U.S. General Services Administration
Office of Inspector General

October 14, 2026

TO: EDWARD C. FORST
ADMINISTRATOR (A)

FROM: ROBERT C. ERICKSON
ACTING INSPECTOR GENERAL (J)

ROBERT ERICKSON
Digitally signed by ROBERT ERICKSON
Date: 2026.10.14 12:13:09 -04'00'

SUBJECT: Assessment of GSA's Management and Performance Challenges for Fiscal Year 2027

As required by the Reports Consolidation Act of 2000, Public Law 106-531, we have prepared for inclusion in the Fiscal Year 2026 Agency Financial Report the attached assessment summarizing what we consider to be the most significant management and performance challenges facing GSA in Fiscal Year 2027.

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

1. Implementation of GSA-Wide Reorganization Efforts
2. Establishing and Maintaining and Effective Internal Control Environment
3. Maximizing the Performance of GSA's Real Property Inventory
4. Streamlining and Centralizing Procurement
5. Improving Contract Award and Administration
6. Managing Agency Cybersecurity Risks
7. Providing a Safe Work Environment
8. Securing Federal Facilities
9. Managing the Technology Transformation Service
10. Procuring and Using Artificial Intelligence

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

Attachment

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2027

EXECUTIVE SUMMARY

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

This report lays out the Office of Inspector General's assessment of GSA's most significant management and performance challenges for Fiscal Year 2027. These challenges are summarized as follows:

Challenge 1: Implementation of GSA-Wide Reorganization Efforts – Although the president directed agencies to develop reorganization plans to most efficiently deliver their statutorily required functions, GSA hastily undertook rapid and sweeping staffing reductions before it had effective reorganization plans in place. This resulted in a series of unintended consequences. As a result, GSA is contending with operational breakdowns that are impeding its ability to comply with laws and other requirements and to effectively and efficiently carry out its operations. GSA will need to continue to address the challenges created by its pursuit of widespread staffing reductions so that it can fulfill its statutory mission while meeting the president's call for efficiency and savings.

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

Challenge 3: Maximizing the Performance of GSA's Real Property Inventory – GSA's Public Buildings Service (PBS) must maximize the performance of its real property inventory to provide its tenant agencies with space that meets their needs at a reasonable cost to the taxpayer. To achieve this goal, PBS must determine the best approach to accelerate the disposal of federal buildings and to meet the operations and maintenance needs of its increasingly aging building inventory. Further, PBS must properly administer its capital construction program and ensure effective management of energy and utility contracts.

Challenge 4: Streamlining and Centralizing Government Procurement – As the federal government's primary provider of acquisition services, GSA has stated that it is focused on maximizing the negotiating power of volume buying, streamlining the procurement process, and improving the procurement technology infrastructure. To assist GSA in meeting these objectives, the Federal Acquisition Service (FAS) is undertaking several initiatives that will have a major impact on its acquisition solutions. These initiatives include streamlining the MAS Program, managing supply chain

risk, and consolidating government procurement. While these initiatives are intended to help FAS meet GSA's commitments, they also create challenges to FAS's ability to meet its mission.

Challenge 5: Improving Contract Award and Administration – GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After awarding these contracts, GSA is responsible for proper contract administration to ensure compliance with the terms of the contracts, safeguard the government's interests, and protect taxpayer dollars. Despite GSA's efforts, we continue to find deficiencies in the agency's contract administration practices. These deficiencies, combined with GSA's increased role in government acquisitions, place taxpayer dollars at risk.

Challenge 6: Managing Agency Cybersecurity Risks – The Office of GSA IT must continue to identify and implement technical solutions and processes to mitigate cyber threats and risks as bad actors find new ways to penetrate and navigate government networks and systems undetected.

Challenge 7: Providing a Safe Work Environment – GSA is responsible for providing a safe and healthful work environment at buildings under its jurisdiction, custody, and control. To foster a safe work environment, GSA's management of building safety measures is critical because problems could pose fire, safety, and health risks to GSA building tenants, visitors, contractors, PBS staff, and federal property.

Challenge 8: Securing Federal Facilities – GSA faces challenges to secure its vast real estate portfolio from a variety of security threats. Our recent audit reports have identified security threats arising from, among other things, the use of foreign-made drones on construction projects, inadequate screening of construction contractor personnel, and deficient security fixtures at GSA-controlled buildings.

Challenge 9: Managing the Technology Transformation Service – Past oversight of GSA's Technology Transformation Service (TTS) has identified weaknesses in its management controls related to oversight, financial management, performance, information technology, and human capital. The risks arising from these weaknesses are exacerbated by significant turnover in TTS's leadership ranks—TTS has not had a permanent director since January 2026. Because of a lack of dedicated and consistent leadership and reduced staff, TTS remains at risk of misspent money, lax controls, and degradation of services for the customer agencies it serves.

Challenge 10: Procuring and Using Artificial Intelligence – GSA is accelerating the use of artificial intelligence (AI) government-wide and is responsible for establishing the terms and conditions by which most government agencies will procure AI. As a result, GSA faces challenges to establish regulatory language that safeguards sensitive data while also allowing the government to benefit from cutting-edge technologies.

OFFICE OF INSPECTOR GENERAL'S ASSESSMENT OF GSA'S MANAGEMENT AND PERFORMANCE CHALLENGES FOR FISCAL YEAR 2027

Challenge 1: Implementation of GSA-Wide Reorganization Efforts

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

In response, GSA undertook widespread staffing reductions before it had effective reorganization plans in place, leading to a series of unintended consequences. As a result, GSA is contending with operational breakdowns that are impeding its ability to comply with laws and other requirements and to effectively and efficiently carry out its operations.

Our audit reports issued during Fiscal Year (FY) 2026 have consistently demonstrated the adverse effects GSA's reorganization and staffing reductions have had on the Agency's ability to meet its mission. For example:

- In December 2025, we reported that GSA should continue to collaborate with federal law enforcement agencies to address security risks at GSA-owned federal facilities.[2] In the report, we noted that the Improving Federal Building Security Act of 2024 requires facility security committees—which are responsible for determining whether to accept or reject recommended security countermeasures—to detail whether the benefits of a countermeasure outweigh the cost of implementation. The act further requires that the committees provide a justification for accepting the risk posed by a rejected countermeasure.

Representatives from GSA's Office of Mission Assurance and Public Buildings Service (PBS) stated that GSA has partnered with the U.S. Department of Homeland Security's Federal Protective Service to comply with the act. However, they stated that it has been hard to implement the policies and procedures necessary for compliance with the act during GSA's workforce reorganization.

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

[2] *Audit of the Impact and Cost of Crime on GSA Building Operations* (Report Number A250032/P/6/R26001, December 1, 2025).

- In March 2026, we noted that PBS was not complying with its requirement to upload building studies into the Building Assessment Tool (BAT system)—a system used to estimate the costs to correct liabilities in GSA-owned buildings.[3] A PBS program specialist acknowledged that employees were not complying with PBS's *Capital Projects Study Program Guidance* requirement to upload completed building studies into the BAT system. The PBS program specialist added that the studies were not uploaded due to reduced staffing levels.

- In July 2026, we reported that the Federal Acquisition Service's (FAS's) Office of Assisted Acquisition Services did not fully implement corrective actions designed to address our September 2024 report, *FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts.*[4] We found that the Office of Assisted Acquisition Services did not accurately classify 40 percent of our sampled contracts in accordance with its updated guidance. A director told us that the errors were attributable to staffing shortages and personnel turnover during the implementation of the updated guidance.

- In September 2026, we reported that PBS is not consistently complying with its internal guidance for the BAT system, resulting in underreported liabilities and increasing the risk of errors.[5] In our report, we noted that GSA's staffing losses and reorganization have affected the timing of PBS's BAT surveys. PBS uses these surveys, which are physical building inspections performed by a PBS employee, to determine the amount of its building liabilities.

  PBS previously completed these surveys on a 2-year cycle; however, because PBS underwent significant staffing reductions and a major reorganization in 2025, it now requires BAT surveys to be completed on a 5-year cycle. The longer interval between BAT surveys increases the risk of outdated building maintenance liability data, making it critically important that PBS's BAT surveys are complete, accurate, and reliable.

- In October 2026, we reported that GSA is not fully complying with the Geospatial Data Act of 2018 (GDA).[6] We found that GSA is not meeting GDA requirements to maintain: (1) geospatial data, (2) a geospatial data strategy, and (3) an inventory of all geospatial

[3] *PBS Is Not Effectively Tracking and Monitoring Building Studies* (Report Number A240084/P/6/R26002, March 6, 2026).

[4] *Implementation Review of Corrective Action Plan: FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts* (Report Number A230065/Q/3/P24001, September 16, 2024).

[5] *PBS Is Not Consistently Complying with Its Internal Guidance for the Building Assessment Tool, Resulting in Underreported Liabilities and Increasing the Risk of Errors* (Report Number A250036/P/2/R26006, September 9, 2026).

[6] *GSA is Not Fully Complying with the Geospatial Data Act of 2018* (Report Number A260022/I/T/F27001, October 5, 2026).

data assets. We also found that GSA is not meeting the act's requirement to search for existing geospatial data before procuring new data.

These deficiencies, some of which were recurring, were exacerbated by staffing losses that have occurred since 2025. For example, GSA's Geographic Information Systems (GIS) Center of Excellence is responsible for GSA's compliance with the GDA. However, the GIS Center of Excellence experienced staffing losses and no longer has the resources to perform some of its functions.

Additionally, although GSA's geospatial data procedures directed the regional spatial data manager to search for existing geospatial data before purchasing new data, GSA eliminated this role during its 2025 workforce reductions. As a result, no one was left to perform the search function as outlined in the Agency's geospatial data procedures.

As shown above, the staffing losses and reorganization efforts pose a significant challenge to GSA's ability to fulfill its statutory mission. GSA has recently posted job announcements for positions it has deemed critical, including positions for construction managers, lease contracting officers, and building managers. According to the GSA Administrator, these job announcements are part of GSA's effort to "meaningfully increase [its] hiring in certain disciplines and decisively attract the best talent that will support GSA as [it continues] to grow as an agency." Nonetheless, GSA will need to continue to address the challenges created by its pursuit of widespread staffing reductions so that it can fulfill its statutory mission while meeting the president's call for efficiency and savings.

Challenge 2: Establishing and Maintaining an Effective Internal Control Environment

GSA continues to face significant challenges in establishing a comprehensive and effective system of internal control. GSA is required to establish and maintain internal controls through the Federal Managers' Financial Integrity Act of 1982; U.S. Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*; and U.S. Government Accountability Office (GAO) publication GAO-25-107721, *Standards for Internal Control in the Federal Government*.

Importance of Internal Control

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

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

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

Continuing Internal Control Problems

Since 2018, we have cited pervasive internal control weaknesses as a challenge for GSA. As described in the examples below, this trend continued in FY 2026:

- In August 2026, we reported that we found inaccurate manufacturer names and part numbers for products in the GSA Advantage! catalog and Transactional Data Reporting (TDR) data, including multiple variations for the same product, as well as names and part numbers that did not match those from the manufacturer.[7] We also found that FAS does not standardize part numbers for related product add-ons and base products with options that have a single manufacturer part number for multiple variations, which inhibits identification and comparability across Multiple Award Schedule (MAS) contracts.

  Absent reliable manufacturer name and part number data, FAS's pricing tools cannot identify identical products and provide useful pricing information for contracting officers' use in negotiations, potentially resulting in higher awarded pricing. As a result, federal customer agencies may overpay for products offered on MAS contracts and waste taxpayer dollars.

To address these deficiencies, we recommended that FAS develop and implement effective controls to ensure the accuracy and reliability of the manufacturer names and part numbers it collects. Among other things, FAS should improve its automated data quality checks and contractor oversight to identify and correct existing inaccuracies and prevent new inaccuracies from occurring.

- In February 2026, we reported that we examined MAS pricing for frequently purchased products and found significant price variability.[8] At times, the difference between a

[7] *The Processes FAS Uses to Ensure It Awards and Collects Accurate Product Data Are Ineffective* (Report Number A240054/Q/2/P26002, August 13, 2026).

[8] *Federal Agencies Are at Risk of Overpaying for Products in the Multiple Award Schedule Program Due to Significant Price Variability* (Report Number A240052/Q/6/P26001, February 12, 2026).

product's lowest price and highest price exceeded 1,000 percent. The significant price variability exists because: (1) contracting officers did not adequately evaluate proposed product pricing, (2) contractors submitted inaccurate data to GSA Advantage!, and (3) key FAS policies and procedures addressing MAS Program pricing issues are unused and ineffective. As a result, federal customer agencies are at risk of overpaying for products purchased through the MAS Program.

To address these deficiencies, we recommended that FAS resume iterations of the Competitive Pricing Initiative; strengthen its policies, procedures, and guidance; and increase oversight and controls to reduce price variability in the MAS Program.

- During FY 2026, we issued an alert memorandum that identified deficiencies in GSA's protection of sensitive information.[9] Specifically, we found documents and correspondence containing sensitive information are exposed in GSA's Google Groups to users with GSA email accounts who do not have a legitimate business need to know. Some examples include:

    - U.S. Air Force correspondence, marked as controlled unclassified information (CUI), detailing procurement cost and configuration data for government-furnished equipment;

    - Defense Contract Audit Agency correspondence and an audit report marked as CUI. This report includes audit findings and proprietary information for a U.S. Department of Defense contractor; and

    - GSA documentation, marked as CUI, including cybersecurity risk assessments of some government contractors.

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

GSA Is Not Consistently Addressing Findings Identified in Audit Reports

As part of an effective internal control system, GSA management is responsible for ensuring that its corrective actions resolve audit recommendations in a timely manner. However, GSA is not consistently addressing findings identified in our audit reports.

During FY 2026, we completed eight implementation reviews of the corrective actions GSA took in response to previously issued audit reports. Our implementation reviews found that GSA completed corrective actions for seven audit reports. However, we found that GSA did not fully

[9] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Groups* (Memorandum Number A260019, October 14, 2025).

take the corrective actions to address our September 2024 report, *FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts*.[10] Specifically, we found that FAS's Office of Assisted Acquisition Services (AAS) did not complete corrective actions to:

- Conduct a review of all active AAS Level 2 contracts to ensure that all contract security classifications adhere to AAS's current policy and definitions; and

- Update existing controls to monitor and ensure compliance with contract security classifications by verifying compliance with AAS security classification policies during existing internal contract reviews.

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

Challenge 3: Maximizing the Performance of GSA's Real Property Inventory

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

Accelerated Disposal of Federal Buildings

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

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

[10] *Implementation Review of Corrective Action Plan: FAS's Office of Assisted Acquisition Services Should Improve Its Oversight and Administration of Classified Contracts, Report Number A230065/Q/3/P24001, September 16, 2024* (Assignment Number A260034, July 20, 2026).

new space. Aging buildings marked for disposal may also have infrastructure concerns requiring additional congressional appropriations, which further complicates the disposal effort.

In March 2026, GSA submitted a prospectus to Congress to help fund these efforts.[11] Under the prospectus, GSA proposed a $451,267,000 budget to help with its ongoing efforts to right-size and modernize the federal government's real estate footprint. The prospectus notes that "Preference will be given to projects that are interrelated to the disposition of assets that no longer support the mission needs of the Federal Government and agency co-location projects that facilitate shared resources and shared space …." It adds that "Federal agencies have identified lack of resources as the main challenge in achieving optimal utilization of workspaces."

In addition to addressing funding challenges, PBS must comply with the laws and regulations governing the real property disposal process. PBS must first offer to transfer excess properties to other federal agencies, who generally pay market value for the properties they acquire. If the properties are not acquired by federal agencies, PBS must then offer the properties to state and local governments, and qualified nonprofit organizations, for use in accomplishing the public purposes specified in statute, such as public parks or providing services to the homeless (i.e., McKinney-Vento Act).[12] Surplus properties not conveyed for public benefit are then available for sale at fair market value or are demolished if the property cannot be sold due to its condition or location. These legal and regulatory requirements slow down the disposal process, forcing PBS to incur operating costs for months or years before the properties are disposed of.

PBS continues to contend with these property disposal challenges with less staff. PBS's Office of Real Property Disposition staffing is down approximately 40 percent since the federal government's Deferred Resignation Program, which could affect the ultimate success of the accelerated disposal initiative.

Meeting the Operations and Maintenance Needs of Federal Buildings

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

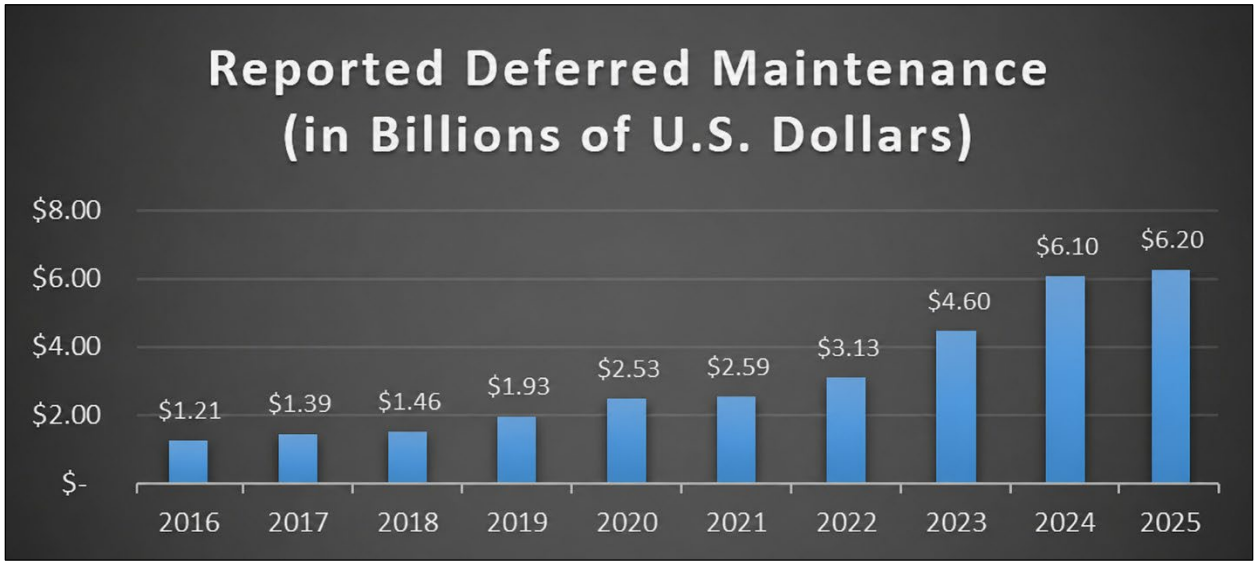
As shown in *Figure 1* on the next page, GSA has reported a significant increase in deferred maintenance costs in recent years. In its FY 2025 *Agency Financial Report*, GSA reported

[11] *Prospectus – Alteration Optimization Program Various Buildings* (Prospectus Number POP-0001-MU27, March 30, 2026).

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

approximately $6.2 billion in total estimated costs of deferred maintenance for its building inventory. This was a 1.64 percent increase from FY 2024 and a 412 percent increase from FY 2016.

Figure 1. GSA's Reported Deferred Maintenance Costs for FYs 2016–2025 (in Billions of U.S. Dollars)[13]



We recently reported on weaknesses in PBS's building maintenance and repairs of security fixtures at GSA-controlled facilities. For example, in March 2026, we reported that in accordance with a 2023 memorandum of agreement between GSA and the Federal Protective Service, GSA is responsible for the installation, maintenance, and repair of security fixtures at GSA-controlled facilities; however, GSA is not consistently addressing deficient security fixtures at GSA-controlled facilities, leaving the facilities and occupants at risk from security threats.[14]

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

Administering GSA's Capital Construction Program

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

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

[14] *GSA Is Not Consistently Addressing Deficient Security Fixtures at GSA-Controlled Facilities* (Report Number A240039/P/5/R26004, March 24, 2026).

construction projects result in newly constructed, altered, leased, or purchased facilities where essential federal work is done.[15]

As of July 2026, PBS reported 273 active capital construction projects, with aggregate values of more than $10.9 billion. Due to resource limitations, PBS faces significant challenges in awarding and administering these contracts and has become excessively reliant on construction management firms (i.e., construction managers) to oversee the Agency's major construction projects. In addition, PBS continues to struggle with its administration of Construction Manager as Constructor contracts, a project delivery method often used for large, complex capital construction projects.

In response to our *Assessment of GSA's Management and Performance Challenges for FY 2026*, PBS stated that it has proposed legislation to: (1) facilitate access to the full amount of the annual Federal Buildings Fund's revenues and collections, and (2) increase GSA's prospectus threshold. GSA's *FY 2025 Congressional Justification* notes that the president's budget supports the expansion of the allowable uses of the disposal fund. However, PBS continues to face challenges in the administration of its capital construction program.

Construction Management services. PBS requires the use of construction managers for its capital construction projects. Construction managers are private firms that act as advisors or consultants to PBS during the execution of capital construction projects. PBS has used construction managers to fulfill many functions and responsibilities within its Capital Construction Program. In addition, PBS also uses construction managers for smaller projects and lease administration.

In our 2020 audit of PBS's use of construction management services, we found that PBS has become excessively reliant on construction managers.[16] As a result, PBS has allowed construction managers to perform inherently governmental functions, including developing independent government estimates, assessing contractor proposals on source selection boards, negotiating contracts, and accepting project deliverables. Further, PBS has provided construction managers with access to sensitive information, including competitors' proprietary information and government data, without mitigating conflicts of interest or ensuring data security.

We continued to find similar issues during a 2023 audit, which found that PBS delegated critical functions to a construction manager without oversight.[17] PBS allowed the construction

[15] Capital construction projects are projects that exceed the prospectus threshold, currently $4.109 million, and require congressional approval.

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

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

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

During a 2024 audit, we found that PBS: (1) awarded construction management services for a $5.6 million project funded by the Infrastructure Investment and Jobs Act at inflated pricing and (2) paid for services that were not received.[18] Specifically, PBS negotiated the contract by comparing the price to an independent government estimate instead of evaluating hourly rates and quantity of hours, resulting in a $124,290 award that should have been approximately $78,290. Further, the construction manager billed PBS $17,000 for inspection services that the construction manager did not perform.

PBS must ensure that: (1) sufficient oversight controls are in place and followed to prevent construction managers from performing inherently governmental functions and (2) steps are taken to identify or mitigate potential conflicts of interest. PBS must also ensure that its staff possesses the necessary skills to perform critical functions. This will pose a significant challenge for PBS because nearly 70 percent of its capital construction workforce was subject to a reduction in force or opted into the Deferred Resignation Program in FY 2025.

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

Since our audits of PBS's projects funded under the American Recovery and Reinvestment Act of 2009, we have reported on deficiencies in PBS's use of CMc contracts. PBS took numerous actions to address these deficiencies, particularly focusing on improvements to policy and regulations. However, in an August 2022 memorandum, we identified continued concerns with PBS's use of CMc contracts.[19] We noted that PBS is:

- Not ensuring that construction contractors properly accumulate and record project costs, preventing PBS from relying on a contractor's cost records for contractor payments and shared savings calculations;
- Improperly adjusting the contract's guaranteed maximum price, leaving PBS at risk of overpaying for construction services; and

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

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

- Prematurely converting the guaranteed maximum price to a firm-fixed price, increasing the risk that CMc contractors may be able to attain excessive profits.

Additionally, in our 2025 audit of PBS's administration of CMc contracts, we identified further concerns.[20] We found that PBS is not:

- Using the CMc project delivery method properly, resulting in excessive costs and violations of federal law and regulations;
- Properly negotiating the fee for contract changes, resulting in violations of federal law and acceptance of unallowable costs; and
- Ensuring that contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

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

Infrastructure Investment and Jobs Act and Inflation Reduction Act

The Infrastructure Investment and Jobs Act (IIJA) provided GSA with $3.418 billion for the acquisition, construction, and repair and alteration of 26 land ports of entry (LPOEs). It also provided funding for paving projects, lease purchases, program contingency, and operational support costs.

In August 2022, we issued a memorandum identifying challenges facing PBS as it executes construction projects funded under the IIJA.[21] These challenges include:

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

These challenges were demonstrated through audit reports and memorandums issued as a result of our ongoing oversight of PBS's projects funded by the IIJA, including the following:

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

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

- **September 2024 audit report –** We found that PBS did not comply with applicable laws, regulations, and policies when awarding and administering the $5.6 million IIJA-funded project to repave six LPOEs at New York State's northern border.[22] We found deficiencies in PBS's task order award and administration that led to, among other things, violations of federal competition requirements, poor pricing and overpayments, security vulnerabilities, and a small business "pass-through" environment. PBS's performance on this project demonstrated the risks arising from rushed attempts to obligate IIJA funding.

- **March 2025 alert memorandum –** We reported that during the San Luis I LPOE expansion and modernization project, PBS did not take the appropriate steps to ensure the construction contractor complied with applicable security requirements covering the use of drones.[23] This enabled the construction contractor to regularly use a drone manufactured by a company that the U.S. Department of Defense has identified as a "Chinese military company" and a potential threat to national security.

- **July 2025 alert memorandum –** We reported that numerous contractor and subcontractor employees who worked on the San Luis I LPOE expansion and modernization project either failed or did not undergo the required security screening, creating a need for additional oversight to ensure security vulnerabilities were addressed.[24] The alert memorandum showed the challenges associated with executing construction projects while safeguarding access to LPOEs.

The Inflation Reduction Act of 2022 (IRA) provided GSA with nearly $3.4 billion for low-embodied carbon materials in construction and renovation projects, emerging and sustainable technologies, and high-performance green buildings. The act targets reducing the federal government's carbon footprint associated with building materials and encourages new technology for a net-zero operational emissions federal building portfolio. However, in July 2025, the One Big Beautiful Bill Act rescinded unobligated IRA funds. *Figure 2* on the next page shows the initial IRA funds allocated by category compared to the funds obligated before rescission.

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

[23] *Alert Memorandum: PBS Allowed The Use of a Drone From a Prohibited Source To Photograph Construction At a Land Port of Entry In San Luis, Arizona* (Memorandum Number A220036-5, March 13, 2025).

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

Figure 2. Obligated IRA Funds Before Rescission

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

PBS established a Program Management Office to oversee its use of IIJA and IRA funds. According to PBS, this office will identify, coordinate, and proactively mitigate risks to ensure IIJA and IRA funding is spent efficiently and effectively. As of March 2025, the Program Management Office overseeing the IIJA and IRA projects was reduced by 75 percent (from 20 employees to 5 employees). The Program Management Office is also scheduled to report to the Office of Project Delivery during the PBS reorganization.

PBS must continue to take steps to address the challenges identified in our August 11, 2022, memorandum, as well as any identified through the Program Management Office, to ensure the successful delivery of both IIJA- and IRA-funded projects. In addition, PBS needs to maintain effective funds management on projects using a combination of funds from IIJA, IRA, regular budgetary accounts, and customer agencies to ensure funds are used properly.

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

Between December 2010 and June 2026, PBS awarded more than $3.12 billion in energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs). ESPCs and UESCs are high-risk areas, with high-dollar contract values and long-term financial commitments. Without effective management, PBS may not realize the savings needed to fund these contracts.

Under an ESPC, the government contracts with an energy service company to install energy-saving upgrades to buildings and pays the energy service company from the energy savings generated by those upgrades. An ESPC can last for up to 25 years.

A UESC is a contract between a federal agency and a utility company for energy management services, including energy and water efficiency improvements. The utility company pays most or all the upfront costs, and the government repays the utility company through utility savings, appropriated funds, or a combination of the two. UESCs can also last up to 25 years.

Due to their complexity and unique nature, ESPCs and UESCs present PBS with numerous management challenges. For example, in July 2025, we reported on deficiencies in PBS's award

and administration of an ESPC task order supporting 10 buildings across Texas and Louisiana.[25] Under an ESPC, PBS is responsible for ensuring that baseline measurements, which are used as the basis for calculating contract savings, are properly defined, verified, and witnessed. However, rather than witnessing and verifying contractor-submitted data, PBS relied on the contractor-submitted data to negotiate guaranteed energy savings and annual savings performance goals on the $43 million contract. As a result, PBS has no assurance that the savings calculations are correct.

In August 2025, we reported on deficiencies in PBS's oversight of another ESPC contract covering GSA-controlled buildings in and around Los Angeles, California.[26] Among other things, we found that PBS did not address health and safety concerns raised by project team members during their review of design documents for the battery systems at the Glenn M. Anderson Federal Building (Anderson Building) and the Ronald Reagan Federal Building and U.S. Courthouse. Ultimately, a fire in the battery room at the Anderson Building led to the disconnection of the batteries, which prevented the battery system from generating energy cost savings.

Similarly, UESCs present a host of challenges for PBS, including limited competition, high numbers of sole-source contracts, and a lack of mandated savings guarantees.

In recent years, PBS has taken steps to address the challenges associated with ESPCs and UESCs. PBS has established a centralized ESPC oversight program within the Office of Facilities Management and is also in the process of strengthening guidance and controls for UESCs. PBS should continue its efforts to ensure that ESPCs and UESCs are effectively managed.

Challenge 4: Streamlining and Centralizing Procurement

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

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

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

Streamlining the MAS Program

Beginning in 2016, FAS has transformed its MAS Program through the implementation of several initiatives and tools. These include the transactional data reporting (TDR) pilot; use of automated pricing tools; and the move to reduce and possibly eliminate duplicative, underutilized, and noncompliant MAS contracts. However, FAS is continually challenged to ensure that it manages these initiatives effectively and that it meets its core objective of leveraging the government's buying power.

Using TDR to support pricing decisions for MAS contracts. FAS has not effectively implemented the TDR pilot and has not made it functional for pricing decisions. Prior to starting the TDR pilot in 2016, FAS's goal in price negotiations for MAS contracts was to achieve a contractor's "most favored customer" or best pricing to coincide with the discounts provided to a contractor's commercial customers. Under the TDR pilot, however, FAS no longer tries to obtain a contractor's best commercially comparable pricing.

When GSA first proposed the TDR pilot in 2015, it stated that this proposed rule would create a TDR clause to improve GSA's ability to conduct meaningful price analysis and more efficiently and effectively validate fair and reasonable pricing on both its MAS and non-MAS contracts. It would also allow GSA's customers to improve their ability to compare prices prior to placing orders under MAS contracts. However, this never materialized; instead, FAS shifted emphasis to collecting TDR data.

Currently, TDR data is barely used for pricing, and it is still plagued and challenged by quality and usage issues. Specifically, as of July 14, 2026, more than 79 percent of reported TDR MAS sales data in FY 2026 is not usable because reported part numbers do not match what is awarded on contract. In addition, contracting personnel are not given access to the complete sets of TDR data. While FAS incorporates TDR data into its automated pricing tools, it only includes TDR pricing data for products when an item is sold by five or more companies at least five times in quantities of five or less. This small subset of transactional data does not take advantage of or leverage the government's buying power. Furthermore, TDR data is almost exclusively only available for sales of products, which make up less than 20 percent of MAS sales.

Despite these issues with the TDR pilot program, FAS required TDR for all MAS contracts beginning July 1, 2026. This mandatory requirement will now impact how FAS determines pricing for all contracts in the nearly $52 billion MAS Program.

FAS's move to make TDR mandatory for all MAS contracts is problematic, especially with FAS's inability to correct data issues and the limited use of the TDR data it collects. With TDR expanded to all MAS contracts, FAS will continue to be challenged with ensuring that GSA schedule pricing provides the best value for ordering agencies.

Reliability of automated pricing tools for MAS contracts. Instead of making contract decisions based on available commercial or TDR sales data, FAS contracting personnel largely rely on the use of automated pricing tools, such as the Contract-Awarded Labor Category tool for services contracts and the Pricing 2.0 tool for products contracts, to determine fair and reasonable pricing. These tools are populated with pricing data from various sources, including multiple government contracts.

However, contracting officers' reliance on these automated pricing tools is problematic because pricing tools can only assess the relative competitiveness of a contract price of one contractor to the contract price of another contractor. Pricing tools generally do not consider the actual prices paid by commercial or government customers and thus do not ensure the government is receiving the best value. As a result, FAS contracting personnel are missing opportunities to leverage the government's buying power, and FAS has no assurance that it is providing ordering agencies with the best value for ordering critical supplies and services.

Managing Supply Chain Risk

Supply chain risk management remains a major challenge for FAS and the entire federal government. Due to its unique responsibility and increased role in federal acquisition and contracting, FAS plays a crucial role in how the federal government manages supply chain risk and in establishing effective controls to protect customer agencies from foreign adversaries and other bad actors.

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

GSA recognizes the federal government's supply chain risk related to NDAA Section 889 and has implemented internal controls that are intended to reduce that risk. Notwithstanding these efforts, the volume of information technology products available through GSA contracts is substantial; therefore, detecting potential prohibited telecommunication items is resource-intensive.

In July 2023, we reported that FAS's reliance on contractors' assertions regarding NDAA Section 889 was inadequate and that other controls and processes FAS had put in place, including its Prohibited Products Robomod process, were insufficient.[27]

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

In addition to our audit work in this area, a more recent case supported by our Office of Investigations highlights this challenge. In May 2024, a Florida resident and dual citizen of the U.S. and Turkey was sentenced to 6 years and 6 months in prison for trafficking fraudulent and counterfeit Cisco networking equipment.[28] Under the scheme, tens of thousands of low-quality, modified computer networking devices were imported from suppliers in China and Hong Kong.

These devices included counterfeit labels, stickers, boxes, documentation, and packaging, which made them appear like genuine, high-quality devices authorized by Cisco. However, the devices suffered from numerous performance, functionality, and safety problems. The devices also made their way into highly sensitive federal systems, including platforms supporting U.S. military aircraft. Taken together with our audit work, this case highlights the challenges that GSA faces with managing supply chain risks.

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

In January 2022, we issued a letter to the FAS Commissioner, stating that FAS contracting officers did not report TAA-noncompliant products that were added to contracts supporting the government's COVID-19 response.[29] We also found that FAS contracting officers modified contracts to add TAA-noncompliant products that were not in support of the government's COVID-19 response. We determined that FAS's controls to monitor and prohibit the sale of TAA-noncompliant products were insufficient.

Then, in January 2024, we reported that Office of GSA IT (GSA IT) employees misled a contracting officer with egregiously flawed information to acquire 150 Chinese-made, TAA-noncompliant videoconference cameras.[30] We also reported that the TAA-noncompliant cameras were susceptible to security vulnerabilities.

In April 2026, we issued an alert to federal agencies to be aware of possible product substitution through GSA Advantage![31] Federal agencies had reported cases where substituted

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

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

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

[31] *Alert: Federal Agencies - Beware of "Bait and Switch" Product Substitution Schemes.* https://www.gsaig.gov/news/alert-federal-agencies-beware-bait-and-switch-product-substitution-schemes.

products did not comply with the TAA and were manufactured in TAA-noncompliant countries, such as China. We recommended that federal agencies confirm the country of origin before ordering a product and check "made in" markings upon receipt. In addition, we requested that if agencies became aware of TAA noncompliance, they should report it to the GSA Office of Inspector General.

More recently, in August 2026, GSA called for a comprehensive review of the U.S. AbilityOne Commission to verify the country of origin of the products it sells to the federal government.[32] GSA took this action after it found multiple examples of mislabeled AbilityOne-associated technology products on GSA's procurement platforms. GSA found that these products were labeled to be from the United States but were actually from China and other foreign countries.

Recent cases assisted by our Office of Investigations further support this ongoing challenge. In May 2025, a contractor and its owner entered into a $300,000 civil settlement agreement with the United States to resolve allegations that it failed to comply with TAA and Buy American Act requirements.[33] The contractor had an MAS contract to supply LED lights and lighting products. It certified compliance with the TAA and failed to identify any foreign products on its product list each year. The government contended that the owner falsely certified that the contractor was providing agencies with TAA-compliant end products when, in fact, some of the end products were manufactured in China.

In July 2024, a telecommunications contractor agreed to pay the U.S. $400,000 to resolve allegations it violated the False Claims Act by selling government agencies counterfeit products and TAA-noncompliant products. The contractor was awarded an MAS contract in 2006 and received extensions of the contract in 2011, 2016, and 2021. The alleged fraud occurred during the period from July 18, 2018, through August 9, 2022.

As demonstrated, GSA faces multiple challenges in managing supply chain risks. GSA recognizes this challenge and has put some controls in place. However, our past work has found that some of those controls are insufficient. Our findings, coupled with the growing number of contracts and contract vehicles that GSA is now responsible for, demonstrate that GSA is increasingly challenged to monitor these contracts to ensure compliance and protect customer agencies from foreign adversaries and other bad actors.

[32] The U.S. AbilityOne Commission is an independent federal agency that oversees the AbilityOne Program. The AbilityOne Program is intended for Americans with disabilities to deliver high-quality, American-made, mission-essential products and services to federal agencies through quality employment opportunities.

[33] The Buy American Act restricts federal agencies from purchasing foreign goods by providing that only unmanufactured articles, materials, and supplies that have been mined or produced in the United States, and only manufactured articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, shall be acquired for public use unless … their acquisition [would] be inconsistent with the public interest or their cost to be unreasonable.

Centralizing Government Procurement

On March 20, 2025, the president issued Executive Order 14240, *Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement*. In accordance with the executive order, FAS is undertaking efforts to consolidate government-wide purchasing. This change puts GSA in charge of contracts in 10 government-wide acquisition categories, which were valued at $481.4 billion in FY 2025. As part of GSA's implementation of the executive order, GSA created the Office of Centralized Acquisition Services (OCAS) to help federal agencies obtain contracting support to buy common goods and services.

With the centralization of the government's procurement function, FAS faces challenges as it: (1) absorbs other agencies' contracting operations with contracting staff lacking expertise and knowledge of GSA contracting vehicles; (2) inherits contracts that may not comply with GSA contracting standards; and (3) relies significantly on artificial intelligence (AI) and automation, something that has been problematic in the past for GSA.

Newly hired contracting staff lack expertise and knowledge of GSA contracting vehicles. A consolidation of this scale would require GSA to increase its buying operations to 20 times its current level; however, many of FAS's newly hired contracting staff may lack the specialized expertise and knowledge of using GSA and other federal indefinite-delivery, indefinite-quantity contracting vehicles. Although FAS lost a significant number of its contracting staff, OCAS has hired contracting staff from PBS, GSA staff offices, and other agencies. However, many of the newly hired contracting staff do not have an FAS contracting background, and less than 40 percent of the contracting staff have the required warrants necessary to negotiate on behalf of the U.S. government. To absorb the contracting operations of other agencies, FAS will need to ensure its contracting staff gain expertise and knowledge of GSA contract vehicles and obtain appropriate contract warrants.

Contracts transferred from other agencies may not comply with GSA contracting standards. In accordance with the executive order, OCAS supports agencies as they transition their procurement authority for designated contracts to GSA and provides direct contracting officer support for common goods and services. As contracts are transferred to GSA, OCAS will inherit contracts awarded by the customer agencies. However, the contract files and supporting documentation may not comply with GSA contracting standards. To ensure consistency, compliance, and quality, OCAS will need to standardize transferred acquisitions and internal processes.

Reliance on AI and automation. Since GSA took over the procurement operations for the U.S. Office of Personnel Management, U.S. Small Business Administration, and U.S. Department of Housing and Urban Development during its initial pilot, it has signed agreements to perform procurement functions for more than 25 other federal agencies. To take on such a large contract portfolio, GSA is planning to pilot AI and other automation solutions to address capacity constraints and accelerate procurement timelines. We have found that GSA has not effectively implemented automated solutions in the past. For example:

- In November 2023, we issued a report on GSA's claimed savings by its robotic process automation (RPA) program.[34] We found that GSA lacked evidence to support its claims that the "bots" developed under the RPA program were generating savings.[35] Specifically, GSA was not verifying the actual work hours saved with end-users of its bots, causing its assertion in the FY 2020 *Agency Financial Report* that its RPA program reclaimed more than 240,000 work hours annually to be inaccurate and unreliable. GSA is also not tracking the costs associated with its bots, which precludes GSA from determining whether the bots are generating cost savings and a return on investment.

- In August 2024, we issued a report on GSA's RPA program.[36] We found that GSA's RPA program did not comply with its own IT security requirements to ensure bots are operating securely and properly. GSA also did not consistently update system security plans to address access by bots. Finally, GSA's RPA program did not establish an access removal process for decommissioned bots, resulting in prolonged, unnecessary access that placed GSA systems and data at risk of exposure.

With the centralization of the government's procurement function, FAS faces challenges as it: (1) absorbs other agencies' contracting operations with contracting staff lacking expertise and knowledge of GSA contracting vehicles; (2) inherits contracts that may not comply with GSA contracting standards; and (3) relies significantly on AI and automation, something that has been problematic in the past for GSA.

Challenge 5: Improving Contract Administration

GSA awards contracts annually to procure billions of dollars of products, services, and facilities for federal government agencies. After GSA awards a contract, its work turns to contract administration. Contract administration includes monitoring contractor performance against contract terms, reviewing and approving requests for payment, addressing change orders, and closing out contracts. As we noted in our *Assessments of GSA's Management and Performance Challenges* for FYs 2025 and 2026, we continue to find weaknesses in GSA's contract administration, across business lines and contract types.[37]

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

[35] Bots are rules-based software that simulate human actions on a computer, such as copying data, filling in forms, signing into applications, and analyzing data.

[36] *GSA Should Strengthen the Security of Its Robotic Process Automation Program* (Report Number A230020/B/T/F24004, August 6, 2024).

[37] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026*.

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

- In August 2025, we reported on deficiencies in PBS's oversight of an ESPC covering a number of GSA-controlled buildings in Santa Ana and Long Beach, California.[38] In 2020, the contractor installed battery systems at two buildings covered under the ESPC—the Glenn M. Anderson Federal Building in Long Beach, California (Anderson Building), and the Ronald Reagan Federal Building and U.S. Courthouse in Santa Ana, California (Reagan Building). Combined, these battery systems consisted of 3,200 nickel-iron batteries. If not properly maintained, nickel-iron batteries can pose numerous health and safety risks, including the risk of electric shock, release of and exposure to hazardous materials, fire, and explosions.

  We found that PBS did not provide effective oversight of the ESPC contractor at the Anderson and Reagan Buildings. For example, PBS did not ensure that the contractor complied with maintenance requirements governing the use of qualified and properly supervised personnel to maintain the nickel-iron batteries. As a result, the batteries were not properly maintained, leading to a series of fire and life safety deficiencies.

- In September 2025, we issued a report regarding PBS's award and administration of Construction Manager as Constructor (CMc) contracts.[39] PBS uses the CMc project delivery method as one of its primary methods for performing large capital construction projects. From June 2009 to May 2024, PBS used the CMc project delivery method for 90 construction projects, totaling approximately $7.4 billion.

  To ensure that the government does not overpay for construction, PBS must follow specific regulations and guidance to award and administer CMc contracts. However, we found deficiencies in PBS's administration of CMc contracts. For example, we found that PBS did not ensure that construction contractors properly accumulated and recorded project costs, which increased the risk of overpayments.

As an agency, GSA is responsible for administering many different contracts—including contracts awarded in support of other federal agencies. While GSA has taken action to improve its contract administration efforts by strengthening policy, addressing performance and training needs of contracting staff, and implementing contract administration process improvements, problems continue.

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

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

Because GSA has responsibility over federal contracting and continually has issues with contract administration, significant taxpayer dollars are at risk. Given its role in government-wide acquisitions, it is imperative for GSA to continue evaluating its contract administration processes and procedures to identify and implement additional corrective actions.

Challenge 6: Managing Agency Cybersecurity Risks

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

Controlling Access to GSA Systems and Sensitive Information

In our *Assessments of GSA's Management and Performance Challenges* for FYs 2025 and 2026, we reported on threats to sensitive information maintained by GSA.[40] As these threats remain, GSA must ensure that it controls access to sensitive information available on its network and maintained in GSA systems. Sensitive information collected and maintained on GSA's network and within its systems includes:

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

Recent reports issued by our office demonstrate the importance of controlling access to GSA systems to protect this sensitive information. For example, in April 2025, we issued a memorandum to alert GSA management to documents found in GSA's Google Drive that contained sensitive information.[41] These documents were accessible by all GSA Google Drive users, including contractors, who did not have a legitimate business need to know the

[40] *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2025* and *Assessment of GSA's Management and Performance Challenges for Fiscal Year 2026*.

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

information. Then, in October 2025, we issued another alert memorandum on sensitive information exposures in GSA's Google Groups.[42] We found documents and correspondence containing sensitive information exposed in GSA's Google Groups to users who did not have a legitimate business need to know.

Despite our notifications, security incidents related to the exposure or release of sensitive information to employees, including contractors and vendors as identified in both memorandums, continue to occur. Since January 2026, we have identified several security incidents involving improper access controls and the leakage of CUI or PII.

Due to the sensitive data contained within Agency systems, GSA's efforts must continue to strengthen monitoring of access to Agency systems and data to protect against the intentional or unintentional release of sensitive information.

Attacks on Third-Party Vendors

GSA's third-party vendors continue to face cyberattacks that threaten GSA's security posture. Of increasing concern is the risk of ransomware, a type of malicious attack where attackers encrypt an organization's data and demand payment to restore access. Although GSA systems were not directly affected, the corporate networks of multiple GSA vendors were victims of such attacks between May 2025 and March 2026. Below are specific examples of the vendor attacks:

- **May 2025 –** Malware was detected on a GSA employee's laptop. The employee had visited a vendor's website that had been secretly compromised and was delivering malware to unsuspecting customers.
- **June 2025 –** A GSA vendor faced a ransomware event attributed to the Play ransomware variant.[43]
- **August 2025 –**A GSA vendor suffered a ransomware attack affecting approximately 1.1 terabytes of data.
- **March 2026 –** A Russian ransomware gang attacked a GSA vendor, compromising GSA data.

GSA must continue to ensure the appropriate management, operational, and technical security controls are implemented to manage and mitigate potential cyberthreats to its resources and operations.

[42] *Alert Memorandum: Sensitive Information Exposed in GSA's Google Groups* (Memorandum Number A260019, October 14, 2025).

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

Login.gov

GSA developed Login.gov as a single sign-on identity platform for the public to access online government services that require user authentication. Login.gov provides services to several government resources, including the Social Security Administration, the USAJOBS website, the System for Award Management, and some U.S. Department of Homeland Security websites. The technical security controls that protect Login.gov are important because they provide access to systems that contain PII, facilitate the transfer of government funds, and conduct other mission-critical government business.

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

GSA has reported such spoofing attacks targeting many different domains that use Login.gov as their centralized authentication platform, including domains related to federal employee retirement benefits, social security, and more. Continued spoofing attacks may lead to an increase in the number of compromised user accounts, either because the users have unwittingly given their credentials to the attackers or because their devices have been compromised by malware delivered via these spoofed sites.

In FY 2026, security incidents were reported involving the creation of potentially fraudulent or compromised Login.gov accounts. For example, a security incident was reported concerning potentially fraudulent Login.gov accounts that were involved in changing user account information for the U.S. Railroad Retirement Board. Additionally, Login.gov has been used to attack other GSA services, such as when Login.gov accounts were used as part of social engineering attacks targeting the System for Award Management website, SAM.gov.

In August 2026, the Office of Management and Budget (OMB) released OMB Memorandum M-26-18, *Scaling Use of Login.gov to Deliver a Universal Sign-on for Public Services*, enforcing Login.gov as the universal sign-on for accessing public services online. Agencies are required to offer Login.gov as a sign-on option for all in-scope, public-facing websites. Also, GSA is required to coordinate with OMB to publish a guide on best practices for Login.gov implementation and with the National Institute for Standards and Technology for the expansion of service offerings. These requirements, along with the increased adoption of Login.gov, highlight the importance for continued investment in the security of the system.

GSA will continue to be challenged with timely identifying and counteracting the evolving schemes of bad actors trying to gain unauthorized access to Login.gov. Additionally, GSA

will have to balance the requirement to expand the service offerings of Login.gov with also ensuring the adequate security and protection of the system and its users.

System for Award Management

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

In 2025, bad actors continued their efforts to impersonate GSA acquisition officials to profit from unsuspecting government vendors. This activity continued into FY 2026; security incidents involving threat actors compromising SAM accounts continue to be reported. Threat actors have employed methods such as social engineering attacks targeting SAM.gov customers to compromise their accounts, creating risk for users as well as GSA. SAM has also been targeted with website spoofing attacks, seeking to mislead users into interacting with a fraudulent website.

In addition to system security concerns, SAM is facing approximately $40 million in budget cuts due to significant staffing and financial changes. As a result, GSA will be challenged in determining how to continue supporting the program going forward.

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

Artificial Intelligence

In 2025, GSA continued to respond to executive orders and directives that promote the rapid adoption of artificial intelligence (AI). Specifically, GSA designed and launched the USAi platform at no cost to federal agencies to explore and evaluate AI capabilities for possible adoption. USAi provides three distinct products to its users:

- **Chat –** An AI assistant enabling federal employees to compare multiple AI models via a single dropdown menu;
- **Application Programing Interface (API) –** A unified API gateway provides developers with secure access to various AI models; and
- **Console –** A console for monitoring usage, managing user access, and reviewing centralized model data on performance, safety, and bias.

According to GSA IT, GSA is also using USAi internally, as well as by 17 federal agencies, with more coming soon. Additionally, GSA's AI Oversight Committee has authorized USAi

to interact with and process CUI. Therefore, it is imperative that GSA ensure the implementation of robust IT security controls to protect the security of sensitive government information.

As GSA expands both its own AI adoption and its efforts to provide AI services across the federal government, it should continue to ensure proper security controls are in place around the models it is using. Recent examples in the private sector have highlighted the danger of AI models having insufficient security controls, such as the July 2026 Hugging Face AI compromise.[44]

In the Hugging Face incident, an AI development company was testing AI models when it purposefully disabled certain safeguards. The AI company claims it disabled these safeguards "so that the results would reflect a model's true capabilities." During these tests, the AI models breached the isolated environments they were supposed to be contained in. The AI models began communicating with one another and even exploited a cybersecurity vulnerability in one of OpenAI's internal tools to gain access to the internet. From there, the AI models found credentials for Hugging Face users exposed on the internet and used those credentials to conduct a successful cybersecurity attack on Hugging Face.

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

IT Personnel Losses

GSA has expressed concern that ongoing personnel and organizational changes could negatively affect its ability to meet its goals. In 2026, GSA IT told us it experienced a 44 percent personnel loss. According to the GSA Chief Information Officer, these personnel losses have led to an approximately 65 percent reduction in GSA IT's capacity to deliver. In particular, the personnel losses were concentrated among high-performing employees. Furthermore, the losses experienced were not uniform across the organization. In fact, some teams within GSA IT had losses of as few as 10 percent, while some teams experienced up to a 100 percent loss in personnel. With a decline in security personnel and increased scrutiny over contractors and security contracts, there are concerns that such significant personnel losses could lead to a period of reduced capacity that threat actors can seek to exploit.

[44] Hugging Face is a company that maintains an open-source community that builds tools, machine learning models, and platforms for working with artificial intelligence.

To contend with its personnel losses, GSA IT reorganized its operations in February 2026. The primary goal of this reorganization was to fill in the organizational gaps caused by personnel departures while still meeting GSA's business objectives.

GSA IT management will remain challenged with addressing the impacts from the loss of institutional knowledge and the risk that these losses will affect its ability to meet its mission and goals.

IT Oversight

In 2025 and 2026, we issued the following memorandum and report that showed issues with GSA IT's oversight of security controls within its applications:

- In April 2025, we issued a memorandum detailing the improper access controls within GSA's Google Drive.[45] As a result of the improper access controls established for GSA's Google Drive, we identified files containing sensitive information that were accessible to all of GSA's users without a legitimate need to know the information. This information exposure increased the risk of unauthorized parties, including cyber threat actors, to potentially exploit GSA's sensitive information.

- In March 2026, we issued a report that identified several issues with GSA IT's oversight of a Federal Risk and Authorization Management Program (FedRAMP) authorized cloud service.[46] FedRAMP-authorized cloud service providers (CSPs) must adhere to a continuous monitoring process that meets both FedRAMP and Agency security policies. However, we determined that GSA IT failed to: (1) exercise proper oversight authority to ensure that the CSP was complying with the requirements established by FedRAMP's guidance, and (2) ensure that the CSP mitigates security vulnerabilities in a timely manner.

Taken together, these reports show a pattern in which GSA IT's lack of oversight has resulted in increased risk to the confidentiality, integrity, and availability of the data and services it provides.

GSA will continue to be challenged with ensuring sufficient oversight is provided for the continuous monitoring activities of its cloud service providers. GSA will also have to ensure that the appropriate access controls are implemented for the protection of CUI in GSA's Google environment. Further, GSA will be challenged with establishing additional controls to safeguard the improper acquisition, authorization, and security for its IT networking systems.

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

[46] This report is not available to the public due to the sensitive information it contains.

Challenge 7: Providing a Safe Work Environment

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

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

- In August 2025, we reported that the PBS Pacific Rim Region (PBS Region 9) grossly mismanaged the battery systems at the Glenn M. Anderson Federal Building (Anderson Building) and the Ronald Reagan Federal Building and U.S. Courthouse, resulting in health and safety issues.[47] We found that PBS Region 9 failed to ensure that the battery systems were properly maintained by the energy service company, resulting in a battery explosion, hazardous materials leaks, an injury, and a fire at the Anderson Building. Although the battery systems were disconnected after the battery system fire at the Anderson Building in April 2023, the battery systems and associated health and safety hazards remained in both buildings for years.

- In September 2025, we issued a memorandum notifying the Acting PBS Regional Commissioner that PBS building management had routinely bypassed the fire alarm system and monitoring service at the Richard B. Russell Federal Building and U.S. Courthouse in Atlanta, Georgia.[48] This practice, which had occurred since at least 2015, violated PBS policy and National Fire Protection Association codes. Although PBS subsequently stopped bypassing the fire alarm system and monitoring service except for legitimate purposes, such as repairs and inspections, this long-term practice placed building occupants and visitors at risk of fire hazards.

- In March 2026, we reported that the PBS National Capital Region (PBS NCR) did not fully comply with fire protection requirements for the U.S. Tax Court Building in Washington,

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

[48] *Alert Memorandum: Fire and Life Safety Hazards at the Richard B. Russell Federal Building and U.S. Courthouse in Atlanta, Georgia* (Memorandum Number A250047-2, September 29, 2025).

D.C.[49] We found that some fire doors in the building did not comply with fire protection standards because they did not close and latch properly to contain smoke and fire. We also found that PBS NCR did not consistently comply with fire protection requirements to conduct and document fire drills and did not implement a building-specific fire evacuation plan. These deficiencies were caused by ineffective oversight by PBS NCR and the contracting officer's representative. Without corrective actions and proper monitoring, these deficiencies place building occupants and visitors at risk of fire hazards.

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

Challenge 8: Securing Federal Facilities

As landlord for the federal government, GSA has a responsibility to ensure that GSA-controlled space is constructed, operated, and maintained in a safe, secure, and healthful manner.[50] However, our recent audit work demonstrates that GSA remains challenged to fulfill this responsibility across its real estate portfolio.

One emerging security issue for GSA is the use of foreign-made drones. In a March 2025 alert memorandum, we reported that a construction contractor for a project at the San Luis I Land Port of Entry (LPOE) frequently took aerial photographs of the construction progress using a drone manufactured by a company that the U.S. Department of Defense has identified as a "Chinese military company" and a potential threat to national security.[51] This LPOE houses the U.S. Department of Homeland Security's U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement and is considered a Security Level III facility.[52] Accordingly, if the area was compromised, it could result in significant adverse consequences for the facility, operation of the facility, the mission of the agency, or the facility's occupants and visitors.

We alerted the PBS Commissioner that this is the second time we identified security concerns related to using foreign-made drones to photograph LPOE construction sites. In September

[49] *PBS NCR Did Not Fully Comply with Fire Protection Requirements for the U.S. Tax Court Building* (Report Number A250046/P/2/R26003, March 16, 2026).

[50] 40 U.S.C. 582, *Management of buildings by Administrator of General Services*; and 41 C.F.R. 102.

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

[52] The U.S. Department of Homeland Security defines Facility Security Level as a categorization based on the analysis of several security-related facility factors, which serves as the basis for the identification of preliminary countermeasures and recurring risk assessments.

2024, our office reported similar concerns related to drone usage on a LPOE paving project completed by the PBS Northeast and Caribbean Region (PBS Region 2) at New York State's northern border.[53]

This is not the only security vulnerability similarity between these two LPOE projects. In July 2025, we issued an alert memorandum notifying the PBS Commissioner that numerous contractor and subcontractor employees working on the San Luis I LPOE project either failed or did not undergo the required security screening.[54] In our September 2024 report on PBS Region 2's paving project, we also found that PBS: (1) did not adequately enforce security requirements for construction personnel who worked on the project task order, (2) did not ensure that background security checks were completed for construction personnel, and (3) was unaware that the contractor did not submit the names of all construction personnel for background security checks.

In late FY 2024, we reported that significant security vulnerabilities persisted in child care centers located inside GSA-controlled buildings. In September 2024, we issued an implementation review report of the corrective actions PBS took in response to the recommendations contained in our January 2020 audit report on child care centers in GSA-controlled buildings.[55] Our implementation review found that PBS had not effectively addressed the recommendations in our January 2020 report. Specifically, significant security vulnerabilities remained outstanding for 80 of the 93 child care centers in GSA-controlled buildings. In addition, PBS did not fully complete the corrective actions to determine repair cost estimates for identified security deficiencies in GSA-controlled buildings that contain child care centers.

In December 2025, pursuant to the Thomas R. Carper Water Resources Development Act of 2024, we issued an audit report on the cost and operational impacts of crime and public safety to GSA-owned federal buildings.[56] During our 4-year audit period, the U.S. Department of Homeland Security's Federal Protective Service reported more than 11,000 crime incidents in and around over 750 GSA-owned federal buildings.[57]

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

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

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

[56] *Audit of the Impact and Cost of Crime on GSA Building Operations* (Report Number A250032/P/6/R26001, December 1, 2025).

[57] The audit period was October 1, 2020, through September 30, 2024.

Most of the crime incidents occurred at 68 GSA-owned federal buildings. Three main factors contributed to the elevated levels of crime in and around these buildings: (1) the proximity of the buildings to high-crime neighborhoods, (2) the types of public services offered at each building, and (3) the amount of foot traffic.

More recently, we issued an audit report in March 2026 that found GSA is not consistently addressing deficient security fixtures at GSA-controlled facilities, leaving the facilities and occupants at risk from security threats.[58] We found that these deficiencies occurred because, among other things: (1) GSA staff were not consistently fulfilling their facility security responsibilities and (2) funding constraints prevented the installation and upkeep of security fixtures.

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

Challenge 9: Managing the Technology Transformation Service

In 2016, FAS's Technology Transformation Service (TTS) was established as GSA's third service to unite various technology programs and offices previously found across GSA. A year later, the IT Modernization Centers of Excellence were added, and TTS was moved within FAS.

In FY 2027, TTS will focus on six priority programs: (1) Integrated Award Environment (Sam.gov), (2) Login.gov, (3) IT Modernization Centers of Excellence, (4) FedRAMP, (5) USAi.gov, and (6) Cloud.gov. Prior audits have recommended improvements to TTS's (or its components') management controls related to oversight, financial management, performance, and IT. However, TTS has experienced significant instability recently. In 2025, TTS ended all its noncritical and non-statutorily required work (e.g., 18F, an original TTS program) and dismissed associated personnel.

Further, TTS has experienced turnover in its leadership ranks—it has not had a permanent director since January 2026. The last acting TTS director split his time between being the White-House-appointed Federal Chief Information Officer (CIO) and acting TTS director. The current acting TTS director splits his time between being the U.S. Department of the Treasury's CIO, acting FAS deputy commissioner, acting assistant commissioner for Login.gov, and acting TTS director. With a lack of dedicated and consistent leadership and reduced staff, TTS remains at risk of misspent money, lax controls, and degradation of services for the customer agencies it serves.

[58] *GSA Is Not Consistently Addressing Deficient Security Fixtures At GSA-Controlled Facilities* (Report Number A240039/P/5/R26004, March 24, 2026).

Challenge 10: Procuring and Using Artificial Intelligence

GSA's efforts to deploy artificial intelligence (AI) have increased dramatically over the past year and a half. GSA has launched new AI tools across the enterprise that are designed to support staff in their daily work and is continually evaluating additional uses of AI. FAS also plays a critical role in accelerating government-wide AI adoption by streamlining procurement, establishing security standards, and providing shared tools.

Key AI initiatives include launching USAi for testing models, utilizing FedRAMP to prioritize AI authorization, and facilitating OneGov AI agreements for cost-effective procurement.

According to GSA, FAS provides centralized acquisition solutions to assist agencies in acquiring AI tools more efficiently; these solutions are aimed at reducing duplication of effort and lowering costs. FAS also touts its assistance to the workforce through resources like the *Generative AI and Specialized Computing Infrastructure Acquisition Resource Guide* and the AI Community of Practice. Finally, FAS works on accelerating the security authorization of conversational AI engines designed for repeated federal use through its FedRAMP 20x initiative.

With FAS accelerating the use of AI government-wide and having the responsibility for establishing the terms and conditions by which most government agencies will procure AI, it ultimately has the challenge of ensuring sensitive data government-wide is safeguarded. GSA is attempting to mitigate this challenge through proposed amendments to the General Services Administration Acquisition Regulation (GSAR) that would impose new contractual terms on vendors. Industry pushed back on GSA's initial GSAR clause proposal. GSA has drafted a revised GSAR clause that is also anticipated to receive significant industry feedback. This compounds FAS's challenge to establish regulatory language that safeguards sensitive data while also allowing the government to benefit from cutting-edge technologies.