

REVIEW OF THE
FEDERAL ACQUISITION SERVICE'S
ALLIANT SMALL BUSINESS ORDERING GUIDE
REPORT NUMBER A090151/Q/A/P09004

September 9, 2009



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

Date: September 9, 2009

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

Subject: Review of the Federal Acquisition Service's Alliant Small Business Ordering Guide

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

Background

The General Services Administration's (GSA's) Federal Acquisition Service (FAS) offers technology services and solutions to customer agencies through the use of Government-wide Acquisition Contracts (GWACs). GWACs are task or delivery order contracts established by one agency for government-wide use. Alliant and Alliant Small Business (SB) are two GSA GWACs that provide a wide range of information technology solutions to customer agencies. FAS typically develops ordering guides for ordering contracting officers (OCOs) and contractors to facilitate the proper use of their GWACs.

The review of the Alliant SB ordering guide was included as part of the GSA Office of Inspector General's (OIG's) Fiscal Year 2008 Annual Audit Plan. The OIG had intended to include it as part of the Review of the Federal Acquisition Service's Alliant Ordering Guide, Report Number A090009/Q/A/P09002 issued on May 1, 2009 (hereafter referred to as the "Alliant ordering guide report"). However, we were not provided with a copy of the Alliant SB ordering guide prior to the completion of our fieldwork for the review of the Alliant ordering guide. Therefore, FAS management and the OIG agreed to postpone the review of the Alliant SB ordering guide in order to provide timely feedback on the Alliant guide. During the exit conference held on March 23, 2009 for the review of the Alliant ordering guide, FAS management stated that they would revise both ordering guides to incorporate the OIG's recommendations.

The Alliant SB contract was awarded on February 2, 2009 and its period of performance commenced on the following day. The contract's ordering guide was published on the Alliant SB website on February 11, 2009. FAS provided the audit team with an updated version of the ordering guide on April 3, 2009, and stated that it addressed the OIG's recommendations from the draft Alliant ordering guide report.

Objective, Scope and Methodology

The objective of this review was to evaluate FAS's ordering guide for the Alliant SB contract to determine if it describes the contract requirements and processes clearly and sufficiently enough to ensure proper use of the contract, promote adequate competition, and result in the best value for the government.

In order to accomplish the audit objective, the audit team:

- Reviewed the Alliant SB ordering guide to determine if recommendations made in the Alliant ordering guide report were sufficiently incorporated.

- Analyzed the Alliant SB ordering guide as provided by SB GWAC officials on April 3, 2009, which included but was not limited to (1) determining if the ordering guide's content was clear and sufficient to minimize specific risks to the program; (2) verifying the accuracy of all references to the Federal Acquisition Regulation (FAR), the Alliant SB contract, websites, and the National Defense Authorization Act (NDAA); and (3) evaluating the degree to which the ordering guide is user-friendly.
- Reviewed applicable subparts in the FAR and the NDAA.
- Reviewed and analyzed the following GSA GWAC ordering guides: (1) VETS dated 2008 and (2) 8(a) STARS dated November 2008.
- Reviewed and analyzed relevant information as of May 2009 for the following non-GSA GWACs: (1) National Aeronautics and Space Administration's Solutions for Enterprise Wide Procurement IV and (2) National Institutes of Health Information Technology Acquisition and Assessment Center's Chief Information Officer's Solutions and Partners 2 Innovations.

We conducted this review between March 2009 and June 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 identified that the Alliant SB ordering guide included contract requirements and processes to support proper use of the contract, promote adequate competition, and result in best value for the Government. However, our analysis identified specific improvements to better communicate contract requirements and processes, while also mitigating the risk for potential abuse of the contract. Specifically, we noted that guidance about the task order process should be strengthened and the guide should address team arrangements. The ordering guide should be organized to facilitate ease of use, and additional emphasis should be placed on the importance and benefits of developing specific and clearly defined statements of work (SOWs). Other recommended improvements included highlighting the benefits of streamlined acquisition procedures and developing guidance for all elements of task order pricing.

Ensuring Proper Use of the Contract

Clearly outlining and explaining how to properly use the Alliant SB GWAC is necessary to ensure that OCOs are awarding and administering task orders in accordance with procurement laws and regulations. Even though the Alliant SB ordering guide references various contract requirements and outlines specific ordering processes, guidance on processing a task order should be strengthened, information regarding team arrangements should be included, and the ordering guide should be better organized to facilitate the ease of its use.

Strengthen Guidance for Processing a Task Order

The primary purpose of a contract vehicle's ordering guide is to provide clear and comprehensive guidance regarding how to properly use that vehicle to place an order. The Alliant SB ordering guide currently lists the steps to process a task order and provides a flow chart to illustrate that process. However, OCOs could benefit from additional information about each individual task order process step and improvements to the flowchart.

In order to greater assist OCOs in processing task orders, each step within the order process should be fully explained. The current Alliant SB ordering guide lacks adequate detail regarding each step. For instance, the Order Evaluation step could outline specific methods and analysis options, such as using independent government cost estimates to assess and determine best value for a task order. Additionally, beneficial information regarding order processing is included in other parts of the guide, when it could be inserted in this section as a more direct reference for the OCO. If the information is not collectively organized in a central location, valuable information could be overlooked.

In order to clearly depict the ordering process and provide consistent guidance on how to process a task order, each action within the task order process flowchart should directly correspond to a task order process step. We identified a useful practice in which an order process flowchart identified the party (e.g., customer, contractor, or agency) that was responsible for each step. Currently, the ordering guide does not succinctly explain the entire task order process. By capturing all of this information in the flowchart, it can serve as a quick reference that clearly and concisely illustrates the entire task order process.

Address the Allowability and Use of Team Arrangements

Per FAR 9.6, a “team arrangement” is when two or more companies form a partnership or joint venture to act as a potential prime contractor, or when a prime contractor agrees to have at least one other company act as a subcontractor. A team arrangement could be beneficial for both the customer agency and the contractor in that it could create a situation where two contractors complement each other’s capabilities to fulfill a customer’s need. Team arrangements are not currently addressed in either the Alliant SB contract or the ordering guide. It is important that the guide address the program’s policy regarding team arrangements, as well as highlight any applicable FAR requirements. Specifically, within the Subcontracting section, the Alliant SB ordering guide should state whether or not a team arrangement is encouraged or allowed, and if so, should provide guidance regarding its use. The allowability of team arrangements and guidance for their use should be clearly addressed in order to assist the OCOs and contractors to properly use the contract.

Organize the Guide to Facilitate Ease of Use

For an ordering guide to be effective and to provide OCOs and contractors with pertinent information to properly use the specified contract, discretion is necessary when selecting information to be included. The information should also be presented in a manner which ensures the guide is user-friendly.

Even though the Alliant SB ordering guide contains a substantial amount of useful information, there are cases in which information provided is not essential to properly use the Alliant SB contract. For example, there is currently information at the beginning of the guide that explains other GSA GWACs. This information does not directly pertain to the usage of the Alliant SB contract; therefore, it can be seen as a distraction to the other information available in the guide. This concept also applies to information provided under the Delegation of Procurement Authority (DPA) and Subcontracting sections. Both of these sections reference information that is not specifically related to the requirements of the Alliant SB contract. For example the DPA section states,

The DPA training and DPA document arise out of GSA’s obligations to the Office of Management and Budget, are consistent with Section 865 of the Duncan Hunter

National Defense Authorization Act of 2009, P.L. 110-417 (“DHNDAA” or “NDAA 2009”) and are in-line with the related recommendation of the Acquisition Advisory Panel/SARA Panel (authorized by Section 1423 of the Services Acquisition Reform Act of 2003).

We do not believe this background information is necessary to assist the OCO in using the Alliant SB GWAC. There are also several instances where the information in the ordering guide repeats the language from the contract verbatim. Including extraneous information unnecessarily lengthens the ordering guide and makes the document more cumbersome to use. Not only may OCOs be less likely to use a document that is too lengthy or difficult to follow, there is also a risk that important guidance placed among superfluous information will be overlooked. The ordering guide should be reviewed to include only information pertinent to the proper use of the Alliant SB contract and to ensure that to the maximum extent possible, it is user-friendly.

Promoting Adequate Competition

A competitive environment assists the OCO in achieving a best value procurement. Furthermore, attaining sufficient competition is a central objective in awarding any task order. In order to further promote adequate competition, additional emphasis on developing SOWs is needed to enhance the current information provided in the Alliant SB ordering guide.

Emphasize the Importance and Benefits of Specific and Clearly Defined Statements of Work

A specific and clearly defined SOW is critical to the facilitation of adequate competition. The GSA OIG has conducted several reviews that have shown that competition may be restricted if the SOW made available to the prospective contractors is too general. In these cases, a non-incumbent contractor often does not have enough information to respond to the solicitation, thereby inhibiting competition. The GSA OIG has brought this to FAS’s attention during the pre-award and award phases of the Alliant SB contract. The most recent instance was through a recommendation in the Alliant ordering guide report. At the exit conference for that review, FAS management indicated to the audit team that they would incorporate their response to this recommendation in the Alliant SB ordering guide prior to our review. After reading the Alliant SB ordering guide, we determined that although the guide includes selected guidance regarding specific and clearly defined SOWs, it is minimal and does not highlight the benefits of doing so. If this key point is not fully emphasized, OCOs may not recognize the importance; therefore, unknowingly restrict competition during the task order solicitation. By stressing the benefits of developing a specific and clearly defined SOW in the ordering guide, the OCO may be more inclined to employ this practice, which could further facilitate adequate competition.

Resulting in Best Value for the Government

FAS’s mission is to provide its customers with best value services, products, and solutions that increase overall government effectiveness and efficiency. The Alliant SB ordering guide is an opportunity for FAS to assist OCOs in obtaining best value during the task order award process. Even though the ordering guide provides OCOs with information to help them attain best value, additional guidance could be provided to highlight the benefits of streamlined acquisitions and emphasize the importance of analyzing all elements of task order pricing.

Highlight the Benefits of Streamlined Acquisition Procedures

Streamlined acquisition procedures are used to reduce the amount of time and resources expended during the solicitation phase of a task order. In the Alliant ordering guide report, we stated that the information in the guide regarding streamlined acquisitions could be strengthened by adding information about the usage and benefits of employing such procedures. Prior to the review of the Alliant SB guide, FAS informed us that they would strengthen the current guidance in this guide to reflect that recommendation. While we commend FAS for incorporating additional guidance regarding streamlined acquisition procedures into the current Alliant SB ordering guide, the information does not outline the benefits of using this type of procurement procedure, as recommended in the prior report. There are several benefits to streamlining the acquisition procedures, which include (1) reducing the time and resources expended during the source selection process; (2) lowering proposal preparation costs; and (3) improving the exchange of information between the government and the offerors. If OCOs are not aware of the benefits of streamlined acquisition procedures, they may be less likely to use this type of solicitation procedure because of their comfort level associated with more traditional methods. By emphasizing the benefits of streamlined acquisition procedures in the ordering guide, OCOs may be more inclined to use these procedures when deemed beneficial and in turn, assist the customer agency to attain a best value procurement.

Develop Guidance for All Elements of Task Order Pricing

In order to assist the customer agency in attaining a best value solution, the OCO must evaluate all elements of a price proposal. Price proposals often include other costs and expenses not directly related to labor, such as other direct costs (ODCs), general and administrative (G&A) expenses, and option year pricing. There are risks associated with these non-labor items, such as possible duplicate cost recovery of ODCs and G&A expenses, and failure to obtain a fair and reasonable price for task order option years. We recommended in the Alliant ordering guide report that information regarding the evaluation of these areas be incorporated into the Alliant ordering guide. FAS indicated they would incorporate our recommendations from that report into the current Alliant SB ordering guide; however, guidance for these specific areas was not included. Given that there are risks associated with these elements of a price proposal, it is important that guidance is developed for these areas in the ordering guide. By including this information in the guide, FAS can help ensure that task orders awarded under the Alliant SB contract provide the best value to customer agencies.

Recommendations

We recommend that the Commissioner of the Federal Acquisition Service:

1. Strengthen the current Alliant SB guidance for processing a task order by (a) explaining each of the seven steps in the task order process; (b) placing all information that is directly related to a task order process step within that step's explanation; and (c) adjusting the flowchart to illustrate the corresponding step and responsible party for each action.
2. Address in the ordering guide whether or not team arrangements are allowed and/or encouraged under the contract and if so, provide the contract's policy for using them.
3. Organize the guide to facilitate ease of use such that only information pertinent to and helpful for using the contract is provided.

4. Incorporate additional information detailing the importance and benefits of a specific and clearly defined SOW in the ordering guide.
5. Provide information in the ordering guide regarding the benefits of streamlined acquisition procedures.
6. Develop additional task order evaluation guidance for the ordering guide to assist OCOs in evaluating price and non-price factors of the task order, including ODCs, G&A expenses, and option year pricing.

Conclusion

In order for the Alliant SB ordering guide to effectively supplement the use of the Alliant SB GWAC, FAS should modify the guide's existing content to include additional information and strengthen the current ordering guidance provided. In addition, to further facilitate its use, the ordering guide should only contain guidance and information that is pertinent to the Alliant SB contract. Furthermore, FAS should ensure that it is organized and structured in a way to promote and encourage OCO's and contractor's use.

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 Alliant SB ordering guide provided to us in April 2009. Thus, our evaluation of internal controls was limited to the items mentioned in the Results of Review and Recommendations sections of this report.

We wish to thank you and your staff for the courtesies extended to the auditors during this review. Should you or your staff have any questions concerning this review, please contact me at (816) 926-8605.



Michelle L. Westrup
Audit Manager
Acquisition Programs Audit Office

APPENDICES

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MANAGEMENT RESPONSE

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GSA Federal Acquisition Service

SEP 1 2009

MEMORANDUM FOR KENNETH L. CROMPTON
DEPUTY ASSISTANT INSPECTOR GENERAL FOR
ACQUISITION AUDITS (JA-A)

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

A handwritten signature in black ink that reads "James A. Williams".

SUBJECT: Review of the GSA Draft Report "Federal Acquisition Service
Alliant Small Business Ordering Guide", Report Number
A090151

We have reviewed the subject draft report and appreciate the opportunity to comment. We concur with both the report and recommendations as written. Time-phased action plans are being developed to implement the report recommendations.

Please call me at (703) 605-5400 if you have any questions. Your staff may contact Wayne C. Williams at (703) 605-2177 or wayne.williams@gsa.gov for additional information.

cc: Michelle Westrup (JA-6)

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