



Office of Audits  
Office of Inspector General  
U.S. General Services Administration

# Audit of PBS's Approval Process for Minor Repair and Alteration Projects

Report Number A190100/P/5/R22005  
May 9, 2022

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## **Executive Summary**

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### **Audit of PBS's Approval Process for Minor Repair and Alteration Projects**

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#### **Why We Performed This Audit**

This audit was included in our *Fiscal Year 2019 Audit Plan*. GSA Public Buildings Service's (PBS's) minor repair and alteration projects are designed to keep federal buildings in serviceable condition, preventing small projects from becoming larger and more costly. Since Fiscal Year (FY) 2015, Congress has authorized GSA to spend an average of \$346.5 million each year to fund these projects. In recent years, PBS has asserted that the repair and alteration needs of its aging building inventory are far outpacing available funding. Accordingly, PBS must carefully manage its minor repair and alteration projects to allocate funds to its most critical needs.

The objective of the audit was to determine whether PBS's minor repair and alteration project prioritization process ensures that the most critical projects are funded.

#### **What We Found**

In FY 2015, the PBS Office of Portfolio Management and Customer Engagement's Capital Assessment and Allocation Division (Portfolio Management) established a centralized process to review and approve minor repair and alteration project requests submitted by PBS's 11 regional offices. Portfolio Management's approval process was intended to prioritize the minor repair and alteration projects based on Decision Lens, a software tool that scores projects nationwide using a common set of objective criteria. However, we found that Portfolio Management's review and approval process had no discernible effect on which projects were actually performed in FY 2019 and FY 2020. Rather, Portfolio Management approved projects based almost exclusively on project rankings submitted by the regions and, in cases where regions could not perform an approved project, the regions were able to redirect funding to other projects without Portfolio Management's approval.

PBS should determine if a centralized approval process is the most effective way to ensure that its limited funding is directed to the most critical needs of its buildings. If so, PBS should improve how it uses its project prioritization software, Decision Lens, to enhance the centralized approval process.

## **What We Recommend**

We recommend that the PBS Commissioner:

1. Conduct a comprehensive assessment to determine if a centralized approval process is the most effective way for the Agency to ensure its limited funding is directed to the most critical needs of its buildings.
2. Improve PBS's use of its Decision Lens software if the assessment shows that a centralized approval process is most effective. Improvements should include:
  - a. Providing guidance for selecting program areas;
  - b. Assessing whether to incorporate additional criteria; and
  - c. Ensuring all changes to Decision Lens criteria and weights are documented.

The PBS Commissioner agreed with our finding and recommendations. PBS's written comments are included as ***Appendix C***.

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## **Introduction**

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We performed an audit of the GSA Public Buildings Service's (PBS's) prioritization process for funding minor repair and alteration projects.

### **Purpose**

This audit was included in our *Fiscal Year 2019 Audit Plan*. PBS's minor repair and alteration projects are designed to keep federal buildings in serviceable condition, preventing small projects from becoming larger and more costly. Since Fiscal Year (FY) 2015, Congress has authorized GSA to spend an average of \$346.5 million each year to fund these projects. In recent years, PBS has asserted that the repair and alteration needs of its aging building inventory are far outpacing available funding. Accordingly, PBS must carefully manage its minor repair and alteration projects to allocate funds to its most critical needs.

### **Objective**

The objective of the audit was to determine whether PBS's minor repair and alteration project prioritization process ensures that the most critical projects are funded.

See **Appendix A – Objective, Scope, and Methodology** for additional details.

### **Background**

PBS provides and maintains workplaces for federal agencies and their employees. According to GSA's *FY 2021 Congressional Justification*, PBS owns an inventory of more than 1,500 buildings, including 487 historic properties. On average, PBS-owned buildings are approximately 47 years old.

PBS's minor repair and alteration projects cover repairs, remodeling, improvements, and associated design and construction services for PBS's inventory of owned and leased federal buildings and courthouses. Examples of these projects include the repair of roofs, plazas, and parking decks; replacement of or improvement to major building systems and equipment; and exterior window repairs or improvements. PBS's minor repair and alteration projects are carried out by its 11 regional offices, under the oversight and guidance of the PBS Office of Portfolio Management and Customer Engagement's Capital Assessment and Allocation Division (Portfolio Management). PBS funds repairs and improvements to its buildings through the Federal Buildings Fund (FBF).

The FBF operates as a revolving fund; however, unlike typical revolving funds, it is subject to annual enactment of new obligational authority by Congress. As part of the annual appropriations process, Congress authorizes FBF funding for GSA's minor repair and alteration

projects. This funding is used to fund projects that exceed \$25,000, but are below the prospectus level, which was \$3.095 million during the audit period (FY 2019 and FY 2020).

In recent years, GSA has expressed concern over the gap between requested and authorized spending levels. For example, in its *FY 2020 Congressional Justification*, GSA noted:

Full funding of the FBF is integral to sound portfolio management. Anything less means the agency will be unable to fund necessary repairs and improvements to the GSA inventory, which reduces the value of the public's assets over time, results in unnecessary costs due to repairs, and missed opportunities to improve efficiency through the consolidations of space.

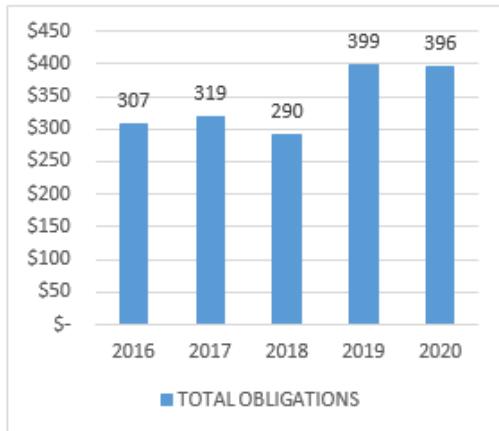
### **Allocation of Minor Repair and Alteration Funding**

Prior to FY 2015, each PBS region was provided a portion of PBS's minor repair and alteration funding and given full discretion over which projects to perform within a given fiscal year. In FY 2015, Portfolio Management began to exert more control over these projects in an effort to maximize reduced funding and provide additional oversight over the selected projects. To accomplish this, Portfolio Management allocates funding to non-discretionary and discretionary projects as follows:

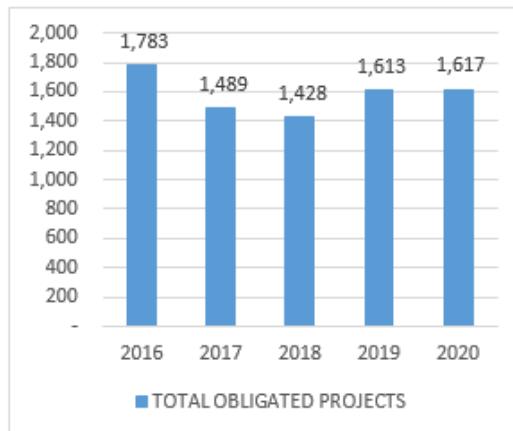
- **Non-discretionary projects** – PBS reserves 65 percent of the minor repair and alteration funding for non-discretionary projects. These projects are defined as those exceeding \$250,000 that are identified by the regions and submitted to Portfolio Management for review and approval. Portfolio Management officials told us that they review these projects and approve those that meet priority needs.
- **Discretionary projects** – PBS allocates 35 percent of the minor repair and alteration funding to the regions for discretionary use. Regions may use their share of discretionary funding on any minor repair and alteration projects they choose.

*Figures 1 and 2* on the next page show PBS's total minor repair and alteration obligations and project counts between FY 2016 and FY 2020.

**Figure 1 – PBS’s Minor Repair and Alteration Obligations by Fiscal Year (in millions of dollars)**



**Figure 2 – PBS’s Minor Repair and Alteration Project Counts by Fiscal Year**



### Decision Lens

As discussed above, Portfolio Management is responsible for prioritizing and approving non-discretionary minor repair and alteration projects. According to Portfolio Management officials, PBS uses a project prioritization software package called Decision Lens to inform decisions for its minor repair and alteration projects.

PBS’s implementation and use of Decision Lens are described below.

**Implementation of Decision Lens.** PBS implemented Decision Lens in response to issues highlighted in a July 2012 report on its funding priorities issued by the U.S. Government Accountability Office (GAO).<sup>1</sup> GAO reported that GSA’s project prioritization process was not systematic and lacked transparency. As a result, GAO was unable to determine how GSA prioritized repair and alteration projects. Additionally, GAO found that GSA’s project prioritization was lacking because projects were not evaluated as part of a single portfolio.

In its response to the GAO report, GSA management agreed that transparency was needed and stated that it was in the process of implementing a decision-making software tool. In FY 2015, PBS began using Decision Lens to prioritize minor repair and alteration projects. According to PBS, Decision Lens was adopted with a goal of “nationwide prioritization … [to] ensure that projects are funded in order of priority.” Decision Lens is fully customizable and can be modified by Portfolio Management at any time to capture information relevant to decision-making. The program can be changed to include any number of criteria, sub-criteria, and weights in support of prioritization objectives.

<sup>1</sup> *Improved Transparency and Long-term Plan Needed to Clarify Capital Funding Priorities* (GAO-12-646, July 12, 2012).

**Use of Decision Lens.** Decision Lens is used to systematically score competing projects for prioritization. Using weighted criteria, Decision Lens produces a numeric score from 0 to 1 for projects submitted by the regions for approval. According to PBS, projects that receive a higher score (i.e., closer to 1) are considered more critical and, therefore, are more likely to be funded.

Minor repair and alteration projects are separated into program areas based on definitions provided by Portfolio Management. Each program area has a different objective and is evaluated on different criteria specific to those kinds of projects. Examples of program areas include:

- **Serviceability projects** – Projects needed to maintain facilities in, or restore facilities to, their original intended functional condition.
- **Fire, life, health, and environmental safety projects (safety projects)** – Projects to address a variety of hazards. These projects are evaluated based on the level of hazards identified. Examples include projects to address deficient fire alarms and suppression systems, mitigate risk of falling debris, and tripping hazards.
- **Special emphasis** – Projects to address areas of emphasis determined by PBS, such as sustainability and child care facility support.

By separating projects by program area, Portfolio Management is able to compare similar projects against one another from across the national portfolio. Our audit focused primarily on serviceability and safety projects, as they made up 75 percent of project submissions in FY 2019 and FY 2020.

Each year, regions provide Portfolio Management with a list of proposed minor repair and alteration projects along with each project's Decision Lens score and expected costs. Regional staff are responsible for entering project information that automatically generates the projects' Decision Lens scores. Regions also provide regional rankings that reflect how the regions prioritize proposed projects.

Based on this information, Portfolio Management decides which projects it will approve for non-discretionary minor repair and alteration funding. Portfolio Management then provides a list of approved projects to the regions so they can execute the projects.

#### Prior Audit Report on PBS's Management of Deferred Maintenance

PBS's minor repair and alteration projects are a critical part of its national maintenance strategy for addressing the growing deferred maintenance needs of its aging portfolio of federally owned buildings. In FY 2020 alone, GSA reported deferred maintenance liabilities in excess of \$2.5 billion.

In September 2021, we reported on the need for improvements to this strategy to more effectively reduce GSA's deferred maintenance backlog.<sup>2</sup> We found that PBS is not effectively managing its aging real property inventory and is vulnerable to rising maintenance and repair costs, increased risk of building system failure, accelerated deterioration of systems and structures, and potential life safety hazards.

We also found that the accuracy of GSA's reported deferred maintenance is affected by data shortcomings and errors, including over \$280 million in duplicative costs applied to the reported deferred maintenance cost estimate for FY 2019.

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<sup>2</sup> *Audit of the Public Buildings Service's Effectiveness in Managing Deferred Maintenance* (Report Number A190066/P/2/R21009, September 30, 2021).

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## **Results**

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**Finding – PBS’s centralized review and approval process had no discernible effect on which minor repair and alteration projects were performed.**

PBS has significant repair and alteration needs across its aging portfolio of federally owned buildings, including a deferred maintenance backlog of more than \$2.5 billion. PBS addresses these needs, in part, by funding minor repair and alteration projects designed to keep federal buildings in serviceable condition and prevent small projects from becoming larger and more costly. Since FY 2015, PBS has received an average of \$346.5 million each year to fund these projects.

In FY 2015, Portfolio Management established a centralized process to review and approve minor repair and alteration project requests submitted by PBS’s 11 regional offices. Portfolio Management’s approval process was intended to prioritize the minor repair and alteration projects based on Decision Lens, a software tool that scores projects nationwide using a common set of objective criteria. However, Portfolio Management’s approval process had no discernible effect on which projects were actually approved and performed in FY 2019 and FY 2020. We found that Portfolio Management approved projects based almost exclusively on project rankings submitted by the regions and that, in cases where regions could not perform an approved project, the regions were able to redirect funding to other projects without Portfolio Management’s approval.

PBS should determine if a centralized approval process is the most effective way to ensure that its limited funding is directed to the most critical needs of its buildings. If so, PBS should improve how it uses its Decision Lens software to enhance the centralized approval process.

### **Portfolio Management Approves Projects Based Almost Exclusively on Project Rankings Submitted by the Regions**

PBS’s minor repair and alteration projects play an important role in ensuring that buildings are safe and in good repair. To ensure that these needs are met each year, Portfolio Management allocates approximately 65 percent of its total minor repair and alteration funding for projects valued between \$250,000 and the prospectus threshold.

As described above, in FY 2015, Portfolio Management established a centralized process to review and approve minor repair and alteration project requests submitted by PBS’s 11 regional offices. Portfolio Management’s approval process was intended to prioritize the minor repair and alteration projects based on Decision Lens, an application that would score the projects nationwide using a common set of objective criteria.

As part of the review and approval process, each region submits a list of projects to Portfolio Management annually, along with the projects’ Decision Lens scores and regional rankings.

PBS's repair and alterations policy and guidance states that minor repair and alteration project prioritization is based on carefully planned criteria weighted through Decision Lens. PBS expected Decision Lens scores to provide an objective and consistent assessment of project needs because they are calculated using the same criteria regardless of which region submitted the project.

However, we found that Portfolio Management does not base its approval on the Decision Lens scores. Instead, it approves projects based almost exclusively on project rankings submitted by the regions. Of the 276 non-discretionary projects approved by Portfolio Management in FY 2020, 270 (98 percent) were approved based on their regional rankings. The two FY 2020 projects described below demonstrate how projects are approved based on the regional rankings rather than the Decision Lens scores.

- PBS's National Capital Region (PBS NCR) submitted 64 minor repair and alteration projects to Portfolio Management for approval. Portfolio Management approved all projects that PBS NCR ranked 1 to 52. The approved projects included an \$800,000 project for the moat wall at the GSA Headquarters Building in Washington, D.C. The moat wall project was to replace the lower-level brick façade that, though historic, served only a cosmetic function in an area visible to GSA personnel in the building. The project had a Decision Lens score of 0.53; however, PBS NCR ranked it 15th overall and it was approved.
- PBS's Great Lakes Region submitted 32 projects to Portfolio Management for approval. Portfolio Management approved all projects that PBS Great Lakes Region ranked 1 to 24. The rejected projects included a \$475,000 project at the 11 West Quincy Court Federal Building in Chicago, Illinois. This project was for the repair of water intrusion and spalling concrete in the basement area of the building, which were preventing the tenants from using the space.<sup>3</sup> The project had a high Decision Lens score of 0.93; however, the region ranked it 28th and it was not approved.

The above examples show that the regional rankings are the basis for project approval rather than the Decision Lens scores. In each example, the project with the lower Decision Lens score was approved, while the project with the higher Decision Lens score was not approved due to regional project rankings. While Portfolio Management may review Decision Lens scores and other information provided by the regions, that information has little to no effect on project approval. Portfolio Management primarily bases its approval of basic repair and alteration projects on the regional rankings.

By relying on regional rankings, Portfolio Management's decisions are subject to each region's prioritization process. While some regions have adopted comprehensive and well-documented models to evaluate projects, other regions have not. For example, PBS's Heartland Region

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<sup>3</sup> Concrete spalling refers to cracking or breaking of the concrete's surface, which may result in falling pieces or exposure to additional deterioration due to water intrusion.

prioritizes projects using a model that incorporates feedback from multiple subject matter experts (SMEs) including, among others, experts on fire and life safety, historic preservation, and sustainability. The Heartland Region also includes regulatory requirements, return on investment, and remaining asset useful life in its criteria. Conversely, GSA's Southeast Sunbelt Region's methodology is not documented and does not systematically incorporate input from relevant SMEs.

Portfolio Management officials agreed that its decision-making relies heavily on regional rankings. According to these officials, different regional methodologies are to be expected given that regions have different environments, portfolio needs, and geographies.

#### **When Approved Projects Cannot Be Performed, Regions Are Able to Redirect Funding to Other Projects without Portfolio Management's Review**

Once Portfolio Management approves a project, the project—and its associated funding—are left for the region to execute. However, when regions determine that they cannot perform an approved project, they have full discretion to redirect the funding to other projects without Portfolio Management's review and approval.

Regions regularly determine that they cannot execute approved non-discretionary projects due to, among other things, contractor proposals that exceed the estimated project cost and project delays that prevent contract award before the end of the fiscal year. When a region determines that an approved project cannot be executed, the associated project funding remains available to the region and may be spent at its discretion. If the region uses the funding for a replacement project, the region is not required to notify Portfolio Management of its decision or seek approval for the replacement project.

In FY 2019, PBS's National Capital, Northeast and Caribbean, and Pacific Rim regions did not perform 38 of the 81 (47 percent) approved minor repair and alteration projects. Instead, these regions redirected the \$42.8 million associated with these projects to other projects in their regions without Portfolio Management's review and approval.

Overall, Portfolio Management's centralized review and approval process has almost no effect on which minor repair and alteration projects are performed. The approved projects are based on the regional project rankings and regions have the discretion to redirect the funding from approved projects that are not performed.

PBS's minor repair and alteration projects are a critical part of its national strategy to maintain its aging portfolio. With reported deferred maintenance liabilities in excess of \$2.5 billion, PBS should conduct a comprehensive assessment to determine if a centralized review process is the most effective way to ensure its growing deferred maintenance backlog is managed.

## **If PBS Determines That a Centralized Review Process Is Most Effective, PBS Should Improve How It Uses Decision Lens to Assist Portfolio Management in Making Approval Decisions**

Decision Lens could be a useful prioritization tool if PBS determines that a centralized approval process is the most effective way to manage its minor repair and alteration projects. However, improvements are necessary in order for Decision Lens scores to play a more meaningful role in the project approval process.

We found that PBS could improve its guidance for consistently selecting a project's program area and expand Decision Lens criteria to include information that could improve the usefulness of the project scores. We also found that PBS could improve documentation to explain changes or the effect of changes to the Decision Lens criteria and weights used to score projects.

These improvements are discussed in detail below.

**Program area selection.** PBS could improve guidance used by regional planners to determine the appropriate program areas for their projects. The program area determines which criteria will be used to calculate the project's Decision Lens score. While PBS has established definitions for each program area, it has not provided the guidance necessary to ensure regional project planners select the most appropriate program area for a given project.

Minor repair and alteration projects can fall under multiple program areas. For example, a project to repair the deterioration of exterior masonry could be considered a serviceability project because it could be necessary to maintain the building in its original functional condition. Conversely, if pieces of the deteriorating masonry are falling from the building and presenting a safety hazard, the project could also be submitted under the safety project program area. Because each program area uses a specific set of project criteria in Decision Lens, the project's score will differ based on the program area chosen, leading to inconsistent results.

A project assessed using different program areas can result in significantly different scores. For example, in FY 2019, PBS NCR requested approval for a project to repair deterioration of the plaza at the Ronald Reagan Building and International Trade Center in Washington, D.C. PBS NCR submitted the project under the safety program area because gaps between the granite pavers in the plaza created tripping hazards that had resulted in injuries. Based on the applicable safety program criteria, the project yielded a Decision Lens score of 0.37.

Although the project was approved by Portfolio Management, PBS NCR was unable to execute the project during the fiscal year and resubmitted the project in FY 2020. For this submission, PBS NCR changed the program area from safety to serviceability. The plaza deterioration had caused at least 10 active leaks in tenant spaces under the surface of the plaza. These leaks had caused flooding, which resulted in minor damage and mold contamination. By basing the project on the serviceability program criteria, the project score increased from 0.37 to a comparatively higher Decision Lens score of 0.54.

Regional planners told us that they must use their professional judgment to choose between program areas that appear equally valid for their projects. Better guidance could lead to more consistent project scoring, which could improve the effectiveness of Decision Lens for making project decisions.

**Decision Lens criteria expansion.** The Decision Lens criteria could be expanded to include additional relevant information that could be useful for project approval decisions. Decision Lens currently assesses and scores projects in each program area using up to four criteria. However, PBS regional planners and SMEs cited a number of additional criteria that they consider necessary for prioritizing minor repair and alteration projects. Examples include:

- **Code compliance** – This criterion assesses the extent to which a project will address active violations of federal, state, and local regulations. Projects that address this criterion are designed to improve the health and safety of building occupants. These projects are also designed to prevent fines for noncompliance with applicable codes. Information on code compliance can be obtained from regional SMEs and building managers.
- **Number of failures** – This criterion assesses the number of times a particular building system has failed. Regions consider this criterion in project decisions because system failures can make tenant space uninhabitable. Multiple system failures increase the likelihood that the system will fail again, resulting in additional repair costs. Information on the number of building system failures is available from building managers and service logs.
- **Redundancy** – This criterion is based on whether critical building systems have backups in place in case the primary system fails. Regional staff often use this criterion for systems like chillers to ensure continuity of building operations in the event of system loss. Information on system redundancy is available from building managers.

We have compiled a list of criteria that are considered by the regions, but not factored into Decision Lens scores. Please see **Appendix B** for the list.

While these criteria are not factored into Decision Lens scores, regional planners and SMEs told us that they consider many of these criteria in their project decisions. For example, PBS NCR staff told us that they use code compliance because it reduces risks to tenants by complying with laws governing health and safety. The Northwest Arctic Region staff use number of failures because of its importance to fire and life safety projects.

As discussed above, these criteria are available to PBS through a variety of sources. If PBS continues its centralized review and approval process, PBS should assess whether these criteria should be factored into the Decision Lens scoring process to drive better minor repair and alteration decisions.

**Documentation.** Since implementing Decision Lens in FY 2015, Portfolio Management has made multiple changes to the Decision Lens criteria and weights used to score projects. However, Portfolio Management has not maintained adequate documentation to explain why these changes were made. As a result, it is difficult to assess what effect the changes had on the scoring.

For example, Portfolio Management removed “age of system” as a criterion for serviceability projects. This criterion was used to evaluate remaining asset useful life because older building systems typically have an increased likelihood of failure as they age. Failure in some of these systems, such as a chiller, can jeopardize building function and result in costly emergency repairs. Some regions continue to incorporate asset useful life when prioritizing serviceability projects. However, Portfolio Management stopped using this criterion in FY 2016 and did not document the rationale for this decision. As a result, Portfolio Management officials were unable to explain why this criterion is no longer used and what effect it had on project scoring.

Similarly, the initial Decision Lens criteria for safety projects included consideration of compliance-related issues. While some regions find this information valuable and incorporate it in forming their regional rankings, this criterion was removed from Decision Lens. Portfolio Management was unable to explain why the financial implications criterion was removed due to a lack of documentation.

Overall, Portfolio Management has eliminated four of the original six criteria for evaluating serviceability projects, and has since added two. The criteria for safety projects have also been reduced from seven to three. However, the justification for these changes is unknown due to inadequate documentation.

In addition, Portfolio Management has not maintained documentation explaining the changes to the weights used to score projects in Decision Lens. For example, for serviceability projects, the weight for the criticality criterion was 23.61 percent in FY 2015. In FY 2020, it was 30 percent. For safety projects, the weight for the Risk Assessment Code criterion was 14.16 percent in FY 2015. In FY 2020, it was 80 percent. However, the rationale for the changes was not documented and Portfolio Management was unable to provide an explanation for the changes.

Documentation is essential for transparency and accountability. It also provides historical reference for future decisions and new decision makers. However, as discussed above, PBS has not documented changes to Decision Lens criteria. Therefore, if PBS continues its centralized review and approval process, PBS should ensure that future changes to Decision Lens criteria and weights are well-documented.

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## **Conclusion**

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PBS has significant repair and alteration needs across its aging portfolio of federally owned buildings, including a deferred maintenance backlog of more than \$2.5 billion. PBS addresses these needs, in part, by funding minor repair and alteration projects designed to keep federal buildings in serviceable condition and prevent small projects from becoming larger and more costly.

In FY 2015, Portfolio Management established a centralized process to review and approve minor repair and alteration project requests submitted by PBS's 11 regional offices. Portfolio Management's approval process was intended to prioritize the minor repair and alteration projects based on Decision Lens, a software tool that scores projects nationwide using a common set of objective criteria. However, we found that Portfolio Management's review and approval process had no discernible effect on which projects were actually performed in FY 2019 and FY 2020. Rather, Portfolio Management approved projects based almost exclusively on project rankings submitted by the regions and, in cases where regions could not perform an approved project, the regions were able to redirect funding to other projects without Portfolio Management's approval.

PBS should determine if a centralized approval process is the most effective way to ensure that its limited funding is directed to the most critical needs of its buildings. If so, PBS should improve how it uses its Decision Lens software to enhance the centralized approval process.

## **Recommendations**

We recommend that the PBS Commissioner:

1. Conduct a comprehensive assessment to determine if a centralized approval process is the most effective way for the Agency to ensure its limited funding is directed to the most critical needs of its buildings.
2. Improve PBS's use of its Decision Lens software if the assessment shows that a centralized approval process is most effective. Improvements should include:
  - a. Providing guidance for selecting program areas;
  - b. Assessing whether to incorporate additional criteria; and
  - c. Ensuring all changes to Decision Lens criteria and weights are documented.

## **GSA Comments**

The PBS Commissioner agreed with our finding and recommendations. PBS's written comments are included as **Appendix C**.

## **Audit Team**

This audit was managed out of the Great Lakes Region Audit Office and conducted by the individuals listed below:

Michael Lamonica	Regional Inspector General for Auditing
Eugenia Ostrozhansky	Audit Manager
Bradley Byington	Auditor-In-Charge
Jennifer Rutili	Auditor

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## ***Appendix A – Objective, Scope, and Methodology***

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### **Objective**

We performed this audit because it was included in our *Fiscal Year 2019 Audit Plan*. The objective of the audit was to determine whether PBS's minor repair and alteration project prioritization process ensures that the most critical projects are funded.

### **Scope and Methodology**

We evaluated Portfolio Management's policies, procedures, and internal controls related to its minor repair and alteration projects, and sampled projects and related documentation from FY 2019 and FY 2020.

To accomplish our objective, we:

- Held meetings with Portfolio Management officials to understand the minor repair and alteration projects and project prioritization;
- Evaluated how Portfolio Management prioritizes projects for minor repair and alteration funding, including an assessment of Portfolio Management's use of Decision Lens;
- Conducted interviews with other federal agencies, as well as officials responsible for PBS's major repair and alteration projects, to compare uses of Decision Lens or similar prioritization software;
- Evaluated and compared the Decision Lens criteria and weights from implementation in FY 2015 through FY 2020;
- Selected a judgmental sample of 34 projects from three PBS regions (Southeast Sunbelt Region, Greater Southwest Region, and PBS NCR);
- For selected projects:
  - Interviewed project teams (building managers, project managers, SMEs, asset managers, and regional portfolio directors) to gain a thorough understanding of each project;
  - Built a timeline for each project from identification to approval or non-approval;
  - Reviewed supporting documents such as statements of work, independent government estimates, tenant satisfaction surveys, and studies;
  - Reviewed Building Assessment Tool surveys to determine if deficiencies were identified and recorded in prior surveys; and
  - Evaluated whether project approval affected project outcomes;
- Held meetings with leadership responsible for minor repair and alteration projects from a judgmental sample of five PBS regions (Southeast Sunbelt Region, Greater Southwest Region, Heartland Region, Northwest Arctic Region, and PBS NCR) to identify internal project prioritization practices and reviewed related documentation;

- Evaluated Portfolio Management's program goals and actions taken in response to those goals; and
- Reviewed the requested and approved minor repair and alteration funding for FY 2019 and FY 2020 to determine if the program is sufficiently funded to meet portfolio needs.

## Data Reliability

We obtained spreadsheets containing projects submitted by each PBS region to Portfolio Management for non-discretionary funding in FY 2019 and FY 2020. Each region manually entered project-specific information, such as building name, program area, Decision Lens inputs, regional rankings, etc., into the spreadsheet for each fiscal year. After reviewing the regionally submitted project information, Portfolio Management manually entered approval status (approved or not approved) into the spreadsheets. We used these spreadsheets to select a judgmental sample of regions for testing. Within those regions, we selected a judgmental sample of projects for further testing.

We assessed the reliability of data presented in the spreadsheets by: (1) examining underlying project documentation and (2) interviewing building managers, asset managers, and SMEs. While the data had some shortfalls (discussed in the report), we determined that it was sufficiently reliable for the purposes of this audit.

## Sampling

We selected a judgmental sample of projects for testing. Our sample included a total of 34 projects—10 projects from the Southeast Sunbelt Region, 10 projects from the Greater Southwest Region, and 14 projects from PBS NCR. The sampled projects included projects that were both approved and not approved for funding. We selected projects based on factors such as program areas, project descriptions, Decision Lens scores, regional rankings, and approval statuses. The sampled projects represented 23 percent of the Southeast Sunbelt Region's, 18 percent of the Greater Southwest Region's, and 11 percent of PBS NCR's total submitted projects in FY 2019 and FY 2020. We selected projects to evaluate Portfolio Management's use of Decision Lens for project approval. The sample design did not include sample sizes that would allow for projection to the population; however, they allowed us to sufficiently address our audit objective.

## Internal Controls

We assessed internal controls significant within the context of our audit objective against GAO-14-704G, *Standards for Internal Control in the Federal Government*. The methodology above describes the scope of our assessment and the report finding includes any internal control deficiencies we identified. Our assessment is not intended to provide assurance on GSA's internal control structure as a whole. GSA management is responsible for establishing and maintaining internal controls.

In addition to internal control deficiencies identified in this report, we issued *Alert Memorandum: Raw Sewage from the Terry Sanford Federal Building and Courthouse in Raleigh, North Carolina, is Discharging into Local Waterways* on June 3, 2020, based on fieldwork related to this audit. The alert memorandum notified PBS management of control deficiencies regarding how it handled a potential ongoing environmental violation. Specifically, PBS did not have controls in place to notify relevant authorities or take immediate action to remedy the situation.

It was later determined that, while some improper plumbing connections existed, no sewage was discharging from the Terry Sanford Federal Building. In preparing the alert memorandum, we relied upon three studies of the building conducted under contracts awarded by PBS's Southeast Sunbelt Region. Actions taken by PBS in response to our alert memorandum showed that these studies were flawed because they were based on inaccurate diagrams of the plumbing connections at the Terry Sanford Federal Building. Although PBS identified other improper connections, it determined that none of these connections resulted in the discharge of raw sewage into local waterways. Nonetheless, PBS's inadequate response to the potential issue was concerning.

### **Compliance Statement**

We conducted the audit between September 2019 and November 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

## **Appendix B – Available Criteria That Are Not Factored into Decision Lens Scoring**

The table below lists available criteria that PBS regions use to prioritize minor repair and alteration projects that are not factored into Decision Lens scores.

Criteria	Evaluation	Importance In Project Selection	Sources
<b>Code Compliance</b>	To what extent will a project affect code deficiencies?	Noncompliance with federal, state, and local regulations may result in health or safety issues as well as fines	Building managers and SMEs
<b>Number of Failures</b>	How many times has a system been inoperable?	Systems do not wear equally; known failures often indicate reduced lifespan	Building managers and service logs
<b>Redundancy</b>	Do appropriate systems have a backup in case one becomes inoperable (i.e., chillers)?	Ensure buildings will not be shut down in the event of system loss	Building managers
<b>Obsolescence of Parts</b>	Are replacement parts available for a given system?	Systems without available parts may incur long or expensive shutdowns due to parts availability or may need to be replaced entirely	SMEs
<b>Remaining Useful Life</b>	How old is a system relative to its design?	Likelihood of failure typically increases with age	SMEs
<b>Building Size</b>	How large is the affected building?	Has special implications for fire and life safety projects	Asset Business Plan and building managers
<b>Building Height</b>	How tall is the affected building?	Has special implications for fire and life safety projects	Asset Business Plan and building managers
<b>Number of Actual Evacuations or Forced Relocations</b>	Does this project address a deficiency that has caused loss of tenantable space?	Projects that cause evacuations bring additional costs to GSA and negatively affect tenants	Building managers and SMEs

## ***Appendix C – GSA Comments***

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Public Buildings Service

April 18, 2022

MEMORANDUM FOR MICHAEL LAMONICA  
ACTING REGIONAL INSPECTOR GENERAL FOR  
AUDITING  
GREAT LAKES REGION AUDIT OFFICE (JA-5)

FROM: NINA M. ALBERT  
COMMISSIONER  
PUBLIC BUILDINGS SERVICE (P) 

SUBJECT: Response to the Office of Inspector General Draft Audit Report, *Audit of PBS's Approval Process for Minor Repair and Alteration Projects* (A190100)

Thank you for the opportunity to comment on the subject audit report. We reviewed the report and agree with the findings and recommendations.

If you have any questions, please contact Shadia Malik at 202-536-6949.

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Washington, DC 20405-0002  
[www.gsa.gov](http://www.gsa.gov)

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## ***Appendix D – Report Distribution***

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GSA Administrator (A)

GSA Deputy Administrator (AD)

PBS Commissioner (P)

PBS Deputy Commissioner (PD)

Chief of Staff (PB)

Deputy Chief of Staff (PB)

Assistant Commissioner for Strategy and Engagement (PS)

Strategic Portfolio Planning Officer (PTB)

Acting Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)