



UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

# Challenges Facing Government and the Contracting Community

National Association of State  
Procurement Officials  
2010 Annual Conference

**August 23, 2010**

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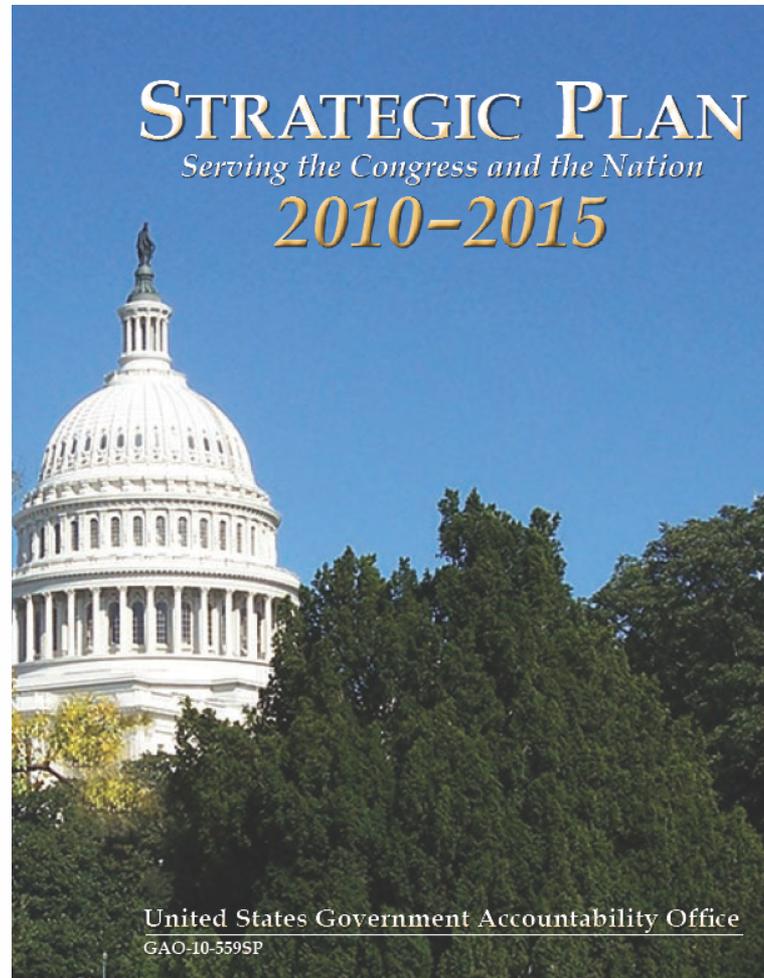


# Discussion Topics

- GAO's Strategic Plan for Serving the Congress
- GAO's High Risk Series
- Federal Contracting Initiatives
- Recovery Act Experience

# GAO's Strategic Plan

[www.gao.gov/sp.html](http://www.gao.gov/sp.html)



# GAO's Strategic Plan

## Eight Key Trends

- National Security Threats
- Fiscal Sustainability Challenges
- Economic Recovery and Growth
- Global Interdependence
- Science and Technology Developments
- Networks and Virtualization Evolution
- Shifting Roles of Government
- Demographic and Societal Change

# GAO's High-Risk Series

- Started in 1990
- Targeted to address significant problems
- Strong support from Congresses and Administrations over time

# GAO's High-Risk Series

## Types of High Risk Areas

- A program or mission area, management function, or governmentwide problem that is seriously detrimental to (e.g.):
  - Health or safety
  - National security/defense
  - Economic growth

# GAO's High-Risk Series

- Original High-Risk list included 14 areas
- Since 1990, 38 areas have been added, 21 areas taken off or consolidated
- 30 areas on the High-Risk list issued in the January 2009 update
- 1 area was added in July 2009, bringing to 31 the number of High-Risk areas

# GAO's High-Risk Series

## Procurement-Related Challenges

### Managing Federal Contracting More Effectively

- DOE Contract Management
- NASA Contract Management
- DOD Contract Management
- Management of Interagency Contracting

### Addressing Challenges in Broad-Based Transformations

- DOD Weapon Systems Acquisition

# GAO's High-Risk Series

## Procurement-Related Risks

- Rise in contract expenditures with little change in acquisition work force capacity
- Cost risks of ill-defined requirements, poor business arrangements, and inadequate contractor oversight
- Current debate on proper role of contractors: should some work be moved back “in house”?

# GAO's High-Risk Series

## Procurement-Related Recommendations

- Develop sound weapon systems requirements and knowledge-based acquisitions
- Develop sound contracting arrangements
- Leverage value of interagency contracts
- Collect and analyze data to inform acquisition workforce decisions

# Federal Initiatives

- **Improve Fiscal Discipline in Contracting**
- **Strengthen The Acquisition Workforce**
- **Rebalance The Relationship With Contractors**

# Federal Initiatives

## Improve Fiscal Discipline in Contracting

- **Enhancing Competition and Reducing High Risk Contracts**
  - attract new sources and bidders
  - challenge justifications for sole-source contracting and
  - revisit solicitations and specifications that receive few bids
  - use more fixed price contracts
- **Achieving Better Value from Acquisitions**
  - Cut contract costs in DOD \$100 billion in savings over five fiscal years
  - Combine requirements for recurring needs across agencies;
  - Improve oversight of price, schedule, and quality

# Federal Initiatives

## Strengthen The Acquisition Workforce

- Develop data-based agency workforce plans to align acquisition workforce skills with acquisition needs
- Request \$158 million for the civilian agencies' acquisition workforce for FY 2011
- Develop curriculum and training for certification standards
- Increase size of acquisition workforce by 5% in FY 2011

# Federal Initiatives

## Rebalance Contractor Relationships

- Identify Work Reserved for Performance by Federal Government Employees
- Pilot planning and managing the multi-sector workforce
- Strengthen the use of contractor performance information

# Recovery Act Experience

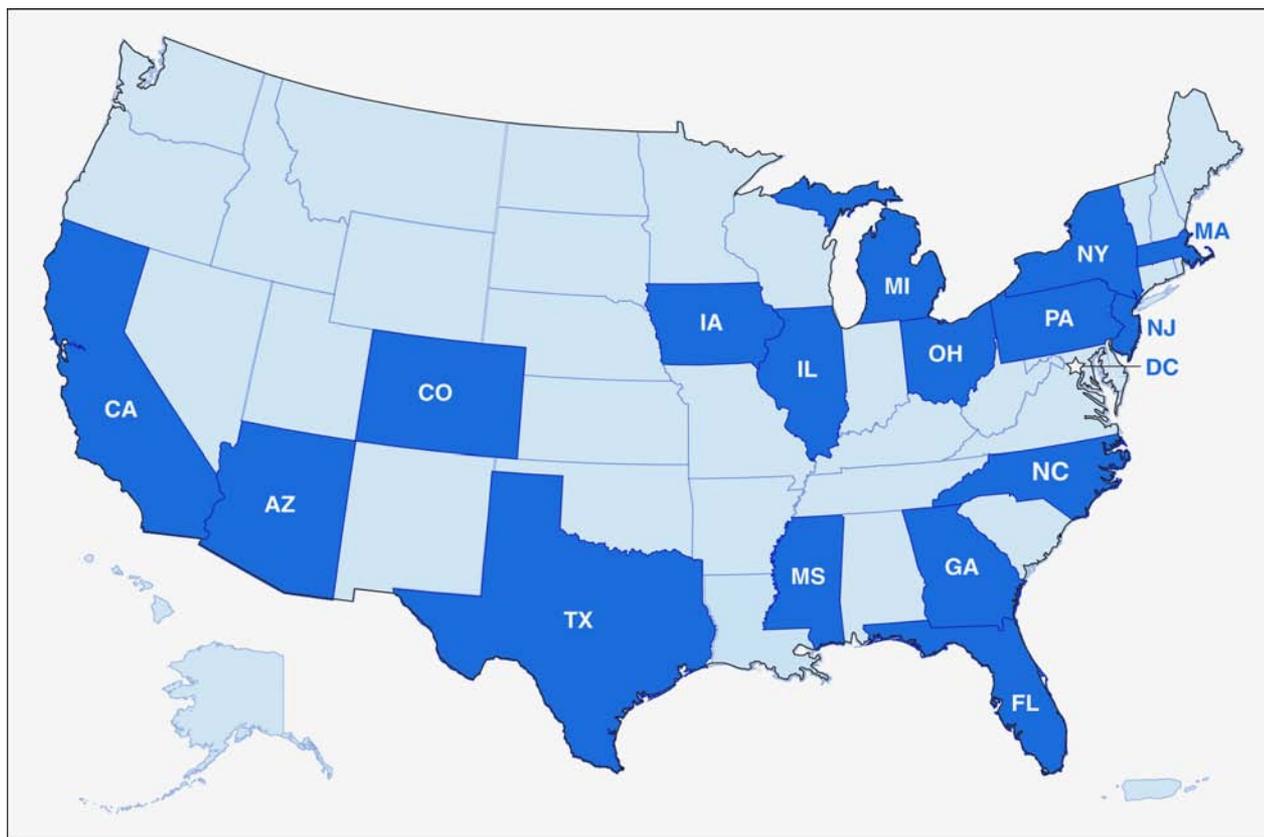
- Signed February 17, 2009
- Purposes:
  - preserve and create jobs and promote recovery
  - assist those most impacted by the recession
  - stabilize state and local government budgets
  - invest in infrastructure and technological advances in science and health

# Recovery Act Experience

## GAO's Responsibilities

- Reviews of selected states and localities use of funds
- Comment on recipient reports
- Evaluate effects of recessions on states (health care costs)
- Investigate potential fraud using federal funds

# Recovery Act Experience

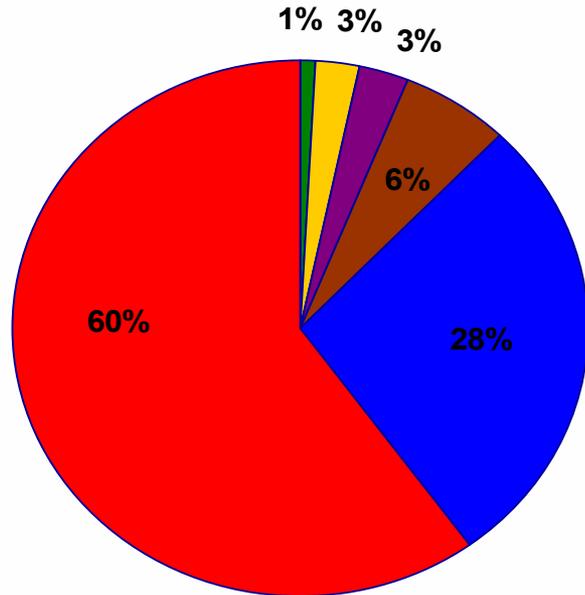


Source: GAO analysis.

1. Arizona
2. California
3. Colorado
4. Florida
5. Georgia
6. Illinois
7. Iowa
8. Massachusetts
9. Michigan
10. Mississippi
11. New Jersey
12. New York
13. North Carolina
14. Ohio
15. Pennsylvania
16. Texas
17. Washington, D.C.

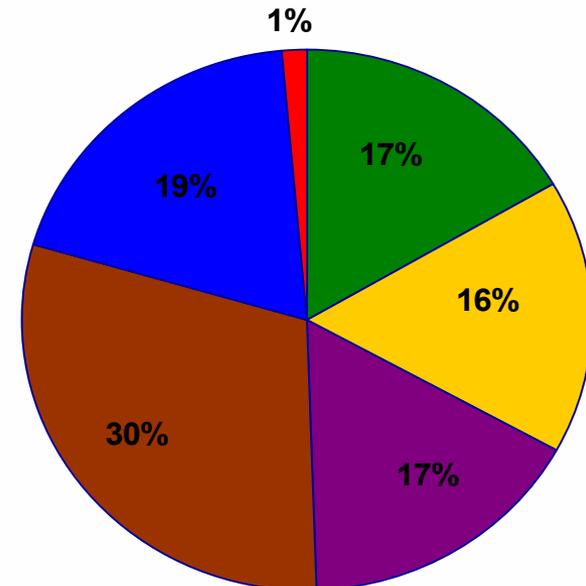
# Recovery Act Experience

**Actual Fiscal Year 2009**



**\$52.9 Billion**

**Estimated Fiscal Year 2012**



**\$23.3 Billion**

- Health
- Education and Training
- Transportation
- Income Security
- Community Development
- Energy and Environment

Source: GAO analysis of CBO and FFIS data.

# Recovery Act Experience

## Federal, State, and Local Responsibilities

- Spend in a timely manner but use competition
- Davis-Bacon and Buy-American requirements
- Reporting requirements (new level of transparency)
- Heightened need for coordination

# Recovery Act Experience

## GAO Observations: Federal Procurement Issues

- Competitive awards: About 92 percent of federal contract actions as of November 2009 were issued competitively
- Most noncompetitive awards went to businesses under SBA's 8(a) program
- Five federal agencies implemented additional oversight processes, internal reporting and coordination

# Recovery Act Experience

## GAO Observations: State Procurement Issues

- Competitive awards: 87 percent of the state contracts reviewed were considered by state and local officials to have been awarded competitively
- Five states varied on the type and amount of data routinely collected on noncompetitive contracts—GAO could not determine the full extent to which they are being used
- States did not receive additional resources for oversight, but some shifted resources to handle Recovery Act work.
- Five states did not routinely provide oversight of contracts awarded at the local level. Because most Recovery Act funds to local governments flow through existing federal grant programs, states had limited insight into contracts awarded at the local level.

# Recovery Act Experience

- Expectations for an unprecedented level of transparency and accountability
- Qualified personnel need to implement proper controls and accountability at all levels of government
- Close and ongoing coordination needed among federal, state and local governments
- Accountability community: special responsibility to ensure collective efforts are well-coordinated

# For More Information

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## On the Web

GAO Recovery Act website: <http://www.gao.gov/recovery>

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