

## **GSA's Fiscal Year 2020 Transactional Data Reporting Pilot Evaluation Provides an Inaccurate Assessment of the Program - GSA Office of Inspector General**

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### **Why We Performed This Audit**

We performed this audit to determine if *GSA's Transactional Data Reporting (TDR) Pilot Evaluation Plan and Metrics Version 2.0* enabled GSA to objectively measure and evaluate whether TDR can fulfill the Commercial Sales Practices and Price Reductions Clause contract-level pricing negotiation function while lowering industry reporting burden.

### **What We Found**

Under the Multiple Award Schedule (MAS) Program, GSA's Federal Acquisition Service (FAS) establishes long-term government-wide contracts. Through these contracts, millions of commercial products and services are made available to government agencies. In Fiscal Year (FY) 2022 alone, MAS Program sales exceeded \$40 billion.

The intent of the MAS Program is to leverage the government's buying power to obtain competitive, commercial prices for customer agencies. Historically, GSA has used two mechanisms—commercial pricing disclosures and price reduction protections—to obtain commercial pricing over the life of MAS contracts. In June 2016, GSA published a final rule in the Federal Register establishing the TDR pilot for MAS contracts. Under the pilot, MAS contractors are required to report transactional data, including prices paid by government customers, for products and services sold under their respective contracts. In exchange for this transactional data, contractors are no longer required to disclose commercial pricing or adhere to price reduction requirements.

In April 2021, GSA reported on the results of its evaluation of the TDR pilot for FY 2020. GSA's evaluation portrayed the TDR pilot as a success. However, GSA's portrayal of the TDR pilot as a success ignores the fact that the data collected through the pilot program has never been used to analyze and negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.

After more than 6 years of running the pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. In that example, however, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA's assertion, the contracting officer ultimately did not use the TDR data to make the contract-level pricing decisions on that particular contract.

GSA collected transactional data for FY 2022 sales totaling over \$14.6 billion. We found that the data reported for \$12.6 billion of these sales (87 percent) cannot be used for meaningful price analysis. Specifically, we found that:

- All transactional data collected for sales of services and sales identified as both products and services, which made up over \$8.6 billion (59 percent) of the FY 2022 sales is unusable. This data is unusable because it lacks essential information, such as standardized part numbers or descriptions that identify

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the services provided.

- The majority of data collected for sales of products, which made up approximately \$6 billion (41 percent) of the FY 2022 sales is also unusable. GSA found that the sales data collected for \$4 billion of product sales (67 percent) is unusable because in many cases contractors are not reporting accurate part numbers.
- For the remaining \$2 billion in sales (13 percent), we found that some of the data is not effective for price comparison due to the myriad variations in the way contractors report data for identical products.

We also found that GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that enabled GSA to assert that the TDR pilot met its performance objectives and portray it as a success. This occurred because GSA used flawed methodologies, as well as inaccurate and unsupported information to evaluate the TDR pilot performance metrics.

While we found problems with GSA's evaluation as a whole, we identified significant deficiencies with GSA's evaluation of the metrics it used to determine whether the TDR pilot was used for contract-level price negotiations and lowered industry burden. Specifically, we found that GSA:

- Designed a misleading performance metric to assess data completeness and could not support the results of its evaluation of this metric;
- Inaccurately asserted that MAS contracting officers used TDR pilot data;
- Did not assess the category manager usage metric based on actual use of the TDR pilot data and could not support the results of its evaluation of this metric; and
- Did not measure actual contractor reporting burden for TDR.

Taken together, these deficiencies clearly demonstrate that the TDR pilot has not been a success and point to significant problems that must be corrected before its expansion across the MAS program. Under the circumstances described in this report, it would be irresponsible to expand the TDR pilot across the program's annual sales of more than \$40 billion. Therefore, after over 6 years of ignoring the problems with the pilot, GSA is confronted with two options— take comprehensive action to fix the significant problems that plague TDR or terminate the pilot by executing the exit strategy.

### **What We Recommend**

We recommend that the GSA Administrator, FAS Commissioner, and Associate Administrator of the Office of Government-wide Policy:

1. Cease further expansion of TDR until the problems are corrected or the pilot is terminated.
2. Address the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, GSA should, at a minimum:
  - a. Conduct a comprehensive assessment of all TDR data;
  - b. Verify the accuracy and completeness of all TDR data;
  - c. Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
  - d. Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contract;
  - e. Make the data accessible to all MAS contracting personnel; and
  - f. Develop a methodology for pricing using TDR data that will ensure that customer agencies meet the Competition in Contracting Act for orders placed through MAS contracts.

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3. If GSA cannot successfully complete the corrective actions outlined in Recommendation 2 within 1 year of report issuance or makes the decision not to take those corrective actions, execute the exit strategy for the TDR pilot and transition participating contractors out of the pilot in accordance with FAS Policy and Procedures 2016-11, Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation.

While GSA states that it partially agrees with our recommendations, it neither addresses nor rebuts our findings. GSA instead repeats its FY 2020 TDR pilot evaluation results and makes numerous assertions of the “potential further benefits” and “anticipated” uses of the TDR data. The agency does not commit to curing the deficiencies our audit exposed before expanding the pilot further, but merely states it will “consider the continuing maturity of TDR as part of any expansion decision.”

This vague response fails to acknowledge the fundamental fact that GSA has not used TDR data for price negotiations. Under TDR, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable; and GSA lacks a clear, well-supported plan for overcoming these deficiencies. After nearly 7 years of running the pilot, GSA's ability to use the data to negotiate fair and reasonable pricing on behalf of the American taxpayer remains an untested theory. Accordingly, we reaffirm our findings, conclusions, and recommendations.

Our un rebutted findings clearly demonstrate severe deficiencies in the TDR pilot that must be corrected before its expansion across the MAS program's annual sales of more than \$40 billion.

GSA's inexplicable refusal to commit to fixing those problems before further expansion, or alternatively to terminate the pilot, is a disservice to taxpayers.

GSA's written comments are included in their entirety in **Appendix C**.

Business Line

Federal Acquisition Services

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