CONTRACTING STRATEGIES

Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts

Why GAO Did This Study

Agencies can use several different types of contracts to leverage the government's buying power for goods and services. These include interagency contracts—where one agency uses another's contract for its own needs—such as the General Services Administration (GSA) and the Department of Veterans Affairs multiple award schedule (MAS) contracts, multiagency contracts (MAC) for a wide range of goods and services, and governmentwide acquisition contracts (GWAC) for information technology. Agencies spent at least $60 billion in fiscal year 2008 through these contracts and similar single-agency enterprisewide contracts. However, concerns exist about duplication, oversight, and a lack of information on these contracts, and pricing and management of the MAS program. GAO was asked to assess the reasons for establishing and the policies to manage these contracts; the effectiveness of GSA tools for obtaining best MAS contract prices; and GSA's management of the MAS program. To do this, GAO reviewed statutes, regulations, policies, contract documentation and data, and interviewed officials from OMB and six agencies.

What GAO Recommends

GAO makes recommendations: to the Office of Management and Budget (OMB) to strengthen policy, improve data and better coordinate agencies' awards of MACs and enterprisewide contracts; and to GSA to improve MAS program pricing and management. Both agencies concurred with GAO's recommendations.

View GAO-10-367 or key components. For more information, contact John Needham at (202) 512-4841 or needhamjk1@gao.gov.

What GAO Found

GWACs, MACs—two types of interagency contracts—and enterprisewide contracts should provide an advantage to the government in buying billions of dollars worth of goods and services. However, data are lacking and there is limited governmentwide policy to effectively leverage, manage, and oversee these contracts. The total number of MACs and enterprisewide contracts is unknown, and existing data are not sufficiently reliable to identify them. In addition, GWACs are the only interagency contracts requiring OMB approval. Agencies GAO reviewed followed statutes, acquisition regulations, and internal policies to establish and use MACs and enterprisewide contracts. Avoiding fees associated with using other agencies' contracts and more control over procurements are some of the reasons agencies cited for establishing MACs and enterprisewide contracts. However, many of the same contractors provided similar products and services on multiple contracts—a condition that increases costs to both the vendor and the government and misses opportunities to leverage the government's buying power. Recent legislation and OMB's Office of Federal Procurement Policy initiatives are expected to strengthen management of MACs, but no such initiatives exist for enterprisewide contracts.

GSA's MAS program—the largest interagency contracting program—uses several tools and controls to obtain best prices, but the limited application of certain tools hinders its ability to determine whether it achieves this goal. GSA has established two regulatory pricing controls for MAS contracts: seek the best prices vendors provide to their most favored customers; and a price reduction clause that provides the government a lower price if a vendor lowers the price for similarly situated commercial customers. GSA uses other pricing tools—e.g., pre-award contract audits by its Inspector General and Procurement Management Reviews—on a limited basis. For example, the Inspector General performs pre-award audits on a small sample of MAS contracts annually, but has identified contract cost avoidance of almost $4 billion in recent years. In 2008, GSA established a MAS advisory panel that recommended changes to the pricing controls noted above; concerns remain that such changes could adversely affect GSA's ability to negotiate best prices.

A lack of data, decentralized management, and limitations in assessment tools create challenges for GSA in managing the MAS program. The agency lacks data about customer agencies' use of the program, limiting its ability to determine how well the program meets customers' needs. The MAS program office lacks direct program oversight, as GSA has dispersed authority for managing MAS among nine acquisition centers under three business portfolios. Program stakeholders have identified concerns that this structure has impaired consistent policy implementation. Shortcomings in assessment tools also result in management challenges. For example, performance measures are inconsistent, including inconsistent emphasis on pricing. GSA's customer satisfaction survey has such a low response rate that its utility for evaluating program performance is limited.