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United States Government Accountability Office
Washington, DC 20548

September 27, 2005

The Honorable Joshua B. Bolten
Director, Office of Management and Budget

Subject: *Improvements Needed to the Federal Procurement Data System-Next Generation*

Dear Mr. Bolten:

Federal government purchases of goods and services have grown to more than $300 billion annually.[1] The Federal Procurement Data System-Next Generation (FPDS-NG) is the only governmentwide system for obtaining information on how these funds are being spent. The FPDS-NG was intended to improve the prior FPDS system in several ways, including providing more timely and accurate data; enabling users to generate their own reports; and providing easier user access to data. The system was developed by Global Computer Enterprises, Inc., (GCE) under contract with the General Services Administration (GSA). The FPDS-NG is currently in a transition period, which is scheduled to end by October 2005.

We initiated a review to assess the extent to which FPDS-NG has demonstrated the intended improvements, and to determine whether the FPDS-NG is currently capable of collecting and reporting on interagency contracting data. As discussed more fully in the scope and methodology section of this letter, we reviewed documents related to FPDS-NG; held discussions with officials from GSA, GCE, and the Office of Management and Budget (OMB), and with private sector and government users. We also made numerous attempts to use the system to generate reports.

Based on our review, we have concerns regarding whether the new system has achieved the intended improvements in the areas of timeliness and accuracy of data, as well as ease of use and access to data. We also are concerned as to whether the FPDS-NG system has the flexibility to capture data on interagency contracting transactions. Completion of the FPDS-NG transition provides an opportunity for assessing the implementation of the system to date and for considering needed adjustments as the contractor begins its next period of performance.[2] We are recommending actions to help achieve the intended improvements for FPDS-NG, which should be considered as part of that assessment.

BACKGROUND

The Office of Federal Procurement Policy Act of 1974 required that the Administrator of the Office of Federal Procurement Policy (OFPP) within OMB establish a system for collecting

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[1]The total dollar value of contracting actions reported in the Federal Procurement Data System-Next Generation exceeded $300 billion in fiscal years 2003 and 2004.

[2]According to GSA, the FPDS-NG contract was for an initial 2-year and 5-month base period for development and maintenance. Additionally, the contractor can receive up to five 1-year contract options based on performance.

and developing information about federal procurement contracts.[3] Subsequently, the FPDS was implemented in 1978. Since 1982, GSA has administered the system on OFPP's behalf. The Congress, GAO, executive branch agencies, and the public rely on FPDS data for information on agency contracting actions, governmentwide procurement trends, and achievement of goals related to small business.

Since 2000, efforts have been underway to modernize the FPDS. In April 2003, GSA awarded the FPDS-NG contract to GCE, Inc. The FPDS-NG became operational in October 2003 and entered into a 2-year transition period during which the contractor has worked with federal agencies to review and transfer their data, and validate and connect their contract writing systems to FPDS-NG.[4] The FPDS-NG became available to the public in December 2004.

GAO has reported on its concerns regarding the FPDS almost since the system's beginning.[5] In December 2003, we reiterated our concerns regarding long-standing inaccuracies and incomplete data in the system, and made specific recommendations to OMB to help improve the successor system, FPDS-NG, as it was being implemented.[6] Subsequently, OMB issued a memorandum requiring federal departments and agencies to take certain steps to ensure their full participation in the FPDS-NG initiative.[7]

KEY CONCERNS

Our review raised concerns regarding whether the FPDS-NG has achieved its intended improvements. The following examples reflect our key areas of concern regarding the new system:

- Timeliness and accuracy of data: Interviews with several users indicate a lack of confidence in the system's ability to provide timely and accurate data. The FPDS-NG vision included improving the timeliness and accuracy of data by requiring agencies and departments to connect to FPDS-NG via contract writing systems. These systems enable the real-time electronic submission of data, thereby reducing the risk of errors by eliminating or reducing manual re-keying into FPDS-NG. Although GSA and contractor officials believe that roughly 90 percent of agencies with contract writing systems have completed their connections to the FPDS-NG, this is not the case for the Department of Defense (DOD)—by far the largest contracting entity in the government. In fact, DOD has delayed its time frames for connecting to the system at least

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[3]Office of Federal Procurement Policy Act of 1974, Pub.L. No. 93-400 (1974).

[4]Contract writing systems are computer software that, among other things, allows agencies to report their contracting data electronically to FPDS-NG through a machine-to-machine interface. The Office of Management and Budget (OMB) directed federal agency and department heads to identify and allocate funds to ensure that their contract writing systems were capable of electronically transferring data directly to FPDS-NG no later than the end of fiscal year 2005. The reliability of data in FPDS-NG is expected to improve because agency submissions to FPDS-NG will be based on data already entered into the contract writing systems, reducing or eliminating separate data entry requirements and providing contracting data in real-time.

[5]See the enclosure for a list of related GAO products.

[6]GAO, *Reliability of Federal Procurement Data*, GAO-04-295R (Washington, D.C.: Dec. 30, 2003).

[7]OMB memorandum: *Timely and Accurate Procurement Data*, August 25, 2004.

twice and currently estimates it will not be fully connected until sometime in fiscal year 2006 given the complexity of its reporting needs and other requirements.[8] Given that DOD data represent about 60 percent of the contracting actions that will be captured within FPDS-NG, this delay significantly affects the ability of FPDS-NG to reflect timely and accurate procurement data.

Additionally, prior to transferring data and connecting their contract writing systems to FPDS-NG, agencies and departments were to review their data and identify and correct any deficiencies, as well as to "certify" the accuracy and completeness of their fiscal year 2004 data with the FPDS-NG contractor. GSA officials informed us that the data review process, including certification of accuracy and completeness of fiscal year 2004 data, has been more rigorous than in prior years and that this might become an annual process. Although GSA officials told us that many agencies have reviewed and verified their data, GSA has not informed users about the extent to which agencies' data are accurate and complete. This lack of confirmation perpetuates a lack of confidence in the system's ability to provide quality data.

- Ease of use and access to data: The FPDS-NG Web site provides users the ability to generate reports at any time through standard report templates or an "ad hoc" reporting tool. Although GAO analysts attended contractor-provided training on these reporting tools, we did not find either easy to use.[9] We repeatedly encountered significant performance problems, including system time-outs and delays, when trying to generate both kinds of reports. Additionally, while the ad hoc reporting capability is a potentially useful new feature that allows users to create their own reports, it takes time and effort to build a customized report query, which then cannot be saved and must be rebuilt every time this feature is utilized. With respect to access, our interviews with private sector users, GSA officials, and the FPDS-NG contractor indicated that repeated requests have been made for governmentwide procurement data and a summary report, such as the prior FPDS Federal Procurement Report; however, such a report is not currently available. GSA officials have indicated that they are exploring ways to improve the ad hoc reporting tool and provide governmentwide procurement reports, and they expect some of these improvements to be implemented early in fiscal year 2006.

  While FPDS-NG has enabled users to access government procurement data more readily through its Web-based reporting features, some users have more

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[8]DOD, Office of the Under Secretary of Defense memorandum, *Transition to the Federal Procurement Data System-Next Generation*, July 8, 2004; DOD, Office of the Under Secretary of Defense memoranda, *Update on Transition to the Federal Procurement Data System-Next Generation*, Dec. 6, 2004; Jan. 24, 2005; and Aug. 1, 2005.

[9]There are three ways to access FPDS-NG data: (1) direct Web site access, which includes a data query search tool, over 50 standard report templates, and an ad hoc reporting capability; (2) downloading fiscal year 2004 and fiscal year 2005 data files archived on the Web site; and (3) Web services access, which allows external systems to access data and "real-time" data updates. Access to the raw data through option (2) or (3) allows users to manipulate and present the data in different ways than available through the FPDS-NG standard templates or ad hoc reporting features. There is a one-time integration fee for the Web services option, which is typically used by commercial companies.

complex data needs that require the ability to access and download raw data.[10] These users can access data through archived files from the FPDS-NG Web site or through Web services, which provides an interface between external systems and the FPDS-NG. In either case, FPDS-NG presents the data in an XML format, which is a way to present data in a simple and machine-readable manner.[11] However, our attempts to extract contracting data across multiple government agencies using current XML-compliant software were unsuccessful. Data had to be extracted separately for each agency from multiple archived files, involving over 1,000 tables for fiscal year 2004 alone. Subsequent discussions with the FPDS-NG contractor indicated this is the only means currently available for accessing the raw data. Obtaining this data through multiple XML files involves a significant increase in time and effort and does not facilitate user access to data to meet information needs.

INTERAGENCY CONTRACTING TRANSACTIONS

The need for collecting and tracking data on interagency contracting transactions has become increasingly important. In recent years, federal agencies have been making greater use of existing contracts provided by other agencies, such as multiple award schedules and governmentwide acquisition contracts, as well as interagency acquisition services provided through the use of franchise funds. However, total spending using other agencies' contracting vehicles and services is unknown because there is currently no system that tracks and reports this information. Challenges associated with these acquisition vehicles and their management led GAO to designate interagency contracting as a governmentwide high-risk area in January 2005.[12]

Over the last decade, Congress has repeatedly called for DOD to report on certain types of interagency contracting and financial data. Recently, the Senate Armed Services Committee conveyed its expectation that DOD business systems have the capability to track basic information about interagency transactions. This information includes the following: number and dollar value of transactions under each interagency contracting vehicle; the status of open transactions; the status of funds under interagency transactions (including appropriation type and year, and fund balance received, obligated, expended, and available); and the amount of any funds returned or to be returned to DOD or to the Department of the Treasury.[13] DOD officials have indicated that they plan to use FPDS-NG to track interagency contracting data and to request changes to the system to capture more specific information in this regard.

GSA documentation indicates that the vision for FPDS-NG included system capability that was flexible enough to change as new data collection needs arose, such as those related to interagency contracting activities. GSA officials told us that some interagency contracting

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[10]Raw data are data that have not been processed; the data appear in the original format as entered into agencies' contract writing systems and then reported electronically to FPDS-NG.

[11]XML (Extensible Markup Language) is a flexible way to create common information formats and share both the format and the data on the World Wide Web, intranets, and elsewhere. While XML has been successful as a markup language for documents and data, the overhead associated with generating, parsing, transmitting, storing, or accessing XML-based data has hindered its use in some environments.

[12]GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005).

[13]S. Rep. No. 109-69 at 352 (2005), accompanying S. 1042, 109th Cong. (2005).

GAO-05-960R Improvements Needed to FPDS-NG

data are available in FPDS-NG. However, our efforts to obtain data and to generate reports on interagency contracting transactions were unsuccessful. GSA officials also expressed concerns that FPDS-NG may not be the appropriate system to collect certain types of data on interagency transactions. Given these circumstances, it is unclear whether FPDS-NG has the flexibility to address these new data needs and whether it is the appropriate system for this purpose.

CONCLUSION

The FPDS-NG is currently the only system providing information on over $300 billion in annual government spending; however, concerns remain regarding the timeliness, accuracy, accessibility, and ease of use of the system. Additionally, the growth in interagency contracting and the associated challenges heightens the need for data in this area to provide sufficient oversight. Given that the FPDS-NG transition period is ending, the opportunity exists to address key areas of concern as the system's implementation to date is assessed.

RECOMMENDATIONS FOR EXECUTIVE ACTION

In order to help achieve the intended improvements for FPDS-NG, we recommend that the Director of OMB take the following three actions:

- Work with DOD and any other agencies that have not yet moved to an electronic data submission environment to connect to FPDS-NG via contract writing systems as soon as possible, and provide confirmation of agencies' review and verification of the accuracy and completeness of their data in FPDS-NG.

- Develop a plan to improve ease of use and access to data, including report generation, governmentwide reporting needs, and accessing raw data through more efficient means.

- Determine whether the FPDS-NG currently has the capability to collect and report on interagency contracting data and whether it is the appropriate system to capture this data in the future.

AGENCY COMMENTS

We provided a draft of this letter to OMB and GSA for comment. OMB and GSA officials commented orally that their respective agencies concurred with the recommendations, and OMB stated that it would take into consideration the findings of the report, including whether the use, access and capability of FPDS-NG appropriately meets the government's needs. Officials from both agencies indicated that ensuring DOD connects its contracting writing systems to FPDS-NG as soon as possible is a top priority. Additionally, GSA agreed that an overall statement about the agencies' verification of the accuracy and completeness of the data in FPDS-NG could be made now that most agencies have completed that process. OMB and GSA officials stated that new software is expected to improve reporting capability and that additional improvements are being explored to improve ease of use of the system. GSA added that additional reports and improved capability are planned for early in fiscal year 2006.

Regarding interagency contracting, OMB stated that currently FPDS-NG has a limited role in identifying and reporting information on interagency contracting transactions. GSA stated that FPDS-NG was not intended to collect information on financial transactions between
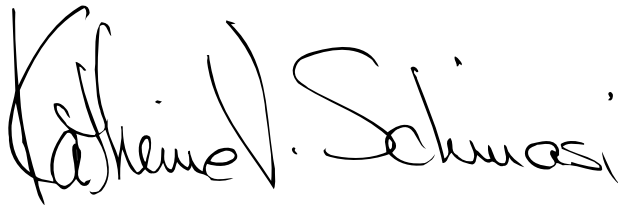
government agencies and that OMB would need to decide whether FPDS-NG should be modified so that the system could collect and report on this type of information.

SCOPE AND METHODOLOGY

The information in this letter is based on previous GAO reviews and limited additional work conducted from February through August 2005, in accordance with generally accepted government auditing standards. In conducting our work, we reviewed relevant GAO reports and audit documentation. We also held discussions with officials at GSA, OMB, GCE, and with several private sector and government users. We attended training at the GCE facility on FPDS-NG report generation; we attempted to generate standard reports and to build several ad hoc report queries using the FPDS-NG system; and we reviewed relevant documents concerning FPDS and FPDS-NG.

We are sending copies of this letter to the Chairs and Ranking Members of the Senate Homeland Security and Governmental Affairs Committee, the House Government Reform Committee, and other interested congressional committees, as well as to the Administrator of General Services. We will provide copies to others upon request. This letter will also be available on GAO's home page at http://www.gao.gov. If you or your staff has any questions about this letter, please contact me at (202)-512-4841. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. This letter was prepared under the direction of Bill Woods. GAO staff who made contributions to this letter were Amelia Shachoy, Assistant Director; Art James; Julia Kennon; William McPhail; Lisa Simon; Shannon Simpson; and Robert Swierczek.

Sincerely yours,

Katherine V. Schinasi
Managing Director
Acquisition and Sourcing Management

Enclosure

ENCLOSURE: Related GAO Products

GAO. C*ontract Management: Impact of Strategy to Mitigate Effects of Contract Bundling on Small Business Is Uncertain.* GAO-04-454. (Washington, D.C.: May 27, 2004).

GAO. *Reliability of Federal Procurement Data.* GAO-04-295R. (Washington, D.C.: Dec. 30, 2003).

GAO. *Contract Management: No Reliable Data to Measure Benefits of the Simplified Acquisition Test Program.* GAO-03-1068. (Washington, D.C.: Sept. 30, 2003).

GAO. *Contract Management: Civilian Agency Compliance with Revised Task and Delivery Order Regulations.* GAO-03-983. (Washington, D.C.: Aug. 29, 2003).

GAO. *Small Business: HUBZone Program Suffers from Reporting and Implementation Difficulties.* GAO-02-57. (Washington, D.C.: Oct. 26, 2001).

GAO. *OMB and GSA: FPDS Improvements.* GAO/AIMD-94-178R. (Washington, D.C.: Aug. 19, 1994).

GAO. *The Federal Procurement Data System—Making It Work Better.* GAO/PSAD-80-33. (Washington, D.C.: Apr. 18, 1980).

GAO. *The Federal Procurement Data System Could Be an Effective Tool for Congressional Surveillance.* GAO/PSAD-79-109. (Washington, D.C.: Oct. 12, 1979).

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