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REPORT BY THE U.S.

# General Accounting Office

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## Data Collection Under The International Agreement On Government Procurement Could Be More Accurate And Efficient

OMB established the trade data system to collect government procurement information as required by the International Agreement on Government Procurement. This system, which could at best collect approximate data, developed information that significantly over-valued procurements and did not fully report other essential information.

Given the limited resources available and the low priority the collecting agencies place on the trade data system, GAO recommends, among other things, that OMB abolish this system and use the Federal Procurement Data System to collect the information. Like the trade data system, this system can collect only approximate data. However, GAO believes the use of the Federal Procurement Data System will improve the accuracy and completeness of the information collected as well as abolish a redundant reporting requirement.



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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

NATIONAL SECURITY AND  
INTERNATIONAL AFFAIRS DIVISION

B-206455

The Honorable David A. Stockman, Director  
Office of Management and Budget

The Honorable William E. Brock  
U.S. Trade Representative

The Honorable Gerald P. Carmen  
Administrator of General Services

Subject: Data Collection Under the International Agreement  
on Government Procurement Could Be More Accurate  
and Efficient (GAO/NSIAD-84-1)

As part of our review of U.S. Government implementation of the international Agreement on Government Procurement, we assessed the trade data system as a mechanism for collecting information on U.S. Government procurements covered by the Agreement. This report describes problems found in the design and implementation of the system and our recommendations for improving this data collection effort.

The Agreement on Government Procurement is one of six non-tariff barrier codes resulting from the Tokyo Round of the Multilateral Trade Negotiations. The signatories agreed not to discriminate against or among the products and suppliers of other signatories in making certain procurements. For its part, the U.S. Government has waived the application of Buy American Act price preferences for some procurements.

In implementing this Agreement, the Federal Government collects procurement data to (1) meet its obligations under the Agreement and (2) assess the relative benefits of U.S. participation in the Agreement. The Office of Federal Procurement Policy (OFPP) in the Office of Management and Budget established the trade data system to collect the necessary information. Agencies covered under this new system submit separate reports on individual contracts subject to the Agreement and quarterly letter reports on all procurements of supplies and equipment. Responsibility for operating the trade data system is shared by OFPP,

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which issues general reporting guidelines, and the Federal Procurement Data Center in the General Services Administration, which develops and issues detailed reporting instructions, monitors agency compliance, and collects and processes the data. The Office of the U.S. Trade Representative (OUSTR), which has overall responsibility for U.S. Government implementation of the Agreement, uses the data collected to develop necessary reports and analyses.

Since establishing a system to collect precise data on U.S. Government procurements covered by the Agreement would have been difficult, the trade data system is capable of collecting only approximate individual contract information. First, like all Federal Government procurement data collection systems, the trade data system ultimately assigns one product and one agency to each contract, regardless of the number of different products and agencies involved. Thus, the system does not precisely reflect the agencies making purchases under the Agreement or the products purchased. Second, although agencies report information into the system on a contract basis, they are required to implement the Agreement on a product-by-product basis. They must determine for each product type whether to use Government Procurement Agreement procedures or to apply Buy American Act price preferences. Since any one contract could contain purchases of many different type products, agencies are reporting into the system entire contracts that could contain both purchases covered by the Agreement and those not subject to it. As a result, the trade data system may over-value covered U.S. Government procurements.

The trade data system, however, did not perform even up to its limited capabilities in developing the 1981 data. The Federal Procurement Data Center did not adequately monitor agency compliance with the system, primarily because it did not have the necessary resources but also because the Center and OUSTR had not yet developed formal data processing guidelines (user requirements), which serve as basic instructions for compiling the trade data. In addition, agencies did not have adequate incentive to properly collect and submit this data. As a result, agencies submitted inaccurate and incomplete individual contract data for 1981. They also submitted inadequate letter report data, largely because some of the required information was not readily available. The Center's efforts to compensate for poor individual contract data were unsuccessful. As a result, the trade data system developed data for 1981 that significantly over-valued covered procurements and did not fully report other essential information. Based on our review, OUSTR officials have retroactively corrected the 1981 data.

Given the limited resources available and the low priority placed on the current system, we recommend that the Office of Management and Budget abolish the trade data system and, instead, use the Federal Procurement Data System (FPDS) to collect the trade data. FPDS is an existing system, also managed by OFPP and

the Federal Procurement Data Center, which collects data on all U.S. Government procurements valued at \$10,000 or more made with appropriated funds. We believe this could be accomplished by making minor modifications to FPDS. Also, a separate mini-system would have to be established for collecting information on contracts made with non-appropriated funds. We recognize that, like the trade data system, FPDS can collect only approximate individual contract data. However, we believe its use would improve the accuracy and completeness of the information collected and, by abolishing a redundant reporting requirement, reduce the paperwork and costs connected with collecting this data. Based on a suggestion we made in briefings with Federal Procurement Data Center, OFPP, and OUSTR officials in March 1983, these agencies have tentatively decided to implement this recommendation.

In addition to using FPDS to collect the trade data, we recommend that:

- The Office of Management and Budget revise current reporting regulations to give agencies unable to collect accurate letter report data guidance on acceptable methods for estimating this information.
- The Federal Procurement Data Center and OUSTR jointly develop user requirements for compiling the trade data.

Appendix I contains detailed information on these matters.

The Office of Management and Budget and General Services Administration provided us official comments on a draft of this report. (See appendices II and III.) Both agencies generally concurred with our findings and recommendations. Commenting on the draft recommendation concerning the letter report data, OMB stated that it would not be appropriate for it to "dictate a specific method for agencies to collect data on small purchases." GSA pointed out that the Federal Procurement Data Center, OFPP, and OUSTR have taken steps to develop user requirements for compilation of the trade data and stated a reservation concerning our finding that the Center used unreliable processing procedures in developing the final trade data summary for 1981. The report has been revised to reflect these comments, as appropriate. The agencies' comments and our evaluation are discussed in detail in the enclosure. (See pp. 10 and 11.)

As you know, 31 U.S.C. §720 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate

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Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

A handwritten signature in cursive script that reads "Frank C. Conahan".

Frank C. Conahan  
Director

C o n t e n t s

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ABBREVIATIONS

FPDS	Federal Procurement Data System
GSA	General Services Administration
OFPP	Office of Federal Procurement Policy
OUSTR	Office of the U.S. Trade Representative





DATA COLLECTION UNDER THE INTERNATIONAL AGREEMENT ON GOVERNMENTPROCUREMENT COULD BE MORE ACCURATE AND EFFICIENT

The trade data system, established to collect data on U.S. Government procurement activity under the international Agreement on Government Procurement, is not functioning properly. Since development of a system capable of collecting precise data would have been difficult, the system collects approximate information on procurements covered by the Agreement. However, the system did not perform even up to its limited capabilities in developing the 1981 data. It developed information that significantly over-valued covered procurements and did not fully report other essential information. Given the limited resources available and the low priority the collecting agencies place on the trade data system, we suggested to agency officials that they could best improve the accuracy and efficiency of this data collection effort by abolishing the trade data system and using the Federal Procurement Data System (FPDS) to collect this data. The agencies have taken steps toward implementing this suggestion.

BACKGROUND

In 1979, the United States and 18 other countries signed the Agreement on Government Procurement,<sup>1</sup> one of six non-tariff barrier codes resulting from the Tokyo Round of the Multilateral Trade Negotiations (MTN). The signatory governments agree not to discriminate against or among the products and suppliers of other signatories in making procurements covered under the Agreement and, toward this end, the Agreement establishes procurement procedures. For its part, the U.S. Government has waived Buy American price preferences for covered procurements. The Agreement covers purchases of supplies and equipment valued at 150,000 or more SDRs<sup>2</sup> by central government agencies listed in an annex to the Agreement.<sup>3</sup> The Agreement excludes purchases of military weapons and other goods essential to the maintenance of national security and safety.

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<sup>1</sup>The other original signatories are Austria, Belgium, Canada, Denmark, Finland, France, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, United Kingdom, and West Germany.

<sup>2</sup>The Special Drawing Right (SDR) is an international reserve asset that serves as the International Monetary Fund's official unit of account. At present, 150,000 SDRs equals approximately \$169,000 for purposes of the Agreement.

<sup>3</sup>The Agreement also covers purchases of services incidental to the procurement of supplies and equipment (i.e., where the value of the services equals less than 50 percent of the total value of the procurement).

In implementing the Agreement, the U.S. Government needs to collect procurement data. The Agreement requires that each signatory annually report information on (1) covered contracts and (2) total purchases of supplies and equipment by covered agencies, including procurements falling below the Agreement's threshold. In addition to meeting these requirements, the U.S. Government needs accurate and complete data to assess the relative benefits of U.S. participation in the Agreement.

The Office of Federal Procurement Policy (OFPP) in the Office of Management and Budget established a new data collection mechanism, called the trade data system, to meet these needs. In creating this system, OFPP consulted with the Office of the U.S. Trade Representative (OUSTR), which has overall responsibility for U.S. Government implementation of the Agreement, and the FPDS Policy Board, which consists of representatives from executive branch agencies and provides input into OFPP decisions regarding the collection of procurement data. Under the trade data system, each agency covered by the Agreement submits

- an Individual Contract Report on each contract containing a covered procurement or any modification to such a contract valued at \$10,000 or more and
- a quarterly letter report showing the total value of supplies and equipment purchased during the covered period.

This data gathering system was established separate from but parallel to the FPDS, which collects data on each Federal Government contract action valued at \$10,000 or more made with appropriated money. It was decided not to use FPDS to collect the trade data, because it would entail expanding FPDS to collect information on three data elements that were then unavailable in the system and on contracts made with non-appropriated funding. Rather than expand FPDS, it was thought best to create a new system to meet the trade data needs.

OFPP shares responsibility for operating the trade data system with the Federal Procurement Data Center in the General Services Administration (GSA). OFPP issues general reporting guidelines for the system. The Center develops and issues detailed reporting instructions, monitors agency compliance with system regulations, and collects and processes the data. After processing the data, it submits to OUSTR a trade data summary showing a single-line entry for each covered contract. OUSTR uses this summary in developing reports required by the Agreement and compares it to similar information provided by the other signatories in analyzing the relative benefits of U.S. participation in the Agreement.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this review was to determine whether the trade data system is collecting accurate and complete data in the most economical manner feasible and to suggest, if necessary, ways to improve this data collection effort.

We performed work at the Federal Procurement Data Center, OFPP, and OUSTR, and 25 agencies that submit data into the system. We discussed the system's overall operations with OUSTR, OFPP, and Center officials. We obtained testimonial and documentary information from the Center and from 12 agencies, including the 8 agencies with the highest trade-data dollar volume, to (1) assess their quality controls for assuring the accuracy and completeness of the trade data and (2) learn their opinions on possible improvements to the system. Officials of the 13 remaining agencies were interviewed by phone concerning their views on systemic improvements.

Finally, we assessed the accuracy and completeness of the information produced by the trade data system for 1981--the only year for which information was available. To do so, we examined procurement data for each covered civilian agency contract and for a statistically valid random sample of covered Defense Department contracts recorded on FPDS, the trade data system, and the final trade-data summary sent to OUSTR. Our sample of 548 Defense contracts allows us to be 95 percent confident that our projected results are accurate to within 1.8 percent; that is, actual values may be up to 1.8 percent higher or lower than our projections. We assessed the accuracy and completeness of the trade data by comparing it with the information recorded on FPDS.

Our review was made in accordance with generally accepted Government audit standards.

THE TRADE DATA SYSTEM IS CAPABLE OF  
COLLECTING ONLY APPROXIMATE INDIVIDUAL  
CONTRACT DATA

Development of a system capable of collecting precise data on U.S. Government procurements covered by the Agreement would have been very difficult. As a result, the system established to collect the trade data develops approximate individual contract information. The trade data system (1) generalizes the individual contract data and therefore cannot present a precise picture of U.S. Government activity under the Agreement and (2) may overstate the value of covered procurements.

The trade data system generalizes the individual contract data in two ways. Procurement officials submit one report for each contract or modification to a contract covered by the Agreement. In so doing, they assign only one product-designation and agency-designation to each contract or modification,

regardless of the number of different products and agencies actually involved. Further, the trade data summary combines all activity under a contract, including any modification(s), into a single-line entry showing one product and agency for each contract, even if the contract involved product(s) and/or agency(ies) that differ from those in the modification(s). Thus the final trade data summary does not precisely reflect the agencies that made covered procurements or the products purchased. For example, a GSA contract for \$200,000 worth of desks, \$20,000 worth of chairs, and \$10,000 worth of office partitions, through which the Department of Agriculture also purchases \$20,000 worth of chairs, would appear in the trade data summary as a GSA purchase of \$250,000 worth of desks.

In addition, the practice of reporting on a contract basis while the Government implements the Agreement on a product basis may result in an overstatement of covered procurements. U.S. Government regulations require agencies to implement the Agreement on a product-by-product basis. Agencies must determine for each product-type being purchased whether to use Government Procurement Code procedures or Buy American Act price preferences. Since many contracts contain more than one product-type, procurement officials are reporting into the system entire contracts that could contain both purchases covered by the Agreement and those not subject to it. For example, only the purchase of desks in the GSA contract discussed above is for a large enough value to be covered by the Agreement. Yet, GSA reports the entire contract value, including the purchases of chairs and office partitions, into the trade data system.

Data collection officials agree, however, that establishing a system that collects precise individual contract data would be very difficult. The assignment of contracts to one product and one agency is at the basis of Federal procurement data collection systems. Further, given current procurement regulations, a system that does not overstate covered procurements would have to develop data separately on each different product-type purchased. Such a system would be expensive to establish and difficult to administer, and would greatly increase the flow of information into the Federal Procurement Data Center.

THE TRADE DATA SYSTEM COLLECTED  
INACCURATE AND INCOMPLETE DATA FOR 1981

The trade data system did not perform even up to its limited capabilities in developing data for 1981. Agencies submitted inadequate individual contract and letter report data into the system. In addition, efforts by the Federal Procurement Data Center to compensate for missing individual contract data were unsuccessful. Therefore, the trade data system developed data that was not only approximate, but also significantly overvalued covered procurements and did not fully report other

essential information. Based on our suggestions, OUSTR retroactively corrected the 1981 individual contract data.

Inadequate monitoring and incentives  
led to inaccurate and incomplete  
agency submissions

Agencies did not submit accurate and complete individual contract and letter report data for 1981 because (1) the agencies responsible for operating the system did not adequately monitor agency compliance and (2) the agencies subject to the Agreement have few incentives to submit high-quality data into the system and often see this requirement as onerous.

OFPP and the Center did not effectively monitor agency compliance with the trade data system. OFPP is responsible for the overall operation of the system, but delegated day-to-day monitoring to the Center, which had neither the staff nor funding to adequately monitor agency compliance. The Center's responsibilities were expanded to include two new data systems--the trade data and subcontracting systems--while its staff was reduced by almost 50 percent. Center management admittedly places a low priority on the trade data system. As a result, adequate quality controls have not been established to assure the accuracy and completeness of information submitted.

Inadequate quality controls allowed numerous reporting deficiencies to go unnoticed. Since the Center did not monitor the receipt of individual contract reports, it had no way of knowing whether it was receiving reports on all contracts covered under the Agreement. Equally important, it had not yet completed a system of computer edit checks to detect errors in individual contract reports. This resulted, in part, because the Center and OUSTR had not yet developed data processing guidelines (user requirements), which serve as basic instructions for compiling the trade data.

The agencies themselves have few incentives to submit high-quality data into the trade data system. Although they value FPDS data for both internal and external uses, the agencies do not use the trade data in any way. FPDS data are made available to Congress and the public as the agencies' official procurement records and are used to measure the agencies' progress in meeting certain socioeconomic goals (i.e., increasing purchases from small and minority owned businesses). The data are also valued as a useful internal management tool by the agencies themselves. In contrast, the agencies have no practical use for the trade data and, as a result, many see compliance with the system as an onerous requirement.

Inadequate monitoring and agency incentives for compliance, in turn, discouraged agencies from instituting effective quality controls over the trade data submitted to the Center. Some

agencies even questioned the value of instituting quality controls for a system of such low priority and dollar value. Most of the 12 agencies we reviewed in depth did not have adequate quality controls.

--3 had no regular method for insuring the receipt of all individual contract reports from procurement centers.

--8 had no way of insuring that procurement officials are reporting individual contract data on a contract basis, as required by trade data system regulations.

--8 had no internal (e.g., Inspector General) reviews of their compliance with the trade data system.

--7 had inadequate edit checks in place.

In addition, only 3 of the agencies could report with certainty that their procurement officials had received formal training concerning the trade data system.

As a consequence, the agencies submitted inaccurate and incomplete individual contract data. Our analysis demonstrated that the agencies failed to submit individual contract reports on as many as 40 percent of the contracts containing covered procurements. Further, a number of the reports that were submitted contained errors in various data elements (e.g., value) when compared with information reported into FPDS for the same contracts.

Many agencies also submitted inaccurate and incomplete letter report information. The agencies we reviewed in depth generally had great difficulty in collecting this data, because some of it is not readily available. In the letter reports, agencies must report total purchases of supplies and equipment, including purchases valued below \$10,000. Agencies generally collect the latter information as an aggregate total with service contracts valued below \$10,000 and can isolate contracts for supplies and equipment valued below \$10,000 only by a time-consuming search through hard-copy contract files. Only two of these agencies could isolate such contracts. The other agencies either ignored contracts valued below \$10,000 or used a variety of shortcuts in attempting to estimate the letter report data. For instance, one agency requested four contracting offices to estimate supplies and equipment purchases valued below \$10,000, calculated a weighted average of this sample, and multiplied by 186, which represents the total number of contracting offices

maintained by the agency. Finally, one agency was unaware of the letter report requirement during the first 2 years of the system's operation.

Efforts to compensate for limited agency compliance were unsuccessful

The Federal Procurement Data Center concentrated on improving the more important individual contract data. It attempted to compensate for missing individual contract reports through a process that relied on FPDS as a base for identifying covered contracts. Because the Center did not have adequate time to implement this effort, it used unreliable data processing procedures. As a result, this effort did not improve the individual contract data, but actually resulted in a further distortion of this data.

Because a significant portion of the trade data individual contract reports was missing, the Center relied heavily on FPDS in generating the final trade data summary. In doing this, the Center first needed to eliminate various categories of contracts from the FPDS records (e.g., contracts below the Agreement threshold, contracts representing national security purchases, etc.) until only records of covered contracts remained. These records were matched with those contained in the trade data system on the basis of various data elements. When an exact match was found, the FPDS record was deleted and the trade data record added to the FPDS-derived data set so as to capture the unique data elements in the trade data system. When no match was found, the FPDS record remained. When all additions and deletions were made, essentially resulting in a merged pool of FPDS and trade data records, the Center summarized the records under each contract number and created the summary submitted to OUSTR.

Many of the contracts reported on this summary did not have the additional data elements that the trade data system was designed to collect. Approximately 83 percent of all civilian agency contracts and an estimated 48 percent of Defense Department contracts were missing at least one of the additional data elements. Although the Center could have used information available on FPDS to approximate two of these data elements, it did not do so. Moreover, this process resulted in the loss of information recorded on the trade data system and the attribution of contracts to wrong agencies.

As a result, the final trade data summary did not completely report the level of procurements (1) covered by special contracting preferences and (2) awarded to suppliers offering foreign-source goods. Certain procurements are excluded from the Agreement because of special contracting preferences (e.g.,

small business set-asides). However, the data element indicating the use or non-use of such preferences was missing from 55 percent of the single-line contract entries on the trade data summary. Consequently, OUSTR had no way of knowing whether these entries actually represented covered contracts. Similarly, at least 46 percent of the contract entries did not have data on the country of manufacturer. Since procurement officials are instructed to enter alphabetic codes for foreign-source procurements only and to leave that data element blank for domestic source procurements, OUSTR assumed these missing data elements indicated domestic source procurements. In reality, it could not be determined whether such purchases were domestic- or foreign-source.

This process also resulted in the overcounting of contract values because of the need to match trade data and FPDS records in developing the final single-entry summary of covered contracts. If two records for the same procurement action did not match exactly, the computer retained both records and added the action twice. Trade data and FPDS records for the same contract may not have matched for many reasons. For instance, the General Services Administration's records did not match because different designations were used to indicate the procuring agency on the two data systems. Some Defense records did not match because different levels of aggregation were used in reporting the value of procurements into the trade data system and into FPDS. As a result, the trade data summary overstated the value of U.S. Government procurements covered by the Agreement by an estimated \$2.2 billion, or 10 percent of total stated procurements. The summary over-valued civilian agency procurements by about 20 percent of the stated \$1.5 billion and overstated Defense procurements by about 9 percent of the stated \$20.6 billion.

When briefed on our tentative findings, OUSTR officials took measures to retroactively correct the 1981 trade data. They consulted us several times during the correction process and we suggested processing procedures.

#### EXECUTIVE BRANCH AGENCIES ARE TAKING STEPS TO IMPROVE COLLECTION OF TRADE DATA

Given the limited resources available and the low priority placed on the trade data system, we suggested in March 1983 to Federal Procurement Data Center, OFPP, and OUSTR officials that they could best improve the accuracy and efficiency of this data collection effort by abolishing the trade data system and using FPDS to collect the individual contract data. These agencies have already taken tentative steps toward implementing our suggestion.



We believe using FPDS to collect the individual contract data could be easily accomplished. It would require adding only one of the three additional trade-system data elements--indicating whether or not the agency "synopsized" (advertised) the procurement--to the FPDS form. One of the extra elements recorded in the individual contract data has been found to be of questionable value and the other is now easily obtainable from existing data elements collected on FPDS. It would also be necessary to establish a separate mini-system to collect information on covered contracts made with non-appropriated funding, which is not collected by FPDS. According to our analysis, very few agencies awarded covered contracts using non-appropriated funding. Such contracts represented only about 0.4 percent of the total value of covered contracts during 1981. The Federal Procurement Data Center could arrange for agencies that award contracts using non-appropriated funds (e.g., the Panama Canal Commission and the Bureau of the Mint) to submit individual contract reports for these procurements. In addition, we believe designating an alphabetic code for domestic-source procurements rather than leaving the "country of manufacturer" data element blank would limit the potential for confusion on the final trade data summary.

We recognize that, like the trade data system, FPDS can develop only approximate individual contract data. However, we believe its use would improve the accuracy and completeness of the trade data collected and obviate the need for a redundant data collection mechanism. Collecting the trade data through FPDS would:

- give agencies an incentive to provide higher quality trade data because they have use for FPDS data,
- allow the Center to merge its monitoring of the trade data with its present high priority efforts to monitor FPDS,
- reduce the potential for error in developing the final trade data summary, and
- ultimately reduce the paperwork and costs involved in collecting the trade data.

The agencies responsible for operating the system have already tentatively decided to implement our suggestion by fiscal year 1985. As part of this effort, they plan to establish a separate system to collect data on covered contracts made with non-appropriated funding and to instruct procurement officials to use an alphabetic code to identify domestic-source procurements when reporting procurement information to the Center. They are withholding a final decision pending completion of a 30-day public comment period.

CONCLUSIONS

If the U.S. Government is to properly assess the relative benefits of its participation in the Government Procurement Agreement, it needs accurate and complete procurement data. The trade data system did not do the job. Agencies submitted inaccurate and incomplete individual contract and letter report data for 1981. Efforts by the Federal Procurement Data Center to compensate for poor compliance with the individual contract requirement only worsened the data. We believe the use of FPDS to collect this information should improve the quality and reduce the costs of collecting this data. Due to our review of this system, the agencies involved have corrected information already collected and have tentatively decided to use FPDS to collect individual contract data. We believe that this tentative decision should be made final and implemented.

RECOMMENDATIONS

We recommend that the Director of the Office of Management and Budget direct the Administrator of the Office of Federal Procurement Policy to work with the Office of the U.S. Trade Representative, Federal Procurement Data Center, and the FPDS Policy Board to:

- Abolish the trade data system and use FPDS to collect the individual contract data, including the establishment of a separate system to collect data on covered contracts made with non-appropriated funds and the use of an alphabetic code to designate domestic source procurements.
- Revise current reporting regulations to give agencies unable to collect accurate letter report information guidance on acceptable methods for estimating this information.

We also recommend that the U.S. Trade Representative and the Administrator of General Services take actions necessary to insure that OUSTR and the Federal Procurement Data Center jointly develop user requirements for compiling the trade data.

AGENCY COMMENTS AND OUR EVALUATION

The Office of Management and Budget and General Services Administration provided us official comments on a draft of this report. (See appendices II and III.)

OMB concurred with our findings and recommendations, but had one reservation concerning our recommendation on the letter report data. Commenting on the draft recommendation, OMB stated

that it would not be appropriate for it to "dictate a specific method for agencies to collect data on small purchases." We agree with OMB and did not mean to imply that it develop one method that the agencies must use to collect the letter report information. Given the number of agencies involved, it would probably not be practical for OMB to develop one method that would be acceptable to all of them. Accordingly, we revised our recommendation to call for OMB giving the agencies guidance on acceptable methods of estimating the letter report data. Such guidance should give each agency flexibility to use the data collection method that it believes to be most suitable and, at the same time, insure that the data collected is sufficiently accurate to meet OUSTR's needs.

GSA also concurred with our findings and recommendations and pointed out that the Federal Procurement Data Center, OFPP, and OUSTR have taken steps to develop user requirements for compiling the trade data. Commenting on a draft of the report, however, GSA expressed reservations with a statement that the "[Federal Procurement Data Center's] efforts to compensate for poor individual contract data were unsuccessful primarily because the data processing procedures were unreliable" and added that, instead, "this overvaluation was the result of a data consolidation, effected by an inputting agency, of which the [Center] was not aware."

Although we agree that the draft might not have fully presented the reasons for the Center's use of unreliable processing procedures, we do not agree with GSA's explanation for the effort's lack of success. We have revised the final report to more fully demonstrate that the Federal Procurement Data Center faced a very short timeframe for implementing this effort. In attempting to complete this effort in the time allotted, however, the Center used procedures that did not permit the staff to identify problems in the data being developed. The use of these procedures resulted in the development of data that not only over-valued procurements, but also did not report essential information and attributed contracts to the wrong agencies. These problems could have been minimized, and possibly avoided, through the use of other more reliable procedures which the Center could have used if it had adequate time to implement the effort.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL  
PROCUREMENT  
POLICY

SEP 15 1983

Mr. William J. Anderson  
Director, General Government Division  
U.S. General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Anderson:

Thank you for the opportunity to comment on your draft of a proposed report, "Data Collection Under the Government Procurement Agreement Could Be More Accurate and Efficient," dated August 1983.


The first draft recommendation is "... that the Director of the Office of Management and Budget direct the Administrator of the Office of Federal Procurement Policy to work with OUSTR, FPDC, and the FPDS Policy Board to -- abolish the trade data system and use FPDS to collect the individual contract data, including the establishment of a separate system to collect data on covered contracts made with non-appropriated funds and the use of an alphabetic code to designate domestic source procurements."

We concur in this recommendation. The OFPP chaired a meeting of the FPDS Policy Advisory Board on May 31, 1983 to discuss essentially the same recommendation made by Mr. W. Douglas Newkirk, Assistant U.S. Trade Representative. The Board concurred in the recommendation, and on June 23, 1983, OFPP sent the proposed implementation to the executive agencies for comment. Agency comments were positive. The proposed implementation, which will be promulgated as a change to OFPP Policy Letter 80-8, has been published in the Federal Register for a 30 day public comment period.

The second draft recommendation was to "... revise current reporting regulations to give agencies unable to collect accurate letter report information a practical method for estimating total purchases of supplies and equipment."

We concur with the concept of this recommendation. Since the letter report covers procurements both over and under the small purchase threshold, the problem this report raises is the identification of supplies and equipment combined with services in the millions of small purchase transactions. Although we do not believe it is appropriate to dictate a specific method for agencies to collect data on small purchases, we concur with the GAO conclusion that some form other than direct reporting on each small purchase would be acceptable. For instance, GAO found that two agencies used accounting data to generate this report. If this method, or any other method, fairly represents the agency's procurement, it may be used as a feeder system to furnish data for the letter report.

Sincerely,

  
Donald E. Sowle  
Administrator



**SEP 28 1983**

Honorable Charles A. Bowsher  
Comptroller General of the United States  
U.S. General Accounting Office  
Washington, DC 20548

Dear Mr. Bowsher:

This is in response to Mr. Anderson's letter of August 19, 1983, requesting the General Services Administration's (GSA) comments on the draft GAO Report "Data Collection Under The Government Procurement Agreement Could Be More Accurate And Efficient."

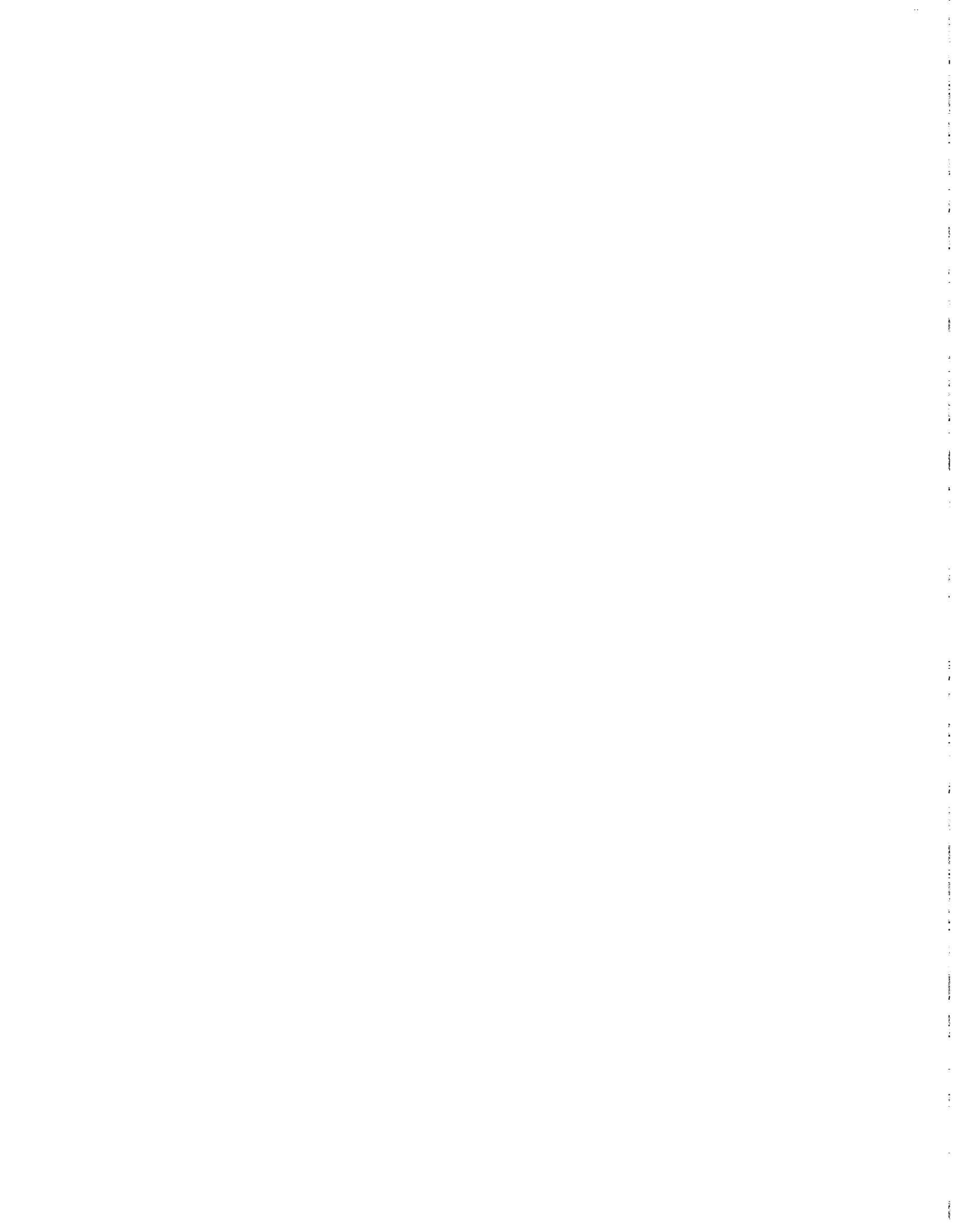
GSA is basically in agreement with the conclusions of the audit report. The Federal Procurement Data Center (FPDC) has met with the Office of Management and Budget and the Office of the U.S. Trade Representative to develop new user requirements for the interim period prior to the reporting of trade data on our Standard Form 279. We do, however, believe that the audit statement "FPDC's efforts to compensate for poor individual contract data were unsuccessful primarily because the data processing procedures involved were unreliable" misidentifies the cause of the 1981 data overvaluation. Rather, this overvaluation was the result of a data consolidation, effected by an inputting agency, of which the FPDC was unaware. We understand that this statement is being modified by the GAO staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ray Kline'. The signature is written in a cursive, somewhat stylized script.

Ray Kline  
Deputy Administrator





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