

GAO Highlights

Highlights of [GAO-16-273](#), a report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

GSA annually spends hundreds of millions of dollars making major and minor repairs and alterations to the more than 1,500 federally owned buildings that it holds. GAO's past work has indicated that GSA sometimes encounters "unforeseen site conditions"—conditions that are different from what was expected—in performing this work. Unforeseen conditions can add both time and cost to repair and alteration projects. GAO was asked to review issues related to tenant repair and alteration projects. This report addresses (1) information about the extent, impact, and cause of unforeseen site conditions on selected projects, and (2) how GSA identifies and assesses the risks of unforeseen conditions.

GAO reviewed 18 non-generalizable repair and alteration projects funded from fiscal year 2010 to 2013, valued at \$2 million or more; interviewed GSA project managers and contracting officers about these projects; reviewed project documents; and interviewed a non-generalizable sample of organizations and individuals knowledgeable about the construction industry (industry stakeholders).

What GAO Recommends

GAO recommends that GSA develop and implement a plan for analyzing information it collects to identify the role of unforeseen conditions in repair and alteration projects and the specific causes and impacts of these conditions. GSA agreed with the recommendation and the agency stated it will develop a plan to address it.

View [GAO-16-273](#). For more information, contact David J. Wise at (202) 512-2834 or wised@gao.gov.

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FEDERAL REAL PROPERTY

GSA Could Better Identify Risks of Unforeseen Conditions in Repair and Alteration Projects

What GAO Found

Both industry stakeholders and General Services Administration (GSA) officials told GAO that unforeseen conditions in repair and alteration projects are common. Such conditions, for example, included an unknown wood subflooring discovered during demolition work. Among the impacts identified by the stakeholders were increased project costs and schedule delays. In general, data are limited on unforeseen conditions since GSA does not analyze this type of information. Most of the repair and alteration projects GAO reviewed—11 of 18 projects—experienced an unforeseen condition. The overall impact of the unforeseen conditions on the 18 projects GAO reviewed was largely limited. On 9 of the 11 projects that experienced such conditions, the cost to remediate them accounted for 1 to 5 percent of the project's original construction contract award amount, and on one project the cost was approximately 6 percent. These amounts were below the typical 10 percent construction contingency GSA adds to project costs. Schedule impacts were also limited: 4 of the 11 projects experienced delays ranging from 23 to 105 days. GAO also found that three projects reviewed that did not experience unforeseen conditions were attached to larger projects that did experience these conditions. In two of these larger projects the cost increases from unforeseen conditions were about \$2 million each. Incomplete building drawings and lack of building information were among the possible causes of the unforeseen conditions experienced in the projects GAO reviewed.

GSA has a variety of methods to identify and assess risks of unforeseen conditions. GSA's *Project Planning Guide* states that, among other things, facility condition assessments and site surveys should be conducted initially. GSA guidance also calls for preparation of a project management plan (PMP), which includes a risk assessment matrix. GAO found that, in general, GSA used at least one of its risk identification methods on the projects reviewed. For example, GAO found that GSA prepared PMPs for 13 of the 18 projects reviewed. Three of the remaining five projects were attached to larger projects that had PMPs and GSA was unable to provide a PMP for the other two projects. However, GSA's risk identification was sometimes inconsistent with unforeseen conditions that were actually experienced. For example, on 11 of the projects, GSA did not identify risks that later materialized during the project. The *Standards for Internal Control in the Federal Government* state that agencies should comprehensively identify risks using a variety of quantitative and qualitative methods. GSA officials told GAO that contract change orders are used to document unforeseen conditions that result in a change to the contract, but that these change orders are not analyzed to identify what role these conditions represent on projects or their causes or impacts. As shown in the projects GAO reviewed, unforeseen conditions can delay schedules and increase project costs—in some cases in the millions of dollars. Analyzing project information such as change orders would allow GSA to better know what role unforeseen conditions play in repair and alteration projects and the magnitude of this risk.