



Asset Leadership Network (ALN)

Response to GSA Request

Retrospective Review of GSA Regulations

Additional Response

Review of GSA Personal Property Policy Regulations
GSA Office of Governmentwide Policy

March 27, 2015

The Asset Leadership Network (ALN) is responding to GSA's request for input regarding potential regulatory reductions, changes and updates for asset management. The ALN advocates the adoption and implementation of standards in GSA policy revisions.

The OMB and the White House are continuing their initiative for cost savings as directed in EO 13589¹ and OMB M-12-12², as they evaluate current and future budget constraints. This search by OMB and the White House for more potential savings reflects the recognition that excessive regulatory burden creates undue costs for the business of government, and, therefore, the public. The effective and efficient management of government assets is fundamental in an environment where there are competing demands for government resources.

The OMB M-12-12 stated the case: "The Federal Government has a responsibility to act as a careful steward of taxpayer dollars, ensuring that Federal funds are used for purposes that are appropriate, cost effective, and important to the core mission of executive departments and agencies". GSA's search to streamline policies and regulations to create efficiencies and to save costs, is core to GSA's mission of "providing value to both the American taxpayer and the agencies of the federal government". In order to fulfill GSA's purpose in guiding federal agencies in the management of all assets and to add value, it needs to encompass the full asset management lifecycle in its policies. Policy changes must cover all asset types (real property and personal property which includes mobile assets) in order for true savings and efficiencies to be obtained. GSA policy currently only covers acquisition and disposal leaving the actual *management* of assets (items that are "in use") as a huge void, therefore, obfuscating savings that could be obtained with overall authoritative policy and guidance for the efficient management of assets.

It is recognized by industry and various government entities that efficiencies in the management of assets can best be achieved through the use of best practices and Voluntary Consensus Standards (VCS) as directed under OMB A-119³. Standards, such as the ISO 55000 Asset Management standards guide the development of an integrated policy framework for the

¹ Executive Order 13589, "Promoting Efficient Spending", Nov. 9, 2011

² Office of Management and Budget (OMB) Memo, M-12-12, "Promoting Efficient Spending to Support Agency Operations", May 11, 2011

³ Office of Management and Budget (OMB) A-119, "Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities", 1998 as revised



strategic management of assets. Policy revisions should seek to incorporate the principles of ISO 55000 and provide guidance to the agencies for use of other relevant standards such as those developed by the ASTM E53 committee on Asset Management. Incorporating standards in policy would add strategic value for long term savings to the government, flexibility to the agencies and create an overarching management system for all asset types that commands the realization of value from all agencies' assets.

The ISO 55000 standards stress stakeholder involvement in decision making for the acquisition and management of assets to ensure that assets are acquired to meet mission needs. The ISO 55000 standards are designed to promote engaged leadership and identifies the tools and processes necessary to assure/verify that an asset management *system* exists that meets the standard's requirements which demonstrate that an entity has effective asset management that continuously realizes value from its assets.

To support these important policy changes, GSA will need to establish performance measures to track agencies' progress in achieving asset management objectives. Assurance is an important element for ISO 55000 and for the government's accountability in the use of the taxpayer's dollars and stewardship of its assets. GSA will need to identify standards for agencies to monitor their performance, and their results should be supplied to Congress along with the agency's budget submission. GSA's performance measure requirements will help meet the requirements of Government Performance and Results Modernization Act (GPRMA) 2010 for *transparency* and performance accountability.

Policy revisions need to provide the requirement for each agency to have a senior level Asset Manager with overall responsibility for Real Property, Information Technology Assets, Personal Property, and all Mobile assets (motor vehicles, aviation and vessels). The Asset Manager would work with other senior agency officials - Chief Financial Officer (CFO), Chief Information Officer, Chief of Real Property and human resources to integrate the strategic planning of *all* assets and resources for the agency.

The benefits of improved asset management, with an integrated focus on whole life cycle value realization, are robustly proven in many industries and environments. One example of costs savings from the application of standards principles is reflected in savings obtained in Operating Expenses and Capital Expenditures by changing focus from isolated capital planning to working with operational based planning for budgeting. One such instance produced a reduction of 57 million Euro in lifecycle costs for unplanned interventions and 66 million Euro reduction by extending the useful lifetime of assets from applying appropriate intervention strategy. These types' savings and more would apply to not only infrastructure type assets, but also real property and personal property to include all mobile assets as well.

Adoption of standards into the fabric of regulatory and policy reforms will help the government to have a full economic view of consequences related to a decision to acquire assets. Expenditure decisions should be made regardless of the dollars classification as either Capital Expenditure (CAPEX) ----appropriated-----or Operating Expense (OPEX). To the American public, a dollar is a dollar regardless of from which bucket it is pulled.

Application of industry standards will enable efficiencies, provide tools to gather the dependable information needed to make informed decisions, and produce the performance measures to give assurance and transparency to the American people that the government is managing its assets effectively and efficiently.



This endeavor upon completion will validate the need for GSA to have proper authority to regulate and provide guidance for the complete asset management lifecycle: acquisition, *management* and disposition. GSA needs to set policy based on standards such as ISO 55000 so enhanced decision-making concerning the acquisition and *management* of assets is ensured to have the highest and most efficient returns to the taxpayer and to the government.

Respectfully Submitted

Asset Leadership Network

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