

## **GSA IG Report Finds GSA Wrongly Portrays Its Transactional Data Reporting Pilot Program as a Success - GSA Office of Inspector General**

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- ***Problem-Ridden Data Has Never Been Used in Price Negotiations***
- ***IG Warns Expansion of Program Risks Government Agencies Overpaying for Goods and Services***

The Office of Inspector General (OIG) for the General Services Administration (GSA) [issued a report today](#) concluding that GSA's transformational contract pricing pilot is plagued with inaccurate and unreliable data. Specifically, the OIG reports that GSA's Fiscal Year (FY) 2020 evaluation of its Transactional Data Reporting (TDR) pilot program is deeply flawed.

Most fundamentally, OIG auditors found that GSA's evaluation portrayed the pilot as a success even though the agency has never used TDR pilot data in contract price negotiations. Auditors also determined that the collection of TDR data GSA has amassed is almost entirely unusable. GSA could find only one instance in which the agency claimed that it used TDR pilot data for price negotiations. However, in that instance, the OIG found that both the GSA contracting officer and the vendor in the negotiation agreed that the data was inaccurate and unusable.

Contrary to GSA's stated results of its evaluation, the audit found that GSA's TDR pilot has not been successful after nearly 7 years of operation and that significant deficiencies must be corrected before its expansion across the Multiple Award Schedule (MAS) program. The OIG concluded that it would be irresponsible to expand the TDR pilot across the program's annual sales of more than \$40 billion.

## **Background**

GSA provides centralized contracting for the federal government, offering billions of dollars' worth of products and services that federal agencies need to serve the public. The intent of one of GSA's key contracting programs, the MAS program, is to leverage the government's buying power to provide customer agencies with competitive, market-based pricing. The MAS Program manages long-term, government-wide contracts with commercial vendors that provide federal government buyers access to millions of commercial products and services, ranging from printer paper and laptops to architectural design and management consulting. Last fiscal year, federal agencies spent more than \$40 billion on goods and services sold under MAS contracts.

Until 2016, all MAS contracts required commercial pricing disclosures and price reduction protection to achieve the best possible prices for customers. In 2016, GSA established the TDR rule and pilot program, which requires certain MAS contractors to report transactional data, including prices paid by government customers, for products and services sold under their respective MAS contracts. In exchange for transactional data, MAS contractors are no longer required to provide commercial pricing information or track certain information for price reduction purposes.

Under the TDR pilot, the pricing objective has changed. Government buyers no longer obtain the price vendors give their most favored customers. Instead, GSA's goal is to ensure prices are "relatively competitive" with other government contract prices. The link to commercial market pricing is lost.

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In April 2021, GSA reported on the results of its internal evaluation of the TDR pilot program's performance for FY 2020. In its FY 2020 evaluation, GSA gave the TDR pilot a score equivalent to "meeting or exceeding targets" (even though GSA had never used TDR data in pricing) and stated that it can expand the pilot to the entire MAS Program.

### **The OIG's Findings**

The OIG found that while GSA's evaluation has portrayed the TDR pilot as a success, it 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. The transactional data reported for \$12.6 billion of the \$14.6 billion (87 percent) in FY 2022 TDR program sales cannot be used for meaningful price analysis.

OIG auditors also found that GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that supported GSA's assertion that the TDR pilot met its performance objectives and portrayal of the pilot as a success. This happened because GSA used flawed methodologies, as well as inaccurate and unsupported information, to evaluate the TDR pilot performance metrics. The auditors found problems with GSA's evaluation as a whole and 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.

The OIG made three recommendations in its report. The OIG strongly urged GSA management to: (1) Cease expansion of TDR until GSA corrects the problems or the pilot is terminated, (2) Address the TDR issues that the OIG report identifies within 1 year of the report's issuance, or (3) Execute the strategy for transitioning out of the TDR pilot if GSA cannot successfully complete the corrective actions outlined in Recommendation 2 within a year of the report's issuance or GSA makes the decision not to take those corrective actions. GSA management partially agreed with the recommendations but did not commit to cure the deficiencies the OIG's audit exposed before expanding the pilot further.

### **Prior OIG Reports**

The OIG has repeatedly documented concerns with the TDR program and pricing methodologies in several reports. The OIG's [latest report in 2022](#) found that the pricing methodologies GSA contracting personnel used for MAS contracts in the TDR pilot were deficient and that personnel did not have access to TDR data to use for pricing decisions on TDR pilot contracts. A [2022 alert memo](#) reported that GSA's plan to expand the TDR program despite persistent issues with the quality and usability of TDR data could place government agencies, and ultimately American taxpayers, at risk of overpaying for products and services. A [2021 report](#) found that TDR data is inaccurate and unreliable, and that GSA contracting personnel had not been using the data to negotiate or make pricing determinations. Another [2022 report](#) found that GSA contracting personnel used flawed methodologies and practices when performing analyses with the 4P pricing tool. This followed a [2019 report](#) that found that GSA contracting personnel used flawed methodologies and practices when performing analyses with other pricing tools.