building managers and region A&MR engineers were not prepared. In addition, the criteria for such field office evaluations are silent on the nature, scope, and completeness of A&MR inspections. One building manager expressed concern about this approach to A&MR inspections because of the limited time he can spend with each member of the evaluation team.

Region 3 maintains a schedule of A&MR building inspections, but inspections are not always performed as scheduled. GSA officials were not able to provide reports on the buildings claimed to have been inspected. Other weaknesses found

were (1) the region does not follow definitive criteria for performing or reporting on inspections and (2) since A&MR engineers are not assigned responsibility for specific buildings, no one individual is accountable for the building inspection as well as the inventory integrity.

Region 5 maintains an inspection schedule, but it does not document whether inspections are actually carried out. The region has not developed criteria under which building inspections are to be conducted. For instance, a checklist or standard format is not used, nor are the engineers required to prepare a trip report or record inspections.

#### Fire and life safety inspections delinquent

Another major source for work item identification is through accident and fire prevention inspections. The frequency of inspections depends on building type and amount of square feet. Inspections for accident and fire prevention requirements are required at least once every 4 years for most buildings. The larger buildings (over 25,000 net square feet) are required to be inspected annually or every 2 years.

Data obtained from GSA files show accident and fire prevention building inspections have been over 50-percent delinquent for all 10 regions. As shown below, some regions are over 60-percent behind schedule in performing required building inspections.

#### Accident and Life Safety Punctual and Delinquent Building Inspections For All Regions (As of March 1977)

<u>GSA region</u>	<u>Total</u>	<u>Punctual inspec- tions</u>	<u>Delinquent inspec- tions</u>	<u>Percent of inspections delinquent</u>
	----- (number of buildings) -----			
Boston	152	96	56	37
New York	335	215	120	36
Washington, D.C.	637	212	425	67
Atlanta	345	142	203	59
Chicago	320	160	160	50
Kansas City	140	116	24	17
Ft. Worth	290	84	206	71
Denver	273	121	152	56
San Francisco	432	159	273	63
Auburn, Wash.	238	89	149	63
Total	<u>3,162</u>	<u>1,394</u>	<u>1,768</u>	56

Our current review showed that these inspections are still significantly behind schedule. For example, region 5's Accident and Fire Prevention Branch is required to inspect 101 Government-owned buildings annually. However, only 37 of these inspections were accomplished during fiscal year 1978.

During our inspection of the 15 selected buildings in the three regions, GSA Central Office engineers noted 61 accident and fire prevention work items which were not in RACATS or otherwise scheduled to be accomplished. Most of these items are critical for maintaining the safety of Federal employees and protecting Government property. They include installing or renovating automatic sprinklers, flame detectors, emergency power for fire pumps, smoke control, emergency lights, and improving or replacing fire-rated doors. We obtained cost estimates of about \$4.5 million for 25 of these 61 work items.

GSA officials stated that accident and fire prevention inspections are behind schedule because GSA does not have enough technical personnel. We were told that a study is being made of the staffing needs of the Central Office and regional offices to determine the level of staff to carry out the existing program requirements.

UNRELIABLE INVENTORY DATA--  
A LONGSTANDING PROBLEM

A management consultant's study completed in September 1973 addressed many of the same inventory and inspection deficiencies that currently exist. For instance, the study noted the following:

- Overstatements or understatements in the A&MR inventory because of (1) items listed which were completed or not essential, (2) items not listed because regional personnel believed they would never be funded, or (3) items not listed as a normal practice in several regions.
- Variations in the quality of cost estimating among and within regions, including the consistency and accuracy of escalating costs for inflation.
- Variations in the frequency of building inspections among regions, and inspections that focused on the minimum essentials for keeping the building functioning.

The study concluded that because the inventory represents the only A&MR planning tool, a major effort should be undertaken to make the data as accurate as possible.

As a first priority, the consultant recommended that building inspections be updated, the frequency of inspections be reviewed, and more definitive guidelines for performing inspections be developed. For example, a standard checklist should be developed for the A&MR engineers and building managers to use in their inspections.

The second priority suggested was that each work item be reviewed to ensure it was needed, its scope was adequately defined, and its estimate was accurate. To assure cost estimates were reliable, the consultant recommended that GSA assemble and publish annually an A&MR estimating handbook.

GSA management has taken some action to correct the deficiencies addressed above. For example, in October 1976 the Director of the Central Office Repair and Alteration Division wrote to the regional offices requesting periodic building inspections be more timely. In April 1977 the Central Office Assistant Commissioner for Buildings Management wrote to the Public Buildings Service regional administrators stating:

"RACOS [Repair and Alteration Computer Oriented System [1/] is the primary tool for planning and managing functions related to the nationwide R&A [2/] program. The inventory is the foundation of our annual R&A budget request and is used as part of the budget support material that is presented to OMB and Congress. Therefore, the overall credibility of the R&A program is dependent upon an accurate inventory of workload.

"During the past several months, it has become apparent that the quality of the inventory leaves room for improvements. Too often work items which have been accomplished or which are no longer required are still listed in inventory. Further, we find that the description and cost of the work items do not always reflect the true scope of work to be undertaken."

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1/Currently called RACATS.

2/Currently called A&MR.



In December 1977 the Assistant Commissioner for Buildings Management wrote another letter to the regional commissioners stating:

"A significant problem noted during our regional management surveys is the inaccuracy of the Repair and Alteration Computer Oriented System data base. Many of these inaccuracies are evident without the physical inspection of the buildings.\* \* \*

"The dynamic nature of the R&A inventory requires an enormous effort to keep it current and accurate. An on-going program of reviewing the inventory is required to keep its reliability at an acceptable level. This review should be concentrated on the following recurring errors: work item duplication or overlap; ambiguous descriptions of work; work item estimates significantly different from budget or prospectus submissions; and incorrect program area categorization."

#### SUBSTANTIAL UNREPORTED WORK REQUIREMENTS

The annual appropriations budget request for the A&MR program is based and justified primarily on data contained in the RACATS computerized inventory. The requirements entered into the inventory are basically divided into three categories that establish the region's initial plan to complete the necessary repairs and alterations to Federal buildings. These categories are:

- A 5-year workload plan which spreads the targeted completion of the design and construction of the work items over the next 5 years.
- An unscheduled workload plan which covers work items that are to be completed in the 6th year.
- An unprogramed workload plan for work requirements placed in suspense pending determinations on the need for the buildings or the economic or technical feasibility of doing the work.

The RACATS inventory backlog of work requirements is one of the key figures the Congress uses to consider and approve annual A&MR funding levels. GSA reported to the

Congress a backlog of \$998 million <sup>1/</sup> to support its \$180 million fiscal year 1980 funding request. For the two previous fiscal years, GSA reported a backlog of over \$1 billion to support annual funding levels of \$200 million.

The reported backlog figures do not include substantial unscheduled or unprogramed work requirements. Additionally, the reported backlog can be significantly expanded or contracted by shifting scheduled work to these unreported categories of work requirements. For instance, in April 1978 the inventory included \$116 million in unscheduled or unprogramed work. These requirements increased to \$232 million by May 1979. The net effect of the increase in unscheduled or unprogramed work was a decrease of \$116 million in the reported backlog.

The following are some examples of work requirements that were shifted and their justifications. Some of the shifts had questionable support or were inconsistent.

- Work requirements of \$18.6 million for two buildings in Battle Creek, Michigan, were shifted from the 5-year work plan to unprogramed work based on a rumor that Defense Department activities might move. However, GSA did not contact Defense to determine what plans, if any, it had to relocate. As of May 1979, GSA has received only one request to relocate 50 of the 1,650 Defense personnel currently housed in Battle Creek Federal Center facilities. In addition, our discussions with Defense officials indicate there are no plans to relocate substantial numbers of personnel from the Center.
- For the Railroad Retirement Board building at 844 Rush Street, Chicago, Illinois, work items of \$10.6 million were shifted from the 5-year work plan to unprogramed work because of ongoing studies to determine whether to retain the building. However, GSA's Central Office currently recommends that the building be retained and repaired.
- For the East St. Louis Post Office and Courthouse, GSA rescheduled 26 work items, totaling over \$5.5 million, from the 5-year work program to unprogramed

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<sup>1/</sup>As shown on p. 3, the total inventory is \$1.4 billion as of May 1979. The \$998 million figure does not include unscheduled or unprogramed requirements, nor does it include \$60 million in scheduled requirements.

work because a new Federal building is planned. However, preliminary discussions regarding the new facility have been suspended.

- One work item for double glazing all the windows in another Federal building was rescheduled as unprogramed work because the double glazing process had not been perfected. The estimated cost included in the inventory exceeded \$2.6 million. However, work items for double glazing two other Federal buildings totaling \$3.5 million were included in the 5-year plan and were scheduled to be done in 1983.

#### BACKLOG NOT BEING REDUCED

During fiscal years 1968 through 1977, the Congress appropriated about \$61 million to \$100 million a year for the A&MR program. Because of the substantial backlog of work requirements (estimated over \$1 billion), the Congress increased the new obligation authority for fiscal years 1978 and 1979 to \$200 million. Also, late in fiscal year 1977 the Office of Management and Budget apportioned to GSA \$50 million of a special supplemental appropriation for the program. GSA is currently requesting new obligational authority of \$180 million to finance its fiscal year 1980 A&MR program.

Despite the increased spending, the reported inventory of alterations and major repairs requirements has actually increased. The following table compares the inventories at April 19, 1978, and May 17, 1979.

<u>Date</u>	<u>Scheduled work</u>	<u>Unscheduled/ unprogramed</u>	<u>Total</u>
------(000 omitted)-----			
May 1979	\$1,142,149	\$232,278	\$1,374,427
April 1978	<u>1,060,466</u>	<u>115,874</u>	<u>1,176,340</u>
Increase	\$ <u>81,683</u>	\$ <u>116,404</u>	\$ <u>198,087</u>

During approximately the same 13 months of April 1978 through April 1979, GSA obligated about \$230 million for alterations and major repairs work. As the table shows, the scheduled work requirements increased by \$82 million during that period, and the unscheduled/unprogramed requirements increased by about \$116 million.

Because of the errors previously described involving both overstatements and understatements, neither of the in-

ventories in the above table is very reliable. Nevertheless, it is reasonable to assume that the net effect of errors, if corrected, would be about the same in either inventory, and that the estimated cost of the work requirements has increased. There is a serious question, therefore, about what level of spending is needed to reduce the backlog of these requirements to a reasonable level and to maintain Federal buildings in good condition.

## CONCLUSIONS

Because of errors, duplications, unreported requirements, and other factors, it is impossible to determine what is a reasonable estimate of GSA's unfunded work requirements for alterations and major repairs. The reported backlog would appear to be substantially understated by the exclusion of over \$230 million of unscheduled work and potential requirements classified as unprogramed and because of outdated cost estimates and undetected work requirements. On the other hand, the work inventory needs to be purged of completed work projects, similar requirements that appear in more than one work item, and work items no longer needed.

The alterations and major repairs work inventory is an important element in GSA's (1) justifications of its annual requests for new obligation authority, (2) congressional oversight of its progress in reducing the backlog of work requirements, and (3) management of the program. Congressional committee concern about the growing backlog of work requirements several years ago led to a substantial increase in the obligation authority approved for the program. Yet the estimated cost of work requirements in the backlog increased between April 1978 and May 1979. There is clearly a critical need for an accurate inventory of alterations and major repairs requirements to establish the funding needed, set priorities, schedule the work, and measure progress.

GSA's procedures for managing the inventory should be improved to make it more accurate. Cost estimating needs to be improved and all known work should be reflected in the inventory. Building inspections should be performed more frequently and comprehensively to keep abreast of deterioration. Management should be more aggressive in monitoring the activities of the regional offices to assure the inventory is more reliable and useful. More complete and accurate information on program requirements should be provided to the Congress so that the program is funded at sufficient levels to maintain Federal buildings in good condition.

## RECOMMENDATIONS

We recommend that the Administrator of General Services direct the Public Buildings Service to:

1. Thoroughly review the inventory of work requirements. Each work item should be reviewed to assure it is accurate, current, and represents a valid requirement.
2. Develop specific cost estimating procedures and require sufficient documentation to adequately monitor their implementation. These procedures should include criteria on deriving estimates for cost elements such as labor, material, overhead, design, and supervision. The RACATS computer program should be revised so that work items reflect the estimated cost of the program year.
3. Develop criteria on the nature, scope, frequency, procedures, and practices for carrying out comprehensive building inspections. A building inspection standard format should be developed providing for documentation.
4. Develop a system for Central Office monitoring of inventory requirements and building inspections on a continuing basis.
5. Report in subsequent congressional budget presentations the total inventory, including requirements which are unscheduled or unprogramed.

## AGENCY COMMENTS

GSA officials agreed with our views on the need to improve the reliability of the computerized inventory of work requirements. The primary causes cited as reasons for the inventory deficiencies were a shortage of personnel coupled with increased work responsibilities. Since 1975 the authorized staffing of the program has been reduced from 107 to 85. However, program funding levels for building repairs and alterations have more than doubled in recent years from about \$70 million to \$200 million annually. Additionally, special executive programs (such as aids for the handicapped, energy conservation, and environmental protection) have added to the work responsibilities of the regional offices.

GSA officials commented on the recommendations as follows:

1. It was agreed the inventory of work items should be reviewed for their accuracy and validity. GSA officials indicated that this will be accomplished annually in connection with the development of annual budget requests. In our opinion, a major one-time effort should be made immediately to clean up the inventory. Thereafter, an annual review should be sufficient to maintain a reliable inventory of work requirements.
2. It was agreed improvements are necessary in the area of cost estimating. GSA officials felt that since the inventory data is mainly used for planning purposes, work item estimates should be based primarily on experience gained in completed work of a similar nature. In our opinion, estimating cost on the basis of experience of completed work is one reasonable approach in deriving cost estimates. But for situations where experience is lacking, specific cost-estimating criteria should be developed and followed along the lines as set forth in our recommendation. Also, it is essential that sufficient documentation be maintained on estimates so that management can adequately monitor the regional offices' activities in this area.
3. GSA officials did not agree that a standard format should be developed for carrying out building inspections. One official stated a standard format did not work in the past because regional office personnel did not want to sign such forms. In our opinion, the regional offices can avoid performing comprehensive building inspections unless specific criteria, as discussed in our recommendation, is developed and followed. Also, unless this is done, the Central Office will not have available adequate information in which to monitor the regional offices' progress in meeting this responsibility.
4. GSA officials stated the Central Office would continue to monitor the reliability of the inventory during the preparation of prospectus projects. In addition, other building inventories would be spot-checked when field trips are made to the regional offices. The Central Office Repair and Alteration Division also had prepared a list of every building not inspected in the past 5 years and has directed the regions to inspect these buildings and report back on the results.

5. GSA officials felt a footnote in the congressional budget presentation was sufficient to inform the Congress of the amount of unprogramed and unscheduled work requirements. In our opinion, the Congress should be fully informed of these requirements and their effect on the scheduled backlog of work requirements.

## CHAPTER 3

### OTHER MANAGEMENT CONTROL PROBLEMS

In executing the A&MR program, GSA management could achieve better results by improving its control and oversight of these operations. Some of the problems we noted were that (1) the regions deviated from approved work programs without Central Office authority, (2) the regional offices are unduly retaining prospectus expenditure authority by improperly charging work to non-prospectus projects, (3) the accomplishment of work, which was classified by major types for inventory and budget purposes, was not measured and reported by the same types, (4) regional offices did not have an efficient system of matching obligations with work requirements by building, and (5) GSA charged tenant agencies on a reimbursable basis for work that apparently should be included in their rental payments to GSA for the space.

### DEVIATIONS FROM APPROVED PROGRAMS

For budgeting and program control, GSA divides the alterations and major repairs program into two sections: prospectus work and non-prospectus work. A prospectus project is a package of related work items in a building estimated to cost \$500,000 or more and requires approval by the House and Senate Committees on Public Works before expenditures may be made. GSA further divides the non-prospectus work for program control into major projects (estimated to cost between \$100,000 and \$500,000) and minor projects (planned work estimated to cost less than \$100,000 during any fiscal year in a single building).

In advance of each fiscal year budget cycle, the Central Office defines the zero base budgeting levels on which each region bases its proposed A&MR work plan. On the basis of these levels, each regional office informs the Central Office of work it proposes to undertake during that year. Each regional office also advises the Central Office of the region's priority projects and those it considers appropriate to include in GSA's request to the Office of Management and Budget and to the Congress for A&MR funds.

In the periodic allotment of obligation authority to the regions for A&MR work, the Central Office earmarks funds specifically for each prospectus and major project in the approved work plan and includes a lump sum for minor work projects. Regional offices have the authority to start minor projects without obtaining Central Office approval. Major projects must be approved by the Central Office. Any changes



in major projects throughout the budget year, likewise, must be approved.

#### Unapproved major work projects

GSA regions are doing major non-prospectus work without approval from the Central Office. We reviewed 46 major projects with obligations exceeding \$100,000 each as of June 30, 1978. Only 6 of the 46 projects were in the originally approved budget plan and only 16 were subsequently approved by Central Office as shown below.

<u>Regional office</u>	<u>Non-prospectus projects over \$100,000</u>	<u>In original budget plan</u>	<u>Subsequent Central Office approval</u>	<u>No Central Office approval</u>
Chicago	8	0	4	4
New York	13	0	8	5
Washington, D.C.	<u>25</u>	<u>6</u>	<u>4</u>	<u>15</u>
Total	<u>46</u>	<u>6</u>	<u>16</u>	<u>24</u>

Regional office officials stated that 14 of the projects did not require Central Office approval because

--5 with total obligations of about \$790,000 were initially estimated to cost less than \$100,000 each,

--4 with total obligations of over \$464,000 were for foundation and energy conservation studies, and

--5 with total obligations of about \$1.2 million were for projects in prior years' approved budget plans.

However, GSA guidelines state that the Central Office must concur with the origination or change of all projects of \$100,000 and over, with the exception of unforeseen space alterations. None of the 24 projects not receiving Central Office approval were for unforeseen space alterations.

#### Improperly charging obligations to non-prospectus projects

GSA regional offices are unduly retaining expenditure authority for prospectus projects by improperly charging

the costs of some work in the same buildings as non-prospectus work. When alteration and repair work related to the general purpose of a prospectus is not charged to that expenditure authority, the authority is in effect increased without approval of the Public Works Committees.

Region 2 programed 10 non-prospectus projects costing a total of \$1,063,150 to refinish wood, bronze, and restore the U.S. Courthouse in Foley Square, New York City, New York. At the same time, GSA had an approved prospectus for general renovation of the building authorizing expenditures of \$5.3 million. According to region officials, GSA policy permitted charging the work as nonprospectus because it was primarily normal cyclical maintenance. When we brought this to the attention of Central Office officials, they disagreed and directed the region to charge the work to the prospectus authorization.

We found obligations for other projects charged as non-prospectus work which we believe should have been recorded against the outstanding approved prospectuses for the buildings involved. They were neither included in regional budget plans nor submitted to the Central Office as program change. Some examples follow:

<u>Project description</u>	<u>Obligations (as of June 30, 1978)</u>
Design and install sodium zeolite tank and associated equipment	\$258,952
Provide air-conditioning for elevator penthouse	126,078
Study timber pilings for building renovation project	105,327
Energy conservation retrofit study	141,138
Construct telephone frame room	150,326
Design and construct circuit judges' chambers	169,198

The principal reason given by the regional offices for not charging the above obligations to the pertinent prospectuses was that, if the work is not specifically identified in an approved prospectus, it can be accomplished as non-prospectus work. However, it is difficult--if not impossible--to relate many specific work items to a prospectus, because the prospectus scope is usually stated in

general terms and the supporting files do not always relate the work to the prospectus. In addition, the regions are unclear as to what work should be charged to existing prospectus authority. Region 2 officials are applying their own interpretation because they have received little guidance from GSA's Central Office on how new requirements should be charged if there is an existing prospectus for a building.

The Central Office interpretation of prospectus authority is that it is primarily a maximum spending authorization; which permits GSA flexibility to do any future work which provides suitable quarters for occupants. Therefore, new requirements not known at the time the prospectus was prepared should be charged against the prospectus, rather than treating them as requirements for which no prospectus may be necessary because their cost is less than \$500,000.

As of May 1979 GSA's Central Office had not provided specific guidance to the regions on work requirements that should be charged against existing prospectuses. Rather, the regions were provided with a copy of our report (see p. 1) on the prospectus process which included the Central Office's interpretation of prospectus authority.

In our report on the prospectus process, we noted GSA and the Public Works Committees seem to have a significant misunderstanding regarding the nature and scope of repair work requiring the Committees' approval and when the scope of approved work can be changed without further approval. In that report, we recommended the Public Works Committees initiate proposed legislation to amend the Public Buildings Act of 1959 to define the term "project," so that it clearly must include all related work required to accomplish an identified objective in a single building. However, the regional offices should follow Central Office's interpretation on charging new work requirements to existing prospectuses. The proposed legislation will cover future repair and alteration projects.

GSA LACKS CAPABILITY TO RELATE  
WORK ACCOMPLISHED TO REQUIREMENTS  
FOR MAJOR WORK CATEGORIES

In GSA's inventory of alterations and major repairs requirements, the work is identified under six types or categories. The annual budget justifications for the program also identify the funds requested by the six categories of work. This system informs the Congress and GSA management about the major types of work required, the estimated cost thereof, and the dollar emphasis given to them in each year's budget. GSA does not, however, have the capability

to identify obligations for alterations and repairs by these same categories and it cannot relate results to the budget.

The inventory of work requirements as of May 17, 1979, is shown by category in the table on page 3. The proposed budget for fiscal year 1980 by category of work is as follows:

	<u>Amount</u> (millions)
Basic work to correct deterioration and malfunction of buildings	\$ 82.6
Improvement of space to promote utilization and operating efficiency	40.3
Special fire prevention, life safety, and property protection	22.3
Special aids for the handicapped	2.1
Special environmental protection measures	3.3
Special energy conservation measures	<u>29.8</u>
Total	180.4
Design, management, and inspection	<u>19.6</u>
Total	<u>\$200.0</u>

If these categories are significant in planning the work to be done--and we believe they are--it should be equally important to know at the end of a period how much of the planned work in each category was accomplished. Although this category identification is made in the RACATS requirements inventory, it is not carried over to the records of obligations and expenditures for alteration and repair work.

#### MANUAL RECORDS AND REPORTS COULD BE REPLACED BY COMPUTER

Two of the key data systems in the management of the A&MR program are (1) the RACATS work inventory, a component of the Public Buildings Service Information System and (2) the Federal Buildings Fund Accounting System, part of GSA's Master National Electronic Accounting and Reporting System. Needed management data from the two systems are presently being merged manually, a function that could be

performed more efficiently and economically by computer with some program changes.

The RACATS inventory shows what work items are in process and their respective project number, but it does not show obligations. The accounting system shows obligations identified for prospectus work by project number and building, but it identifies most non-prospectus work only by project number without building reference. Consequently, the regional offices maintain informal manual records showing the history and projection of obligations for each building. Region 3 officials responsible for both systems told us that it would be possible to interface the two systems and produce reports similar to the manual records.

Region 2 also instituted a manual system to keep track of program expenditures. Its personnel prepare periodic reports on the status of obligations, projected obligations through the end of the fiscal year, and possible additional projects to be undertaken should anticipated ones not be started as planned. Region 2 also keeps track of obligations versus plans for each prospectus project and a total for major and minor non-prospectus work. Region 2 officials believe similar management reports could and should be produced by interfacing the inventory and obligation computer systems.

Central Office Repair and Alteration Division officials agreed with the regions on the feasibility of interfacing the two systems to more efficiently satisfy the informational requirements of the regional offices. Further, such computerized reports would benefit the Central Office in the overall management of the program.

In our report to the Administrator in November 1978 on financial reporting for the Federal Buildings Fund (LCD-78-342), we pointed out that not all obligations for alterations and major repairs are identified by building. Therefore, GSA is unable to report all expenses for its buildings. We recommended that GSA improve its system to account for and report these costs by building, as well as to capitalize those expenditures that are for capital improvements in each building. GSA agreed and is working on this and other improvements to its income and expense reporting for public buildings operations. In connection with the development of these improvements, GSA's Office of Finance and Public Buildings Service should consult with the managers of the A&MR program at the Central Office and in the regions about modifications that will serve their information needs.

REIMBURSABLE FUNDS INAPPROPRIATELY  
USED TO SUPPLEMENT DIRECT-FUNDED PROGRAM

We found several instances of GSA requiring tenant agencies to reimburse GSA for alterations and repairs which the agencies believe should have been covered by their rental payments (the Standard Level User Charge (SLUC)). This practice differs from the Federal Buildings Fund concept and the Federal Property Management Regulations.

GSA is responsible for providing alterations, improvements, and repairs to provide a safe, healthful, and well-designed working environment that is comparable to commercial space. Federal Property Management Regulations prescribe the standard services GSA is to provide. Some of the standard services include

- heating, ventilation, air-conditioning;
- illumination, electrical and telephone receptacles, and outlets;
- passenger and freight elevator service; and
- safety and security services.

In region 3, we were informed that tenants paid for services which should have been funded by GSA. For example, the Bureau of Labor Statistics recently complained to GSA about inadequate ventilation in its space in our building. GSA conducted a survey with reimbursable funds of \$20,000 which confirmed that the problem existed. According to GSA's criteria for SLUC services, the survey should have been paid for with direct funds.

In 1976 another tenant in region 3 reimbursed GSA \$236,500 for an auxiliary air-conditioning system, sprinklers, and ceiling partitions on two floors of its building. GSA should have financed these items under A&MR program areas for fire protection and improvement of space to promote utilization. This agency also paid GSA \$3,000 to resurface a driveway entrance and \$4,000 to install a lift for handicapped personnel in 1976. We believe they should have also been financed by GSA under program areas for basic work to correct deterioration and special aids to the handicapped.

Department of Health, Education, and Welfare officials stated that they were paying for most of the interior painting in their north building because GSA was not doing so.

The agency paid GSA \$45,000 to paint offices on the third floor in 1976.

A GSA region 3 official told us that because of insufficient A&MR funding in prior years, reimbursable funds were often used to supplement the direct-funded program.

In the Chicago region, several tenant agencies questioned whether some work performed on a reimbursable basis should have been paid for by GSA. The following are some repairs and alterations paid for by these tenants:

- According to a Small Business Administration official, electrical and telephone wires throughout his regional office were cited as hazardous. Although these conditions existed when this agency moved in, GSA required reimbursement of over \$1,400 to correct them.
- The U.S. Attorney's office told us it reimbursed GSA about \$1,200 to install two closure devices for doors cited as life-safety requirements by the Chicago city fire department.
- An official in another agency told us his space had not been painted for 9 years. To have it painted, the agency reimbursed GSA \$920.

During the 1975-77 period, another tenant in Chicago paid for 144 work items. This tenant believed 37 work items should have been provided by GSA without reimbursement. Some of this work was for (1) repairing an air-conditioner, (2) painting walls and offices, (3) replacing old light fixtures with fluorescent fixtures, and (4) repairing and maintaining elevators.

Tenant agencies in region 2 also reported instances of paying for work that should have been provided under SLUC.

## CONCLUSIONS

Management control is the entire system of organization, policies, procedures, and practices used to manage operations and resources. Numerous improvements are needed and should be made to General Services' management control system of the alterations and major repairs program to promote efficiency, economy, and achievement of planned results.

Regional offices are starting major projects (costing \$100,000 or over) without Central Office's approval, as

required. There is apparently a difference of opinion within GSA regarding the need for approval under various circumstances. The Central Office should clarify its instructions and oversee the use of these allotments more carefully.

Regional offices are doing some alteration and repair work in buildings with approved prospectus expenditure authority, but not charging the costs against the authorized limits. We understand that GSA's policy is that generally all such work should be charged against the prospectus. Again, Central Office policy should be clearly communicated to the regions.

A more efficient system is needed for matching by building the alterations and repairs requirements, work-in-process, obligations, and other information for the regional program managers. Similarly, for managers at all levels there is a need, but no system, to match requirements, program objectives, and work accomplished by the major program categories (such as correcting deterioration and obsolescence, fire and life safety, and energy conservation). The current task force, which is developing improvements in the Federal Buildings Fund financial reporting, should consult with program managers to incorporate modifications that meet these needs.

Regional offices are requiring tenant agencies to reimburse GSA for some alterations and repairs, which are apparently normal building services that should be covered by the agencies' rent. The Central Office should clarify its instructions to the regions regarding the standard level of services they should provide and exercise more oversight of the reimbursable program.

#### RECOMMENDATIONS

We recommend that the Administrator of General Services direct the Public Buildings Service and other appropriate offices to:

1. Issue clarifying instructions to the regional offices on, and exercise better oversight over, the approval requirement for major projects.
2. Establish tighter controls over charging the costs of work to outstanding prospectus expenditure authority. The Central Office should clearly define and communicate to the regional offices what work should be charged to existing prospectus authority.



3. Consult with alterations and major repairs program managers and develop the appropriate computerized systems modifications that will enable them to
  - match and efficiently track by building the work requirements, work programed, work-in-process, obligations, and other necessary factors; and
  - relate the costs of work accomplished to the total inventory requirements and annual budget and program objectives by the major categories of work.

In this regard, subsequent budget congressional presentations should reflect such program results information on the previous year's approved budget request.

4. Provide specific criteria and educate the regional offices and tenant agencies on what constitutes direct-funded and reimbursable repair and alteration work. The regional offices should not charge tenants for work which is provided through rental payments to General Services.

#### AGENCY COMMENTS

GSA officials commented on the recommendations as follows:

1. It was agreed the Central Office should be more aggressive in requiring regional offices to obtain approval for major repair and alteration projects. GSA officials stated the necessary corrective action will be taken.
2. GSA officials stated tighter controls over the use of prospectus expenditure authority has been instituted. Prospectus projects now sent to the Public Works Committees for approval are more specific in the work requirement planned to be accomplished. In addition, the Central Office has reviewed all outstanding prospectuses over 5 years old to determine their current validity. On the basis of this review, 25 prospectuses with outstanding expenditure authority of \$17 million have been canceled. Nevertheless, the regional offices remain unclear as to what work should be charged to 106 other prospectuses which have outstanding expenditure authority of \$253 million. We therefore believe

our recommendation in this matter should be carried out.

3. GSA officials agreed with our comments on the potential to more effectively use the Public Buildings Service computerized information system. In our opinion, appropriate offices within GSA should cooperate and aggressively work out the details on the implementation of this recommendation.
4. GSA officials agreed the regional offices should not perform work on a reimbursable basis for work which should be paid for through tenant rental payments. However, one official had reservations on GSA paying for surveys resulting from tenant complaints of air-conditioning or heating problems. It was stated that these are common complaints and would cost GSA a substantial amount if provided freely. GSA agreed to implement this recommendation.

BUILDINGS SELECTED FOR REVIEW (note a)

<u>Building and location</u>	<u>Gross square feet</u>	<u>Repair and alteration inventory</u>		
		<u>Direct</u>	<u>Reim- bursable</u>	<u>Total</u>
		----- (000 omitted) -----		
Federal Building and Courthouse, South Bend, Ind.	36,477	\$ 1,811	\$ -	\$1,811
Dirksen Building, Chicago, Ill.	961,963	7,110	401	7,511
Federal Building, 536 S. Clark St., Chicago, Ill.	599,351	3,346	45	3,391
Railroad Retirement Building, Chicago, Ill.	360,771	11,959	1	11,960
Federal Center, Building No. 1, Battle Creek, Mich.	255,043	12,285	-	12,285
Federal Office Build- ing, Newark, N.J.	151,478	521	238	759
201 Varick Street, New York City, N.Y.	999,593	856	21	877
U.S. Courthouse, Foley Square, New York City, N.Y.	651,263	5,536	498	6,034
U.S. Custom House, New York City, N.Y.	352,944	26,171	-	26,171
Federal Office Build- ing, Syracuse, N.Y.	382,187	902	80	982
GAO Building, Washington, D.C.	1,827,145	18,441	1,883	20,324
HEW North, Washington, D.C.	1,068,867	2,876	1,040	3,916

## APPENDIX I

## APPENDIX I

<u>Building and location</u>	<u>Gross square feet</u>	<u>Repair and alteration inventory</u>		
		<u>Direct</u>	<u>Reim- bursable</u>	<u>Total</u>
----- (000 omitted) -----				
Auditors Complex, Administration Building, Washington, D.C.	162,196	\$ 6,093	\$ -	\$ 6,093
U.S. Custom House, Baltimore, Md.	93,885	1,737	-	1,736
Social Security Administration, Administration Building, Woodlawn, Md.	<u>265,550</u>	<u>924</u>	<u>-</u>	<u>924</u>
Total	<u>8,168,713</u>	<u>\$100,568</u>	<u>\$4,207</u>	<u>\$104,775</u>

a/ The inventory amounts include work items planned or authorized, but not yet in the design stage. We obtained the RACATS printouts on these work items one day prior to performing the building inspections during the May-July 1978 time frame.



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