United States Government Accountability Office

Report to Congressional Requesters

September 2015

STRATEGIC SOURCING

Opportunities Exist to Better Manage Information Technology Services Spending

Accessible Version

GAO-15-549

GAO Highlights

Highlights of GAO-15-549, a report to congressional requesters

September 2015

STRATEGIC SOURCING

Opportunities Exist to Better Manage Information Technology Services Spending

Why GAO Did This Study

GAO reported in 2012 that the government is not fully leveraging its buying power for high-spending areas such as IT services, which accounted for more than $30 billion in fiscal year 2013. Leading commercial companies use strategic sourcing—a process that moves them away from numerous individual purchases to an aggregate approach—to better manage the services they acquire and achieve savings of 4 to 15 percent annually.

GAO was asked to review strategic sourcing of IT services. This report addresses the extent to which selected agencies (1) manage IT services through strategic sourcing approaches, and (2) have insight into labor rates for similar IT services.

GAO reviewed DOD (including the three military departments), DHS, and NASA, which collectively accounted for 53 percent of reported federal fiscal year 2013 IT services obligations. GAO analyzed agency policies, procurement and contracting data, and interviewed agency and contractor officials. GAO identified a high-spend IT service category and obtained labor rate information from a nongeneralizable sample of 30 contract actions awarded to two of the largest contractors common to these agencies.

What GAO Recommends

To improve efforts to strategically source IT services, GAO recommends that each agency conduct spend analysis, monitor spending, develop savings goals and metrics, and consider the use of standardized labor categories, as appropriate for their agency. The agencies concurred with these recommendations.

View GAO-15-549. For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov.

What GAO Found

Efforts by the Departments of Defense (DOD), Homeland Security (DHS), and the National Aeronautics and Space Administration (NASA) to strategically manage spending for information technology (IT) services, such as software design and development, have improved in recent years. Each of the agencies GAO reviewed has designated officials responsible for strategic sourcing and created offices to identify and implement strategic sourcing opportunities, including those specific to IT services. Most of these agencies' IT services spending, however, continues to be obligated through hundreds of potentially duplicative contracts that diminish the government's buying power. These agencies managed between 10 and 44 percent of their IT services spending through preferred strategic sourcing contracts in fiscal year 2013. In contrast, GAO previously reported that leading companies generally strategically managed about 90 percent of their procurement spending, including services.

Fiscal Year 2013 IT Services Obligations through Strategic Sourcing Contracts

Agency	Army	Navy	Air Force	DHS	NASA
Total IT services obligations ($ in millions)	$3,454	3,251	1,394	2,219	855
Percentage obligated through preferred IT strategic sourcing contract vehicles	27%	10	17	44	35

Source: GAO analysis of FPDS-NG data | GAO-15-549

Further, most of these agencies' efforts to strategically source IT services have not followed leading commercial practices, such as clearly defining the roles and responsibilities of the offices responsible for strategic sourcing; conducting an enterprise-wide spend analysis; monitoring the spending going through the agencies' strategic sourcing contract vehicles; or establishing savings goals and metrics. As a result, the agencies are missing opportunities to leverage their buying power and more effectively acquire IT services.

Contracting officials from the agencies GAO reviewed generally had limited insights into the labor rates paid for similar IT services. GAO's analysis of 30 contract actions for similar IT services in fiscal year 2013 found that the agencies paid widely varying labor rates for similar services with the same contractors. The average difference between the lowest and highest labor rate for the categories GAO reviewed was 62 percent, in part due to geographic or work location, unique security, education or skill requirements, and the contractor unit performing the work. Further, for the 30 contract actions for IT services that GAO reviewed, the two contractors proposed more than 117 discrete labor categories—some with multiple variations—which complicated efforts to compare labor rates. Prior GAO reports on leading commercial practices have noted that companies use standardized labor categories for IT services to enable comparison of labor rates and ultimately realize cost savings. Several government-wide and agency-specific efforts to address aspects of these challenges, including providing tools to assess labor rate variations or streamlining labor categories, are under development or in their early implementation stages.

Contents

Letter 1

Background 4
Agency Efforts to Manage IT Services Spending Strategically Have Evolved, but Opportunities Remain to Improve Efforts 10
Agencies Lacked Insight into Labor Rates Paid for Similar IT Services and Paid Widely Varying Rates 23
Conclusions 28
Recommendations for Executive Action 30
Agency Comments and Our Evaluation 31

Appendix I: Objectives, Scope and Methodology 35

Appendix II: Summary of Agencies' Primary Vehicles for Strategically Sourcing IT Services 39

Appendix III: Comments from the Department of Defense 40

Appendix IV: Comments from the Department of Homeland Security 44

Appendix V: Comments from the National Aeronautics and Space Administration 46

Appendix VI: GAO Contact and Staff Acknowledgments 48

Appendix VII: Accessible Data 49

Accessible Text and Data Tables 49
Agency Comments 50

Tables

Table 1: Selected Agency Roles and Responsibilities for Strategic Sourcing 12
Table 2: Fiscal Year 2013 IT Services Obligations and Percent Obligated Through Strategic Sourcing Contract Vehicles 16
Table 3: Agency Policy, Goals, and Metrics for Utilization and Savings of IT Services Strategic Sourcing Vehicles 19
Table 4: Hourly Labor Rates for Similar IT Services with the Same Contractors 24

Figures

Figure 1: Overview of Key Steps in the Strategic Sourcing Process 5
Figure 2: Procurement Tactics for Acquiring Services by Service Type and Degree of Complexity 7

Accessible Text for Figure 1: Overview of Key Steps in the Strategic Sourcing Process 49
Accessible Text for Figure 2: Procurement Tactics for Acquiring Services by Service Type and Degree of Complexity 49
Accessible Text for Appendix III: Comments from the Department of Defense 50
Accessible Text for Appendix IV: Comments from the Department of Homeland Security 54
Accessible Text for Appendix V: Comments from the National Aeronautics and Space Administration 56

Abbreviations

CHESS	Computer Hardware, Enterprise Software and Solutions
DHS	Department of Homeland Security
DOD	Department of Defense
EAGLE	Enterprise Acquisition Gateway for Leading Edge Solutions
FPDS-NG	Federal Procurement Data System-Next Generation
FSSI	Federal Strategic Sourcing Initiative
GSA	General Services Administration
I3P	IT Infrastructure Integration Program
IT	Information Technology
NASA	National Aeronautics and Space Administration
NETCENTS	Network-Centric Solutions
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

September 22, 2015

Congressional Requesters

In fiscal year 2013, federal agencies obligated over $30 billion for information technology (IT) services such as software design and development. For over a decade, we have issued reports on how the private sector has used strategic sourcing—which moves away from numerous individual procurements of goods and services to a broader aggregate approach—to reduce costs and improve quality.[1] In 2013, we found that leading commercial companies achieved savings of 4 to15 percent annually through strategically sourcing the full range of services they buy, including IT services.[2] Our work also found, however, that federal agencies had generally been reluctant to strategically source their high-spend services categories due to the difficulty in standardizing requirements or a decision to focus on less complex commodities that can demonstrate success and had not established utilization and savings goals and metrics. In 2015, the Office of Management and Budget's (OMB) Administrator for Federal Procurement Policy observed that far too often, acquisition professionals continue to make purchases with little insight into what their counterparts across the government are buying,

[1]GAO, *Best Practices: Taking a Strategic Approach Could Improve DOD's Acquisition of Services*, GAO-02-230 (Washington, D.C.: Jan. 18, 2002); *Best Practices: Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings*, GAO-03-661 (Washington, D.C.: June 6, 2003); *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, GAO-04-870 (Washington, D.C.: Sept. 16, 2004); *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011); *Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs*, GAO-12-919 (Washington, D.C.: Sept. 20, 2012); *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011); *Strategic Sourcing: Selected Agencies Should Develop Performance Measures on Inclusion of Small Businesses and OMB Should Improve Monitoring,* GAO-14-126, (Washington, D.C.: Jan. 23, 2014); and *Telecommunications: Agencies Need Better Controls to Achieve Significant Savings on Mobile Devices and Services,* GAO-15-431 (Washington, D.C.: May 21, 2015).

[2]GAO, *Strategic Sourcing: Improved and Expanded Use Could Provide Procurement Savings for Federal Information Technology,* GAO-13-408T (Washington, D.C.: Feb. 27, 2013).

who they are buying it from, what they are paying, and how they are buying it.

You asked us to review government efforts to strategically source IT services. This report addresses the extent to which (1) selected agencies manage IT services spending through strategic sourcing approaches, and (2) acquisition personnel had insight into labor rates for similar IT services.

We focused our review on three federal agencies that were among the top spenders for IT services in fiscal year 2013—the Departments of Defense (DOD) and Homeland Security (DHS), and the National Aeronautics and Space Administration (NASA). Collectively, these three agencies obligated about $16.1 billion, or about 53 percent of the total federal fiscal year 2013 obligations on IT services, as reported in the Federal Procurement Data System-Next Generation (FPDS-NG).[3] Within DOD, we focused our review on the departments of the Army, Navy, and Air Force, which accounted for 62 percent of DOD IT services spending.

To assess the extent to which selected agencies manage IT services spending through strategic sourcing approaches, we interviewed officials responsible for agency-wide strategic sourcing efforts, policy, and guidance. Each agency identified a primary contract vehicle or suite of contracts covering IT services which they considered to be strategically sourced:

- Army—Computer Hardware, Enterprise Software and Solutions (CHESS);
- Navy—IT Services Commodity Strategy;
- Air Force—Network-Centric Solutions (NETCENTS);
- DHS—Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE); and
- NASA—IT Infrastructure Integration Program (I3P).

Appendix II provides more information about each of these contract vehicles. For each contract vehicle, we analyzed fiscal year 2013 IT services spending based on data reported in FPDS-NG to assess the extent to which these vehicles were used. We defined IT services to

[3]FPDS-NG is the government's central repository for contracting data.

include 34 relevant product service codes, such as IT strategy and architecture services, based on our review of prior GAO work. We used fiscal year 2013 FPDS-NG data because it was the most recent fiscal year with complete government-wide obligation data when we initiated our review. To assess the reliability of the FPDS-NG data, we reviewed existing documentation and electronically tested the data to identify obvious problems with completeness or accuracy. We determined that these data were sufficiently reliable for the purpose of reporting government-wide and agency spending on IT services. We also reviewed and assessed each vehicle against OMB strategic sourcing guidance and commercial leading practices identified in GAO prior work.[4] Specifically, we focused on agency efforts to manage their strategic sourcing efforts and the extent to which they have policies, goals, and metrics for strategic sourcing utilization as well as goals and metrics for calculating savings. For the information technology services component of each vehicle, we reviewed available acquisition strategy and planning documents, business case analyses, briefings, relevant agency guidance, policy, and regulation, and interviewed department level officials responsible for strategic sourcing, as well as program officials responsible for execution and administration of the vehicles.

To assess the extent to which agency acquisition personnel have insights into labor rates for similar IT services, we identified a high-spend IT service category. We selected IT strategy and architecture services, which was among the top five spend categories for each of the agencies we reviewed and among the top two government-wide. IT strategy and architecture relates to the planning, development, and maintenance of software and solutions specifically to support government requirements. We then selected a nongeneralizable sample of 30 contract actions with two of the largest contractors common to these agencies. For these 30 case studies, we identified 12 categories and experience levels that were common across at least two contract actions with a common contractor. To compare the variation in labor rates for each category, we selected the lowest and the highest rates for the relevant time period. To better

[4]OMB, *Memorandum for Chief Acquisition Officers, Chief Financial Officers, and Chief Information Officers, Subject: Implementing Strategic Sourcing* (Washington, D.C.: May 20, 2005); OMB, *Memorandum for the Heads of Executive Departments and Agencies, Subject: Improving Acquisition Through Strategic Sourcing, M-13-02*, (Washington D.C.: Dec. 5, 2012); GAO, *Strategic Sourcing: Leading Commercial Practices Can Help Federal Agencies Increase Savings When Acquiring Services,* GAO-13-417 (Washington, D.C.: Apr. 15, 2013).

understand the factors that can affect variation in labor rates, we interviewed officials for 11 of the contract actions and representatives of the two contractors included in our review. We also provided them examples of labor rate comparisons for discussion purposes. As a result, we identified some of the factors that can affect labor rates for the same labor categories such as whether the work is performed at a government or contractor site; security clearance requirements; performing business unit; education, experience, certifications, and skills required; and contract type. While we did not control for these factors in our labor rate analysis, we believe that our comparisons are informative because they illustrate the extent to which agency acquisition personnel have insights into labor rates for similar IT services.

Finally, we reviewed government-wide and agency efforts to improve government insight into labor rates for IT services and we compared government practices to leading commercial practices identified in our prior work. More details about our objectives, scope and methodology can be found in appendix I.

We conducted this performance audit from March 2014 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

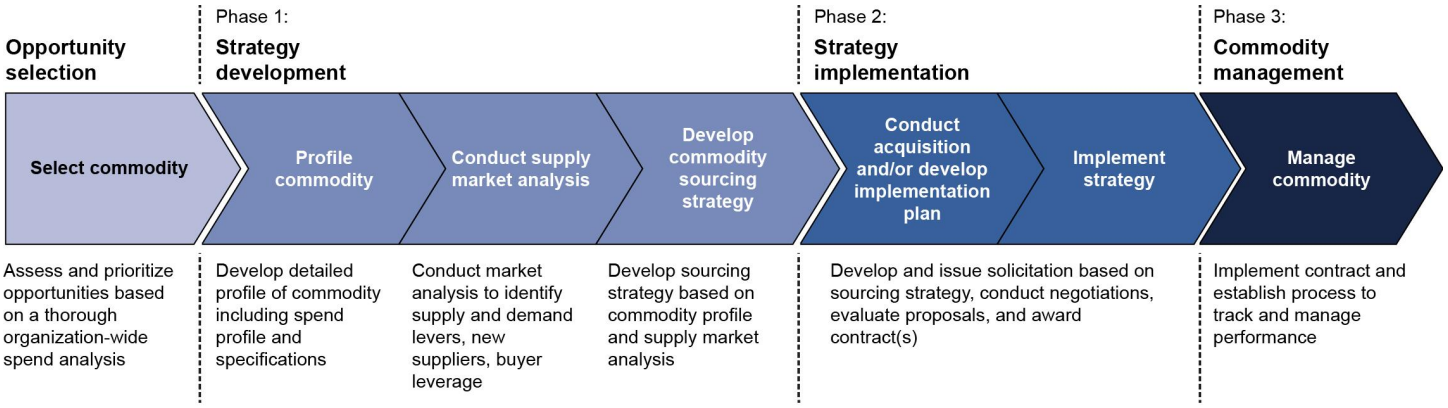
Leading Commercial Strategic Sourcing Practices

Strategic sourcing is a process that moves an organization away from numerous individual procurements to a broader aggregate approach. While strategic sourcing may not be suitable for all procurements, we found that leading companies generally strategically manage about 90 percent of their procurement spending, including the full range of services they buy.[5]

[5]GAO-12-919.

Strategic sourcing begins with an opportunity assessment—an analysis of spending and the identification of products and services for which strategic sourcing should be implemented. Spend analysis provides knowledge about how much is being spent for which products and services, who the buyers are, who the suppliers are, and where the opportunities are for leveraged buying and other tactics to save money and improve performance. Once a product or service is selected for strategic sourcing, a standardized process is followed to develop, implement, and manage the sourcing strategy for that product or service. Key strategic sourcing practices include processes to track and manage performance through goals and metrics for utilization and savings to help ensure that the benefits of strategic sourcing are achieved. Figure 1 illustrates the key steps in the strategic sourcing process.

Figure 1: Overview of Key Steps in the Strategic Sourcing Process



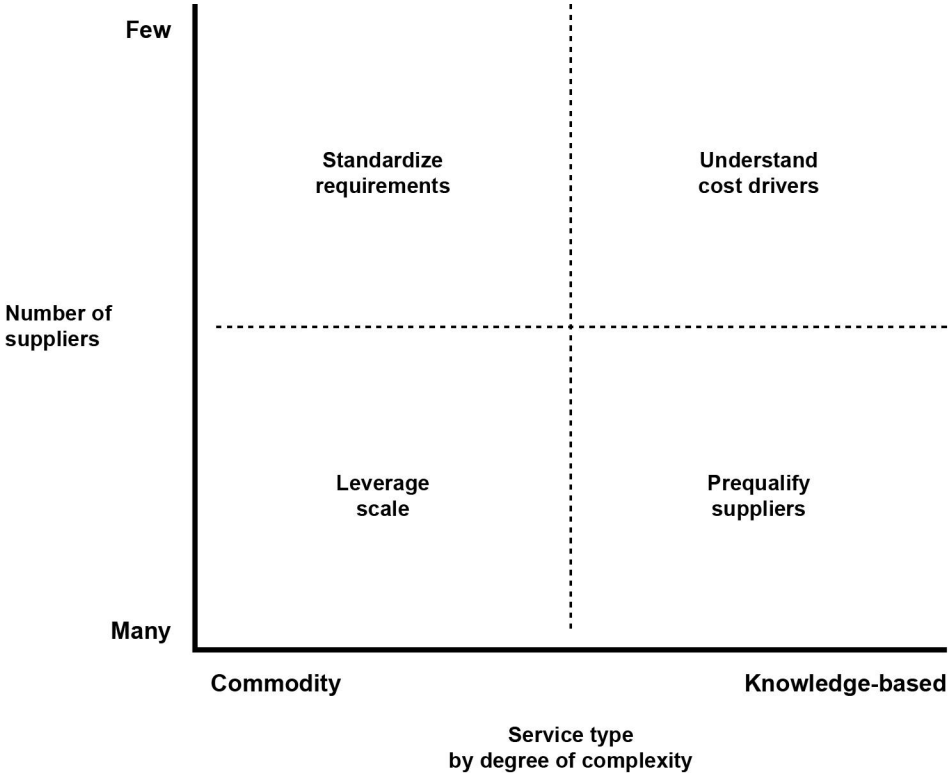
Source: General Services Administration. | GAO-15-549

In our 2013 report on leading commercial practices, we reported that leading companies do not take a one-size-fits-all approach to strategic sourcing, but rather they tailor their tactics based on two factors—the degree of complexity of the service and the number of available suppliers—to determine the choice of procurement tactics appropriate for that service.[6] Less complex services, referred to as commodity services, are those where requirements are relatively easy to define and

[6]GAO, *Strategic Sourcing: Leading Commercial Practices Can Help Federal Agencies Increase Savings When Acquiring Services,* GAO-13-417 (Washington, D.C.: Apr. 15, 2013).

performance more clearly measured; for example, housekeeping, telecommunications, and maintenance services. More complex services, referred to as knowledge-based services, are those where requirements are more complex, performance is more difficult to measure, and where service provider staff skill levels are paramount; for example, information technology services, engineering and management support, and legal services. For knowledge-based services with many suppliers, such as information technology, typical tactics include prequalifying suppliers by skill level and labor hour rates to eliminate non-competitive companies; tracking supplier performance over time to inform companies' prioritization of suppliers based on efficiency; and continually measuring, tracking, and managing suppliers to ensure optimal performance. In the long term, companies try to address their procurement constraints by reducing requirements complexity to commoditize services and developing new suppliers to increase competition. This allows companies to more aggressively leverage their buying power for all types of services. Figure 2 shows how the two factors help companies categorize different services and select appropriate tactics.

Figure 2: Procurement Tactics for Acquiring Services by Service Type and Degree of Complexity



Source: GAO analysis. | GAO-15-549

After strategic sourcing contracts are awarded, realizing cost savings and other benefits depends on utilization of these contracts and efforts to drive as much applicable spending through the contracts as possible. Officials from the leading commercial companies we reviewed in our prior work told us that the key to an effective centralized process is ensuring that services spending goes through approved contracts. Companies focus on compliance in order to eliminate unapproved purchases. The leading companies we reviewed also established annual savings expectations to drive a corporate culture of savings.

Lastly, our prior work found that private companies had also identified inefficiencies such as paying different rates for similar services.[7] For

[7]GAO-13-417.

example, we found one company conducted a year-long spend analysis effort which revealed, among other things, cases where a supplier charged different rates to different departments for the same service. Private companies were ultimately able to use this information to reduce costs and better manage suppliers and to determine the point at which reduction in price may diminish quality of performance. This dynamic, strategic approach has helped companies demonstrate annual, sustained savings of 4 to 15 percent annually for the services they buy.

OMB Strategic Sourcing Guidance and Government-wide Efforts

Since 2005, OMB has directed federal agencies to take action to leverage and control government spending through strategic sourcing. OMB's May 2005 memorandum defined strategic sourcing as the "collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently" and directed agencies to develop and implement strategic sourcing efforts based on the results of spend analyses.[8] OMB also directed agencies to establish a structure for strategic sourcing governance at the agency level and provided that the Office of Federal Procurement Policy (OFPP) may identify commodities that could be strategically sourced government-wide. In response to OMB direction, the General Services Administration established the Federal Strategic Sourcing Initiative (FSSI) in 2005 to address government-wide opportunities to strategically source commonly purchased products and services and eliminate duplication of efforts across agencies. Current FSSI efforts include office supplies, janitorial supplies, and domestic delivery services.

In December 2012, OMB further directed agencies to reinforce senior leadership commitment by designating an official responsible for coordinating the agency's strategic sourcing activities. OMB also established the Strategic Sourcing Leadership Council, comprised of the seven largest and highest spending agencies to take a leadership role on strategic sourcing. OMB called upon these agencies to lead government-wide strategic sourcing efforts by taking steps such as recommending management strategies for specific goods and services—including several that are IT-related—to ensure that the federal government

[8]OMB, *Memorandum for Chief Acquisition Officers, Chief Financial Officers, and Chief Information Officers, Subject: Implementing Strategic Sourcing* (Washington, D.C.: May 20, 2005).

receives the most favorable offer possible. Additionally, OMB directed these agencies to promote strategic sourcing practices inside their agencies by taking actions including collecting data on procurement spending.[9] OMB's memorandum noted that government-wide strategic sourcing efforts should include minimum characteristics including the collection of sufficient pricing, usage, and performance data to enable active commodity management. Further, OMB established a Cross-Agency Priority Goal Statement for Fiscal Years 2013 and 2014 which directed agencies to reduce the costs of acquiring common products and services by strategically sourcing at least two new commodities or services in both 2013 and 2014 that yield at least a 10 percent savings and increase their use of FSSI vehicles by at least 10 percent in both fiscal years 2013 and 2014.

In December 2014, OFPP issued a memorandum that directs agencies to take specific actions to implement category management, an approach based on leading practices that aims to manage entire categories of spending across government for commonly purchased goods and services. The memorandum notes that despite some progress in implementing strategic sourcing, agencies continue to duplicate procurement efforts, and award contracts for similar services to the same vendors, which imposes significant costs on contractors and agencies. The category management approach includes strategic sourcing and other strategies to drive performance (i.e., developing common standards in practices and contracts, driving greater transparency in acquisition performance, and improving data analysis); and is intended to address problems including significant contract duplication across government and limited sharing of pricing and other contract information between agencies and industry.[10]

As part of this effort, the Strategic Sourcing Leadership Council, which was renamed the Category Management Leadership Council, approved breaking down spending into 10 common categories such as IT, travel, and construction, which, according to OFPP, altogether accounted for

[9]OMB, *Memorandum for the Heads of Executive Departments and Agencies, Subject: Improving Acquisition Through Strategic Sourcing,* M-13-02 (Washington D.C.: Dec. 5, 2012).

[10]OMB, OFPP, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings* (Washington D.C.: Dec. 4, 2014).

$277 billion in fiscal year 2013 federal procurements. Each category will be led by a team of experts who will develop a common, government-wide strategy for smarter buying. An online portal called the Common Acquisition Platform, currently in development by GSA, is intended to compile all acquisition categories in one place for easier navigation of purchasing options and include agency provided data on prices paid by their customers for goods and services; contract performance assessments; best buying practices; and other contract information to allow for appropriate comparisons between contracts. Sharing information on pricing for services contracts is more complex than sharing prices for commonly available goods offered in the commercial marketplace. As of March 2015, OMB reported that category management metrics were under development.

Agency Efforts to Manage IT Services Spending Strategically Have Evolved, but Opportunities Remain to Improve Efforts

Each of the five agencies we reviewed have initiated efforts to manage IT services spending using strategic sourcing approaches, but significant opportunities exist to improve these efforts. At the enterprise level, each agency has designated officials responsible for strategic sourcing and have offices dedicated to identifying and implementing strategic sourcing opportunities, including those specific to IT. At the more tactical, contracting level, each of the agencies identified a principal contract vehicle, or suite of contracts, which is their agencies' preferred strategic sourcing solution for IT services. Overall, the amount of the individual agency's spending being managed through their primary strategic sourcing vehicle or suite of contracts varied from 10 percent to 44 percent in fiscal year 2013. However, we found the majority of the agencies' spending is executed through hundreds of other contracts. Some agency efforts to strategically source IT services have been executed in a decentralized manner and without clearly identifying the roles and resources needed to carry out leading practices such as enterprise-wide spend analysis or measuring progress in implementing strategic sourcing approaches based on goals and metrics. Further, the agencies we reviewed varied in the degree to which they utilized key strategic sourcing practices, such as tracking savings for their contract vehicles. As a result, significant opportunities exist to increase the use of existing strategically sourced vehicles, to measure savings accrued through the use of the strategic sourcing contracts already in place, and to develop strategies to reduce duplication by better managing the spending considered addressable by the existing vehicles.

Agencies Have Established Strategic Sourcing Governance, but Some Agencies Have Not Yet Conducted Spend Analyses or Clearly Defined Roles and Responsibilities

In December 2012, OMB directed agencies to designate a strategic sourcing accountable official with the authority to coordinate the agencies' internal strategic sourcing activities. In accordance with leading commercial practices, these activities can include conducting enterprise-wide spend analysis to identify strategic sourcing opportunities, developing sourcing tactics based on factors including the complexity of the service and number of suppliers in the market, and continuously managing the strategy by tracking and enforcing utilization and measuring savings. Establishing guidance, policies, roles, and responsibilities is a necessary step to ensure that agencies analyze and address their IT services spending through strategic sourcing, set utilization and savings targets, and then reduce contract duplication and achieve savings over time by monitoring spending patterns to ensure the benefits of strategic sourcing are achieved. Each of the agencies we reviewed designated an official and have offices responsible for implementing strategic sourcing approaches, including for IT services. Table 1 identifies the officials and offices responsible for strategic sourcing, key policies and guidance, and selected roles and responsibilities for strategic sourcing for the agencies we reviewed.

Table 1: Selected Agency Roles and Responsibilities for Strategic Sourcing

Agency/strategic sourcing accountable official	Office assigned	Policy, guidance, and selected roles and responsibilities for strategic sourcing
Department of Defense (DOD) Director, Defense Procurement and Acquisition Policy (DPAP)	Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics; Defense Procurement and Acquisition Policy	**January 2013 charter** defined roles for the Strategic Sourcing Directors Board within DPAP: Monitoring and improving the DOD-wide strategic sourcing program, developing recommendations for senior leadership, establishing working groups to examine issues relevant to strategic sourcing, and developing and recommending policies that enable and enforce the use of strategic sourcing initiatives and best practices. **June 2013 guidance** updated policy and responsibilities for the DOD-wide strategic sourcing program including responsibilities of the Strategic Sourcing Directors Board, working groups, and commodity teams.
Army Deputy Assistant Secretary of the Army (Procurement), Senior Services Manager	Office of the Senior Services Manager, Strategic Sourcing Office	**October 2011 memo** established a strategic sourcing board structure made up of three groups: Strategic Sourcing Executive Committee: Strategic sourcing oversight and coordination within the Army, DOD, and with the Office of Management and Budget, eliminating duplication, driving standardization, and setting strategic priorities. Strategic Sourcing Steering Group: Recommending policies, and monitoring federal initiatives. Strategic Sourcing Working Group: Establishing commodity teams and prioritizing functional areas. **September 2013 charter** established a strategic sourcing office and highlighted general roles of each group.
Navy Assistant Secretary of the Navy for Research, Development, and Acquisition	Navy Strategic Sourcing Program Management Office	**December 2011 memorandum** and charter outlines the following roles and responsibilities: Naval Strategic Sourcing Executive: Setting strategic sourcing priorities, establishing policies to implement commodity strategies and initiatives within the Navy. Naval Strategic Sourcing Program Management Office: Developing and executing communications plan, and proposing initiatives. Strategic sourcing official: Facilitating implementation of policies and guidance. Commodity teams: Managing performance of specified commodity teams, and developing commodity strategies.
Air Force Deputy Assistant Secretary of the Air Force (Contracting)	Office of the Assistant Secretary of the Air Force for Acquisition	**November 2012 memorandum** identified candidates for strategic sourcing, directed organizations to identify a general officer or senior executive service member to serve as leads for high spend areas, and to establish commodity councils responsible for leveraging spending, eliminating duplication of effort, driving commonality and standardization, and developing and executing commodity sourcing strategies within the Air Force.

Agency/strategic sourcing accountable official	Office assigned	Policy, guidance, and selected roles and responsibilities for strategic sourcing
Department of Homeland Security (DHS) Chief Procurement Officer	Office of the Chief Procurement Officer, Strategic Sourcing Program Office	**August 2004 directive** established the strategic sourcing group to leverage targeted department-wide commodity spending. **May 2005** established the Strategic Sourcing Program Office under the Chief Procurement Officer responsible for enhancing mission performance, increasing efficiency, evaluating contract effectiveness, achieving reductions in the price of goods and services, and participating in Federal Strategic Sourcing Initiative goals. **April 2013** updated guidance on strategic sourcing policies and procedures.
National Aeronautics and Space Administration (NASA) Office of Procurement, Assistant Administrator for Procurement	Office of the Chief Financial Officer	**September 2014 strategic sourcing plan** describes the roles and responsibilities of the following: NASA Strategic Sourcing Leadership Council: Reviewing and approving commodity recommendations by the strategic sourcing working group. Strategic Sourcing Working Group: Institutionalizing strategic sourcing across NASA; sharing best practices; eliminating cross-organizational duplication of effort. Commodity Working Group: Formulating commodity strategies to reduce total cost of ownership; providing acquisition assistance. Commodity Acquisition Group: Developing acquisition strategy documentation and communication plan to implement strategic sourcing initiatives.

Source: GAO analysis of agency policy and guidance. I GAO-15-549

Among the agencies we reviewed, DHS has the most mature strategic sourcing efforts. For example, DHS established a strategic sourcing office at its headquarters to centralize strategic sourcing efforts when the department was created in 2003, and its strategic sourcing program has been operating under an implemented management directive since 2004. Over the last decade, DHS has issued policy and guidance that clearly outlines roles and responsibilities for carrying out strategic sourcing including an executive governance structure to establish strategic direction and policies, as well as a strategic sourcing program office charged with conducting agency-wide spend analysis in coordination with commodity councils and working groups.

By contrast, in fiscal year 2013, efforts to strategically source IT services at the Army, Navy, Air Force, and NASA were executed in a decentralized manner and without clearly defined roles and responsibilities to conduct enterprise-wide spend analysis or measure progress in implementing strategic sourcing approaches based on goals and metrics. For example, we reported in 2012 that the Army established a strategic sourcing board

structure and program in 2011, but had not devoted resources to carry out strategic sourcing functions.[11] At that time, the Army could not provide information on all the department's strategic sourcing efforts because planning and execution was carried out in a decentralized manner. In September 2013, the Army issued a charter establishing an executive committee to set the strategic vision, direction, and priorities for Army strategic sourcing efforts. The charter also outlines the roles of working groups responsible for strategic sourcing planning and execution as well as estimated resources needed to carry out strategic sourcing efforts. As of June 2015, the Army had not conducted an enterprise-wide spend analysis for IT services. Similarly, the Air Force and Navy have not conducted enterprise-wide spend analyses to determine how much IT services spending should go through their strategically sourced contract vehicles.

NASA established its strategic sourcing program in 2006, but a 2014 NASA Inspector General report found that the agency failed to follow critical elements of its program plan; specifically, completing spend analyses, and measuring performance. Further, the report noted that NASA had not committed sufficient resources to promote and expand its strategic sourcing efforts.[12] In September 2014, NASA issued a strategic sourcing plan aimed at, among other things, addressing the Inspector General's recommendation to identify and assign specific responsibilities and provide guidance on how to carry out spend analysis. After the Inspector General's recommendations, NASA conducted an IT services spend analysis in 2014 that identified top spending categories that may provide opportunities for strategic sourcing by optimizing use of existing contracts or creating new strategic sourcing initiatives.

Agencies Have Efforts in Place to Strategically Source IT Services, but Significant Duplication Remains

At the more tactical, contracting level, each of the agencies identified an existing principal contract vehicle or suite of contracts, which is each agency's preferred strategic sourcing solution for IT services. However, we found the majority of the agencies' spending is executed through hundreds of other contract vehicles. Specifically, the Army, Navy, Air Force, DHS, and NASA collectively obligated more than $11 billion for IT

[11]GAO-12-919.

[12]NASA Office of Inspector General, *NASA's Strategic Sourcing Program,* IG-14-010 (Jan.15, 2014).

services in fiscal year 2013, but managed only between 10 to 44 percent of their respective IT services spending through strategically sourced vehicles. Each of the agencies except the Navy had program offices in place to manage their preferred strategic sourcing contract vehicles. These offices are responsible for managing their particular contracts and not responsible for enterprise-wide strategic sourcing planning and oversight. As a result, significant amounts of IT services spending remains outside the purview of each agency's primary strategic sourcing contract vehicle for IT services (see table 2).

Table 2: Fiscal Year 2013 IT Services Obligations and Percent Obligated Through Strategic Sourcing Contract Vehicles

Agency/principal IT strategic sourcing contract vehicle	Total IT services obligations ($ in millions)	Percentage of total obligated through agencies' principal IT strategic sourcing contract
Army		
Computer Hardware, Enterprise Software and Solutions [Note A]	$3,454	27%
Navy		
IT Services Commodity Strategy [Note B]	3,251	10
Air Force		
Network-Centric Solutions I and II	1,394	17
DHS		
Enterprise Acquisition Gateway for Leading Edge Solutions I and II	2,219	44
NASA		
IT Infrastructure Integration Program	855	35
Total	**$11,173**	

Source: GAO analysis of FPDS-NG data. I GAO-15-549

Note A: CHESS is the Army's primary source for commercial IT hardware, software, and services. The Information Technology Enterprise Solutions-2 Services and Information Technology Services-Small Business contracts of CHESS provide a full range of IT services and solutions.

Note B: In April 2012, the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition issued a memorandum that requires Navy buyers to use existing government-wide and enterprise-wide acquisition contracts for the acquisition of IT services. The Navy's percentage includes Navy spending through the vehicles specified in that policy: GSA Alliant/Alliant Small Business, Army Information Technology Enterprise Systems-2 Services, Air Force Network-Centric Solutions, National Institutes of Health government-wide acquisition contract for IT products, services, and solutions, the Navy's Seaport-Enhanced, and spending attributed to the Navy under the Defense Information Systems Agency's ENCORE II vehicle.

DHS and NASA managed more of their IT spending through their preferred strategic sourcing contract vehicles than did the military departments we reviewed, with such spending accounting for about 44 and 35 percent, respectively, of their fiscal year 2013 obligations on IT services. A senior DHS official responsible for strategic sourcing noted that fiscal year 2013 was a transition year between EAGLE I and EAGLE II and not fully representative of the agency's spending through the contract vehicles. Specifically, the official noted that EAGLE I could not accommodate the period of performance needed for some large multi-year task orders, but that the predominant functional categories under EAGLE II were not yet available which may have affected utilization.

The Army obligated 27 percent of its $3.4 billion on IT services spending through its CHESS strategic sourcing contacts, but at the same time obligated about $1 billion on 437 standalone contracts. Similarly, more

than 80 percent of the Air Force's spending on IT services occurred outside of its NETCENTS contracts, including more than $400 million obligated through 295 standalone contracts. Air Force strategic sourcing officials indicated that the transition between NETCENTS I and II occurred during fiscal year 2013 which may have affected utilization. Standalone contracts at both of these agencies were awarded to some of the same contractors for some of the same services covered by the agencies' primary strategic sourcing vehicles. As noted by OFPP, unnecessary duplication imposes significant costs on contractors and agencies. Contractors must absorb increased proposal preparation costs and administrative expenses, which disproportionately affect small businesses, and agencies cannot take advantage of potential savings, or leverage their acquisition workforce to support more complex, higher-risk requirements.

The Navy's April 2012 IT services commodity strategy is aimed at addressing IT services requirements, but only 10 percent of the Navy's IT services spending was obligated on the contract vehicles called for by that strategy, leaving 90 percent of the agency's IT services spending managed through other contracts. These other contracts include the Navy Marine Corps Intranet (NMCI) Continuity of Services contract, which accounted for about 43 percent or $1.4 billion of the agency's fiscal year 2013 IT services spending.[13] The NMCI Continuity of Services contract is a bridge contract providing service between the NMCI contract that had a period of performance form October 2000 to September 2010 and the follow-on Next Generation Enterprise Network contract which was awarded in June 2013 for performance through June 2018. The contract provides hardware and associated services such as enterprise-wide seat management and help desk support to Navy personnel.[14] NMCI program and Navy strategic sourcing officials explained that NMCI is strategic in that it consolidates and manages dispersed Navy IT equipment and provides a common contractor to meet Navy requirements. As such, Navy

[13]For additional information, see GAO, *Next Generation Enterprise Network: Navy Implementing Revised Approach, but Improvement Needed in Mitigating Risks,* GAO-12-956 (Washington, D.C.: Sept. 19, 2012); and *Information Technology: Better Informed Decision Making Needed on Navy's Next Generation Enterprise Network Acquisition,* GAO-11-150 (Washington, D.C.: Mar. 11, 2011).

[14]Seat management generally refers to service provision arrangements in which contractor-owned desktop and other computing hardware, software, and related services are bundled and provided to a client (e.g., government agency) at a fixed price per unit (or seat).

program officials noted that they consider the funds awarded under the contract to be “spend under management.” Navy officials acknowledge, however, that the NMCI program does not track spending, measure utilization, calculate savings, or include other aspects common in strategic sourcing. In addition, Navy strategic sourcing officials noted that when developing the 2012 IT services commodity strategy, they were attempting to better target and manage Navy IT services spending that occurred outside of NMCI.

Opportunities Exist to Better Implement Strategic Sourcing Leading Practices for IT Services

Despite efforts to strategically source IT services, our analysis showed that some of the agency efforts were not developed with strategic sourcing principles in mind and fall short of incorporating some key strategic sourcing leading practices—such as establishing use policies, utilization and savings targets, and accompanying metrics. Of the five agencies we reviewed, only three agencies had established policies requiring the mandatory use of their preferred strategic sourcing contract vehicle for IT services; only one agency had established utilization goals and metrics; and only two had established a method for calculating savings. None of the five agencies had established a savings goal. Overall, DHS strategic sourcing efforts exhibited more of the characteristics of leading commercial companies than the other agencies we reviewed. Table 3 summarizes agency policies, goals, and metrics related to utilization and savings for the strategic sourcing vehicles we assessed.

Table 3: Agency Policy, Goals, and Metrics for Utilization and Savings of IT Services Strategic Sourcing Vehicles

Agency/vehicle	Mandatory use policy for IT services	Utilization goals and Metrics	Savings method	Savings goal
Army—Computer Hardware, Enterprise Software and Solutions (CHESS)	No	No	No	No
Navy—IT Commodity Strategy In April 2012, the Office of the Assistant Secretary of the Navy,for Research, Development, and Acquisition issued a memorandum that requires Navy buyers to use certain existing government-wide and enterprise-wide acquisition contracts for the acquisition of IT services [Note A]	Yes	No	Yes	No
Air Force—Network-Centric Solutions (NETCENTS)	Yes	No	No	No
DHS—Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE)	Yes	Yes [Note B]	Yes	No
NASA—IT Infrastructure Integration Program (I3P)	No	No	No	No

Source: GAO analysis of agency documents. I GAO-15-549

Note A: The vehicles specified in the Navy's policy are GSA Alliant/Alliant Small Business, Defense Information Systems Agency Encore II, Army Information Technology Enterprise Solutions-2 Services, Air Force Network-Centric Solutions, National Institutes of Health government-wide acquisition contract for IT products, services, and solutions, and the Navy's Seaport-Enhanced.

Note B: DHS has a utilization goal of 42 percent across all the department's strategic sourcing vehicles, but none specific to EAGLE or DHS' services portfolio.

DHS' August 2012 policy requires the use of DHS strategic sourcing vehicles for purchases of supplies and services, with limited exceptions and DHS also measures utilization against what it considers to be the total amount of spending potentially addressable by EAGLE. For example, DHS strategic sourcing officials estimate that about 80 percent of the department's IT services requirements are addressable through EAGLE since there is some overlap between the products and services covered by EAGLE and other DHS strategically sourced vehicles. DHS strategic sourcing officials indicated that they do not have a specific utilization goal for EAGLE or IT services spending specifically, but instead for fiscal year 2013, set a utilization goal of 42 percent across all of the department's strategic sourcing vehicles. DHS strategic sourcing officials continually monitor EAGLE utilization by reviewing procurement data from FPDS-NG and by reviewing waiver requests to the mandatory use policy to determine the rationale for why the vehicle is not meeting component needs.

To measure savings for EAGLE, DHS developed a savings factor of 2.9 percent for all spending through EAGLE I, which assumes savings based

on the avoidance of fees charged for GSA schedule use, discounts off of EAGLE contract ceiling amounts resulting from task order competitions, and administrative savings resulting from the use of established contracts. In planning and implementing EAGLE II, DHS refined its savings methodology and increased the savings factor to 5 percent. To do so, DHS analyzed historical task orders under EAGLE I and confirmed that increased task order competition results in additional savings achieved off of the contract ceiling rates. In fiscal year 2013, EAGLE reported a total savings of $39 million based on $1.3 billion in obligations through EAGLE I and EAGLE II. The DHS Chief Information Officer has also set enterprise-wide savings goals for IT in response to PortfolioStat expectations and identified a number of approaches to achieve savings including the use of strategically sourced vehicles.[15] DHS, however, has not set a utilization and savings goal for IT services, even though that spending may be managed through EAGLE I and EAGLE II contracts as well as other DHS strategic sourcing vehicles. In doing so, DHS would be in a better position to monitor progress in managing its IT services spending.

Though the Air Force's May 2011 policy requires the use of NETCENTS for IT services, the Air Force does not have utilization goals and metrics for the amount of addressable spending that should be going through the vehicles and therefore lacks context to determine if the amount of spending directed to NETCENTS is appropriate. Air Force officials responsible for strategic sourcing noted that there are plans to look more closely at NETCENTS spending through a new business intelligence effort. Specifically, in January 2015, the Secretary of the Air Force announced plans to create a new Information Technology Business Analytics Office to collect empirical data and metrics to help with a data-driven approach to better understanding spending. Representatives from this office reported that the analysis is being used by senior Air Force leaders to determine by base and major command where spending is occurring outside of Air Force mandatory use vehicles, to increase enforcement, and to help project future IT requirements. The Air Force

[15]In March 2012, OMB launched an initiative, referred to as PortfolioStat, which requires agencies to conduct annual reviews of their IT investments and make decisions on eliminating duplication, among other things. For additional information, see GAO, *Information Technology: Additional OMB and Agency Actions Needed to Ensure Portfolio Savings Are Realized and Effectively Tracked*, GAO-15-296 (Washington, D.C.: April 16, 2015).

does not currently track savings associated with the use of NETCENTS for IT services, even though the total contract ceiling for services is $16.1 billion, more than double the ceiling of $7.4 billion for products. A NETCENTS program official reported that his office does not have the resources or data needed to calculate savings for services which would require a comparison between actual labor rates paid to the maximum labor rates proposed by vendors, or a comparison of actual labor rates paid to the independent government cost estimate based on historical costs, data that is not routinely collected.

The Navy's April 2012 policy requires the use of certain contracts for IT services through its IT commodity strategy, though it lacks a utilization goal regarding the amount of addressable spending that should be going through these contracts. A senior official from the Navy's strategic sourcing program office acknowledged that decisions to initiate new contracts rather than leverage existing vehicles are not being properly supported or justified and existing contract solutions could be used more regularly. The official also noted that while the office reviews Navy spending based on FPDS-NG data to assess usage of the established vehicles, it does not play a direct role in managing spending as the decisions to contract outside of the existing vehicles is made on a decentralized basis. He recommended that the Navy's policy be more directive and authoritative and that exceptions, which are approved at the major command level, be subject to greater oversight. To calculate the savings achieved through its IT commodity strategy, the Navy calculated savings based on comparing the independent government cost estimates with the actual prices paid for specific IT services acquisitions and reported savings of $8 million for fiscal year 2013.

The Army does not have a mandatory use policy or attempt to track savings for IT services under its CHESS contract vehicle. For example, the Army's CHESS vehicle is mandatory for purchases of commercially available hardware, but not for services even though the total contract ceiling of $20.4 billion for services is about double the $10.5 billion ceiling for products. A CHESS program official noted that the vehicle provides users with access to a number of qualified IT services vendors and in contrast with other non-Army vehicles it does not charge a fee for its use. The official also stated that CHESS is a preferred source for IT services, but the rationale for not requiring use of CHESS for IT services is to allow Army components greater flexibility to select the vendor that can meet their needs most efficiently, including small businesses, of which there are few options under CHESS. The next generation of the CHESS Information Technology Enterprise Solutions-2 Services contract is in the

acquisition planning process and expected to be awarded in 2017. The Army intends to apply the strategic sourcing process, and the vehicle is being designed to include more small businesses.

NASA's IT Infrastructure Integration Program (I3P) contracts were intended to consolidate a number of previously existing NASA enterprise-wide contracts[16] and center contracts, but they were not created based on a comprehensive analysis of the agency's IT services spending. In August 2011, the NASA Chief Information Officer, Assistant Administrator for Procurement, and the Deputy Chief Acquisition Officer issued a joint memorandum directing NASA buyers to consider the use of existing NASA contracts, including I3P, for the procurement of IT products and services. In April 2014, NASA also issued policy requiring the use of I3P for NASA's end user services, such as help desk and data backup services. Despite these policies, a senior official from NASA's office of the Chief Information Officer noted that NASA centers continue to manage their own contracts for certain IT services. The official further noted that NASA is working to develop a better understanding of agency-wide spending following the 2014 NASA Inspector General report.[17] NASA officials also noted that they are considering changes for future contract awards to incorporate lessons learned. These include planning vehicles with increased scope to further consolidate center-specific IT services contracts and the expanded use of existing government-wide acquisition contracts.[18]

[16]Although not defined in federal acquisition regulations, enterprise-wide contracts are generally internal purchasing programs established within a federal department or agency to acquire goods and/or services. They can leverage the purchasing power of the department or agency, and may or may not allow purchases from the contract by federal activities other than the original acquiring activity.

[17]NASA IG-14-010.

[18]A government-wide acquisition contract is a task-order or delivery-order contract for information technology established by one agency for government-wide use that is operated (1) by an executive agent designated by OMB pursuant to 40 U.S.C. § 11302(e); or (2) under a delegation of procurement authority issued by GSA prior to August 7, 1996, under authority granted GSA by former section 40 U.S.C. § 759, repealed by Pub. L. No. 104-106. Federal Acquisition Regulation § 2.101.

Agencies Lacked Insight into Labor Rates Paid for Similar IT Services and Paid Widely Varying Rates

Contracting officials from the agencies we reviewed generally had limited insights into the labor rates paid for similar IT services. These officials stated that having timely and reliable insights into the rates paid for similar services within their own, or by other federal agencies, would be beneficial, but they currently lack the tools and data to do so. Our analysis of 30 IT services contract actions for similar IT services found that the agencies we reviewed paid widely varying rates for 12 similar labor categories with the same contractors, with the average difference between the lowest and highest labor rate being 62 percent. Agency contracting and contractor officials identified a number of factors that could contribute to such differences, including geographic or work location, unique security, education or skill requirements, and the contractor unit performing the work. Further, we found that the 30 contract actions for IT services that were awarded to two contractors contained more than 117 discrete labor categories, many with multiple variations to account for experience levels. Agency contracting officials identified the existence of so many different labor categories as hindering their ability to conduct labor rate comparisons. Several government-wide and agency-specific efforts are under way to address certain aspects of these challenges, but none are currently addressing the range of challenges our work identified, which may limit their utility in providing contracting officers with readily available information that would facilitate labor rate comparisons.

Contracting Officials Generally Lack Insight into the Rates Obtained by Other Federal Contracting Activities

We found significant variation in the labor rates agencies are paying for IT services. Specifically, we analyzed rates paid for IT strategy and architecture services in fiscal year 2013 from a sample of 30 contract actions with the same two contractors, and identified 12 labor categories and levels that were common to at least two contract actions. For these 12 labor categories, we found differences between the lowest and highest rates for a single category and level ranging from 18 percent to 183 percent. Across all our comparisons, the highest rates were an average 62 percent higher than the lowest. Table 4 provides examples of difference in labor rates.

Table 4: Hourly Labor Rates for Similar IT Services with the Same Contractors

Labor category	Lowest rate (agency)	Highest rate (agency)	Percentage difference
Test Engineer - Senior	$105.73 (DOD)	$124.35 (DHS)	18
Systems Engineer III	$85.50 (NASA)	$107.50 (DOD)	26
Systems Architect	$126.99 (DOD)	$163.85 (DOD)	29
IT Certified Professional - Senior	$93.08 (DOD)	$126.40 (DOD)	36
Program Manager 2	$125.79 (DOD)	$174.20 (DOD)	38
Program Manager – Senior	166.93 (DOD)	241.15 (DOD)	44
Project Manager	$113.34 (DOD)	$183.56 (DOD)	62
Functional Analyst	$61.78 (DOD)	$101.00 (DHS)	63
Software Engineer - Senior	$82.11 (DOD)	$140.32 (DOD)	71
Systems Administrator III	$48.99 (DOD)	$90.77 (DOD)	85
Program Manager	103.47 (DOD)	195.22 (DOD)	89
Systems Engineer - Senior	$63.91 (DOD)	$181.07 (DHS)	183

Source: GAO analysis of agency contract documents. I GAO-15-549

Agency officials and contractor representatives identified several factors that can affect labor rates, including (1) whether the work was performed at a government site versus a contractor site; (2) unique personnel security requirements; (3) the contractor business unit performing the work; (4) geographic variations; (5) difference in education and/or experience required; and (6) contract type. Representatives from one of the contractors we reviewed also told us that the business sector performing the contract can be an important factor in determining the labor rate. These representatives explained that one of the contractor's business sectors was established to be a leaner alternative, and that may partially explain differences in labor rates.

We found that consistent with federal acquisition regulations, contract officials used procedures such as market research and competitive awards and determined that prices paid for their contracts were fair and reasonable. However, agency contracting officials stated that having timely and reliable insights into the rates paid for similar services within their own agency or by other federal agencies would be beneficial in helping refine their negotiating position but they currently lack the tools and data to do so.

Contracting officials noted that while they generally have access to labor rates obtained under other contracts awarded by the same contracting activity, the further they were removed from the buying activity, the harder it was to obtain data on labor rates in a timely fashion. For example, Navy officials noted that they considered checking labor rates for an IT services requirement with rates paid under the Army's CHESS contract, but found that they had difficulty identifying a point of contact. These officials stressed that given their workload and the short timeframes generally afforded to prepare for and negotiate contracts, they need reliable information they can readily access if the information was to be of any utility to them.

Some contracting officials cited published GSA schedule rates as their only source of data on labor rates for similar services outside of their agencies. As we have recently reported, contracting officers noted that some GSA schedule vendors set their rates as a ceiling and routinely discount prices for orders.[19] In these cases, published schedule rates likely do not represent the lowest rates available. For example, one DOD component was charged $163.85 per hour for a systems architect and officials were aware that the rate represented a discount from the GSA published rate, but did not have access to data showing that another DOD component obtained a rate of $126.96 with the same contractor for a systems architect.

Further, contracting officials told us that variations in individual labor category titles present another barrier to the comparison of labor rates. To illustrate the variation in labor category titles, our analysis of the 30 contract actions awarded to two contractors for similar IT services

[19]GAO, *Federal Supply Schedules*: *More Attention Needed to Competition and Prices Paid for Goods and Services*, GAO-15-590 (Washington, D.C.: July, 9, 2015).

identified 117 discrete labor category titles, coupled with multiple and differing experience scales, leading to 199 unique labor category and experience level combinations. For example, when identifying its proposed systems engineer staff, one contractor used the scale junior or senior for one task order and systems engineering I, II, or III for another task order, even though the type of service to be provided was similar.

Our prior work on commercial leading practices noted that without centralized procurement knowledge such as comparable labor rate information, companies ran the risk that different parts of the organization could be unwittingly buying the same item or service, thereby missing an opportunity to share knowledge of procurement tactics proven to reduce costs. For example, officials at one company noted a lack of standardized data on the type or category of labor acquired, and the cost per hour of the labor, hampered efforts to use existing information to more effectively manage service spending. In contrast, officials from one company reported that collecting standardized data on the cost of labor hours by skill set enabled the company to aggressively negotiate future labor and overhead rates with service providers.[20]

Similar to these efforts, DHS's EAGLE II and GSA's Alliant vehicles have developed standardized labor categories and descriptions based on private sector best practices. According to DHS officials, standardized labor categories facilitate the collection and analysis of labor rates which the agencies can use to better manage their suppliers and compare prices paid. DHS officials explained that while EAGLE I used common labor category names, DHS had difficulty comparing labor rates across EAGLE I task orders due to variance in experience scales between contractors. As a result of this lesson learned and to improve ease of contract use, EAGLE II contractors must adhere to a standard labor category experience scale. Similarly, according to GSA officials, the solicitation for GSA's Alliant II contract will establish 31 standardized labor categories and four experience levels for contractors to use in their proposals. GSA also plans to collect transactional data from IT services contractors which it intends to provide transparency into prices paid and other factors. Further, GSA used standardized labor categories and experience levels for Alliant I and provides the median prices paid for each labor category by contractor for each year of the contract. According

[20]GAO-02-230.

to program officials from the CHESS, NETCENTS, and I3P vehicles we reviewed, they have not started to collect data to assess variation in labor rates which limits their knowledge and insights needed to reduce contract costs and identify other efficiencies.

GSA officials stated that a key principle underlying development of a standard list of labor categories is to allow for customization at the task order level. These officials explained that if the standard list is too detailed, there is a greater chance that it will be viewed as inappropriate for specialized requirements. One contractor told us that government specified labor categories and descriptions can be beneficial because they help the contractor understand the scope of work and what qualifications the government anticipates as necessary to complete the task and for price evaluation, it helps ensure that all competitors are on a level playing field. One drawback noted is that the contractor must map actual performers to government categories which may be different than the contractor's current labor category structure. The result is an additional layer of justification to align these categories.

Some Initiatives Are under Way to Improve the Labor Rate Data Available to the Government, but Most Are Early in Development

OMB and some of the agencies we reviewed have initiatives under way to streamline the number of labor categories or provide more data on labor rates, but we found that none of the initiatives currently provide the capability to obtain information on actual prices paid for specific or standardized labor categories. Consequently, government acquisition professionals may be missing opportunities to negotiate better labor rates, and improve their knowledge of agency requirements and potential cost drivers.

In its December 2014 memorandum on category management, OFPP announced efforts to enable the federal government to buy smarter and more like a single enterprise. It involves identifying core categories of spend, and developing heightened levels of expertise, sharing best practices, providing streamlined solutions, and managing supply and demand for each of the categories. The objective is to increase efficiency and effectiveness while reducing costs and redundancies. The memorandum directs agencies, including executive agents of government-wide acquisition contracts and managers of multi-agency and enterprise-wide contracts, to provide data on rates paid by their customers; contract performance assessments; and best buying practices. As part of this effort, GSA created a Common Acquisition Platform to house information collected, including spending data. GSA

officials explained that there are five IT hallways in the platform including one for IT services.

Part of the Common Acquisition Platform includes GSA's Prices Paid Portal which will allow agencies to view actual prices paid across the government for commonly purchased goods and services, but the portal is not yet fully functional. As part of this effort, GSA has begun efforts to collect IT services data from its contract vehicles such as Alliant as well as other agency contract vehicles to populate the tool.

In addition, GSA launched the Contract Awarded Labor Category tool in May 2015 which contains professional services and some IT services labor categories that are searchable. This tool provide users with price comparisons based on search parameters including labor category description, years of experience, education level, business size, and contractor versus government work site pricing. For example, with the tool a user can identify prices for a senior engineer with a specific education level and will generate information such as the average hourly labor rate as well as the range of prices paid. Although it is too soon to evaluate the effectiveness of this tool, it has the potential to provide contracting staff with greater visibility into labor category rates with enough fidelity to account for many of the same factors we identified as contributing to price variation.

DOD's Contract Business Analysis Repository will allow DOD acquisition personnel to evaluate pricing information for all negotiated contract actions exceeding $25 million. DOD has issued direction to its contracting officers requiring that applicable pricing information such as price negotiation memorandums be uploaded into the repository. However, to obtain insights into the labor rates, users will have to search through price negotiation documents to locate similar requirements and comparable labor categories. DOD officials reported that the repository is currently designed to simply post scanned versions of such documents and is not intended to identify specific factors that contributed to any variations in labor rates.

Conclusions

Each of the agencies we reviewed—the Army, Navy, Air Force, DHS, and NASA—have made strides in their efforts to strategically source IT services, but none have fully incorporated leading commercial practices. Each agency has designated individuals to serve as their agency's strategic sourcing accountable official; established, to varying degrees, policies governing strategic sourcing efforts; and has designated contract

vehicles as their preferred strategic sourcing solution for IT services. As such, these agencies are following the path taken by the leading commercial companies we previously reviewed. However, it takes much more than putting a contract into place to fully implement strategic sourcing approaches. At the enterprise level, most agencies have opportunities to better adopt leading commercial practices by conducting spend analysis for IT services, monitoring the use of their strategic sourcing vehicle in comparison to their total spending on IT services, establishing utilization goals and metrics; establishing policies requiring the mandatory use or consideration of their preferred strategic sourcing contract vehicle and taking steps to monitor compliance with such policies, and identifying methods for calculating savings and setting savings goals. For example, the amount of spending through these agencies' preferred strategic sourcing contract vehicles ranged from 10 percent at the Navy to 44 percent at DHS, which falls far short of the 90 percent that leading commercial companies obtained. Following these leading practices enabled commercial companies to achieve annual savings of 4 to 15 percent. Translated into the federal environment, achieving even a 4 percent savings on the $30 billion federal agencies obligated on IT services in fiscal year 2013 would result in over $1 billion in savings or efficiencies. Moreover, these steps can help agencies carry out responsibilities to reduce the costs and administrative efforts of maintaining hundreds of potentially duplicative contracts. Until such time that agencies establish such policies, goals, and metrics, they remain at risk of missing opportunities to better manage their spending on IT services.

At the tactical, contracting level, a key practice undertaken by some leading commercial companies is to obtain better insights into the actual prices paid for IT services. To do so often required companies to improve their business intelligence tools, standardize labor categories, and collect data on the actual prices paid for such services. Federal acquisition and contracting officials we interviewed believed that such information would be beneficial, but they acknowledged they currently lack the tools and capacity to do so in a timely and reliable manner. As a result, the capability does not currently exist for agency contracting officials to know how the prices they obtained compare to those obtained by other contracting officers, including those within their own agency. The goal should not necessarily to obtain the lowest price, but to have insights about where a labor rate falls in the spectrum of prices being paid by other agencies. Armed with this information, contracting officers can better determine whether a contractor may be charging too much or too little, but also identify if a requirement is driving contractors to charge

more or less than expected. Either way, such insights are the basis to ask questions and obtain more in depth knowledge. Further, the hundreds of labor categories and experience levels we found for the 30 contract actions reviewed also show the significant challenges contracting officers face to compare labor rates. Some agencies, such as DHS, have taken steps to reduce the number of labor categories to which contractors must propose in order to collect data necessary to assess variation in labor rates, but the Army and Air Force have not. As a result, these agencies may be missing opportunities to collect insights needed to reduce contract costs and identify other efficiencies.

Recommendations for Executive Action

To improve efforts to strategically source IT services within the Army, the Secretary of the Army should direct its strategic sourcing accountable official to take the following four actions:

- Conduct a comprehensive analysis of Army IT services spending to determine the extent to which requirements can be addressed by CHESS or other strategic sourcing approaches, and based on this analysis, consider opportunities to reduce duplicative contracts.
- Implement utilization metrics and mandatory use or consideration policies.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for CHESS or future contracts.

To improve efforts to strategically source IT services within the Navy, the Secretary of the Navy should direct its strategic sourcing accountable official to take the following two actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by the existing contracts or other strategic sourcing approaches and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics and monitor agency efforts to comply with the Navy's existing use policies for IT services.

To improve efforts to strategically source IT services within the Air Force, the Secretary of the Air Force should direct its strategic sourcing accountable to take the following four actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by NETCENTS or other strategic sourcing approaches, and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for primary strategic sourcing vehicles such as NETCENTS.

To improve efforts to strategically source IT services within NASA, the Administrator of NASA should direct its strategic sourcing accountable official to take the following three actions:

- Use its 2014 spend analysis to determine the extent to which requirements can be addressed by I3P or other strategic sourcing approaches, and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics and mandatory use policies.
- Develop guidance and overarching goals and metrics for savings.

To improve efforts to strategically source IT services within DHS, the Secretary of Homeland Security should direct its strategic sourcing accountable official to take the following two actions:

- Establish a utilization goal for the portfolio of strategic sourcing contracts related to IT services.
- Establish a savings goal for the portfolio of strategic sourcing contracts related to IT services.

Agency Comments and Our Evaluation

We provided a draft of our report to the Secretaries of DOD and DHS, and the Administrators of NASA and GSA. DOD, DHS, and NASA concurred with our recommendations to improve efforts to strategically source IT services within their agencies. The agencies' comments are

summarized below and written comments from DOD, DHS, and NASA are reproduced in appendixes III, IV, and V respectively. We also received technical comments from DHS and NASA which we incorporated, as appropriate.

In DOD's written comments, the Director, Defense Procurement and Acquisition Policy, agreed with our recommendations and identified the actions that the Army, Navy, and Air Force intended to take to improve efforts to strategically source IT services. These actions include conducting spend analysis, developing policy and guidance regarding the utilization of existing strategic sourcing vehicles, and establishing goals and metrics to assess the use of the military departments' strategic sourcing vehicles and measuring savings. The Director indicated that these actions are expected to be completed by the end of the third quarter of fiscal year 2016.

In its written comments, DHS concurred with our recommendations and plans to establish utilization and savings goals for the portfolio of strategic sourcing contracts related to IT services by the end of 2015. DHS stated that is remains committed to ensuring that the needs of the Chief Information Officer community are met through strategic sourcing vehicles which are cost effective, generate savings, and support the mission of the department.

In NASA's written comments, the Assistant Administrator for Procurement agreed with our recommendations to use NASA's 2014 spend analysis to identify contract duplication and opportunities to leverage existing strategic sourcing initiatives. The Assistant Administrator indicated these actions would be completed in February 2016. NASA also agreed with our recommendation to develop guidance and overarching goals and metrics for savings and anticipated these actions will be completed in January 2017. NASA partially concurred with our recommendation to implement utilization metrics and mandatory use policies. The Assistant Administrator stated that NASA will review its current policies to develop and implement metrics and a standardized policy which establishes mandatory use or consideration of existing contracts, where applicable. We believe these actions meet the intent of our recommendations.

GSA did not provide comments on the content of the draft report, but noted in oral comments that GSA's Federal Acquisition Service Office of Strategy Management has established a program management office that will develop government-wide spend analyses in categories including IT

to support category management and efforts to expand strategic sourcing initiatives.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Defense; the Secretaries of the Army, Navy and Air Force, respectively; the Secretary of Homeland Security; the Administrator of the National Aeronautics and Space Administration; the Administrator of General Services; the Director, Office of Management and Budget, and the Administrator of Federal Procurement Policy. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me on (202) 512-4841 or dinapolit@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.

Timothy J. DiNapoli
Director, Acquisition and Sourcing Management

List of Requesters

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Thomas R. Carper
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Claire McCaskill
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate

Appendix I: Objectives, Scope and Methodology

We were asked to review the status of the government's efforts to strategically source IT services. We assessed the extent to which (1) selected agencies manage IT services spending through strategic sourcing approaches, and (2) acquisition personnel had insight into labor rates for similar IT services.

To evaluate agency strategic sourcing efforts, we selected three agencies—Department of Defense (DOD), Department of Homeland Security (DHS), and National Aeronautics and Space Administration (NASA)—which accounted for 53 percent of total fiscal year 2013 federal IT services procurement spending, based on data reported in the Federal Procurement Data System-Next Generation (FPDS-NG). Within DOD, we focused our review of strategic sourcing efforts on the departments of the Army, Navy, and Air Force which accounted for 62 percent of total DOD IT services spending. We defined IT services based on product service codes which are used to categorize products and services in FPDS-NG. We selected 34 relevant product service codes based on prior GAO work. Specifically, we defined IT services based on the following product and service codes: D301-D399 for automated data processing (ADP) and telecommunications services; H170, H270, H370, and H970 for quality control, testing, and inspection of ADP equipment; J070 for maintenance and repair of ADP equipment; K070 for modification of ADP equipment; L070 for technical representatives for ADP equipment; N070 for installation of ADP equipment; and U012 for ADP training.

To assess the extent to which agencies manage IT services spending through strategic sourcing approaches, we met with officials responsible for strategic sourcing to identify any strategic sourcing efforts covering IT services. At the DOD department level, we met with DOD's Strategic Sourcing and Services Acquisition Office, which is within DOD's Office of the Director, Defense Procurement and Acquisition Policy and with representatives from the office of the Chief Information Officer. Within the military departments and civilian agencies, we met with Strategic Sourcing Accountable Officials responsible for agency-wide strategic sourcing efforts, policy, and guidance.

Each agency identified a contract vehicle or suite of contracts covering IT services which they considered to be strategically sourced:

- Army—Computer Hardware, Enterprise Software and Solutions (CHESS);
- Navy—IT Services Commodity Strategy;
- Air Force—Network-Centric Solutions (NETCENTS);

- DHS—Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE); and
- NASA—IT Infrastructure Integration Program (I3P)

We obtained the contract numbers for each of the vehicles which we used to analyze each agency's fiscal year 2013 IT services spending based on data reported in FPDS-NG. We used fiscal year 2013 FPDS-NG data because it was the most recent fiscal year with complete government-wide obligation data. To assess the reliability of the FPDS-NG data, we reviewed existing documentation and electronically tested the data to identify obvious problems with completeness or accuracy. We determined that these data were sufficiently reliable for the purpose of reporting government-wide and agency spending on IT services. We also reviewed and assessed each vehicle against the Office of Management and Budget strategic sourcing guidance and commercial leading practices for strategic sourcing identified in GAO prior work. Specifically, we focused on agency efforts to manage their strategic sourcing efforts and the extent to which they have policies, goals, and metrics for strategic sourcing utilization as well as goals and methods for calculating savings. For the information technology services component of each vehicle, we reviewed available acquisition strategy and planning documents, business case analyses, briefings, and any relevant agency guidance, policy, and regulation.

To assess the extent to which agency acquisition personnel have insights into labor rates for similar IT services, we used FPDS-NG to identify one high-spend IT service category—IT strategy and architecture services—that was among the top five IT service spend categories at each of the agencies we selected and among the top two government-wide. In fiscal year 2013, DOD, DHS, and NASA obligated $1.3 billion, $127 million, and $156 million, respectively for IT strategy and architecture services. IT strategy and architecture relates to the planning, development, and maintenance of software and solutions to support government requirements.

From a universe of all DOD, DHS, and NASA contract actions that had fiscal year 2013 obligations for IT strategy and architecture services in FPDS-NG, we identified contract actions with two of the top contractors common to these agencies, in order to allow for the most consistency in labor categories across contracts. We selected a nongeneralizable sample of 30 of these contract actions related to 14 base contracts. For the 30 selected contract actions, we reviewed contract documents and identified 117 different labor categories and a total of 199 labor category

and experience level combinations. Among those, we identified 12 categories with matching labor categories and levels in at least two contracts with a common contractor, which included:

1. Functional Analyst
2. IT Certified Professional - Senior
3. Program Manager
4. Program Manager 2
5. Program Manager - Senior
6. Project Manager
7. Software Engineer - Senior
8. Systems Administrator III
9. Systems Architect
10. Systems Engineer III
11. Systems Engineer – Senior
12. Test Engineer - Senior

We compared labor rates for each of these 12 categories. To do so, we identified labor rates for the selected labor categories applicable to all or part of fiscal year 2013. Where labor rates were not fully burdened to include indirect labor costs such as overhead expenses, fringe benefits, and general and administrative fees, we performed calculations to incorporate these additional costs. We compared the variation in labor rates by selecting the lowest and the highest rates among the group of fully burdened labor rates for the relevant time period.

To better understand the factors that can affect variation in labor rates, we interviewed contracting officials for 11 of our case study contract actions and representatives of the two contractors included in the contract actions we reviewed. We also provided them examples of labor rate comparisons for discussion purposes. As a result, we identified some of the factors that can affect labor rates for the same labor categories such as whether the work is performed at a government or contractor site; security clearance requirements; performing business unit; education, experience, certifications, and skills required; and contract type. While we did not control for these factors in our labor rate analysis we believe that our comparisons are informative because they illustrate the extent to

which agency acquisition personnel have insights into labor rates for similar IT services.

Through our interviews with agency contracting officials we identified the procedures contracting officials used to determine that prices paid were fair and reasonable and the extent to which data on rates paid by the government for similar services was available or considered. Finally, we compared government practices to commercial leading practices identified in our prior work.

We also met with officials from the General Services Administration to discuss initiatives and tools to provide government buyers with greater visibility into prices paid data. In addition, we met with DOD officials responsible for implementing DOD's Contract Business Analysis Repository database, to discuss the current status of the database and plans for future development. We also met with DHS EAGLE II officials and GSA Alliant officials to discuss efforts to standardize labor categories for those vehicles.

We conducted this performance audit from March 2014 to September 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Summary of Agencies' Primary Vehicles for Strategically Sourcing IT Services

Agency / strategic sourcing vehicle Period of performance Total contract value	Vehicle description
Army—Computer Hardware, Enterprise Software and Solutions (CHESS)/Information Technology Enterprise Solutions **Period of performance: 2006-2018**. The next generation is in the acquisition planning process and expected to be awarded in 2017. **Total contract value:** $10.5 billion for products, $20.4 billion for services.	CHESS is the Army's primary source for commercial IT hardware, software, and services and is intended to make purchasing more efficient and to reduce costs through volume buying. The Information Technology Enterprise Solutions-2 Services and Information Technology Services-Small Business contracts provide a full range of IT services and solutions necessary for the Army to satisfy its support of Army net-centric goals.
Navy—IT Services Commodity Strategy	In April 2012, the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition issued a memorandum that requires Navy buyers to use existing government-wide and enterprise-wide acquisition contracts for the acquisition of IT services including GSA Alliant/Alliant Small Business, Army Information Technology Enterprise Systems-2 Services, Air Force Network-Centric Solutions, National Institutes of Health government-wide acquisition contract for IT products, services, and solutions, and the Navy's Seaport-Enhanced.
Air Force—Network-Centric Solutions (NETCENTS) **Period of performance:** NETCENTS-I, 2004-2015; NETCENTS-II contracts have not all been awarded. The period of performance for the Enterprise Information and Service Management contract covering IT services is 2011-2018. **Total contract value:** NETCENTS-I, $10.5 billion, NETCENTS-II, $7.4 billion for products, $16.1 billion for services.	NETCENTS provides the Air Force with a primary source of IT products, services, and solutions. NETCENTS-I included eight vendors. NETCENTS-II is organized into six functional categories with multiple vendors available under each. Under NETCENTS-II, IT services are primarily covered through the Enterprise Information and Service Management contract.
DHS—Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE) **Period of performance:** EAGLE-I, 2006-2015; EAGLE-II, 2013-2021. **Total contract value:** EAGLE-I, $45 billion, EAGLE-II, $22 billion.	EAGLE contracts are broadly scoped for IT support services for the majority of the Department's enterprise infrastructure and initiatives.
NASA—IT Infrastructure Integration Program (I3P) **Period of performance:** 2011-2021. **Total contract value:** $4.2 billion.	I3P is designed to integrate and consolidate IT requirements across the agency. The scope of I3P is broad, entailing consolidation and central management of IT services in the areas of web services and technologies, enterprise business and management applications, integrated network/communications services, computing services, and seat management/end-user services.

Source: GAO analysis of agency documents. I GAO-15-549

Appendix III: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION, TECHNOLOGY AND LOGISTICS

SEP 4 2015

Mr. Timothy J. DiNapoli
Director
Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. DiNapoli:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, GAO-15-548SU, "STRATEGIC SOURCING: Opportunities Exist to Better Manage Information Technology Services Spending," dated July 16, 2015 (GAO Code 100018). Detailed comments on the report recommendations are enclosed.

Sincerely,

Claire M. Grady
Director, Defense Procurement
and Acquisition Policy

Enclosure:
As stated

"STRATEGIC SOURCING: OPPORTUNITIES EXIST TO BETTER MANAGE INFORMATION TECHNOLOGY SERVICES SPENDING,"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: To improve efforts to strategically source IT services within the Army, the Secretary of the Army should direct its strategic sourcing accountable official to take the following four actions:

- Conduct a comprehensive analysis of Army IT services spending to determine the extent to which requirements can be addressed by CHESS or other strategic sourcing approaches, and based on this analysis, consider opportunities to reduce duplicative contracts.
- Implement utilization metrics and mandatory use or consideration policies.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for CHESS or future contracts.

DoD RESPONSE: Concur.

The Army will conduct an in-depth analysis of spending on IT services and the extent to which IT services requirements can be met by CHESS and other strategic sources. The analysis will be completed by the end of the third quarter of Fiscal Year (FY) 2016. Based upon the results of the analysis, the Army will identify a portfolio of contracts that are capable of meeting the Army's enterprise IT strategy. The Strategic Sourcing Executive Committee will promote the awareness of those contracts, consider policy, utilization metrics and cost savings goals.

The Army will analyze the scope of existing Army IT service contracts and Army spend for IT services on non-Army contracts. The analysis will be completed by the end of the third quarter of FY 2016. Based on the results of that analysis, the Army will publish a consideration policy, including utilization metrics, in order to increase the use of Army strategic sources for IT services and reduce new IT services contracts that are duplicative in nature. The consideration policy will be published by the end of third quarter of FY 2016.

The Army will develop and publish overarching goals and metrics for savings by using existing Army strategic sourcing contracts for IT services. The goals and metrics for savings will be based on increasing the use of existing Army contracts for IT services that do not charge an access fee, reducing the number of Army contracts for IT services and improving the management of IT services spend by use of identified Army strategic sources. The policy will be published by the end of the third quarter of FY 2016.

The Army will conduct a review of the use of standardized labor categories for both CHESS contracts and other Army strategic sourcing contracts for IT services in order to determine if

increased labor category standardization will support contracting officials' efforts to ensure labor rates are both reasonable and realistic. The review will be completed by the end of third quarter of FY 2016.

RECOMMENDATION 2: To improve efforts to strategically source IT services within the Navy, the Secretary of the Navy should direct its strategic sourcing accountable official to take the following two actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by the existing contracts or other strategic sourcing approaches and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics and monitor agency efforts to comply with the Navy's existing use policies for IT services.

DoD RESPONSE: Concur.

By end of third quarter of FY 2016, the Department of the Navy will review and update the spend data, the analysis conducted and the resulting recommendations as part of its 2010 IT Services strategic sourcing project, which resulted in the Navy IT services policy and strategy. Based on this updated IT services spend analysis, the Navy will take steps to reduce duplicative contracts where appropriate and practicable.

By end of third quarter of FY 2016, the Navy will establish metrics and monitor agency efforts to comply with the Navy IT services policy and strategy.

RECOMMENDATION 3: To improve efforts to strategically source IT services within the Air Force, the Secretary of the Air Force should direct its strategic sourcing accountable official to take the following two actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by NETCENTS or other strategic sourcing approaches, and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics and mandatory use or consideration policies.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for primary strategic sourcing vehicles such as NETCENTS.

DoD RESPONSE: Concur.

The Air Force concurs with the findings of the GAO Report regarding Strategic Sourcing of IT Services (FY 2013 data). The Air Force will comply with the recommendations made in this report by developing a plan forward to address these concerns over the next six to nine months. During the period analyzed by GAO (FY 2013), the Air Force had only one of four NETCENTS service contract vehicles in place. NETCENTS-2 was under protest, and NETCENTS-1 was extended with limited ceiling available for use. This resulted in a significant number of IT

Service contracts being awarded separately. The final three NETCENTS-2 IT service contract vehicles were awarded in FY 2015, providing a comprehensive suite of strategic sourcing vehicles for use across the Air Force. NETCENTS-2 remains mandatory use in the Air Force, and the Air Force is confident that as existing contracts expire, Contracting Officers will utilize NETCENTS-2. This will allow centralized tracking and sharing of spend, savings, and rate information across the Air Force IT Services Enterprise.

The Air Force will conduct an in-depth analysis of spending on IT services and the extent to which IT services requirements can be met by NETCENTS and other strategically sourced contracts. The analysis will be completed by the end of the third quarter of FY 2016. Based upon the results of the analysis, the Air Force will identify those contracts that can be issued using NETCENTS and other strategic sourcing vehicles. The functional owner, SAF/CIO, PEOs, and Contracting activities will promote the awareness of those contracts, utilization metrics and cost savings goals.

The Air Force has a mandatory use policy in place for IT services directing all activities to the NETCENTS-2 suite of contracts. This guidance has been published via SAF/CIO A6 memorandum dated September 14, 2014. It is also published in AFI 63-101/20-101, chapter 7.18, and in AFMAN 33-153, chapter 4.2. In addition, AFICA and PEO-BES have business intelligence tools and data analysis efforts underway to track utilization metrics. These tools will allow the Air Force to more closely monitor compliance with the mandatory use policy for NETCENTS and drive higher usage rates and savings.

The Air Force will develop overarching goals and metrics for savings using data analysis and business intelligence tools. These goals and metrics will account for the expiration dates for existing contracts issued outside of NETCENTS-2. Savings goals will include the reduced administrative costs associated with contract award, access fees paid to other agencies, and rate savings from the NETCENTS-2 suite of contracts. These efforts will be conducted jointly with both the functional requirements owner and contracting activities. This analysis will be completed by the end of third quarter of FY 2016.

The Air Force will conduct a review of the use of standardized labor categories for the NETCENTS-2 contracts. These contracts do include a wide range of labor categories with pre-negotiated ceiling prices specifically associated with Labor Hour contract type CLINs. The Air Force will continue to work with the Office of Management and Budget and the Office of Federal Procurement Policy through the Category Management Leadership Council to share and analyze data on IT service labor rates paid across the Federal Government. Based on this analysis, the Air Force will determine if additional labor category standardization is required to ensure realistic and reasonably priced labor rates on the NETCENTS-2 contracts. This analysis will be completed by the end of third quarter of FY 2016.

Appendix IV: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, D.C. 20528

August 13, 2015

Timothy J. DiNapoli
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report GAO-15-549, "STRATEGIC SOURCING: Opportunities Exist to Better Manage Information Technology Services Spending"

Dear Mr. DiNapoli:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition that DHS had the most mature strategic sourcing efforts of the six agencies reviewed. Additionally, GAO found that DHS strategic sourcing efforts exhibited more of the characteristics of leading commercial companies than those of the other agencies reviewed. DHS remains committed to ensuring that the needs of the Chief Information Officer community are met through strategic sourcing vehicles which are cost effective, generate savings, and support the mission of the Department.

The draft report contained two recommendations for DHS, with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security direct the Department's strategic sourcing accountable official to:

Recommendation 1: Establish a utilization goal for the portfolio of strategic sourcing contracts related to IT [information technology] services.

Response: Concur. The DHS Office of the Chief Procurement Officer (OCPO) will assess its portfolio of strategic sourcing contract vehicles related to IT services and establish a target utilization goal. Estimated Completion Date (ECD): December 31, 2015.

Recommendation 2: Establish a savings goal for the portfolio of strategic sourcing contracts related to IT services.

Response: Concur. The DHS OCPO will assess its portfolio of strategic sourcing contracts related to IT services and establish a savings goal. ECD: December 31, 2015.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,

Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

2

Appendix V: Comments from the National Aeronautics and Space Administration

National Aeronautics and Space Administration
Headquarters
Washington, DC 20546-0001

AUG 13 2015

Reply to Attn of: Office of Procurement

Mr. Timothy J. DiNapoli
Director
Acquisition and Sourcing Management
United States Government Accountability Office
Washington, DC 20548

Dear Mr. DiNapoli:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Strategic Sourcing: Opportunities Exist to Better Manage Information Technology Services Spending" (GAO-15-549SU).

In the draft report, GAO addresses three recommendations to the NASA Administrator intended to improve efforts to strategically source information technology (IT) services within NASA. Specifically, GAO recommends that the Administrator should direct the strategic sourcing accountable official to take the following actions:

Recommendation 1: Use its 2014 spend analysis to determine the extent to which requirements can be addressed by I3P or other strategic sourcing approaches, and based on this analysis, reduce duplicative contracts.

Management's Response: Concur. NASA will continue to review its 2014 spend analysis to identify duplication reduction opportunities and extend existing IT services strategic sourcing initiatives, where practicable.

Estimated Completion Date: NASA anticipates completion of this action by February 17, 2016.

Recommendation 2: Implement utilization metrics and mandatory use policies.

Management's Response: Partially concur. NASA will review its current policies across all Centers to develop and implement metrics and a standardized policy which establishes, where applicable, "mandatory consideration" versus "mandatory use" of NASA's existing IT services strategic sourcing initiatives.

Estimated Completion Date: NASA anticipates completion of this action by November 10, 2016.

Recommendation 3: Develop guidance and overarching goals and metrics for savings.

Management's Response: Concur. NASA already has guidance and metrics in its strategic sourcing plan, resulting in savings for Agency IT services strategic sourcing initiatives. However, NASA will update this plan to include guidance on the establishment of a goal (or goals) for obtaining associated IT services savings.

Estimated Completion Date: NASA anticipates completion of this action by January 18, 2017.

Again, thank you for the opportunity to comment on this draft report. If you have any questions or require additional information, please contact Laverne Randolph at (202) 358-4801.

William P. McNally
Assistant Administrator for Procurement

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Timothy J. DiNapoli, (202) 512-4841 or dinapolit@gao.gov

Staff Acknowledgments

In addition to the individual named above, W. William Russell (Assistant Director), Peter Anderson, David Beardwood, Sonja Bensen, Timothy Carr, Kristine Hassinger, Julia Kennon, Angie Nichols-Friedman, Daniel Singleton, Eric Winter, and Ann Marie Udale made key contributions to this report.

Appendix VII: Accessible Data

Accessible Text and Data Tables

Accessible Text for Figure 1: Overview of Key Steps in the Strategic Sourcing Process

1) **Opportunity selection:**

   a) **Select commodity:** Assess and prioritize opportunities based on a thorough organization-wide spend analysis.

2) Phase 1 - **Strategy development:**

   a) **Profile commodity:** Develop detailed profile of commodity including spend profile and specifications;

   b) **Conduct supply market analysis:** Conduct market analysis to identify supply and demand levers, new suppliers, buyer leverage;

   c) **Develop commodity sourcing strategy:** Develop sourcing strategy based on commodity profile and supply market analysis.

3) Phase 2 - **Strategy implementation:**

   a) **Conduct acquisition and/or develop implementation plan:** Develop and issue solicitation based on sourcing strategy, conduct negotiations, evaluate proposals, and award contracts;

   b) **Implement strategy:** Develop and issue solicitation based on sourcing strategy, conduct negotiations, evaluate proposals, and award contracts.

4) Phase 3 - **Commodity management:**

   a) **Manage commodity:** Implement contract and establish process to track and manage performance.

Source: General Services Administration. | GAO-15-549

Accessible Text for Figure 2: Procurement Tactics for Acquiring Services by Service Type and Degree of Complexity

Y-axis: **Number of Suppliers** (“Many” to “Few”).

X-axis: **Service type by degree of complexity** (“Commodity” to “Knowledge-based”).

Top left quadrant (Few suppliers, Commodity service): **Standardize requirements**;

Top right quadrant (Few suppliers, Knowledge-based service): **Understand cost drivers**;

Bottom left quadrant (Many suppliers, Commodity service): **Leverage scale**;

Bottom right quadrant (Many suppliers, Knowledge-based service): **Prequalify suppliers**;

Source: GAO analysis. | GAO-15-549

Agency Comments

Department of Defense

Page 1

Accessible Text for Appendix III: Comments from the Department of Defense

OFFICE OF THE UNDERSECRETARY OF DEFENSE
ACQUISITION, TECHNOLOGY AND LOGISTICS
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

September 4, 2015

Mr. Timothy J. DiNapoli
Director
Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, N .W.
Washington , DC 20548

Dear Mr. DiNapoli:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report , GAO-15-548SU , "STRATEGIC SOURCING : Opportunities Exist to Better Manage Information Technology Services Spending," dated July 16, 2015 (GAO Code 100018). Detailed comments on the report recommendations are enclosed.

Sincerely,
Claire M. Grady

Director, Defense Procurement and Acquisition Policy

Enclosure: As stated

Page 2

"STRATEGIC SOURCING: OPPORTUNITIES EXIST TO BETTER MANAGE INFORMATION TECHNOLOGY SERVICES SPENDING," DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: To improve efforts to strategically source IT services within the Army, the Secretary of the Army should direct its strategic sourcing accountable official to take the following four actions:

- Conduct a comprehensive analysis of Army IT services spending to determine the extent to which requirements can be addressed by CHESS or other strategic sourcing approaches, and based on this analysis , consider opportunities to reduce duplicative contracts.
- Implement utilization metrics and mandatory use or consideration policies.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for CHESS or future contracts.

DoD RESPONSE: Concur.

The Army will conduct an in-depth analysis of spending on IT services and the extent to which IT services requirements can be met by CHESS and other strategic sources. The analysis will be completed by the end of the third quarter of Fiscal Year (FY) 2016. Based upon the results of the analysis, the Army will identify a portfolio of contracts that are capable of meeting the Army's enterprise IT strategy. The Strategic Sourcing Executive Committee will promote the awareness of those contracts, consider policy, utilization metrics and cost savings goals.

The Army will analyze the scope of existing Army IT service contracts and Army spend for IT services on non-Army contracts. The analysis will be completed by the end of the third quarter of FY 2016. Based on the results of that analysis, the Army will publish a consideration policy, including utilization metrics, in order to increase the use of Army strategic sources for IT services and reduce new IT services contracts that are duplicative in nature. The consideration policy will be published by the end of third quarter of FY 2016.

The Army will develop and publish overarching goals and metrics for savings by using existing Army strategic sourcing contracts for IT services. The goals and metrics for savings will be based on increasing the use of existing Army contracts for IT services that do not charge an access fee, reducing the number of Army contracts for IT services and improving the management of IT services spend by use of identified Army strategic sources. The policy will be published by the end of the third quarter of FY 2016.

The Army will conduct a review of the use of standardized labor categories for both CHESS contracts and other Army strategic sourcing contracts for IT services in order to determine if

Page 3

increased labor category standardization will support contracting officials' efforts to ensure labor rates are both reasonable and realistic. The review will be completed by the end of third quarter of FY 2016.

RECOMMENDATION 2: To improve efforts to strategically source IT services within the Navy, the Secretary of the Navy should direct its strategic sourcing accountable official to take the following two actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by the existing contracts or other strategic sourcing approaches and based on this analysis, reduce duplicative contracts.
- Implement utilization metrics and monitor agency efforts to comply with the Navy's existing use policies for IT services.

DoD RESPONSE: Concur.

By end of third quarter of FY 2016 , the Department of the Navy will review and update the spend data, the analysis conducted and the resulting recommendations as part of its 2010 IT Services strategic sourcing project , which resulted in the Navy IT services policy and strategy. Based on this updated IT services spend analysis, the Navy will take steps to reduce duplicative contracts where appropriate and practicable.

By end of third quarter of FY 2016, the Navy will establish metrics and monitor agency efforts to comply with the Navy IT services policy and strategy.

RECOMMENDATION 3: To improve efforts to strategically source IT services within the Air Force, the Secretary of the Air Force should direct its strategic sourcing accountable official to take the following two actions:

- Conduct a comprehensive analysis of IT services spending to determine the extent to which requirements can be addressed by NETCENTS or other strategic sourcing approaches, and based on this analysis , reduce duplicative contracts.
- Implement utilization metrics and mandatory use or consideration policies.
- Develop guidance and overarching goals and metrics for savings.
- Conduct a review of the benefits and disadvantages of standardized labor categories for primary strategic sourcing vehicles such as NETCENTS.

DoD RESPONSE: Concur.

The Air Force concurs with the findings of the GAO Report regarding Strategic Sourcing of IT Services (FY 2013 data). The Air Force will comply with the recommendations made in this report by developing a plan forward to address these concerns over the next six to nine months. During the period analyzed by GAO (FY 2013), the Air Force had only one of four NETCENTS service contract vehicles in place. NETCENTS-2 was under protest, and NETCENTS-1 was extended with limited ceiling available for use. This resulted in a significant number of IT

Page 4

Service contracts being awarded separately. The final three NETCENTS-2 IT service contract vehicles were awarded in FY 2015, providing a comprehensive suite of strategic sourcing vehicles for use across the Air Force. NETCENTS-2 remains mandatory use in the Air Force, and the Air Force is confident that as existing contracts expire, Contracting Officers will utilize NETCENTS-2. This will allow centralized tracking and sharing of spend, savings, and rate information across the Air Force IT Services Enterprise.

The Air Force will conduct an in-depth analysis of spending on IT services and the extent to which IT services requirements can be met by NETCENTS and other strategically sourced contracts. The analysis will be completed by the end of the third quarter of FY 2016. Based upon the results of the analysis, the Air Force will identify those contracts that can be issued using NETCENTS and other strategic sourcing vehicles. The functional owner, SAF/CIO, PEOs, and Contracting activities will promote

the awareness of those contracts, utilization metrics and cost savings goals.

The Air Force has a mandatory use policy in place for IT services directing all activities to the NETCENTS-2 suite of contracts. This guidance has been published via SAF/CIO A6 memorandum dated September 14, 2014. It is also published in AFI 63-101/20-101, chapter 7.18, and in AFMAN 33-153, chapter 4.2. In addition, AFICA and PEO-BES have business intelligence tools and data analysis efforts underway to track utilization metrics. These tools will allow the Air Force to more closely monitor compliance with the mandatory use policy for NETCENTS and drive higher usage rates and savings.

The Air Force will develop overarching goals and metrics for savings using data analysis and business intelligence tools. These goals and metrics will account for the expiration dates for existing contracts issued outside ofNETCENTS-2. Savings goals will include the reduced administrative costs associated with contract award, access fees paid to other agencies, and rate savings from the NETCENTS-2 suite of contracts. These efforts will be conducted jointly with both the functional requirements owner and contracting activities. This analysis will be completed by the end of third quarter of FY 2016.

The Air Force will conduct a review of the use of standardized labor categories for the NETCENTS-2 contracts. These contracts do include a wide range of labor categories with pre- negotiated ceiling prices specifically associated with Labor Hour contract type CLINs. The Air Force will continue to work with the Office of Management and Budget and the Office of Federal Procurement Policy through the Category Management Leadership Council to share and analyze data on IT service labor rates paid across the Federal Government. Based on this analysis, the Air Force will determine if additional labor category standardization is required to ensure realistic and reasonably priced labor rates on the NETCENTS-2 contracts. This analysis will be completed by the end of third quarter of FY 2016.

Department of Homeland Security

Page 1

Accessible Text for Appendix IV: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, D.C. 20528

August 13, 2015

Timothy J. DiNapoli
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report GAO-15-549, "STRATEGIC SOURCING: Opportunities Exist to Better Manage Information Technology Services Spending"

Dear Mr. DiNapoli:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition that DHS had the most mature strategic sourcing efforts of the six agencies reviewed. Additionally, GAO found that DHS strategic sourcing efforts exhibited more of the characteristics of leading commercial companies than those of the other agencies reviewed. DHS remains committed to ensuring that the needs of the Chief Information Officer community are met through strategic sourcing vehicles which are cost effective, generate savings, and support the mission of the Department.

The draft report contained two recommendations for DHS, with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security direct the Department's strategic sourcing accountable official to:

Recommendation 1: Establish a utilization goal for the portfolio of strategic sourcing contracts related to IT [information technology] services.

Response: Concur. The DHS Office of the Chief Procurement Officer (OCPO) will assess its portfolio of strategic sourcing contract vehicles related to IT services and establish a target utilization goal. Estimated Completion Date (ECD): December 31, 2015.

Page 2

Recommendation 2: Establish a savings goal for the portfolio of strategic sourcing contracts related to IT services.

Response: Concur. The DHS OCPO will assess its portfolio of strategic sourcing contracts related to IT services and establish a savings goal. ECD: December 31, 2015.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,
Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

National Aeronautics and Space Administration

Page 1

Accessible Text for Appendix V: Comments from the National Aeronautics and Space Administration

National Aeronautics and Space Administration

Headquarters
Washington, DC 20546-0001

August 13, 2015

Reply to Attention of: Office of Procurement

Mr. Timothy J. DiNapoli
Director
Acquisition and Sourcing Management
United States Government Accountability Office
Washington, DC 20548

Dear Mr. DiNapoli:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Strategic Sourcing: Opportunities Exist to Better Manage Information Technology Services Spending" (GAO-15-549SU).

In the draft report, GAO addresses three recommendations to the NASA Administrator intended to improve efforts to strategically source

information technology (IT) services within NASA. Specifically, GAO recommends that the Administrator should direct the strategic sourcing accountable official to take the following actions:

Recommendation 1: Use its 2014 spend analysis to determine the extent to which requirements can be addressed by BP or other strategic sourcing approaches, and based on this analysis, reduce duplicative contracts.

Management's Response: Concur. NASA will continue to review its 2014 spend analysis to identify duplication reduction opportunities and extend existing IT services strategic sourcing initiatives, where practicable.

Estimated Completion Date: NASA anticipates completion of this action by February 17, 2016.

Recommendation 2: Implement utilization metrics and mandatory use policies.

Management's Response : Partially concur. NASA will review its current policies across all Centers to develop and implement metrics and a standardized policy which establishes, where applicable, "mandatory consideration "versus "mandatory use" of NASA's existing IT services strategic sourcing initiatives.

Page 2

Estimated Completion Date: NASA anticipates completion of this action by November 10, 2016.

Recommendation 3: Develop guidance and overarching goals and metrics for savings.

Management's Response: Concur. NASA already has guidance and metrics in its strategic sourcing plan, resulting in savings for Agency IT services strategic sourcing initiatives. However, NASA will update this plan to include guidance on the establishment of a goal (or goals) for obtaining associated IT services sayings.

Estimated Completion Date: NASA anticipates completion of this action by January 18, 2017.

Again, thank you for the opportunity to comment on this draft report. If you have any questions or require additional information, please contact Laverne Randolph at (202) 358-4801.

William P. McNally
Assistant Administrator for Procurement

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on Facebook, Flickr, Twitter, and YouTube.
Subscribe to our RSS Feeds or E-mail Updates.
Listen to our Podcasts and read The Watchblog.
Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: http://www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548