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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

# Report of Inspection

## The Bureau of Administration's Office of Real Property Management and Office of Facilities Management Services

**Report Number ISP-I-10-05, October 2009**

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***Office of Inspector General***

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

Harold W. Geisel
Acting Inspector General

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# KEY JUDGMENTS

- Overall, the work of the Offices of Real Property Management (RPM) and Facilities Management Services (FMS) is being performed successfully. The cost of these operations, however, is high.
- There appears to be little justification for the project management and support services (PMSS) division as a separate entity in RPM. Both direct-hire and labor-hour contract staffing in RPM can be reduced. Oversight of hourly hires is minimal. The organizational structure of FMS is questionable. An organizational review to reorganize and rightsize both RPM and FMS by the Bureau of Human Resources Office of Resource Management and Organization Analysis is needed.
- The continued reliance on a work force hired in part through several labor-hour contracts is unnecessarily costly because the Bureau of Administration does not have the authority to hire individuals on personal services contracts (PSC). The Office of Management and Budget has cleared a proposal for a 200-person PSC pilot program. The proposal has yet to be approved by Congress. Savings of about $2.4 million annually can be realized by discontinuing the labor-hour contracts and obtaining and utilizing PSC authority to hire needed staff.
- Management controls over the work performed by the primary operations and maintenance contractor need to be strengthened.
- The current automated information systems are inadequate to effectively manage construction, renovation, and maintenance projects.
- Establishing a working capital fund cost center for financing domestic building renovation projects will eliminate the inefficient, burdensome aspects of financing projects that, of necessity, are executed across fiscal years.
- Funds-tracking needs to be strengthened if the Department is to maintain adequate oversight of funds provided to the General Services Administration (GSA) for both current projects and those being planned using American Recovery and Reinvestment Act (ARRA) funds.
- Procedures for furniture procurement are too costly and need to be improved. The Office of Acquisitions Management will soon handle all domestic furniture purchases.

- Staff morale is distinctly mixed, in part because of a perceived lack of sensitivity on the part of management and longstanding personnel problems. There have been reports of staff being harassed and abused by other staff members. The principles and policies of Equal Employment Opportunity (EEO) merit increased attention.

The inspection took place in Washington, DC, between April 6 and July 10, 2009. (b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)
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# CONTEXT

RPM is comprised of four divisions that manage all aspects of the Department's domestic real property assets, including acquiring space, space management, and project management for design and build-out of office and warehouse space. The office is currently involved in several major projects including the construction of the U.S. Mission to the United Nations building in New York City; a multiyear, multiphased renovation of the entire Harry S Truman (HST) building to be completed in 2020; and the expenditure of about $200 million in American Recovery and Reinvestment Act (ARRA) funding.

FMS is responsible for the work environment in all domestic facilities. It works closely with RPM on all construction and renovation projects to ensure that all local, state, and national codes and Department standards are met. Facilities maintenance covers areas such as heating, ventilation and air conditioning systems, custodial and recycling services, electrical and mechanical systems, fire safety and environmental issues.

The operations of both offices have changed significantly since the last OIG inspection in 1993. For example, RPM's major renovation projects at that time were subject to annual appropriations that at times complicated planning and execution. Major renovation projects are now funded by "no-year' appropriations. Space management has also improved with the introduction of systems furniture and open office configurations. FMS staff has increased to oversee and manage maintenance projects, custodial functions, and environmental health and safety as a result of delegations of responsibilities by GSA to the Department for the care and maintenance of facilities, particularly the HST building, the National Affairs Training Center, Columbia Plaza (SA-1), and Blair House.

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# EXECUTIVE DIRECTION

The RPM director leads an organization staffed primarily by engineers, architects, and interior designers. The FMS director has a professional background in environmental health and safety, and was lauded for energy conservation and greening initiatives in Department facilities.

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Overall staffing in both offices appears excessive and the monitoring of hourly-hire employees performance is virtually nonexistent. Neither office director has sufficiently addressed the continued growth of the hourly-hire staff or the skewed organizational structure of their offices.

In addition, little if any attention is given to maintaining adequate management controls over the activities of the primary operations and maintenance contractor and its sub-contractors.



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# AMERICAN RECOVERY AND REINVESTMENT ACT

The ARRA has earmarked $342 million for Department projects. RPM will, in partnership with GSA, be involved in project planning, property leasing, site acquisition, and the design and construction of facilities. These activities are estimated to cost over $200 million. Two major projects are a data center west of the Mississippi estimated at $120 million and a Bureau of Diplomatic Security training facility within 150 miles of Washington DC that was initially estimated at $70 million. RPM is also heavily involved in leasing and making ready new passport facilities as well as enhancing facilities that are already in operation. Estimated costs exceed $12 million. As discussed below, there is a definite need to establish procedures to oversee and track funds that will be provided to GSA.

# OVERVIEW

RPM and FMS successfully carry out their missions. However, it is unclear whether or not their programs for doing so are cost effective. RPM and FMS staffs are largely stewards and project directors of a vast network of commercial contractors.

The Department has elected to be directly involved in aspects of its real estate property management but has not determined if this direct involvement is cost effective. GSA accordingly has given the Department its delegation of authority for real property operations and maintenance for the HST building, Columbia Plaza, and several other properties.

Both RPM and FMS rely on two categories of contractors. The first type, referred to here as "hourly-hires" are individuals with specified skill sets who work beside the direct-hire staff. They are virtually undistinguishable from the direct-hire staff. The Department hires them through labor-hour contractors who act as intermediaries. The second category of contractor, referred to here as "commercial contractors" is responsible for providing a finished product or service (i.e., operations and maintenance of building systems, architectural drawings and custodial services).

Staff of RPM and FMS is responsible for reviewing and accepting the work of the commercial contractors. Once RPM staff has prepared scopes of work and handed off jobs to commercial contractors, the RPM staff essentially becomes project directors. RPM's commercial contractors provide the actual architectural, engineering, and construction services largely involving renovation projects. Similarly, FMS staff is chiefly responsible for inspecting and accepting the work of contractors who maintain and fix building systems and provide custodial and other services. For those facilities maintained by GSA or commercial building owners, FMS's facilities and annexes branch represents Department tenant interests.

Operational reviews conducted by GSA in March 2008 showed that GSA was favorably impressed with the Department's maintenance programs and the operations and maintenance contractor at the HST building, the Blair House, and the Columbia Plaza building. An older 2004 GSA condition assessment and maintenance review of the HST building found preventive maintenance to be exceptional and the operations and maintenance contractor to be adequately staffed and highly qualified.

FMS has an internal quality assurance program that includes inspections of domestic properties to measure contractor performance, facility assessments, and customer feedback surveys. FMS has aggressively deducted payments from the operations and maintenance contractor when it failed to provide minimum staffing requirements. Over the past 5 years of the contract, FMS has deducted a total of $850,000. Customer survey results tend to be good for both custodial services and facilities maintenance. Respondents to an OIG questionnaire regarding facilities were also generally favorable.

Each quarter, GSA tracks building operating expenses via a pool of its government-owned and operated office buildings and compares them to comparable private sector costs reported to the Building Owners and Managers Association. GSA costs are calculated on a rolling 12-month average of all custodial and maintenance costs per square foot. FMS has not computed the cost of all cleaning and maintenance costs per square foot for the buildings for which it has delegated authority. Obtaining its own benchmarks would allow FMS to compare its custodial and maintenance costs against GSA and private sector benchmarks, as well as evaluate its operating expenses, assess their cost effectiveness, and make changes when required. Benchmarking is a goal of FMS.

**Recommendation 1:** The Bureau of Administration should determine if current practices and procedures for managing, operating, and maintaining the Department's real estate holdings are cost effective. (Action: A)

**Recommendation 2:** The Bureau of Administration should calculate the cost per square foot of custodial and maintenance services for buildings it manages and compare the results with General Services Administration figures. (Action: A)

## Organization and Staffing

The organization and staffing of RPM and FMS are questionable. In both offices, the number of full-time employees exceeds the Bureau of Administration's mandated full-time equivalent (FTE) ceiling. There is a heavy reliance on hourly-hires. Some of the divisions and branches in these offices allegedly were created to justify higher-graded FTE positions, rather than for operational effectiveness. An organizational review of both RPM and FMS by the Bureau of Human Resources, Office of Resource Management and Organization Analysis (HR/RMA) is needed to reorganize and rightsize these offices.

## Real Property Management

RPM is comprised of four divisions: assignments and utilization, design and construction, special projects and PMSS. The office is allotted 32 FTE positions by the Bureau of Administration. At the time of the inspection, the office reported 42 full-time direct-hire Civil Service positions, one Foreign Service position, and 13 hourly-hires; 11 of the total positions were vacant.

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The PMSS division includes administrative support staff, computer-assisted design staff, interior designers, and furniture procurement staff. One staff member referred to PMSS as a "hodge podge" of various functions. The OIG inspectors were told that the division was established in an attempt to justify a higher-graded position for the division director. At the time of our inspection, the position remained at the lower grade.

Half of the staff in PMSS is made up of hourly-hires. RPM management was not able to provide any formal justification for these positions based on workload, projects, or scope of work, or the reason for their continuation for so many years.

The special projects division staff directly support the Deputy Assistant Secretary for Operations on matters such as budget management, parking tax administration, OIG liaison, internal controls, and special projects. These functions were historically performed by special projects when it was a separate office. The OIG team sees no reason why the functions should continue to be performed by RPM.

## Facilities Management Services

FMS has an administrative section and two divisions: the facilities management service division and the domestic, environmental, and safety division. The office is allotted 59 FTE positions. At the time of the inspection, the office reported 62 full-time positions, six part-time positions and "32 plus" hourly-hires. Ten of the positions were vacant.

The organizational structure of FMS is disjointed. Three of the four branches -- facilities and systems, facilities and annexes, and facilities and projects – have building management responsibility for at least two of the Department's office buildings. Interviewees stated that, in 2005, the branches were established and staffed in an effort to create several higher-grade positions. Documentation justifying and approving the reorganization was not available for review. The administrative section consists of ten positions, four of which are filled by hourly-hires. Current FTE levels allocated to RPM and FMS are in dispute. Current organizational structures do not reflect current intra-office responsibilities. Efficiencies can be gained by adjusting each office's organizational structure and staffing to current requirements.

**Recommendation 3:** The Bureau of Human Resources should review the staffing and organization of the Offices of Real Property Management and Facilities Maintenance Services with a view toward rightsizing the offices and rationalizing the distribution of work. (Action: HR.)

## Labor-Hour Contracts

Collectively, RPM and FMS have 45 hourly-hires who are employed through labor-hour contracts. Costs for this staffing option are excessive and exceed $4.8 million annually. If RPM and FMS had authority to hire 45 comparable individuals through PSCs, costs would be slashed in half with a resulting $2.4 million savings.

The OIG team is questioning the organization and staffing of both offices and recommending that HR/RMA conduct an organizational review (see recommendation 3). Both offices believe that the hourly-hires are needed to supplement direct-hire staffing. Many of the hourly-hires have been in the same positions for years. Some in RPM were employed circa 2001 to meet the workload demands of the reorganization and integration of the U.S. Information Agency into the Department. Positions such as industrial hygienist are encumbered by both direct-hires and hourly-hires. Direct-hire industrial hygienists on staff earn approximately $98,518 a year. A comparable hourly-hire industrial hygienist costs approximately $310,000 (burdened rate) a year for the labor-hour contractor.

PSC authority is limited by statute and Office of Management and Budget (OMB) restrictions. The Bureau of Overseas Buildings Operations has PSC authority conveyed via the Foreign Service Buildings Act and the Bureau of Diplomatic Security has its PSC authority through the Omnibus Diplomatic Security and Antiterrorism Act. The Bureau of Administration does not have the authority to hire individuals on PSCs. OMB has cleared a proposal for a 200-person personal service contract pilot program. The proposal has yet to be approved by Congress.

The last inspection of the Bureau of Administration, Office of Operations (A/OPR) recommended that "… the Department should seek legislative authority to permit the Bureau of Administration to enter into personal service contracts."

**Recommendation 4:** The Bureau of Administration, in coordination with the Office of Management Policy, Rightsizing, and Innovation and the Office of the Legal Adviser, should request personal service contracting authority for the Offices of Real Property Management and Facilities Maintenance Services. (Action: A, in coordination with M/PRI and L)

## Funds Control and Tracking

The Department routinely provides GSA funding for renovation and construction projects involving Department real estate. The GSA reimbursable work authorizations financial tracking system is incompatible with the Department's global financial management system. As a result, the accuracy of financial information cannot be guaranteed. Additionally, the Department has surrendered significant funding to the Department of the Treasury because information concerning canceled or completed work orders was received too late for the funds to be retained.

The Department, in April 2009, notified OMB of the problems, and has requested authorization to establish a working capital fund cost center for renovation projects. Other problems described include the inability to effectively use funds for projects that cross fiscal years, the loss of several hundred thousand dollars for furniture procurement because valid orders were cancelled too late to be re-obligated, and several single-year obligations with GSA expired due to the GSA billing system. Furthermore, some aspects of domestic building renovation projects, including communications infrastructure and security, are never provided by GSA; instead the Department must separately arrange for those supplies and services.

Establishing a working capital fund cost center will resolve these issues because funds will not expire, the costs incurred to track them will be reduced, and all project costs can be funded as a single undertaking for the project.

At the time of the inspection, OMB had not responded to the Department's request. RPM also needs a cost center manager. A program analyst position in RPM that is currently vacant could be recast and a financial management position that would include responsibility for setting up an effective funds tracking system could be established. The position and system will increase in importance as RPM issues reimbursable work authorizations to GSA for projects to be funded by ARRA. Two major projects, for example, are initially budgeted for about $200 million.

**Recommendation 5:** The Bureau of Administration should recast position number S-98121, program analyst, to create a financial management officer position that would include responsibility for tracking of project funds provided to the General Services Administration and accounted for in the working capital fund cost center. (Action: A)

## Contract Administration

FMS' contract administration and oversight of its primary operations and maintenance contract with the primary contractor, EMCOR, were lax. Consequently, there is no assurance that reimbursable services performed by the contractor or its subcontractors are being obtained at a reasonable cost to the Department. These functions are the responsibility of the contracting officer representative (COR) as delineated in 14 FAH-2 H-513.

The operations and maintenance contractor has been in place for 10 years under two separate contracts. Contract costs since 2005 are estimated at over $50 million. The contract is a firm fixed-price contract with time and materials provisions.

Particularly weak were FMS' procedures to oversee EMCOR's subcontracting functions. The OIG team reviewed 2008 and 2009 task orders files totaling over $2.9 million, ranging from $50,000 to $1 million. These funds were spent by EMCOR for subcontractor services. The file review determined that files often lacked an independent government estimate and evidence of competition in awarding subcontracts. When independent estimates were in the files they appeared to have had no influence on the contract award process or relationship to invoices. For example, FMS' independent government estimate for one project was $26,000. The subcontractor agreed to do the work for $24,000. The final invoice was $62,000. The files did not contain a justification for the increased cost. In another example, the documentation for a $1 million renovation project was also inadequate. Invoices for this project were routinely approved for payment with little apparent review by the COR. CORs are required to review invoices to determine the validity of the costs claimed. In addition, project managers had not completed COR or contracting officer technical representative training.

For the work of its subcontractors, EMCOR charged a 12 percent (combined 4 percent overhead and 8 percent profit) surcharge that was applied to all subcontractor costs, including those costs on cost reimbursable contract line items. This provided no incentive for EMCOR to obtain the lowest price available. In addition, the percentage fees provided to the contractor with additional compensation appears to render the cost reimbursable contract line items "cost-plus-percentage of cost," which is prohibited by 41 U.S.C. § 254.

Invoices paid by the Department included local taxes. The OIG team found that in most cases the subcontractors were billing a 6 percent District of Columbia tax to EMCOR. EMCOR in turn then applied the 12 percent fee to the subcontractor costs, (including the District of Columbia tax) and passed these costs to the Department. FMS approved the payments and by doing so has not ensured the allowability or legality of the transactions. The Federal Acquisition Regulation (FAR) 29.302 prescribes the policies and procedures regarding the exemption or immunity of Federal Government purchases and property from state and local taxation. FAR 52.229-3 delineates when taxes should be paid. Whether any specific purchase is exempt is a legal question requiring the advice and assistance of the agency-designated counsel**.** On June 5, 2009, the Office of the Legal Adviser stated that it could only provide general advice on payment of tax mark-ups on invoices without examining the specific tax involved and the applicable contract terms. FMS estimated the invoices for work done by subcontractors at about $4 million a year. To the extent that the billings and subsequent payment of taxes were improper, recoveries could be significant.

**Recommendation 6:** The Bureau of Administration should determine if the percentage fees provided to the contractor as additional compensation meets criteria for cost-plus percentage of cost. (Action: A)

**Recommendation 7:** The Bureau of Administration should review invoices for work performed by subcontractors to determine the legality of the tax and fee charged by the primary operations and maintenance contractor and obtain recovery where appropriate. (Action: A)

**Recommendation 8:** The Bureau of Administration should implement procedures to provide full monitoring and oversight of contractor's performance to include assurance of full documentation in each task order file. (Action: A)

**Recommendation 9:** The Bureau of Administration should require all project managers and currently designated contracting officer representatives to complete contracting officer representative and contracting officer technical representative training. (Action: A)

## Furniture Procurement

PMSS is staffed with six personnel responsible for selecting and procuring furniture. The staff, consisting of two direct-hires and four hourly-hire contract employees, are tracking and managing 27 furniture projects throughout the Washington DC area and the U.S. Mission to the United Nations in New York.

PMSS provides only minimal oversight of its hourly-hires. CORs have not been designated. According to Department of State Acquisition Regulations 642.2, only Department employees who have completed adequate training may be appointed as CORs. The regulations also state that this policy shall be reinforced by contracting officers. It is the COR's responsibility to ensure that the Department gets what it pays for through good contractor performance.

**Recommendation 10:** The Bureau of Administration should designate contracting officer representatives in the Office of Real Property Management to oversee furniture procurement. (Action: A)

RPM selects and procures furniture for domestic bureaus and offices except for the Bureaus of Consular Affairs and Diplomatic Security. According to 14 FAM Exhibit 221.3, RPM must approve of and/or develop plans for systems furniture prior to the order being placed to ensure that all other project requirements are met. The Office of Acquisitions Management (AQM) is in the process of establishing a group of contracting officers and specialists who will focus on furniture procurements for the Bureaus of Administration, Consular Affairs, and Diplomatic Security.

RPM estimated that streamlining the furniture procurement process will save the Department an estimated $1.3 million annually. In 2009, RPM was charged $820,500 in furniture contract administration fees ranging from 4 to 15 percent by GSA and other agency procurement entities. The objective of AQM and RPM is to centralize all domestic bureaus and offices furniture requests through AQM's procurement vehicle that assesses a 1 percent administration fee.

**Recommendation 11:** The Bureau of Administration should establish procedures to use the Office of Acquisitions Management for all furniture procurements with the exception of special requirements that are procured through other purchasing entities. (Action: A)

## Information Systems

RPM and FMS information systems are very inadequate. RPM and FMS both employ information systems to aid them in processing information related to the management of the Department's real property assets. Between the two organizations, there are three software applications implemented in a stove-piped fashion that do not adequately meet user needs and are duplicative in their functionalities. RPM operates the Integrated Real Property Management System (IRPMS) and is in the process of implementing Archibus, a commercial off-the-shelf product with numerous modules associated with building management. IRPMS was created in-house and consists of a structural query language database that tracks building information such as leases and rents. IRPMS was originally intended to be a project tracking tool, but that functionality is only now being addressed. . FMS runs an older version of the Maximo suite, another commercial off-the-shelf product that processes building information, and is currently piloting an upgrade to a more current version.

Users expressed various preferences and mixed opinions as to the overall utility and accuracy of each product. The OIG team reviewed the functional capabilities claimed by each software product and found significant overlaps in numerous areas. Whether in the products as implemented, or including other available modules of larger software suites, all three applications had overlaps in capabilities involving real property management, funds tracking, and project management. There were similarities between IRPMS and Archibus in the capability to track leasing information and



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manage space occupancy. IRPMS and Maximo overlap in tracking reimbursable work authorizations. Archibus and Maximo have duplicative capabilities in the areas of equipment tracking, service call tracking, and overall facilities maintenance capabilities. In general, both Archibus and Maximo can be considered competing computer-aided facilities management and computerized maintenance management systems.

RPM and FMS never adequately defined the requirements for the information systems they sought. Such requirements gathering and analysis should have been conducted on the "as-is" business model and work flow processes of the organizations without regard to specific software solutions that managers may have desired to implement. Guidance exists within the Department in 5 FAM 620 and the Managing State Projects methodology on how to conduct requirements gathering and prepare a business case analysis. There was no evidence that a requirements gathering phase was conducted prior to, and independent of, the selection of a particular software product. The only planning documentation provided were statements of work.

The software applications appear to have been developed in a rather ad hoc manner with only sporadic adherence to project management methodologies. There has been almost a trial and error approach, with one application having undergone several different pilot phases beginning in 2000. The OIG team found no documentation supporting the initial planning phases outlined in 5 FAM 620, or the control gates outlined in Managing State Projects. Since requirements gathering was not conducted impartially across all organizations dealing with real property, RPM and FMS may have missed the opportunity to integrate systems around a single platform, thereby reducing duplicative processes and leveraging buying power in their licensing agreements.

Further, the duplicative nature of the applications indicate that they should not be regarded as just separate non-major applications, but rather as components of the Department's overall real property asset management program overseeing real property inventory. Such emphasis would highlight the software's role in fulfilling the real property management requirements of Executive Order 13327, Federal Real Property Asset Management, February 2004. In that light, the systems would meet the threshold of a major application, subject to the E-Central Planning Investment Control process and the E-Gov program management office board. Under such scrutiny, the E-Gov program management office board could discover overlaps with other Department entities employing property management software, including the Bureau of Diplomatic Security—which uses Maximo—and the Bureau of Overseas Buildings Operations, to further maximize integration of real property asset management software and realize economies of scale.

**Recommendation 12:** The Bureau of Administration should perform a vendor neutral analysis of workflow processes and business requirements in regards to information systems that support real property asset management to use as the basis for further development activities. (Action: A)

## Coordination with General Services Administration on Leasing

FMS now plays too prominent a role in leasing and unnecessarily complicates an already tedious and time consuming process. In the past, based on 1 FAM 213 and a 2004 agreement with GSA, RPM took the lead on matters of fire and life safety for new leases and lease renewals. FMS served only in an advisory role. Now, FMS participates in direct discussions with GSA. As described below, State Annex (SA)-2 is a good example of how the lack of adherence to defined lines of authority can influence an outcome.

RPM, in collaboration with the GSA, leases office and warehouse space in federal and commercial buildings. GSA's goal is to provide space that meets or exceeds Occupational Safety and Health Administration standards. GSA-leased buildings are subject to local code requirements and inspection. Accordingly, the local county or municipality determines if occupancy is to be permitted after its inspection.

GSA has a vigorous fire protection and life safety program. As part of GSA's vetting process, it solicits fire and life safety input from the tenant agency and the landlord. FMS through RPM provides the Department's recommended fixes for fire and life safety to GSA, which is the final arbiter in these matters. GSA will seek remedies it deems appropriate and negotiate the costs involved with landlords to derive new lease terms.

Agencies can insist on fire and life safety items that exceed local codes to be paid for at their own expense. FMS is empowered to recommend such improvements to RPM which then determines whether or not to bring them to GSA. Until a few years ago, this division of responsibility worked; now FMS takes issues directly to GSA.

According to 1 FAM 213.5, RPM is the Department's liaison with GSA on space and building matters. According to 1 FAM 213.6-2, FMS has the Department's jurisdiction in interpreting fire or life safety code issues, managing the Department's domestic fire protection program, and where appropriate coordinating with GSA.

SA-2 was built as a residential building but the Department uses the GSA-leased building for office space. SA-2 meets Occupational Safety and Health Administration and District of Columbia fire code requirements for a building of its age. RPM, GSA, and the landlord want to enter into a new lease. However, FMS has requested further assurances from GSA and the landlord that the building meets applicable life safety codes. This has delayed lease negotiations and finalization.

**Recommendation 13:** The Bureau of Administration should promulgate a change to1 FAM 213 to clearly outline the Office of Real Property Management's role as the Department's representative on leasing matters with the General Services Administration and the Office of Facilities Management Services as advisory in the process. (Action: A)

## Office Space Assignment Process

RPM lacks the institutional muscle required to manage the Department's domestic real estate holdings. Political forces are allowed to affect RPM's previously approved plans with profound consequences in terms of added costs and scheduling delays. Perhaps, the most egregious example is that of the Bureau of Democracy, Human Rights and Labor (DRL). In 2005, it refused to move to 27,000 square feet of space in the Marshall Wing of the HST building that had been renovated in accordance with the plans that it approved. DRL stayed in its seventh floor offices. Readying the space for other occupants added to the total bill.

More recently, DRL reneged on its agreement to move into the American Red Cross building. While there were no cost consequences of this decision, there were operational implications. It may soon regret this decision as it will eventually have to move from its space to allow Phase 1C of the HST building renovation to proceed. There is no guarantee that leased space large enough to accommodate DRL close to the HST building will be available.

The renovation of the HST building will continue through 2020, during which time offices will be displaced to allow work to go forward in their areas of the building. The Department lacks existing swing space to easily accommodate affected offices and is dependent on GSA to find alternate space. Since there are no guarantees that newly leased space will be in close proximity to the HST building, offices to be displaced need to understand and accept this reality. The Department just recently gave SA-44, the former United States Information Agency headquarters building, back to GSA. Efforts to move offices from the HST building to SA-44 proved futile because of its location across town. While perhaps not ideal, SA-44 provided a viable swing space option that was not pursued. Going forward, limited space options in Foggy Bottom will present even greater challenges for the Department.

## Requesting Space

RPM has less than full confidence in the validity of data provided by offices seeking space. Over time, RPM has found the staffing data submitted by offices, especially the number of hourly-hires requiring space, to be inflated. RPM is very reliant on employee numbers as they influence design and construction, and possibly leasing. RPM generally attempts to substantiate the FTE positions provided on space requirements submissions. It would like to do the same for contractor positions but lacks the means to do so. The requirements to be met by the requesting office are presented in 6 FAM 1712. The first requirement is location preference. The second requirement is the number of employees to be housed, grades and position titles. The FAM does not require the requesting office to provide a staffing pattern to support its request. Having accurate staffing patterns and hourly-hire staff requirements to substantiate a request for space would give RPM a higher degree of certainty by which to respond.

**Recommendation 14:** The Bureau of Administration should promulgate a change to 6 FAM 1712 to include a requirement for requesting offices to provide hourly-hire staff requirements in addition to authorized staffing with mechanisms for verification by the Office of Real Property Management. (Action: A)

## Cellular Telephones and Blackberry Devices

FMS exercises too little control and accountability over cellular telephones and Blackberry devices in its inventory. In March 2009, the Bureau of Administration paid monthly charges for 184 cellular telephones and devices assigned to FMS. However, telephone listings for FMS only show a total of 75 cellular telephones and Blackberry devices issued. There are 62 authorized positions for FMS. As stated in 5 FAM 526.4, the bureau executive director is responsible for developing the overall policy that covers U.S. Government-provided cell phones within bureau and subordinate offices. In addition, 5 FAM 527 requires reviews of monthly statements for accuracy and annual reviews of telephone inventories to validate the need for equipment.

At the time of the inspection, the Bureau of Administration was updating the policy guidance issued in November 2002. The policy called for a routine examination of billings to ensure proper use of such equipment. The updated policy also provides for a routine examination of billings. However, neither provides for a review of the accuracy of inventories of cellular telephones and Blackberry devices.

**Recommendation 15:** The Bureau of Administration should refine and implement its policy on the use of cellular telephones and Blackberry devices to include inventory accountability and timely examination of monthly bills and comparison of billings with issued instruments. (Action: A)

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# LIST OF RECOMMENDATIONS

**Recommendation 1:** The Bureau of Administration should determine if current practices and procedures for managing, operating, and maintaining the Department's real estate holdings are cost effective. (Action: A)

**Recommendation 2:** The Bureau of Administration should calculate the cost per square foot of custodial and maintenance services for buildings it manages and compare the results with General Services Administration figures. (Action: A)

**Recommendation 3:** The Bureau of Human Resources should review the staffing and organization of the Offices of Real Property Management and Facilities Maintenance Services with a view toward rightsizing the offices and rationalizing the distribution of work. (Action: HR.)

**Recommendation 4:** The Bureau of Administration, in coordination with the Office of Management Policy, Rightsizing, and Innovation and the Office of the Legal Adviser, should request personal service contracting authority for the Offices of Real Property Management and Facilities Maintenance Services. (Action: A, in coordination with M/PRI and L)

**Recommendation 5:** The Bureau of Administration should recast position number S-98121, program analyst, to create a financial management officer position that would include responsibility for tracking of project funds provided to the General Services Administration and accounted for in the working capital fund cost center. (Action: A)

**Recommendation 6:** The Bureau of Administration should determine if the percentage fees provided to the contractor as additional compensation meets criteria for cost-plus percentage of cost. (Action: A)

**Recommendation 7:** The Bureau of Administration should review invoices for work performed by subcontractors to determine the legality of the tax and fee charged by the primary operations and maintenance contractor and obtain recovery where appropriate. (Action: A)

**Recommendation 8:** The Bureau of Administration should implement procedures to provide full monitoring and oversight of contractor's performance to include assurance of full documentation in each task order file. (Action: A)

**Recommendation 9:** The Bureau of Administration should require all project managers and currently designated contracting officer representatives to complete contracting officer representative and contracting officer technical representative training. (Action: A)

**Recommendation 10:** The Bureau of Administration should designate contracting officer representatives in the Office of Real Property Management to oversee furniture procurement. (Action: A)

**Recommendation 11:** The Bureau of Administration should establish procedures to use the Office of Acquisitions Management for all furniture procurements with the exception of special requirements that are procured through other purchasing entities. (Action: A)

**Recommendation 12:** The Bureau of Administration should perform a vendor neutral analysis of workflow processes and business requirements in regards to information systems that support real property asset management to use as the basis for further development activities. (Action: A)

**Recommendation 13:** The Bureau of Administration should promulgate a change to1 FAM 213 to clearly outline the Office of Real Property Management's role as the Department's representative on leasing matters with the General Services Administration and the Office of Facilities Management Services as advisory in the process. (Action: A)

**Recommendation 14:** The Bureau of Administration should promulgate a change to 6 FAM 1712 to include a requirement for requesting offices to provide hourly-hire staff requirements in addition to authorized staffing with mechanisms for verification by the Office of Real Property Management. (Action: A)

**Recommendation 15:** The Bureau of Administration should refine and implement its policy on the use of cellular telephones and Blackberry devices to include inventory accountability and timely examination of monthly bills and comparison of billings with issued instruments. (Action: A)

**Recommendation 16:** The Bureau of Administration should expand the orientation program for all staff to include Equal Employment Opportunity training. (Action: A)



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# PRINCIPAL OFFICERS

| Officer | Name | Arrival Date |
|---|---|---|
| Office of Real Property Management | | |
| Director | William Kohlenbush Jr | June 2001 |
| Division Directors | | |
| Special Projects | Robert Sanders | September 2002 |
| Assignments & Utilization | Howard Aldag | January 2000 |
| Design & Construction | Orlando Miguel | January 2005 |
| Project Management & Support Services | Lisa Baxter | May 2009 |
| Office of Facilities Management Services | | |
| Director | Harry Mahar | May 2006 |
| Division Directors | | |
| Facilities Maintenance Services | Charles May | December 2005 |
| Domestic Environmental & Safety | Vacant | |

# ABBREVIATIONS

| | |
|---|---|
| AQM | Office of Acquisitions Management |
| ARRA | American Recovery and Reinvestment Act |
| COR | contracting officer representative |
| DRL | Bureau of Democracy, Human Rights and Labor |
| EEO | Equal Employment Opportunity |
| FAR | Federal Acquisition Regulation |
| FMS | Office of Facilities Management Services |
| FTE | full-time equivalent |
| GSA | General Services Administration |
| HR/RMA | Bureau of Human Resources/Office of Resource Management and Organization Analysis |
| HST | Harry S. Truman |
| IRPMS | Integrated Real Property Management System |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| PMSS | Project Management and Support Services |
| PSC | Personal services contract |
| RPM | Office of Real Property Management |
| SA | state annex |

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