

United States General Accounting Office

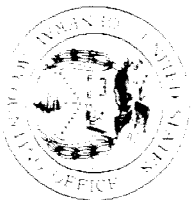
GAO

Fact Sheet for the Ranking Minority  
Member, Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives

September 1991

## ASSET MANAGEMENT

### Governmentwide Asset Disposition Activities



145109

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General Government Division  
B-246015

September 27, 1991

The Honorable Dick Schulze  
Ranking Minority Member  
Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives

Dear Mr. Schulze:

The federal government has a fragmented approach to managing and disposing of assets targeted for disposition. Over time, authority for managing and disposing of these assets has been given to many agencies,<sup>1</sup> and congressional oversight has been spread among numerous committees. The result of such fragmentation has been the absence of a governmentwide asset disposition policy and the lack of any central control over asset disposition activities as illustrated by the absence of a governmentwide inventory of these assets.

This fact sheet, prepared at your request, provides such an inventory and describes the extent of federal government involvement in asset disposition activities.

#### The Inventory

We organized the information in this fact sheet by agency and by major asset type. We divided all assets into three primary groups: financial assets, real property, and personal property. Financial assets include items such as performing and nonperforming loans, cash, stocks, and bonds. Real property includes residential and commercial real estate, farmland, and vacant land. Personal property includes all other property, such as furniture, computer equipment, vehicles, vessels, and aircraft.

Appendix I gives an overview of the agencies involved in asset disposition, including the types and value of their assets. As shown in table 1, we identified 22 agencies that reported having assets targeted for disposition valued at \$193 billion at the end of fiscal year 1990.

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<sup>1</sup>For purposes of this fact sheet, we are using the term agency to include all entities identified in this fact sheet that dispose of property.

Table 1: Assets Targeted for Disposition as of September 30, 1990 (Dollars in Millions)

<u>Agency</u>	<u>Financial assets</u>	<u>Real property</u>	<u>Personal property</u>	<u>Total</u>
Bureau of Indian Affairs	\$ 0	\$ 0	\$ 6	\$ 6
Bureau of Reclamation	0	0	1	1
U.S. Customs Service	446	5	654	1,105
Defense Logistics Agency	0	0	4,014	4,014
Economic Development Administration	0	5	0	5
Department of Education*	0	0	0	0
Department of Energy	0	12	236	248
Environmental Protection Agency	0	2	0	2
Farmers Home Administration	0	654	0	654
Federal Deposit Insurance Corporation <sup>b</sup>	23,655	4,574	4,184	32,413
Federal Maritime Administration	0	0	56	56
General Services Administration	19	395	5,867	6,281
U.S. Geological Survey <sup>c</sup>	0	0	0	0
Government Printing Office	0	0	6	6
Department of Housing and Urban Development	0	1,788	0	1,788
Internal Revenue Service <sup>d</sup>	62	0	14	76
U.S. Marshals Service	418	602	267	1,287
National Credit Union Administration	147	23	6	176
U.S. Postal Service	0	26	2	28
Resolution Trust Corporation <sup>e</sup>	112,900	20,900	8,400	142,200
Small Business Administration	0	80	1	81
Department of Veterans Affairs	<u>1,739</u>	<u>600</u>	<u>0</u>	<u>2,339</u>
<b>Total</b>	<b><u>\$139,386</u></b>	<b><u>\$29,666</u></b>	<b><u>\$23,714</u></b>	<b><u>\$192,766</u></b>

\*Education did not have property to dispose of as of September 30, 1990, but disposed of \$30.3 million in fiscal year 1990.

<sup>b</sup>Federal Deposit Insurance Corporation figures are as of November 30, 1990.

<sup>c</sup>Geological Survey did not have property to be disposed of as of September 30, 1990, but disposed of \$8.8 million in fiscal year 1990.

<sup>d</sup>Internal Revenue Service total excludes real property seizures.

<sup>e</sup>Resolution Trust Corporation real property includes property owned by failed or failing institutions but does not include the building in which the institution is housed.

Nine of the 22 agencies accounted for more than 99 percent of the assets (by value). One entity, the Resolution Trust Corporation (RTC), not only reported having more assets than all the other entities combined--almost 74 percent of the total asset value--but also had the most of each of the 3 major asset types. The government acquired the vast majority--91 percent--of the assets, as measured by value, from failing or failed financial institutions.

Over 72 percent of the reported \$193 billion in the asset inventory was in the form of financial assets, held predominately by RTC and the Federal Deposit Insurance Corporation (FDIC). Over 15 percent of the assets were in the form of real property, the majority of which was held by RTC, FDIC, and the Department of Housing and Urban Development (HUD). Personal property accounted for more than 12 percent of the inventory, with RTC, the General Services Administration (GSA), FDIC, and the Defense Logistics Agency (DLA) being the primary holders.

## Asset Management

Appendix II provides information about how the agencies managed these assets during fiscal year 1990. As shown in table 2, the 22 agencies reported having over 15,000 employees involved in asset management and disposition and paying more than \$1.6 billion for contracted services.

Table 2: Number of Federal Employees Involved in Asset Management and Disposition and Amount Spent on Related Contractor Services in Fiscal Year 1990 (Dollars in Millions)

<u>Agency</u>	<u>Number of employees</u>	<u>Contract costs</u>
Bureau of Indian Affairs	142	\$ 0.0
Bureau of Reclamation	12	0.0
Customs Service	12	18.5
Defense Logistics Agency	3,858	99.7
Economic Development Administration	1	2.0
Education	2	5.8
Energy <sup>a</sup>	21	0.0
Environmental Protection Agency		
Farmers Home Administration	473	62.5
Federal Deposit Insurance Corporation	2,406	101.8
Federal Maritime Administration	7	0.9
General Services Administration	425	2.1
Geological Survey	1	0.0
Government Printing Office	10	0.0
Housing and Urban Development <sup>c</sup>	1,000	357.0
Internal Revenue Service	77	0.0
Marshals Service	240	21.0
National Credit Union Administration	9	0.3
Postal Service <sup>d</sup>	8	0.0
Resolution Trust Corporation <sup>e</sup>	5,820	748.8
Small Business Administration	75	1.5
Veterans Affairs	440	194.6
Total	<u>15,039</u>	<u>\$1,616.5</u>

<sup>a</sup>Officials stated that the dollar amount of contractor services was unknown but that it probably was in the thousands.

<sup>b</sup>Officials stated that they employ both in-house employees and private contractors for managing property dispositions, but could not provide information on the number of employees and contract costs.

<sup>c</sup>Number of employees for single family housing only. Officials were unable to provide the number of employees for multifamily housing.

<sup>d</sup>Contractor services totaled \$5,800.

<sup>e</sup>Data as of March 23, 1991.

The 22 agencies reported similar methods of managing and maintaining assets before their disposition, despite the many different laws and regulations related to asset disposition and despite oversight by at least 25 congressional committees. For example, all 22 agencies reported using in-house staff to manage the assets, and 17 also reported contracting for services. Most of these 17 contracted for management, maintenance, or disposal services by using fixed fee contracts. In addition,

- 19 agencies reported using automatic databases to track their inventories,
- 20 agencies reported conducting physical inventories,
- 15 agencies reported auditing their asset disposition activities, and
- 15 agencies reported assessing asset disposition activities when making their internal control assessments under the Federal Managers' Financial Integrity Act (FIA).

#### Asset Disposal

Appendix III describes characteristics of the disposal process. Again, we found the activities among the 22 agencies to be similar in many respects. For example,

- 17 agencies reported coordinating disposals with other agencies,
- all 22 agencies reported having internal controls to prevent conflicts of interest, and
- 17 agencies reported having to deal with factors beyond their control that adversely affected their ability to dispose of assets.

Most of the property--about 90 percent--was reportedly disposed of by sale, and the agencies reportedly received \$80.0 billion from these sales in fiscal year 1990. In addition, most agencies reported being able to retain at least part of the sales proceeds rather than returning all proceeds to the Treasury as miscellaneous receipts.

#### Agency Profiles

Appendix IV profiles the programs of the nine agencies that managed over 99 percent of the assets. In this appendix, we have included, among other things, information on statutory authority, congressional oversight, inventory, distribution of sales proceeds, and staffing.

#### Opportunities for Consolidation

In a related effort, GAO recently recommended that certain asset disposition activities of the U.S. Customs Service and the

Department of Justice, the latter which are handled by the U.S. Marshals Service, be consolidated.<sup>2</sup> Together, these two agencies managed and disposed of less than 2 percent of the assets in the government's inventory. Nevertheless, we estimated consolidation would save about \$2.5 million annually in administrative costs by reducing duplication of effort and would lead to additional savings in contractor costs as a result of economies of scale.

### Approach

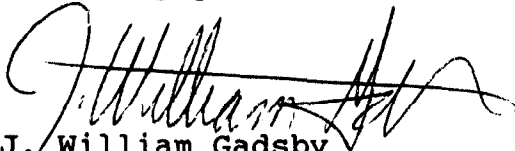
This fact sheet relies on information provided by agency officials in response to a GAO questionnaire and follow-up inquiries to discuss this information, but formal agency comments were not obtained. Where possible, the statistics are as of September 30, 1990. Generally, we did not independently verify the information provided. Appendix V provides additional details on our objectives, scope, and methodology, including the rationale for excluding certain organizations from our study.

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We are sending copies of this fact sheet to the Chairman and Ranking Minority Member of the Senate Governmental Affairs Committee; the Chairman and Ranking Minority Member of the House Government Operations Committee; and the Director, Office of Management and Budget.

Major contributors to this fact sheet are listed in appendix VI. If you have any questions on the material provided, please call me at (202) 275-8387.

Sincerely yours,



J. William Gadsby  
Director, Federal  
Management Issues

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<sup>2</sup>See Asset Forfeiture: Noncash Property Should be Consolidated Under the Marshals Service (GAO/GGD-91-97, June 28, 1991).

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#### ABBREVIATIONS

DLA	Defense Logistics Agency
EPA	Environmental Protection Agency
FIA	Federal Managers' Financial Integrity Act
FmHA	Farmers Home Administration
FDIC	Federal Deposit Insurance Corporation
GSA	General Services Administration
GPO	Government Printing Office
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
OMB	Office of Management and Budget
RTC	Resolution Trust Corporation

INVENTORY OF ASSETS TARGETED FOR DISPOSITION  
AS OF SEPTEMBER 30, 1990

Twenty-two agencies maintained their own programs for disposing of assets. As of September 30, 1990, these 22 agencies valued their inventories of assets targeted for disposition at \$193 billion.

As shown in table I.1, which ranks the agencies according to the value of their inventories, 9 agencies each reported having assets valued at more than \$600 million. Together, these 9 agencies were responsible for more than 99 percent of the total inventory. And, as we show in table I.1 and in figure I.1, RTC held 73.8 percent of the total inventory. The two largest agencies, RTC and FDIC, together held 90.6 percent of the total inventory.

**Table I.1: Value of Total Inventory of Assets Targeted for Disposition as of September 30, 1990 (Dollars in Millions)**

Rank	Agency	Value of inventory
1	Resolution Trust Corporation*	\$142,200
2	Federal Deposit Insurance Corporation <sup>b</sup>	32,413
3	General Services Administration	6,281
4	Defense Logistics Agency	4,014
5	Veterans Affairs	2,339
6	Housing and Urban Development	1,788
7	Marshals Service	1,287
8	Customs Service	1,105
9	Farmers Home Administration	654
10	Energy	248
11	National Credit Union Administration	176
12	Small Business Administration	81
13	Internal Revenue Service <sup>c</sup>	76
14	Federal Maritime Administration	56
15	Postal Service	28
16	Government Printing Office	6
17	Bureau of Indian Affairs	6
18	Economic Development Administration	5
19	Environmental Protection Agency	2
20	Bureau of Reclamation	1
21	Education <sup>d</sup>	0
21	Geological Survey <sup>e</sup>	0
<b>Total</b>		<b>\$192,766</b>

\*Resolution Trust Corporation real property includes property owned by failed or failing institutions but does not include the building in which the institution is housed.

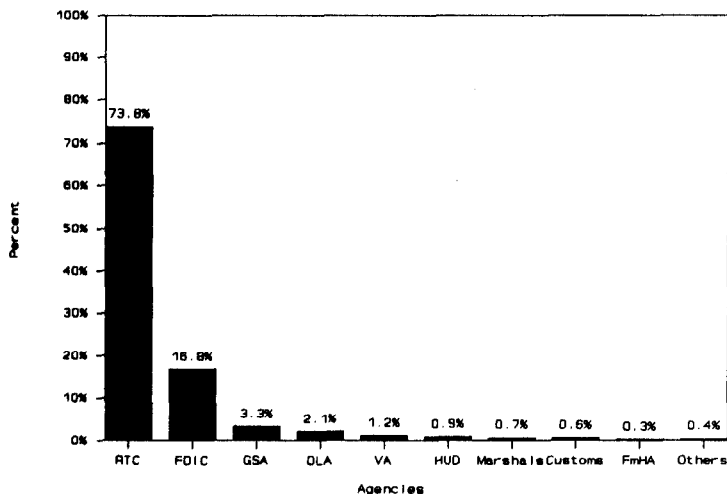
<sup>b</sup>Federal Deposit Insurance Corporation figures are as of November 30, 1990.

<sup>c</sup>Internal Revenue Service totals exclude real property seizures.

<sup>d</sup>Education did not have property to dispose of as of September 30, 1990, but disposed of \$30.3 million in fiscal year 1990.

<sup>e</sup>Geological Survey did not have property to be disposed of as of September 30, 1990, but disposed of \$8.8 million in fiscal year 1990.

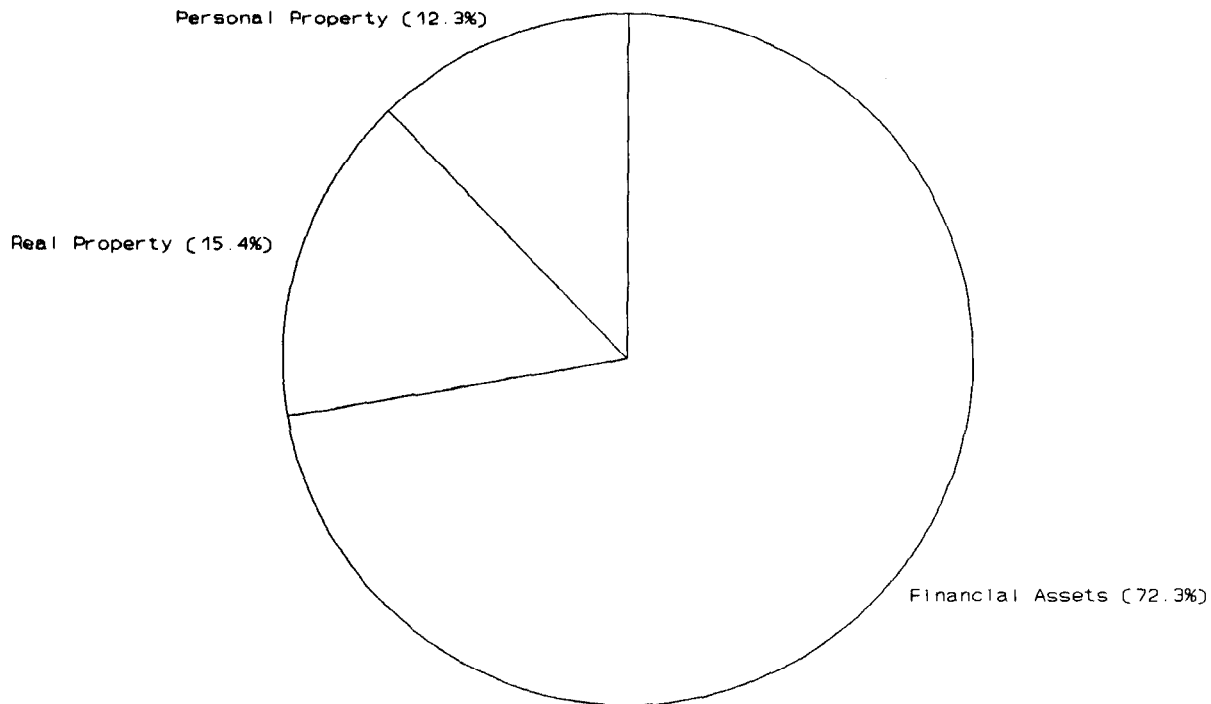
**Figure I.1: Percentage of Government's Inventory of Assets Targeted for Disposition by Agency as of September 30, 1990**



**TYPES OF ASSETS TARGETED FOR DISPOSITION**

Financial assets accounted for the largest single type of assets in the overall inventory. As shown in figure I.2, financial assets reportedly accounted for \$139.4 billion (72.3 percent) of the inventory. Real property was valued at \$29.7 billion (15.4 percent), while personal property was valued at \$23.7 billion (12.3 percent).

Figure I.2: Value and Percentage of Total Inventory of Assets Targeted for Disposition as of September 30, 1990 by Type of Asset



As shown in tables I.2, I.3, and I.4 and in figures I.3, I.4, and I.5, RTC held the largest inventory of each type of asset. Also, the vast majority of each type of asset was held by relatively few agencies, although the specific agencies varied somewhat by type of asset. For example,

- 5 of the 22 agencies--RTC, FDIC, Customs, Marshals Service, and Veterans Affairs--reported holding more than 99 percent of the financial assets;
- 7 of the 22 agencies--RTC, FDIC, HUD, Veterans Affairs, Marshals Service, FmHA, and GSA--reported holding more than 99 percent of the real property; and
- 5 of the 22 agencies--RTC, GSA, FDIC, DLA, and Customs--reported holding more than 97 percent of the personal property.

**Table I.2: Value of Inventory of Financial Assets Targeted for Disposition as of September 30, 1990 (Dollars in Millions)**

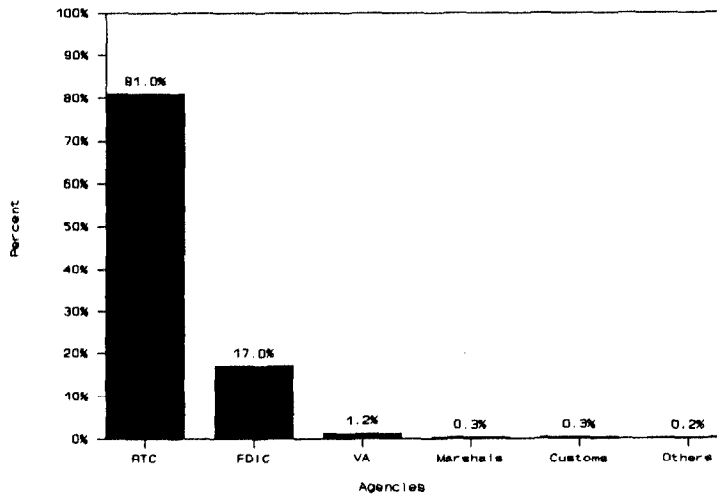
<u>Rank</u>	<u>Agency</u>	<u>Value of Inventory</u>
1	Resolution Trust Corporation	\$112,900
2	Federal Deposit Insurance Corporation <sup>a</sup>	23,655
3	Veterans Affairs	1,739
4	Customs Service	446
5	Marshala Service	418
6	National Credit Union Administration	147
7	Internal Revenue Service	62
8	General Services Administration	19
9	Bureau of Indian Affairs <sup>b</sup>	0
9	Bureau of Reclamation <sup>b</sup>	0
9	Defense Logistics Agency <sup>b</sup>	0
9	Economic Development Administration <sup>b</sup>	0
9	Education <sup>c</sup>	0
9	Energy <sup>b</sup>	0
9	Environmental Protection Agency <sup>b</sup>	0
9	Farmers Home Administration <sup>b</sup>	0
9	Federal Maritime Administration <sup>b</sup>	0
9	Geological Survey <sup>b</sup>	0
9	Government Printing Office <sup>b</sup>	0
9	Housing and Urban Development <sup>b</sup>	0
9	Postal Service <sup>b</sup>	0
9	Small Business Administration <sup>b</sup>	0
<b>Total</b>		<b>\$139,386</b>

<sup>a</sup>Federal Deposit Insurance Corporation figures are as of November 30, 1990.

<sup>b</sup>Agency did not have financial assets targeted for disposition as of September 30, 1990, and did not dispose of financial assets in fiscal year 1990.

<sup>c</sup>Education did not have financial assets to be disposed of as of September 30, 1990, but disposed of \$26.9 million in fiscal year 1990.

**Figure I.3: Percentage of Government's Inventory of Financial Assets Targeted for Disposition by Agency as of September 30, 1990**



**Table I.3: Value of Inventory of Real Property Targeted for Disposition as of September 30, 1990 (Dollars in Millions)**

Rank	Agency	Value of inventory
1	Resolution Trust Corporation <sup>a</sup>	\$20,900
2	Federal Deposit Insurance Corporation <sup>b</sup>	4,574
3	Housing and Urban Development	1,788
4	Farmers Home Administration	654
5	Marshals Service	602
6	Veterans Affairs	600
7	General Services Administration	395
8	Small Business Administration	80
9	Postal Service	26
10	National Credit Union Administration	23
11	Energy	12
12	Economic Development Administration	5
13	Customs Service	5
14	Environmental Protection Agency	2
15	Bureau of Indian Affairs <sup>c</sup>	0
15	Bureau of Reclamation <sup>c</sup>	0
15	Defense Logistics Agency <sup>c</sup>	0
15	Education <sup>d</sup>	0
15	Federal Maritime Administration <sup>c</sup>	0
15	Geological Survey <sup>c</sup>	0
15	Government Printing Office <sup>c</sup>	0
15	Internal Revenue Service <sup>e</sup>	0
<b>Total</b>		<b>\$29,666</b>

<sup>a</sup>Resolution Trust Corporation real property includes property owned by failed or failing institutions but does not include the building in which the institution is housed.

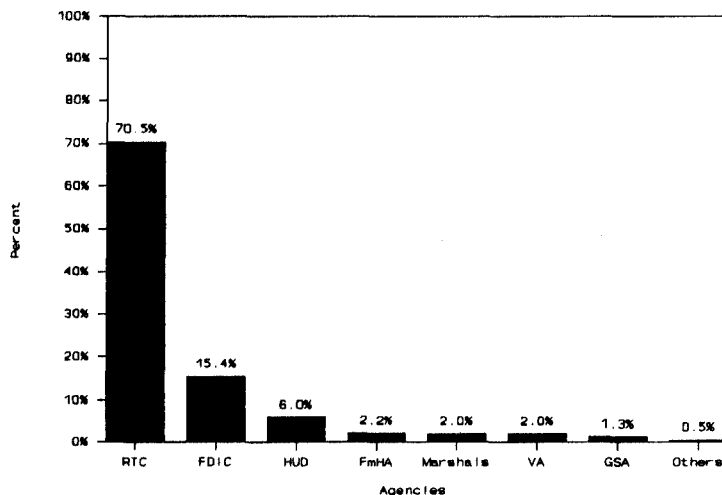
<sup>b</sup>Federal Deposit Insurance Corporation figures are as of November 30, 1990.

<sup>c</sup>Agency did not have real property targeted for disposition as of September 30, 1990, and did not dispose of real property in fiscal year 1990.

<sup>d</sup>Education did not have real property to dispose of as of September 30, 1990, but disposed of \$3.3 million in fiscal year 1990.

<sup>e</sup>Internal Revenue Service totals exclude real property seizures.

**Figure 1.4: Percentage of Government's Inventory of Real Property Targeted for Disposition by Agency as of September 30, 1990**





**Table I.4: Value of Inventory of Personal Property Targeted for Disposition as of September 30, 1990 (Dollars in Millions)**

<u>Rank</u>	<u>Agency</u>	<u>Value of inventory</u>
1	Resolution Trust Corporation <sup>a</sup>	\$ 8,400
2	General Services Administration	5,867
3	Federal Deposit Insurance Corporation <sup>b</sup>	4,184
4	Defense Logistics Agency	4,014
5	Customs Service	654
6	Marshals Service	267
7	Energy	236
8	Federal Maritime Administration	56
9	Internal Revenue Service	14
10	National Credit Union Administration	6
11	Government Printing Office	6
12	Bureau of Indian Affairs	6
13	Postal Service	2
14	Small Business Administration	1
15	Bureau of Reclamations	1
16	Economic Development Administration <sup>c</sup>	0
16	Education <sup>d</sup>	0
16	Environmental Protection Agency <sup>e</sup>	0
16	Farmers Home Administration <sup>e</sup>	0
16	Geological Survey <sup>e</sup>	0
16	Housing and Urban Development <sup>e</sup>	0
16	Veterans Affairs <sup>e</sup>	0
<b>Total</b>		<b>\$23,714</b>

<sup>a</sup>Resolution Trust Corporation real property includes property owned by failed or failing institutions but does not include the building in which the institution is housed.

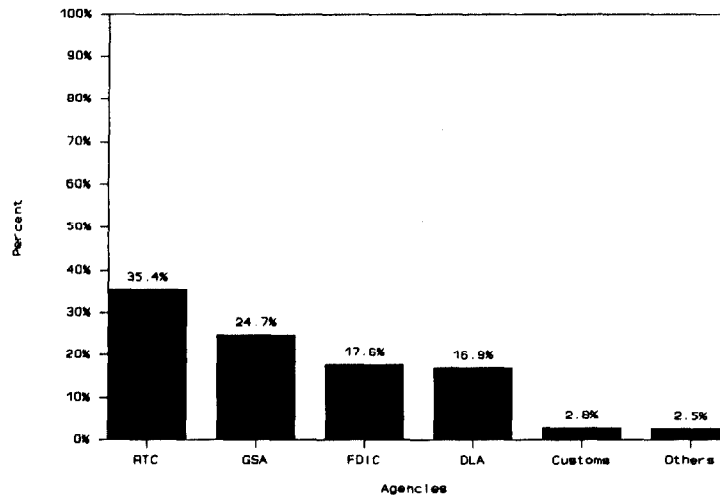
<sup>b</sup>Federal Deposit Insurance Corporation figures are as of November 30, 1990.

<sup>c</sup>Agency did not have personal property targeted for disposition as of September 30, 1990, and did not dispose of personal property in fiscal year 1990.

<sup>d</sup>Education did not have personal property to dispose of as of September 30, 1990, but disposed of \$200,000 in fiscal year 1990.

<sup>e</sup>Geological Survey did not have personal property to dispose of as of September 30, 1990, but disposed of \$8.8 million in fiscal year 1990.

**Figure I.5: Percentage of Government's Inventory of Personal Property Targeted for Disposition by Agency as of September 30, 1990**



ACQUISITION METHODS

The 22 agencies reported acquiring assets subject to disposition through a wide range of activities related to their specific missions or operations. Their assets included property (1) acquired from failing or failed financial institutions, (2) designated as excess to the government's needs, (3) assumed as the result of a loan foreclosure, (4) abandoned or unclaimed, and (5) seized as a result of a law enforcement operation.

More than 90 percent of the property in the inventory as of September 30, 1990, came from failing or failed financial institutions. This figure accounts for RTC and FDIC having the largest inventories of the 22 agencies included in our study.

VALUATION METHODS

No governmentwide standard exists for determining the value of property subject to disposition. The 22 agencies reported using the following four primary methods:

- acquisition cost: the original cost of the item when purchased;
- book value: the acquisition cost less depreciation;
- appraisal value: the value of the item as determined by an appraiser or expert; or
- market value: the amount for which similar assets in like condition are being purchased in the marketplace.

Table I.5 shows the valuation methods being used by the 22 agencies.

Table I.5: Agencies Methods for Determining the Value of Assets Targeted for Disposition

<u>Agency</u>	<u>Financial assets</u>	<u>Real property</u>	<u>Personal property</u>
Bureau of Indian Affairs	.	Acquisition cost	Acquisition cost
Bureau of Reclamation	.	Acquisition cost	Book value
Customs Service	Market value	Appraised value	Appraised value
Defense Logistics Agency	.	.	Acquisition cost
Economic Development Administration	.	Acquisition cost	.
Education	Market value	Acquisition cost	Acquisition cost
Energy	.	Appraised value	Acquisition cost
Environmental Protection Agency	.	Acquisition cost	.
Farmers Home Administration	.	Appraised value	.
Federal Deposit Insurance Corporation	Market value; appraised value	Appraised value	Book value
Federal Maritime Administration	.	.	Market value
General Services Administration	Market value	Appraised value	Acquisition cost
Geological Survey	.	.	Acquisition cost
Government Printing Office	.	Acquisition cost	Acquisition cost
Housing and Urban Development	.	Book value; appraised value	.
Internal Revenue Service	.	.	Appraised value; book value
Marshals Service	Face value; market value; Appraised value	Appraised value	appraised value; market value
National Credit Union Administration	Book value; market value	Market value	Book value; market value;
Postal Service	.	Appraised value	Appraised value
Resolution Trust Corporation	Market value; book value	Book value	Acquisition cost; market value
Small Business Administration	.	Acquisition cost	Appraised value
Veterans Affairs	Face amount of securities; book value	Appraised value	Book value
			Acquisition cost

\*Agency did not have this type of asset.

AGENCY METHODS FOR MANAGING ASSETS TARGETED FOR DISPOSITION

No governmentwide policy exists for managing and disposing of assets targeted for disposition. Rather, agencies operate under different policies and procedures. Table II.I provides a summary of the statutes and regulations governing the asset disposition authority of the 22 agencies in our study. We are currently analyzing those laws related to real property dispositions to identify the similarities and differences in the policies and procedures related to those dispositions.

Table II.1: Agencies' Statutory and Regulatory Authority for Managing and Disposing of Assets

<u>Agency</u>	<u>Statutory authorities</u>	<u>Regulatory authorities</u>
Bureau of Indian Affairs	16 USC 18f-1; 25 USC 190, 293, 293a, 293b, 294, 443a, 483	
Bureau of Reclamation	43 USC 374, 375, 375b, 375c, 376, 424, 424a, 561-564, 570, 571	43 CFR Part 402
Customs Service	19 USC 1602-1619	19 CFR Part 162, Subpart E
Defense Logistics Agency	40 USC 484, 485	32 CFR Part 359, Appendix B, Number 18
Economic Development Administration	42 USC 3211	13 CFR 306.33; 13 CFR Part 314
Education	20 USC 639, 640, 1221e-3; 40 USC 484(k)	34 CFR Part 12, Part 221, Subpart H; 41 CFR 101-47.2 and 101-47.3
Energy	42 USC 2113, 2201, 2301, 5814, 7151	41 CFR Part 109-50
Environmental Protection Agency	42 USC 9604(j)	
Farmers Home Administration	7 USC 1981, 1985, 2002; 42 USC 1480	7 CFR Part 1955, Subpart C
Federal Deposit Insurance Corporation	12 USC 1821 (c)(9)(B), 1821(d)(2)(D) and (E), 1821(d)(16)(A), 1823(d)(4), 1823(f)(2)(A)	12 CFR Part 360
Federal Maritime Administration	46 USC 1158, 1275	46 CFR Part 298, Subpart E
General Services Administration	16 USC 667b; 23 USC 107, 317; 40 USC 304a, 304f-304m, 306, 319, 345b-c, 605, 471 <u>et seq.</u> ; 42 USC 11411; 50 USC Appendix 1622	14 CFR Part 155; 23 CFR Part 712, Subpart E; 36 CFR Part 14; 41 CFR Parts 101-43 through 101-47
Geological Survey	No specific provisions apply	
Government Printing Office	44 USC 309, 312	
Housing and Urban Development	12 USC 1701g-5b, 1701z-2, 1701z-4, 1701z-11, 1703, 1706c, 1706c, 1709, 1710, 1713, 1715c, 1715k-m, 1715v-y, 1715z-6, 1715z-7, 1715z-13, 1738, 1739, 1743, 1747, 1747a, 1747f-g, 1748b, 1748h-1, 1748h-2, 1749bb, 1749hh, 1749aaa, 1749aaa-2, 1750b-c, 1750g; 42 USC 1524, 1581, 1586-1589, 1589c-d, 1592, 1592a, 1592d-e, 1592h, 3535, 3902, 3906, 4527, 11411	24 CFR 200-202a; 24 CFR Part 41, Part 290, Part 291, Part 590, Part 886
Internal Revenue Service	26 USC 6331(b), 6335, 6336, 6863, 7324(4), 7325(4), 7326(a), 5872(b), 7505, 7506, 7327	26 CFR 301.6331-1 through 301.6365-2; 26 CFR 301.7304-1 through 301.7328-1
Marshals Service	28 USC 524	28 CFR 0.111(i)
National Credit Union Administration	12 USC 1757, 1766, 1787, 1788	7 CFR Part 710
Postal Service	18 USC 981; 19 USC 1602-1621; 21 USC 881; 39 USC 401(f)	39 CFR 226.2, 233.7; 39 CFR Part 946
Resolution Trust Corporation	12 USC 1441a(b)(3) and (12), 1441a(c)	12 CFR Part 1609
Small Business Administration	15 USC 634, 636, 637(b)(1)(F), 685, 687(f), 693	13 CFR 101.2-10; 13 CFR 101.3-2, Part IV, Section A; 13 CFR 120.204-2
Veterans Affairs	38 USC 1005, 1820, 1824, 1832, 1833, 1842, 1850, 5003, 5022, 5024, 5104	38 CFR Part 36

CONGRESSIONAL OVERSIGHT

The numerous statutory authorities for asset disposition and the wide range of agencies holding such assets translates into fragmented congressional oversight of asset disposition. As shown in table II.2, the 22 agencies identified 25 congressional committees that have jurisdiction over various elements of their asset disposition activities. In addition, appropriation and budget committees have general jurisdiction over all agencies.

**Table II.2: Committees Overseeing Agencies with Inventories of Assets Targeted for Disposition**

<u>Agency</u>	<u>Oversight committees</u>	
	<u>House</u>	<u>Senate</u>
Bureau of Indian Affairs	Interior and Insular Affairs	Select Committee on Indians
Bureau of Reclamation	Interior and Insular Affairs Government Operations	Energy and Natural Resources
Customs Service	Ways and Means Government Operations Judiciary	Governmental Affairs Judiciary
Defense Logistics Agency	Armed Services Government Operations	Armed Services Governmental Affairs
Economic Development Administration	Public Works and Transportation	Environment and Public Works
Education	Government Operations	Governmental Affairs
Energy	Energy and Commerce Government Operations	Energy and Natural Resources Governmental Affairs
Environmental Protection Agency	Energy and Commerce Government Operations	Governmental Affairs Environment and Public Works
Farmers Home Administration	Agriculture Banking, Finance and Urban Affairs Government Operations	Agriculture, Nutrition and Forestry Banking, Housing and Urban Affairs Governmental Affairs
Federal Deposit Insurance Corporation	Banking, Finance, and Urban Affairs Government Operations	Banking, Housing and Urban Affairs Governmental Affairs
Federal Maritime Administration	Merchant Marine and Fisheries	Commerce, Science, and Transportation
General Services Administration	Government Operations Public Works and Transportation	Governmental Affairs Environment and Public Works
Geological Survey	Interior and Insular Affairs	Energy and Natural Resources
Government Printing Office	Congressional Joint Committee on Printing	Congressional Joint Committee on Printing
Housing and Urban Development	Banking, Finance and Urban Affairs Government Operations	Banking, Housing and Urban Affairs Governmental Affairs
Internal Revenue Service	Ways and Means Government Operations	Governmental Affairs
Marshals Service	Judiciary Government Operations	Judiciary Governmental Affairs
National Credit Union Administration	Banking, Finance, and Urban Affairs Government Operations	Banking, Housing and Urban Affairs Governmental Affairs
Postal Service	Post Office and Civil Service Government Operations	Governmental Affairs
Resolution Trust Corporation	Banking, Finance, and Urban Affairs Government Operations Ways and Means	Banking, Housing, and Urban Affairs Governmental Affairs
Small Business Administration	Small Business Government Operations	Small Business Governmental Affairs
Veterans Affairs	Veterans Affairs Government Operations	Veterans Affairs Governmental Affairs

MANAGEMENT STRUCTURE AND METHODS

The broad management structures and methods the agencies used to handle assets targeted for disposition are similar. However, the emphasis on these structures and methods varied somewhat among the agencies. For example:

- All 22 agencies reported having in-house staffs for managing property targeted for disposition, and 17 of the 22 also contracted for services. The 5 agencies that did not contract for services--Bureau of Indian Affairs, Bureau of Reclamation, U.S. Geological Survey, Government Printing Office (GPO), and Internal Revenue Service (IRS)--had less than 0.1 percent of the governmentwide inventory as of September 30, 1990.
- The number of in-house personnel, as estimated by agency officials, ranged from 1 person each at the Economic Development Administration and Geological Survey to over 5,800 at RTC.
- Costs of contract services ranged from under \$10,000 at the U.S. Postal Service to over \$748 million at RTC. The most commonly contracted services were management, maintenance, and disposal. The most common type of contract was fixed fee.

Table II.3 lists the 22 agencies according to the number of in-house employees involved in managing assets targeted for disposition as reported by agency officials. It also shows the amount of contract services for each agency. Table II.4 summarizes the services provided under these contracts.

Table II.3: Number of Employees and Value of Contracted Services Related to Assets Targeted for Disposition (Dollars in Millions)

<u>Agency</u>	<u>Number of employees</u>	<u>Rank</u>	<u>Contractor costs</u>	<u>Rank</u>
Resolution Trust Corporation <sup>a</sup>	5,820	1	\$ 748.8	1
Defense Logistics Agency	3,858	2	99.7	5
Federal Deposit Insurance Corporation	2,406	3	101.8	4
Housing and Urban Development	1,000	4	357.0	2
Farmers Home Administration	473	5	62.5	6
Veterans Affairs	440	6	194.6	3
General Services Administration	425	7	2.1	10
Marshals Service	240	8	21.0	7
Bureau of Indian Affairs	142	9	0.0	18
Internal Revenue Service	77	10	0.0	18
Small Business Administration	75	11	1.5	12
Energy	21	12	b	15
Bureau of Reclamation	12	13	0.0	18
Customs Service	12	13	18.5	8
Government Printing Office	10	14	0.0	18
National Credit Union Administration	9	15	0.3	14
Postal Service	8	16	c	16
Federal Maritime Administration	7	17	0.9	13
Education	2	18	5.8	9
Economic Development Administration	1	19	2.0	11
Geological Survey	1	19	0.0	18
Environmental Protection Agency	d	d	d	d
<b>Total</b>	<b>15,039</b>		<b>\$1,616.5</b>	

<sup>a</sup>Data as of March 23, 1991.

<sup>b</sup>Officials stated that the dollar amount of contractor services was unknown but probably was in the thousands.

<sup>c</sup>Contractor services totaled \$5,800.

<sup>d</sup>Officials stated that they employ both in-house employees and private contractors for managing property dispositions, but could not provide information on the number of employees and contract costs.

Table II.4: Types of Contracted Services and Contracts

<u>Agency</u>	<u>Types of contracted services</u>			<u>Types of Contracts</u>		
	<u>Management</u>	<u>Maintenance</u>	<u>Disposal</u>	<u>Cost plus award fee</u>	<u>Fixed fee</u>	<u>None</u>
Bureau of Indian Affairs						X
Bureau of Reclamation						X
Customs Service	X	X	X	X		
Defense Logistics Agency	X	X	X		X	
Economic Development Administration		X	X		X	
Education	X	X			X	
Energy	X	X		X	X	
Environmental Protection Agency*						
Farmers Home Administration	X	X	X		X	
Federal Deposit Insurance Corporation	X	X	X	X	X	
Federal Maritime Administration		X		X	X	
General Services Administration		X	X		X	
Geological Survey						X
Government Printing Office						X
Housing and Urban Development	X	X	X		X	
Internal Revenue Service						X
Marshals Service	X	X	X		X	
National Credit Union Administration	X	X	X		X	
Postal Service			X		X	
Resolution Trust Corporation	X	X	X	X	X	
Small Business Administration	X	X	X		X	
Veterans Affairs	X	X	X		X	
<b>Total</b>	<b>12</b>	<b>15</b>	<b>13</b>	<b>5</b>	<b>15</b>	<b>5</b>

\*Officials were unable to provide this information.

MONITORING AND EVALUATION METHODS

To monitor and evaluate their asset disposition activities, the 22 agencies reported using a variety of methods, including the use of automated databases, physical inventories, audits, and assessment of FIA compliance. As shown in table II.5,

- 19 agencies reported maintaining or developing automated databases to track inventories;
- 20 agencies reported conducting physical inventories, usually on an annual basis or more often;
- 15 agencies reported using either in-house personnel or external parties to audit asset management and disposition activities; and
- 15 agencies reported including their asset management and disposition activities in their annual FIA assessments and generally assessed these activities as having a low to moderate vulnerability to fraud, waste, and abuse.



Table II.5: Monitoring and Evaluation Methods

Agency	Automated database		Physical inventory		Audits		FIA assessment		
	Yes	No	Yes	No	Yes	No	Yes	No	Assessment
Bureau of Indian Affairs	X		X			X	X		Low/high <sup>a</sup>
Bureau of Reclamation	X		X		X		X		Low
Customs Service	X		X		X		X		High
Defense Logistics Agency	X		X		X		X		Moderate
Economic Development Administration		X	X			X		X	
Education		X	X		X			X	
Energy	X		X			X	X		Low
Environmental Protection Agency	X			X		X		X	
Farmers Home Administration	X			X	X		X		High
Federal Deposit Insurance Corporation	X		X		X			X	
Federal Maritime Administration	X		X		X		X		Low
General Services Administration	X		X		X		X		Low/moderate <sup>b</sup>
Geological Survey	X		X		X		X		Moderate
Government Printing Office	X		X		X			X	
Housing and Urban Development	X		X <sup>c</sup>		X		X		High
Internal Revenue Service	X		X			X	X		Moderate
Marshals Service	X		X		X		X		Unknown
National Credit Union Administration		X	X		X		X		Low/moderate <sup>d</sup>
Postal Service	X		X			X		X	
Resolution Trust Corporation	X <sup>e</sup>		X		X			X	
Small Business Administration	X		X			X	X		High
Veterans Affairs	X		X		X		X		Moderate
Total	19	3	20	2	15	7	15	7	

<sup>a</sup>Bureau of Indian Affairs was low for real property and high for personal property.

<sup>b</sup>GSA was moderate for fiscal year 1990 donations and sales programs and low for all other property.

<sup>c</sup>HUD conducts inventories of multifamily assets but not single family assets.

<sup>d</sup>National Credit Union Administration was low for the property managed by the Asset Liquidation Management Center and moderate for property under administrative use.

<sup>e</sup>RTC is developing a database.

CHARACTERISTICS OF THE DISPOSAL PROCESS

Characteristics of the disposal process for the 22 agencies in our study were similar. Most agencies said they coordinated disposal activities with other agencies, all said they had internal controls to prevent conflicts of interest, and most cited factors outside of their control that adversely affected their ability to dispose of the assets. Generally, the property was sold, as opposed to being donated or destroyed, and, in most cases, the agencies retained at least part of the sales proceeds.

COORDINATION

Seventeen of the 22 agencies said they coordinated their disposal activities with other agencies disposing of similar assets. Five agencies reported having no formal coordination mechanisms in place. They were the Environmental Protection Agency (EPA), FmHA, GPO, HUD, and National Credit Union Administration.

As shown in table III.1, agencies said they coordinated with GSA more than with any other agency, and they coordinated such activities as sales and other agencies' need for the property. Other examples of coordination included the following:

- The Federal Maritime Administration coordinated with the Navy for help in determining if other agencies needed the available vessels.
- FDIC coordinated with the Department of the Interior to ensure FDIC complied with requirements of the Coastal Barrier Improvement Act of 1990.
- Local Small Business Administration offices coordinated joint sales with other agencies.

Table III.1: Interagency Coordination

Agency	Coordinated with other agencies		Agencies	
	No	Yes	GSA	Other
Bureau of Indian Affairs		X	X	
Bureau of Reclamation		X	X	
Customs Service		X		Coast Guard, Secret Service, and Fish and Wildlife Service
Defense Logistics Agency		X	X	
Economic Development Administration		X	X	Small Business Administration
Education		X	X	OMB, Securities and Exchange Commission, and Treasury
Energy		X	X	Department of Defense
Environmental Protection Agency	X			
Farmers Home Administration	X			
Federal Deposit Insurance Corporation		X		FmHA, Interior, RTC, and Small Business Administration
Federal Maritime Administration		X		Navy
General Services Administration		X		All agencies
Geological Survey		X	X	
Government Printing Office	X			
Housing and Urban Development	X			
Internal Revenue Service		X		Justice and Marshals Service
Marshals Service		X	X	
National Credit Union Administration	X			
Postal Service		X	X	Coast Guard, Justice, Marshals Service, Navy, Federal Bureau of Investigation, Drug Enforcement Administration, and state and local governments
Resolution Trust Corporation		X	X	Interior and FDIC
Small Business Administration		X	X	HUD, IRS, Veterans Affairs, Commerce, and FDIC
Veterans Affairs		X	X	HUD
Total	5	17	11	

CONFLICTS OF INTEREST

All 22 agencies said they had internal controls designed to prevent conflicts of interest when disposing of the property. In addition, all of the agencies except GPO and HUD prohibited employees from buying assets.

FACTORS ADVERSELY AFFECTING DISPOSAL

Most of the 22 agencies cited factors outside of their control that adversely affected their ability to dispose of assets. As shown in table III.2, three primary factors were given:

- 14 agencies cited legislative or regulatory factors,
- 13 agencies cited environmental factors, and
- 8 agencies cited economic factors.

Table III.2: Factors Adversely Affecting Disposal

<u>Agency</u>	<u>Legislative and regulatory factors</u>	<u>Environmental factors</u>	<u>Economic factors</u>	<u>Other</u>
Bureau of Indian Affairs	X	X		
Bureau of Reclamation				
Customs Service	X	X		X
Defense Logistics Agency	X	X		X
Economic Development Administration	X	X		
Education				
Energy		X	X	
Environmental Protection Agency	X	X		
Farmers Home Administration	X		X	X
Federal Deposit Insurance Corporation	X	X	X	X
Federal Maritime Administration	X	X		
General Services Administration	X	X		X
Geological Survey				
Government Printing Office				
Housing and Urban Development	X		X	
Internal Revenue Service				
Marshals Service	X	X		X
National Credit Union Administration	X		X	X
Postal Service	X	X		
Resolution Trust Corporation	X	X	X	X
Small Business Administration		X	X	X
Veterans Affairs			X	
<b>Total</b>	<b>14</b>	<b>13</b>	<b>8</b>	<b>9</b>

DISPOSAL METHODS

The 22 agencies reported using a number of methods to dispose of assets. About 90 percent of the assets were sold. The remaining assets were disposed of through other means, such as destruction, write-offs, retention for federal government use, donations, or exchanges.

During fiscal year 1990, the agencies reported receiving \$80.0 billion from sales of assets. Since, as shown in table I.5, the agencies used various methods--including the original acquisition cost--to value the assets, we could not determine the government's return on its investment. Determining the return would require knowing the actual value of all assets sold, which was beyond the scope of this review.

DISTRIBUTION OF SALES PROCEEDS

As shown in table III.3, almost all of the agencies said they retained at least part of the sales proceeds from their property disposition activities. For example,

- seven agencies said they retained all their proceeds;
- eight agencies said they retained some of the proceeds, returned part of the funds to the Treasury, and/or shared proceeds with other entities;
- Bureau of Indian Affairs and Education said they deposited all the proceeds in the Treasury;
- IRS said it deposited some proceeds in the Treasury and placed the remainder in a specially designated fund;
- GSA said it returned some proceeds to the holding agencies, deposited some in the Treasury, and deposited the remainder in a specially designated fund;
- EPA said it had no sales proceeds because it disposed of its assets by donating them to public municipalities;
- FDIC said it paid preferred, secured, and general creditors, liquidated administrative costs, and paid FDIC receivership claims; and
- RTC said it returned the proceeds to the Federal Financing Bank to repay working capital.

Table III.3: Distribution of Sales Proceeds

<u>Agency</u>	<u>Retained all proceeds</u>	<u>Retained some/ shared with other entities/ deposited part in Treasury</u>	<u>Other</u>
Bureau of Indian Affairs		X	X
Bureau of Reclamation		X	
Customs Service		X	
Defense Logistics Agency		X	
Economic Development Administration	X		
Education			X
Energy		X	
Environmental Protection Agency			X
Farmers Home Administration	X		
Federal Deposit Insurance Corporation			X
Federal Maritime Administration	X		
General Services Administration			X
Geological Survey		X	
Government Printing Office	X		
Housing and Urban Development		X	
Internal Revenue Service			X
Marshals Service		X	
National Credit Union Administration	X		
Postal Service		X	
Resolution Trust Corporation			X
Small Business Administration	X		
Veterans Affairs	<u>X</u>	<u>—</u>	<u>—</u>
Total	7	8	7

CHARACTERISTICS OF THE NINE AGENCIES WITH THE LARGEST VOLUME  
OF ASSETS TARGETED FOR DISPOSITION

As shown in table I.1, 9 of the 22 agencies in our study managed over 99 percent of the assets. This appendix provides the following information about these 9 agencies' asset disposition activities as reported by those agencies:

- the agency's overall mission;
- statutory and regulatory authority;
- disposal program objective;
- House and Senate Oversight Committees;
- estimated value of inventory as of September 30, 1990;
- percentage of the total government inventory; and
- agency's asset disposition characteristics.

Table IV.1: Program Profile for the Resolution Trust Corporation

**Overall Agency Mission:** To resolve insolvent thrifts and to manage and dispose of insolvent thrift assets

**Statutory and Regulatory Authorities:** 12 U.S.C. 1441a(b)(3) and (12), 12 U.S.C. 1441a(c); 12 C.F.R. Part 1609

**Disposal Program Objective:** To maximize the net present value return from the sale of insolvent institutions or the assets of such institutions, minimize the impact of the sales on local real estate and financial markets, maximize the preservation of affordable residential housing for low and moderate income individuals, and minimize the loss realized in the resolution of the insolvent savings and loans

**Oversight Committees:**

- House Committee on Banking, Finance, and Urban Affairs
- House Committee on Ways and Means
- Senate Committee on Banking, Housing, and Urban Affairs

**Inventory Value as of September 30, 1990:** \$142.2 billion

**Percentage of Total Government Inventory:** 74%

<u>Inventory composition</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial assets	\$112,900	79
Real property <sup>a</sup>	16,700	12
Subsidiaries <sup>b</sup>	4,200	3
Personal property	<u>8,400</u>	<u>6</u>
Total	<u>\$142,200</u>	<u>100%</u>

Data element

Response

Sales proceeds

\$72.2 million

Distribution of proceeds

Returned to the Federal Financing Bank to repay working capital.



Full-time program staff	5,820
Contractor cost fiscal year 1990	\$748.8 million
Coordinates with other agencies	Yes, GSA, FDIC, and Interior
Automated database for tracking inventory	Being developed
Controls preventing conflict of interest	Internal Ethics policies
Physical inventories conducted	Contractors are required to conduct physical inventories
Assessed under FIA	No, RTC is not subject to this act.
Asset disposition activities audited	Yes

<sup>a</sup>The number of properties as of 9/30/90 was not available.

<sup>b</sup>Companies wholly owned by the failed thrift

Table IV.2: Program Profile for the Federal Deposit Insurance Corporation

**Overall Agency Mission:** To promote and preserve public confidence in banks and to protect the money supply through provision of insurance coverage for bank deposits and periodic examinations of insured state-chartered banks that are not members of the Federal Reserve System

**Statutory and Regulatory Authorities:** 12 U.S.C. 1821(d)(16)(A), 12 U.S.C. 1821(c)(9)(B), 12 U.S.C. 1821(d)(2)(D) and (E), 12 U.S.C. 1823(d)(4), 12 U.S.C. 1823(f)(2)(A), and 12 C.F.R. Part 360

**Disposal Program Objective:** To recover the maximum amount of the corporation's investment in acquired properties by disposing of these properties at the best possible prices within a reasonable period of time

**Oversight Committees:**

House Committee on Banking, Finance, and Urban Affairs  
Senate Committee on Banking, Housing, and Urban Affairs

**Inventory Value as of September 30, 1990:** \$32.4 billion

**Percentage of Total Government Inventory:** 17%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial assets	137,198 <sup>a</sup>	\$23,655	73
Real property			
Commercial property	1,404		
Multifamily property	482		
Land properties	2,620		
Residential	3,109		
Unspecified	2,589		
Subtotal	<u>10,204</u>	<u>4,574</u>	<u>14</u>
Personal property	<u>11,869</u>	<u>4,184</u>	<u>13</u>
Total	<u>159,271<sup>+</sup></u>	<u>\$32,413</u>	<u>100%</u>

Data elementResponse

Sales proceeds \$1,074.5 million

Distribution of proceeds	Pays preferred, secured, and general creditors, liquidates administrative costs, and pays FDIC's receivership claims
Full-time program staff	2,406
Contractor cost calendar year 1990	\$101.8 million
Coordinates with other agencies	Yes, FmHA, SBA, Interior and RTC
Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Bidders are required to execute noncollusion agreements and disclosure of FDIC employee interest statement.  Asset contractors must disclose any conflicts of interest.  FDIC employees must excuse themselves from a transaction in which a conflict exists.  FDIC ethics training for all employees.
Physical inventories conducted	Yes
Assessed under FIA	No, FDIC is not subject to this act.
Asset disposition activities audited	Yes

<sup>a</sup>The exact number is not available.

**Table IV.3: Program Profile for the General Services Administration**

**Overall Agency Mission:** To establish policy and provide the Government an economical and efficient system for the management of its property and records, including the construction and operation of buildings, procurement and distribution of supplies, the use and disposal of property, transportation, traffic, and communications management, and management of the governmentwide automatic data processing resources program

**Statutory and Regulatory Authorities:** 16 U.S.C. 667b; 23 U.S.C. 107, 23 U.S.C. 317; 40 U.S.C. 304a, 40 U.S.C. 304f-304m, 40 U.S.C. 306, 40 U.S.C. 319, 40 U.S.C. 345b, 40 U.S.C. 345c, 40 U.S.C. 605, 40 U.S.C. 471 et. seq.; 42 U.S.C. 11411; 50 U.S.C. App. 1622; 14 C.F.R. Part 155; 23 C.F.R. Part 712, Subpart E; 36 C.F.R. Part 14; 41 C.F.R. Parts 101-43 through 101-47

**Disposal Program Objective:** To conduct sales in an efficient, expeditious manner and obtain maximum net returns with a minimum of inconvenience to holding agencies

**Oversight Committees:**

House Committee on Public Works and Transportation  
Senate Committee on Environment and Public Works

**Inventory Value as of September 30, 1990:** \$6.3 billion

**Percentage of Total Government Inventory:** 3%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial assets	33	\$19	.3
Real property			
Single-family housing	26	4	
Multifamily	8	5	
Commercial	77	283	
Vacant Land	101	78	
Other	<u>68</u>	<u>35</u>	
Subtotal	<u>280</u>	\$ <u>395</u>	<u>6.3</u>
Personal property	Unknown	<u>\$5,867</u>	<u>93.4</u>
Total	Unknown	<u>\$6,281</u>	<u>100.0%</u>

<u>Data element</u>	<u>Response</u>
Sales proceeds	\$ 27.0 from real property program <u>\$146.0</u> from personal property <u>\$173.0</u> total
Distribution of proceeds	Real property program-- Land and Water Conservation Fund, U.S. Treasury, and holding agency personal property program-- holding agency
Full-time program staff	149 in real property program <u>276</u> in personal property program <u>425</u> total
Contractor cost fiscal year 1990	\$1.9 million for real property .2 million for personal property <u>\$2.1</u> million total
Coordinates with other agencies	Yes, all executive agencies
Automated database for tracking inventory	Yes
Controls preventing conflict of interest notices posted at sales	Financial Disclosure Statements, report of outside employment, prohibiting employees and their families from bidding
Physical inventories conducted	Yes
Assessed under FIA	Yes <sup>a</sup>
Asset disposition activities audited	No, on GSA-controlled assets Yes, for real property

<sup>a</sup>See p. 25 for more information.

Note 1: The Federal Property Resource Service manages the real property program.

Note 2: The Federal Supply Service manages the personal property program.

Table IV.4: Program Profile for the Defense Logistics Agency

**Overall Agency Mission:** To provide effective and efficient worldwide logistical support to the Military Departments and the Unified and Specified Commands in peace and war. The Defense Reutilization and Marketing Service is the integrated manager of its worldwide personal property disposal operations, including reutilization of serviceable assets in support of the Military Departments and other authorized components

**Statutory and Regulatory Authorities:** 40 U.S.C. 484, 40 U.S.C. 485, and 32 C.F.R. Part 359, App. B. No. 18

**Disposal Program Objectives:** To dispose of assets by reusing excess military personal property within the Department of Defense (DOD), transferring excess property to a non-DOD federal agency, donating excess property to a state or charitable organization, or selling excess property to obtain the highest return on the dollar

**Oversight Committees:**

- House Committee on Armed Services
- Senate Committee on Armed Services

**Inventory Value as of September 30, 1990:** \$4.0 billion

**Percentage of Total Government Inventory:** 2%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Usable personal property	645,939	\$4,013.6	not available

<u>Data element</u>	<u>Response</u>
Sales proceeds	\$135.9 million
Distribution of proceeds	U.S. Treasury and approved Defense programs for recycling materials, industrial funds, military assistance, and nonappropriated fund activities
Full-time program staff	3,858
Contractor cost fiscal year 1990	\$99.7 million
Coordinates with other agencies	Yes, GSA

Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Personnel who receive property are not normally allowed to release the same property
Physical inventories conducted	Yes
Assessed under FIA	Yes <sup>a</sup>
Asset disposition activities audited	Yes

<sup>a</sup>See p. 25 for additional information.

**Table IV.5: Program Profile for the Department of Veterans Affairs**

**Overall Agency Mission:** To manage various programs to benefit veterans and members of their families, including compensation payments for disabilities, military-related deaths, pensions, education and rehabilitation, and home loan guaranty programs

**Statutory and Regulatory Authorities:** 38 U.S.C. 1820, 1824, 1832, 1833, 1850, 5003, 5022, 5024, 5104, 1005, 1842; 38 C.F.R. Part 36

**Disposal Program Objective:** To recover the maximum amount of the government's investment in acquired properties by disposing of these properties at the best possible prices within a reasonable period of time

**Oversight Committees:**

House Committee on Veterans Affairs  
Senate Committee on Veterans Affairs

**Inventory Value as of September 30, 1990:** \$2.3 billion

**Percentage of Total Government Inventory:** 1%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial assets	47,715 <sup>a</sup>	\$1,738.9	74
Real property			
Single-family housing	<u>16,227</u>	<u>600.4</u>	<u>26</u>
Total	<u>63,942+</u>	<u>\$2,339.3</u>	<u>100%</u>

**Data element****Response**

Sales proceeds	\$2,612.1 million
Distribution of proceeds	Veterans Affairs revolving funds
Full-time program staff	440
Contractor cost fiscal year 1990	\$194.6 million
Coordinates with other agencies	Yes, HUD



Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Open listing by brokers, employees are prohibited from buying except under specific guidelines.
Physical inventories conducted	Yes
Assessed under FIA	Yes <sup>b</sup>
Asset disposition activities audited	Yes

<sup>a</sup>The exact number is not available.

<sup>b</sup>See p. 25 for more information.

Table IV.6: Program Profile for the Department of Housing and Urban Development

**Overall Agency Mission:** To achieve the best administration of the principal programs of the federal government which provide assistance for housing and for the development of the nation's communities. The Federal Housing Administration (FHA) manages HUD's mortgage insurance programs which help families become homeowners, facilitate the construction and rehabilitation of rental units, and provide rental assistance programs for lower income families.

**Statutory and Regulatory Authorities:** 12 U.S.C. 1701g-5b, 1701z-2, 1701z-4, 1701z-11, 1703, 1706c, 1706e, 1709, 1710, 1713, 1715e, 1715k-m, 1715v-y, 1715z-6, 1715z-7, 1715z-13, 1738, 1739, 1743, 1747, 1747a, 1747f, 1747g, 1748b, 1748h-1, 1748h-2, 1749bb, 1749hh, 1749aaa, 1749aaa-2, 1750b-c, 1750g; 42 U.S.C. 1524, 1581, 1586-1589, 1589c-d, 1592, 1592a, 1592d-e, 1592h, 3535, 3902, 3906, 4527, 11411; 24 C.F.R. 200-202a; 24 C.F.R. Part 41, Part 290, Part 291, Part 590, Part 886

**Disposal Program Objective:** To reduce the inventory of acquired properties using methods to maximize net return without adversely affecting the character of residential communities

**Oversight Committees:**

House Committee on Banking, Finance, and Urban Affairs  
Senate Committee on Banking, Housing, and Urban Affairs

**Inventory Value as of September 30, 1990:** \$1.8 billion

**Percentage of Total Government Inventory:** 0.9%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Real Property			
Single-family	38,920	\$1,571.7	88%
Multifamily	55	216.6	12%
<b>Total</b>	<b>38,975</b>	<b>\$1,788.3</b>	<b>100%</b>

Data element

Response

Sales proceeds \$3,311.5 million

Distribution of proceeds FHA mortgage insurance fund, the U.S. Treasury

Full-time program staff Single-family housing--1,000, multifamily--not available

## APPENDIX IV

## APPENDIX IV

Contractor cost fiscal year 1990	\$357 million
Coordinates with other agencies	No
Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Single-family--contractual and administrative controls multifamily--property either sold competitively or through negotiated sales with nonprofit organizations.
Physical inventories conducted	No for single-family program Yes for multifamily program
Assessed under FIA	Yes <sup>a</sup>
Asset disposition activities audited	Yes

<sup>a</sup>See p. 25 for more information.

Table IV.7: Program Profile for the United States Marshals Service

**Overall Agency Mission:** To provide support and protection for the federal courts, including judges and magistrates; apprehend federal fugitives; operate the Federal Witness Security program; maintain custody of and transport federal prisoners; execute court orders and arrest warrants; seize, manage, and sell property forfeited to the government by drug traffickers and other criminals; and respond to emergencies; such as civil disturbances and terrorist situations

**Statutory and Regulatory Authorities:** 28 U.S.C. 524; 28 C.F.R. 0.111(i)

**Disposal Program Objective:** To maximize the return from the sale of properties

**Oversight Committees:**

House Committee on the Judiciary  
Senate Committee on the Judiciary

**Inventory Value as of September 30, 1990:** \$ 1.3 billion

**Percentage of Total Government Inventory:** 0.7%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial assets	9,329	\$ 418	32
Real property			
Residential	2,881	403	
Commercial property	316	72	
Vacant land	592	78	
Farms/ranches	<u>158</u>	<u>48</u>	
Subtotal	3,946	\$ 602	<u>47</u>
Personal property	<u>19,134</u>	<u>267</u>	<u>21</u>
Total	<u>32,409</u>	<u>\$1,287</u>	<u>100%</u>

Data elementResponse

Sales proceeds

\$16.6 million

## APPENDIX IV

## APPENDIX IV

Distribution of sales proceeds	Justice Forfeiture fund, state and local governments
Full-time program staff	240
Contractor cost fiscal year 1990	\$21 million
Coordinates with other agencies	Yes, GSA
Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Agency and contractor employees, their family members and business associates are prohibited from bidding at sales; contract compliance reviews
Physical inventories conducted	Yes
Assessed under FIA	Yes
Asset disposition activities audited	Yes

Table IV.8: Program Profile for the U.S. Customs Service

**Overall Agency Mission:** To collect import revenues and prevent improper entry of goods including (1) assessing, collecting, and protecting revenue accruing to the United States from import duties, taxes, and fees; (2) controlling, regulating, and facilitating carriers, persons, and articles entering or departing the United States to ensure compliance with laws and regulations; and (3) enforcing all statutes, regulations, and rulings governing the admission of articles into the United States

**Statutory and Regulatory Authorities:** 19 U.S.C. 1602-1619; 19 C.F.R. Part 162 Subpart E

**Disposal Program Objective:** To sell to the highest bidder at public auction those seized and forfeited assets that are not retained for official use, transferred to state and local law enforcement agencies, destroyed, or donated to approved private organizations

**Oversight Committees:**

House Committee on Ways and Means

House Committee on the Judiciary

**Inventory Value as of September 30, 1990:** \$1.1 billion

**Percentage of Total Government Inventory:** 0.6%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Financial Assets	4,222	\$ 446.0	40.4
Real property			
Single-family	33		
Commercial	1		
Vacant land	<u>16</u>		
Subtotal	50	4.9	.4
Personal property	<u>29,887</u>	<u>653.6</u>	<u>59.2</u>
Total	<u>34,159</u>	<u>\$1,104.5</u>	<u>100.0%</u>

Data element

Response

Sales proceeds

\$18.6 million

Distribution of proceeds	Forfeiture fund with year end surplus transferred to Treasury's general fund, shares with state and local governments
Full-time program staff	12
Contractor cost fiscal year 1990	\$18.5 million
Coordinates with other agencies	Yes, U.S. Coast Guard, Secret Service, Fish and Wildlife
Automated database for tracking inventory	Yes
Controls preventing conflict of interest	Automated sales database of buyers are checked against Customs, contractor, and subcontractor employee names.
Physical inventories conducted	Yes
Assessed under FIA	Yes <sup>a</sup>
Asset disposition activities audited	Yes

<sup>a</sup>See p. 25 for more information.

Table IV.9: Program Profile for the Farmers Home Administration

**Overall Agency Mission:** To provide credit for farmers and residents in rural America who are unable to obtain credit from other sources at reasonable rates and terms

**Statutory and Regulatory Authorities:** 7 U.S.C. 1981, 7 U.S.C. 1985, 7 U.S.C. 2002; 42 U.S.C. 1480, and 7 C.F.R. Part 1955, Subpart C

**Disposal Program Objective:** To sell acquired properties to program-eligible applicants as quickly as possible at current market value to reduce the cost of retaining properties in government inventory

**Oversight Committees:**

House Committee on Agriculture

House Committee on Banking, Finance, and Urban Affairs

Senate Committee on Agriculture, Nutrition, and Forestry

Senate Committee on Banking, Housing, and Urban Affairs

**Inventory Value as of September 30, 1990:** \$ 653.9 million<sup>a</sup>

**Percentage of Total Government Inventory:** 0.3%

<u>Inventory composition</u>	<u>Number of assets</u>	<u>Value</u> (In Millions)	<u>Percentage of total</u>
Real property			
Single-family	6,750	\$198	30
Farms	<u>3,678</u>	<u>\$456</u>	<u>70</u>
Total	<u>10,428</u>	<u>\$654</u>	<u>100%</u>

Data element

Response

Sales proceeds

\$470.9 million

Distribution of proceeds

FmHA revolving funds

Full-time program staff

473

Contractor cost  
fiscal year 1990

\$62.5 million

Coordinates with  
other agencies

No

Automated database for  
tracking inventory

Yes



Controls preventing  
conflict of interest

Single-family housing--State  
Director issues deeds, use  
contract appraiser, state  
evaluation reviews, coordinated  
assessment reviews.

Farm property--Director issues  
deeds, "surplus" property  
determined by the county committee,  
"surplus" property sold to the  
highest bidder, county committee  
determines purchaser of suitable  
property.

Physical inventories  
conducted

No

Assessed under FIA

Yes<sup>b</sup>

Asset disposition  
activities audited

Yes

<sup>a</sup>According to the Department of Agriculture's 1989 FIA  
evaluation, the acquired property tracking system was in great  
need of improvement. Nevertheless, the information used is the  
best currently available.

<sup>b</sup>See p. 25 for more information.

OBJECTIVES, SCOPE, AND METHODOLOGY

On January 29, 1991, Representative Dick Schulze, Ranking Minority Member of the Subcommittee on Oversight, House Committee on Ways and Means, requested that we prepare a fact sheet detailing certain features of governmentwide property management and disposition activities. In discussions with Committee staff, we agreed to identify the agencies involved in managing assets targeted for disposal. We also agreed to identify the type, number, and estimated dollar value of the inventory; the management structures used by the agencies to manage and dispose of assets; the disposal methods used; and sales receipts and distribution of sales proceeds.

We used several methods to identify the agencies involved in asset disposition activities. These included (1) reviewing The U.S. Government Manual to identify agencies involved in the management and disposal of seized, excess, foreclosed, or abandoned assets; (2) obtaining a list of agencies developed by the Office of Management and Budget (OMB) when they drafted a framework for an interagency committee on asset disposition; (3) obtaining from GSA a list of agencies that have their own authority to dispose of federal real property; and (4) using a past GAO report that identified agencies that had sold government assets before 1988.<sup>3</sup>

If an agency's asset disposition activities were handled exclusively by another agency, we did not count the first agency as one involved in asset disposition activities. Instead, we included the agency's inventory in the figures for the agency that actually performed the disposal activities. For example, GSA handled several agencies' asset dispositions. In these cases, their inventories were included in GSA's inventory.

To obtain details about the assets these agencies handled, we asked agency officials to complete a questionnaire covering fiscal year 1990 information. The only agency that could not provide data for this time period was FDIC which reported data as of November 30, 1990.

We made follow-up contacts with each agency to clarify the responses received through the questionnaires. In each case, we talked to those individuals designated by the agencies as having responsibility for the information sought. However, generally we did not independently verify the information they provided.

Some agencies could not provide the number of assets they managed for certain types of assets, especially personal property. Also,

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<sup>3</sup>See Federal Assets: Information on Completed and Proposed Sales (GAO/RCED-88-214FS, September 21, 1988).

each agency did not count the number of personal property assets in the same manner--e.g., some counted each item while others counted lots. Therefore, we elected to present the information in terms of dollar value in the fact sheet.

For purposes of this fact sheet, we refer to each government organization identified as an agency, although these organizations actually consist of departments, agencies, and government corporations. Our work excluded the activities of government-sponsored enterprises (GSE) because the government is not responsible for their assets.<sup>4</sup>

Although we attempted to identify every agency involved in managing these assets, other agencies may be involved. However, on the basis of discussions with GSA and OMB and previous GAO work, we believe we identified all the agencies that managed and disposed of a large volume of assets. We did our review from January 1991 through August 1991.

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<sup>4</sup>GSEs are congressionally created entities that are privately owned and operated. GSEs help make credit readily available to farmers, homeowners, colleges, and students. They include Farm Credit System Banks, Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the College Construction Loan Insurance Association, and the Federal Agricultural Mortgage Corporation, and others.

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