



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

IMPLEMENTATION REVIEW OF ACTION PLAN

Audit of the  
Public Buildings Service,  
Southeast Sunbelt Region's  
Lease Administration Practices  
Report Number A120023/P/4/R12011  
September 27, 2012

*Assignment Number A150039*  
*August 26, 2015*



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

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DATE: August 26, 2015

TO: Michael Goodwin  
Regional Commissioner for PBS (4P)

FROM: *Elizabeth Telo*  
Elizabeth Telo  
Audit Manager  
Southeast Sunbelt Audit Office (JA-4)

SUBJECT: Implementation Review of Action Plan  
Audit of the Public Buildings Service, Southeast Sunbelt Region's  
Lease Administration Practices  
Report Number A120023/P/4/R12011, September 27, 2012  
*Assignment Number A150039*

We have completed an implementation review of the management actions taken in response to the recommendations contained in the subject audit report (see **Appendix A**). The objective of our review was to determine whether PBS has taken the corrective actions as outlined in the Action Plan for the Audit of the Public Buildings Service, Southeast Sunbelt Region's Lease Administration Practices. To accomplish our objective we:

- Examined documentation submitted by PBS supporting its accomplishment of the action plan steps;
- Performed limited testing of the implementation of actions outlined in the action plan; and
- Communicated with PBS personnel.

Our implementation review found that PBS addressed the audit recommendations in the action plan, dated November 2, 2012. If you have any questions regarding this report, please contact me or any member of the audit team at the following:

Elizabeth Telo                      Audit Manager                      [Elizabeth.Telo@gsaig.gov](mailto:Elizabeth.Telo@gsaig.gov)                      (404) 224-2227  
Rhiannon Mastrocola              Auditor-In-Charge                      [Rhiannon.Mastrocola@gsaig.gov](mailto:Rhiannon.Mastrocola@gsaig.gov)                      (404) 658-0961

On behalf of the audit team, I would like to thank you and your staff for your assistance during this review.

## Background

On September 27, 2012, we issued an audit report, *Audit of the Public Buildings Service, Southeast Sunbelt Region's Lease Administration Practices*, to PBS. The Southeast Sunbelt Region's Leasing Division is responsible for lease acquisition and space management throughout the region. The Division evaluates client agency space requirements, markets space needs, negotiates and implements leases and Occupancy Agreements, assigns space, and participates in new construction and renovation/alteration projects.

Our audit found:

- PBS's emphasis on aggregate funds from operations performance masked individual property performance; and
- PBS's poor lease administration practices resulted in payment and billing errors.

To address the issues identified in the report, we recommended the PBS Regional Commissioner:

1. Implement a process to review and evaluate the financial performance of each individual property, instead of focusing solely on the aggregate performance measures for the leased portfolio.
2. Implement processes to ensure that changes to the lease, rent payments, and Occupancy Agreements are processed timely, accurately and in accordance with PBS lease administration policy.

The PBS Regional Commissioner agreed with the report recommendations.

## Results

Our implementation review found that PBS has taken appropriate corrective actions to address the recommendations. We determined that no further action is necessary to address our recommendations.

## Appendix A – Action Plan for Report Number A120023/P/4/R12011

### PBS Action Plan

Designated Responding Official: [REDACTED]  
 Contact Person: [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: November 2, 2012

I Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A120023/P/4/R12011 Lease Administration Practices	1	Complete

**Recommendation**

Implement a process to review and evaluate the financial performance of each individual property, instead of focusing solely on the aggregate performance measures for the leased portfolio;

**PBS Action Plan**

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. Perform Lease Analysis Review of all leases that fall below the 105% and above the 107% thresholds.	1) Example Lease Analysis Spreadsheet (attachment A) 2) Lease analysis review process (attachment B)	<b>Complete</b>
2. Review Top 5 losers & 5 winners per branch during the "Monthly Measures" meeting with Leasing, Portfolio & Budget.	Example of PowerPoint presentation (attachment C)	<b>Complete</b>
3. Incorporate the current monthly Leased FFO review organized by the Office of PBS Financial Services into the regional lease review process to ensure the financial performance of individual properties is evaluated.	Copy of regional response sent in November 2012 for Leased FFO review (attachment K)	<b>Complete</b>

**Appendix A – Action Plan for Report Number A120023/P/4/R12011 (cont.)**

**PBS Action Plan**

Designated Responding Official: [REDACTED]  
 Contact Person: [REDACTED]  
 Telephone Number: [REDACTED]  
 Date: November 2, 2012

Action Report Number/Title	Recommendation Number	Proposed Recommendation Completion Date
A120023/P/4/R12011 Lease Administration Practices	2	Complete

**Recommendation**

Implement processes to ensure that changes to the lease, rent payments, and Occupancy Agreements are processed timely, accurately and in accordance with PBS lease administration policy.

**PBS Action Plan**

Action to be Taken Step-by-Step:	Supporting Documentation:	Documentation will be Sent Last Day of:
1. Implement a 2-Phase approach to review CPI's & Step rent	2-phase approach (attachment D)	Complete
2. Issue additional guidance on OA signature requirements after consulting with the National Rent Bill Management Office (i.e. before RLP is issued)	Copy of Leadership meeting agenda, OA Signature Process, statement from Leasing Director (attachment E)	Complete
3. Perform a bi-annual review of expiring OA's versus draft OAs before expiration	1) Email from Deputy Director outlining process (attachment F) 2) Spreadsheet (attachment G)	Complete
4. Establish an OA review/escalation process	R4 process including Billing Critical & Exceptions to NRBO (attachment H)	Complete
5. Implement a tab-by-tab management review of the lease	Email from Leasing Director regarding R4 process (attachment I)	Complete

**Appendix A – Action Plan for Report Number A120023/P/4/R12011 (cont.)**

**PBS Action Plan**

Designated Responding Official: [REDACTED]  
Contact Person: [REDACTED]  
Telephone Number: [REDACTED]  
Date: November 2, 2012

contract throughout entire process		
6. Implement monthly pre-bill report review process	Copy of Email from Leasing Deputy Director (attachment J)	<b>Complete</b>

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## ***Appendix B – Report Distribution***

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Regional Administrator (4A)

PBS Regional Commissioner (4P)

Regional Counsel (LD4)

Director, Leasing Division (4PR)

Division Director, GAO/IG Audit Response Division (H1ABA)

Assistant IG for Auditing (JA)

Deputy Assistant IG for Investigations (JI)

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