

REVIEW OF THE
FEDERAL ACQUISITION SERVICE'S
ALLIANT ORDERING GUIDE
REPORT NUMBER A090009/Q/A/P09002

May 1, 2009



U.S. GENERAL SERVICES ADMINISTRATION
Office of the Inspector General

Date: May 1, 2009

Reply to
Attn of: Audit Manager, Acquisition Programs Audit Office (JA-A)

Subject: Review of the Federal Acquisition Service's Alliant Ordering Guide
Report Number A090009/Q/A/P09002

To: James A. Williams
Commissioner, Federal Acquisition Service (Q)

This report presents the results of our review of the Alliant Ordering Guide. Our review of the draft Alliant ordering guide identified that FAS has included contract requirements and processes in the ordering guide that clearly and sufficiently ensure proper use of the contract, promote adequate competition, and result in best value for the government. However, our analysis identified specific improvements that could be made to the guide to further promote these areas, while also mitigating the risk for potential abuse of the contract from occurring.

If you have any questions regarding this report, please contact me on (816) 926-8605.

A handwritten signature in cursive script that reads "Michelle L. Westrup".

Michelle L. Westrup
Audit Manager
Acquisition Programs Audit Office

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EXECUTIVE SUMMARY

Purpose

The Acquisition Programs Audit Office conducted a review of the General Services Administration's (GSA's) Federal Acquisition Service's (FAS's) draft Alliant ordering guide provided on October 22, 2008. Our review focused primarily on the guide's content, its accuracy and usefulness to ensure proper use of the contract, and the extent to which it promotes adequate competition and results in best value for the government. We intended to review the Alliant Small Business (SB) ordering guide, as well; however, it had not been provided to us at the time of our review.

Background

The FAS offers technology services and solutions to customer agencies through use of Government-wide Acquisition Contracts (GWACs). GWACs are task or delivery order contracts for Information Technology (IT) established by one agency for government-wide use. Alliant and Alliant SB are two GWACs that provide a wide range of IT solutions to customer agencies. FAS typically develops ordering guides for their contracts, which are intended to assist program officials, ordering offices, ordering contracting officers, and contractors properly use the specific GWAC.

In 2005 and 2006, GSA's Office of Inspector General (OIG) reviewed the Alliant and Alliant SB draft Request For Proposals (RFPs) to determine whether administrative controls were in place to ensure adequate competition and to achieve best value. In September 2006, the OIG issued a memorandum to the FAS Commissioner noting areas in which management could strengthen or improve controls related to competition in order to achieve best value for the customer.

The review of the Alliant ordering guide was performed between October 2008 and January 2009.

Results in Brief

Our review of the draft Alliant ordering guide identified that FAS has included contract requirements and processes in the ordering guide that clearly and sufficiently ensure proper use of the contract, promote adequate competition, and result in best value for the government. However, our analysis identified specific improvements that could be made to the guide to further promote these areas, while also mitigating the risk for potential abuse of the contract from occurring.

Proper use of the Alliant GWAC is essential to ensure the award and administration of task orders is conducted in accordance with procurement laws and regulations. To ensure proper use, we believe the ordering guide could be improved with additional detail and the expansion of some existing content. More specific information should be added to the draft ordering guide's "Scope" section so that FAS can mitigate the risk of Ordering Contracting Officers (OCOs) awarding task orders outside the scope of the contract. Guidance for OCOs would be strengthened with more information regarding the Delegation of Procurement Authority (DPA) process and with the inclusion of reporting requirements. Further, to assist Alliant Contractors in complying with contract provisions, guidance should be developed and included in the ordering guide.

Achieving adequate competition is critical to GSA's pursuit of best value, which results from lower prices, higher quality procurements, better service, and enhanced solutions for the customer agency. While the draft ordering guide provides information promoting competition at the task order level, the guidance should be strengthened. To achieve maximum competition, it is important that the RFPs submission requirements are kept to a minimum and that the statements of work (SOWs) are specific and clearly defined.

Achieving best value for the government is the central idea behind procurement objectives. In order to attain best value, the guide's "Task Order Process" section should address the various streamlined acquisitions procedures, including the multi-phased approach, and also focus on all aspects of order evaluation. The streamlined multi-phased approach to order solicitation aids an OCO in reducing resource expenditures because it allows contractors the opportunity to decide, prior to expending time and resources on drafting a proposal, if they are adequately qualified and able to satisfy the requirement. With regard to order evaluation, the draft guide focuses on pricing, but should also discuss other evaluation factors. This way, the award decision is based upon a comparative assessment against all stated evaluation factors and significant sub factors that are tailored to the acquisition, which increases the likelihood of orders resulting in best value.

Recommendations

We recommend that the Commissioner of the Federal Acquisition Service:

1. Expand the "Scope" section of the ordering guide to include: a) Additional information regarding the scope review process, b) high-risk work scope areas, c) examples of unauthorized actions, and d) examples of IT services and solutions allowed.
2. Provide detailed information in the ordering guide to OCOs and Alliant contractors regarding their individual roles and responsibilities.
3. Incorporate additional information regarding RFP submission guidelines and outline the importance of a specific and clearly defined SOW in the ordering guide.

4. Provide information in the ordering guide regarding the use and benefits of streamlined acquisition procedures.
5. Emphasize to OCOs the importance of reviewing and validating other direct costs and option year pricing and provide information on methods to assess other non-pricing evaluation factors in the ordering guide.

Management Response

The Commissioner of the Federal Acquisition Service concurs with the report findings and recommendations. The Office of Integrated Technology Services is developing an action plan to implement the recommendations. See Appendix A for management's response to the draft report.

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INTRODUCTION

Background

The General Services Administration's (GSA's) Federal Acquisition Service (FAS) offers technology services and solutions to customer agencies through use of Government-wide Acquisition Contracts (GWACs). GWACs are task or delivery order contracts for Information Technology (IT) established by one agency for government-wide use. Alliant and Alliant Small Business (SB) are two GWACs that provide a wide range of IT solutions to customer agencies. FAS typically develops ordering guides for their contracts, which are intended to assist program officials, ordering offices, ordering contracting officers, and contractors properly use the specific GWAC.

In March 2005, FAS issued Alliant and Alliant SB's draft Request for Proposals (RFPs) for comment from industry and government. GSA's Office of Inspector General (OIG) reviewed the draft RFPs to determine whether administrative controls were in place to ensure adequate competition and achieve best value. In September 2006, the OIG issued a memorandum to the FAS Commissioner noting areas in which management could strengthen or improve controls related to competition in order to achieve best value for the customer. In subsequent meetings, FAS indicated that they intended to address some of these areas in the ordering guides once they were drafted. Consequently, the OIG planned to review the ordering guides at a later date.

In July 2007 and December 2007, GSA selected contractors for award for Alliant and Alliant SB, respectively. Subsequently, eight contractors who were not selected for awards filed for review of the award process. The U.S. Court of Federal Claims reviewed these protests and decided in March 2008 that GSA must re-evaluate the proposals. In December 2008, the re-evaluations for Alliant SB were completed and the contract was awarded January 2009. At the time of report issuance, FAS had completed its re-evaluations of Alliant proposals and is currently on track to award the contract by the end of March 2009.

Objective, Scope and Methodology

The objective of this review was to evaluate the FAS's ordering guide for the Alliant and Alliant SB contracts to determine if it describes the contract requirements and processes clearly and sufficiently enough to ensure proper use of the contracts, promote adequate competition, and result in the best value for the government. FAS provided us with a draft of the Alliant ordering guide in October 2008. At that time, FAS had not drafted the Alliant SB ordering guide, and we were not provided with a draft prior to the end of our fieldwork in January 2009. In order to provide management with timely feedback and best value, we decided to issue the results of our review of the

draft Alliant ordering guide and to conduct a separate review of the Alliant SB ordering guide at a later date.

To accomplish the audit objective, we:

- Analyzed the October draft of the Alliant ordering guide, which included, but was not limited to:
 - Determining if the content of the guide was sufficient to minimize specific risks to the program.
 - Assessing the degree that the guide is user-friendly.
 - Verifying the accuracy of all Federal Acquisition Regulation (FAR) references, and other contract related information, and website links.
 - Ensuring proper grammar.
- Reviewed the OIG's September 2006 memorandum regarding the Alliant and Alliant SB RFPs and the FAS's response to the memorandum.
- Reviewed applicable subparts of the FAR.
- Obtained and reviewed a legal opinion regarding the use of streamlined acquisition procedures.
- Reviewed and analyzed the content of the following GWAC ordering guides:
 - ANSWER dated January 2007
 - 8(a) STARS dated April 2007
 - Millennia dated March 2008
 - COMMITS dated September 2008
 - VETS dated 2008
- Held discussions with FAS officials including Alliant program personnel.

We conducted this review between October 2008 and January 2009 in accordance with the generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS OF REVIEW

Our review of the draft Alliant ordering guide identified that FAS has included contract requirements and processes that clearly and sufficiently ensure proper use of the contract, promote adequate competition, and result in best value for the government. However, our analysis identified specific improvements that could be made to the draft ordering guide to further promote these areas, while also mitigating the risk for potential abuse of the contract from occurring. Specifically, we identified that the scope section should be expanded to include task order scope information, such as high risk scope areas and unauthorized actions. We also determined that several Ordering Contracting Officer (OCO) responsibilities were not included in the draft ordering guide and that no guidance was included for Alliant contractors. Other recommendations for improvement include outlining the importance of a specific and clearly defined statement of work (SOW), as well as providing guidance pertaining to RFP submission requirements, streamlined acquisition procedures, and task order evaluation methods.

Ensuring Proper Use of the Contract

Proper use of the Alliant GWAC is necessary to ensure that the award and administration of task orders is conducted in accordance with procurement laws and regulations. The draft Alliant ordering guide references various contract requirements and outlines specific ordering processes to assist in proper use of the Alliant contract. However, the ordering guide could be improved with the expansion of the “Scope” and the OCO’s “Roles and Responsibilities” sections as well as the addition of information to highlight some of the Alliant contractors’ key responsibilities.

Strengthen Task Order Scope Information

Prior GSA OIG reviews of GSA’s Client Support Centers and other GWACs have found instances in which task orders were awarded, but were found to be outside the scope of the contract. During our review of the draft ordering guide, we identified several areas that could be included in the guide in order to minimize the risk for potential misuse of the contract. We suggest that the “Scope” section be expanded to include: 1) additional information regarding the scope review process; 2) high-risk work scope areas, such as call centers and help desk support; and 3) unauthorized actions, such as renting and leasing. FAS should also include examples of appropriate IT services and solutions allowed under the Alliant contract, such as acceptable construction, alterations and repair work. By providing additional scope-related information to the ordering guide, FAS can mitigate the risk of OCOs awarding task orders outside of the scope of the contract.

Enhance Guidance for Ordering Contracting Officers

It is imperative that the OCOs are fully aware of their roles and responsibilities in order to award and administer task orders in accordance with the Alliant contract. Realizing

the importance of this, we reviewed what was currently included in the draft ordering guide. While the current draft ordering guide does list some of the OCOs' roles and responsibilities, we believe that these should be expanded upon to include the items below.

Delegation of Procurement Authority Requirement. To utilize the Alliant contract, OCOs must obtain a Delegation of Procurement Authority (DPA) and be trained as authorized users in accordance with Office of Management and Budget (OMB) guidelines. Completing DPA training provides an OCO with specific knowledge to properly use the contract and fulfill their responsibilities. To verify the accuracy of the "How to Become an Authorized User" section in the draft ordering guide, we watched a process tutorial on the ITSS website. We then compared the steps provided in the draft ordering guide to the tutorial. Based upon this comparison, we concluded that the draft ordering guide does not clearly explain the process regarding how to become an authorized user and should provide additional detailed information to ensure that OCOs are fully knowledgeable about the contract, its purpose, and their corresponding responsibilities.

GWAC Management Module Reporting Requirement. OCOs are required to upload order data to the GWAC Management Module, a management information system that enables GSA's GWAC Program to manage the reporting data and the associated administrative functions required to oversee and administer contracts. As part of GSA's executive agent obligation granted by OMB, they must review order information to ensure that ordering requirements comply with the terms and conditions of the Alliant GWAC. The OCO is responsible for uploading a copy of the task order SOW or other equivalent document so that GSA may ensure that the order is within scope of the Alliant contract. We determined that the draft ordering guide does not sufficiently communicate this requirement for OCOs to upload order data to the GWAC Management Module. To fulfill GSA's executive agent obligations and comply with OMB requirements, and in order to ensure the proper use of the Alliant GWAC, the ordering guide should include the GWAC Management Module reporting requirement.

Federal Procurement Data System—Next Generation (FPDS-NG) Reporting Requirement. Alliant OCOs are responsible for reporting award and order information into FPDS-NG, which is a system used to collect and report accurate and complete procurement data across the Federal Government. FPDS-NG is also used as the primary data source for information required by the Federal Funding Accountability and Transparency Act of 2006. Under this Act, OMB was responsible for developing a single searchable website to comply with the requirement of full disclosure to the public of all entities or organizations receiving federal funds. This website obtains the majority of its contracting data from FPDS-NG. Therefore, accurate and timely procurement reporting is important not only from a compliance standpoint, but for federal procurement management as well. For that reason, it is essential that this requirement is well-communicated to Alliant OCOs in the ordering guide.

Develop Guidance for Alliant Contractors

As with the OCOs, it is essential that the Alliant contractors are aware of their roles and responsibilities so that they can act in accordance with the requirements stipulated in the Alliant contract. In order to ensure that Alliant contractors are complying with the contract provisions and obtaining the most value from the contract, we believe that the Alliant ordering guide should include a separate section solely for Alliant contractors as is done in other GSA GWAC ordering guides. This section could include key responsibilities of the Alliant contractors, such as remittance of the Contract Access Fee payment. This section could also include information on how contractors can best use the Alliant GWAC to their advantage, while also assisting in compliance with marketing requirements. This could be achieved by including information detailing how Alliant contractors can market themselves to government customers as outlined in the basic contract. Therefore, in order to ensure that Alliant contractors are complying with Alliant contract provisions, FAS should consider adding an Alliant contractor section to the ordering guide.

Recommendations

We recommend that the Commissioner of the Federal Acquisition Service:

1. Expand the “Scope” section of the ordering guide to include: a) Additional information regarding the scope review process, b) high-risk work scope areas, c) examples of unauthorized actions, and d) examples of IT services and solutions allowed.
2. Provide detailed information in the ordering guide to OCOs and Alliant contractors regarding their individual roles and responsibilities.

Promoting Adequate Competition

Achieving adequate competition is a key component of GSA’s pursuit for best value. Competition helps ensure best value based on lower prices, higher quality procurements, better service, and enhanced solutions for the customer agency. While the Alliant draft ordering guide provides information to promote competition at the task order level, current guidance should be strengthened. Additional guidance that we believe could assist in promoting competition relates to the requirements for the submission of the RFPs and reminders for submitting SOWs.

Limit Request for Proposal Submission Requirements

In order to proactively maintain a competitive environment for task orders, FAS should include information in the ordering guide regarding RFP submission requirements. FAR 16.505 states that in regard to ordering, “The contracting officer should keep submission requirements to a minimum.” This is to ensure that contracting officers do not include

excessive submission requirements in the RFP, which can discourage contractors from submitting a bid, and negatively affect the competitive environment. By adding this information to the ordering guide, FAS could aid OCOs in achieving a higher level of competition at the task order level.

Emphasize the Importance of Specific and Clearly Defined Statements of Work

To facilitate adequate competition, the ordering guide should outline the importance of a specific and clearly defined SOW. The GSA OIG has conducted various reviews that have disclosed instances in which adequate competition was not achieved because the SOW was so broad that other contractors did not have enough information and/or inside knowledge to respond to the solicitation. The GSA OIG initially brought this to FAS's attention in a memorandum issued to the FAS Commissioner in September 2006, which outlined preliminary observations resulting from reviews of the FAS's Alliant and Alliant SB RFPs in 2005 and 2006. However, after review of the draft ordering guide, we determined that the ordering guide does not address the importance of specific and clearly defined SOWs. By incorporating guidance in the ordering guide on how to issue a specific and clearly defined SOW and the benefits of doing so, FAS could further promote competition at the task order level.

Recommendation

We recommend that the Commissioner of the Federal Acquisition Service:

3. Incorporate additional information regarding RFP submission guidelines and outline the importance of a specific and clearly defined SOW in the ordering guide.

Resulting in Best Value for the Government

Achieving best value for the government is the central idea that drives procurement objectives. Best value is the expected outcome of an acquisition that, in the government's estimation, provides the greatest overall benefit in response to the requirement. While the draft ordering guide provides OCOs with basic information to help them attain best value, certain concepts can be incorporated to further assist them in achieving this optimal outcome.

Encourage the Use of Streamlined Acquisition Procedures

A large amount of time and resources is involved in procuring goods and services for the government. There are streamlined acquisition procedures that can be used to reduce these resource expenditures. One procedure that an OCO can utilize is a multi-phased approach to order solicitation. With this approach, all contractors would be afforded the opportunity to view the requirement. After review, they could either decide to opt in or opt out. This approach allows contractors the opportunity to decide, prior to

expending time and resources on drafting a proposal, if they are adequately qualified and have available resources to satisfy the requirement. Providing contractors with this opportunity not only reduces the number of offers to review and consequently the number of resources expended, but also allows the OCO to award from a pool of the most interested contractors. While the draft ordering guide mentions this approach, there are other options, such as limiting written requirements and using oral presentations. These options may also reduce time and costs associated with the source selection process, reduce proposal preparation costs, allow all parties a more thorough understanding of the requirements, and improve the exchange of information between the government and the offerors. The draft ordering guide does not provide sufficient guidance for an OCO to utilize streamlined acquisition procedures. In order to assist OCOs in obtaining proper competition and achieving best value, the ordering guide should provide more information on and encourage the use of streamlined acquisition procedures.

Focus on All Facets of Order Evaluation

A thorough evaluation of proposals is critical to procuring the services or solutions that produce the best value for the government. Per FAR 15.305, "Proposal evaluation is an assessment of the proposal and the offeror's ability to perform the prospective contract successfully. An agency shall evaluate competitive proposals and then assess their relative qualities solely on the factors and sub-factors specified in the solicitation." The draft ordering guide addresses order evaluation as one step in the task order process. The information included in this section could be expanded upon to ensure that an OCO is considering and evaluating the proposals in the most comprehensive manner to achieve best value for the customer. In addition, we believe that the past performance reporting requirement should be added to the ordering guide to ensure compliance with regulations and to assist the OCO in the evaluation of offers.

In order to achieve best value, the award decision should be based upon a comparative assessment against all stated evaluation factors and significant sub-factors that are tailored to the acquisition. When awarding based upon best value, there are other evaluation factors that can be considered. Currently, the order evaluation information provided in the draft ordering guide focuses only on evaluating task order pricing. Although this is an important evaluation factor, other evaluation factors such as a contractor's technical approach and past performance should be discussed as well.

The draft ordering guide's current pricing evaluation section lacks specific information regarding the evaluation of other direct costs, general and administrative expenses, and option year pricing. While these costs are not the primary purpose of the task, they must also be fully evaluated. Evaluation information should be added to this section in the ordering guide to highlight the potential risks associated with these line items. By doing this, FAS can help ensure that task orders awarded provide the best value to customer agencies.

Past performance information is relevant information for OCOs to utilize in evaluating task order proposals. This information generally includes a contractor's actions under previously awarded contracts. The completion of a past performance record is required by FAR 42.15. The draft ordering guide does not state that the completion of a past performance record is a regulation requirement. Including the requirement of providing current and accurate past performance information will allow OCOs access to this important information in order to make the most informed decision when awarding task orders and assist them in achieving best value for the government.

Recommendations

We recommend that the Commissioner of the Federal Acquisition Service:

4. Provide information in the ordering guide regarding the use and benefits of streamlined acquisition procedures.
5. Emphasize to OCOs the importance of reviewing and validating other direct costs and option year pricing and provide information on methods to assess other non-pricing evaluation factors in the ordering guide.

MANAGEMENT COMMENTS

The Commissioner of the Federal Acquisition Service concurs with the report findings and recommendations. The Office of Integrated Technology Services is developing an action plan to implement the recommendations. See Appendix A for management's response to the draft report.

INTERNAL CONTROLS

This review was limited to the analysis of the draft Alliant ordering guide provided to us in October 2008. Thus, our evaluation of internal controls was limited to the items mentioned in the Results of Review and Recommendations sections.

APPENDICES

REVIEW OF THE FEDERAL ACQUISITION SERVICE'S
ALLIANT ORDERING GUIDE
REPORT NUMBER A090009/Q/A/P09002

Management Response



GSA Federal Acquisition Service

April 27, 2009

MEMORANDUM FOR THEODORE R. STEHNEY
ASSISTANT INSPECTOR GENERAL
FOR AUDITING (JA)

FROM: JAMES A. WILLIAMS
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

A handwritten signature in cursive script that reads "James A. Williams".

SUBJECT: GSA Draft Report, "Review of the Federal Acquisition
Service's Alliant Ordering Guide" (A090009), dated
March 24, 2009

Thank you for the opportunity to review the above draft report. We concur with the report findings and recommendations, and the Office of Integrated Technology Services (QT) is developing action plans to implement these recommendations.

Please call me at (703) 605-5400 if you have any questions. Your staff may contact Ms. Cathy Fick at (703) 605-5452 or Catherine.fick@gsa.gov for additional information.

cc: Mr. Kenneth Crompton
Deputy Assistant Inspector General
for Acquisition Audits (JA-A)

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