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United States General Accounting Office
Washington, DC 20548

March 24, 2003

The Honorable Angela B. Styles
Administrator
Office of Federal Procurement Policy

Subject: *Contract Management: OFPP Policy Regarding Share-in-Savings Contracting Pursuant to the E-Government Act of 2002*

Dear Ms. Styles:

In January 2003, we issued two reports that provide insight regarding the share-in-savings (SIS) provisions of the E-Government Act of 2002:¹ one on critical elements of training for new acquisition initiatives² and one on commercial practices that foster successful SIS contracting.³ As follow-up to these reports, we are writing to underscore the need for the Office of Federal Procurement Policy (OFPP) to ensure (1) that members of the federal acquisition workforce understand and appropriately apply this new authority and (2) that appropriate data are collected and available to meet mandated reporting requirements regarding the effective use of SIS contracting.

As you know, SIS contracting represents a significant change in the way the federal government acquires information technology. In our report on improving training for new acquisition initiatives, we emphasized the importance that industry and government experts place on training to successfully implement such change. Training on this information technology acquisition initiative will be essential to its effective implementation. In our report on SIS contracting, we highlighted the federal government's limited experience with SIS contracting as well as conditions that fostered successful implementation in commercial SIS contracts. In commenting on a draft of our commercial SIS contracting report, OFPP staff acknowledged the need to consider lessons learned by industry, and they stated that our report would be taken into account when structuring future policy regarding the use of this contracting technique in the federal government. In view of the potential benefits of this initiative, we think OFPP should consider developing policy and guidance that (1) specifically address the need for a well-defined training program and (2) incorporate practices that fostered success in the commercial SIS contracts we reviewed.

¹ Section 210, Public Law 107-347 (Dec. 17, 2002).

² *Acquisition Management: Agencies Can Improve Training on New Initiatives*, [GAO-03-281](#) (Washington, D.C.: Jan. 15, 2003).

³ *Contract Management: Commercial Use of Share-in-Savings Contracting*, [GAO-03-327](#) (Washington, D.C.: Jan. 31, 2003).

The E-Government Act requires (1) the Director of the Office of Management and Budget (OMB) to submit a report containing descriptive as well as evaluative information on the use of SIS contracts to the Congress not later than 2 years after the date of the enactment of the act and (2) the Comptroller General to conduct a review of the OMB report and provide an independent assessment of the effectiveness of the use of SIS contracts not later than 6 months after the OMB report is issued.

Providing meaningful reports to the Congress will depend on the availability of good data. However, experience has shown that such data have not always been available to make program assessments. For example, in March 1998, we reported that procurement data were inadequate to determine whether the key purposes of the Federal Acquisition Streamlining Act of 1994 were being achieved.⁴ Given this past experience and the limited use of SIS contracting by the federal government, we encourage you to consider the need to collect data on the federal government's use of SIS contracting pursuant to the E-Government Act. The data should be uniform, reliable, and sufficient to accurately assess SIS use, and provide meaningful reports to Congress regarding the effectiveness of SIS contracting in improving agency processes and achieving agency missions.

We are also sending copies of this report to the Administrator of the General Services Administration. In addition, the report will be available at no charge on the GAO Web site at [http:// www.gao.gov](http://www.gao.gov). If you have any questions about this report, please contact me at (202) 512-4841 or Ralph Dawn at (202) 512-4544. Key contributors to this report were Robert Ackley, Daniel Hauser, Mary Jo Lewnard, and Karen Sloan.

Sincerely yours,



David E. Cooper
Director
Acquisition and Sourcing Management

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⁴ *Acquisition Reform: Implementation of Key Aspects of the Federal Acquisition Streamlining Act of 1994*, [GAO/NSIAD-98-81](#) (Washington, D.C.: Mar. 9, 1998).