

GAO

Report to the Commissioner, Federal
Supply Service

January 1986

GSA PROCUREMENT

Timeliness of Federal Supply Schedules



036998 131267

General Government Division

January 31, 1986

The Honorable Donald C. J. Gray
Commissioner, Federal Supply
Service

Dear Mr. Gray:

This is to advise you that we have terminated our survey of late schedules and contract awards (assignment code 014105). While we plan no additional work, we would like to share the results of our survey effort to permit you to take action to improve the schedules program.

Under the Federal Supply Schedules Program, the Federal Supply Service (FSS) awards fixed time period contracts to commercial vendors for supplies and services, such as desks, calculators, and typewriter repair, that are needed by more than one federal agency. FSS then issues schedules which list both the needed supplies and services (line items) and the vendors that have been awarded the contracts to provide the items. Agencies order schedule items directly from the vendors.

According to FSS regulations, schedules must be issued in a timely manner to maintain a continuous source of supply. A new schedule is considered on time if it is issued 2 weeks before the expiration of the existing schedule. According to FSS criteria, new schedules can be issued only when contracts are awarded for a minimum of 50 percent of the number and 50 percent of the estimated sales value of the items listed. FSS monitors schedule timeliness and line item coverage with monthly status reports.

The objective of our survey was to obtain information on the timeliness of FSS schedules and contract awards. We reviewed the 180 schedules that were issued in fiscal year 1984 to determine whether the schedules were issued on time. We also interviewed program officials and contracting officers regarding schedules timeliness.

We recognize that FSS has been improving in its efforts to award contracts and issue schedules on time. However, we made the following observations that we believe warrant your attention:

- The internal management report used to monitor schedule publication contained errors that underestimate (1) the number of schedules that are not issued on time and (2) the number of days late for schedules that are reported late.

- Schedules were issued that do not provide the extent of coverage required by FSS regulations.
- Schedules were issued that lacked information that is needed by customer agencies.

Timeliness of Schedules

FSS reported that during fiscal year 1984, 44 percent of its schedules were issued on time. However, we noted errors in the report used to measure schedule timeliness.

Our review of the 180 schedules which became effective in fiscal year 1984 showed that 14 schedules that were reported as being on time were actually issued late. The primary reason this occurred was that FSS did not apply its 2-week criteria when determining whether a schedule was on time or late. Another reason was that regional offices sometimes gave incorrect schedule publication dates over the telephone, and this data was not verified by FSS headquarters. For example, the Atlanta Regional Office phoned in that a schedule with a contract period from December 1, 1983, to November 30, 1984, was published on November 18, 1983. However, we found that the schedule actually was not issued until February 1, 1984, which was 76 days late.

We also found that for 21 of the schedules that were reported late, the number of days late was understated. This occurred when the old schedule was extended and FSS reported the number of days late based on the extended date. It also occurred when FSS revised the contract period of the new schedule. For example, a schedule ending January 31, 1984, was extended through March 1984. The new schedule, issued on April 30, 1984, showed a revised contract period of April 1, 1984, to January 31, 1986. By using the revised contract period to determine the number of days late, FSS improperly reported the schedule 44 days late. However, 104 days elapsed from 2 weeks before the expiration of the old schedule until the issuance of the new schedule.

Schedule Coverage

Of the 180 schedules we reviewed, 170 complied with FSS's criteria that schedules must have 50 percent of the number and 50 percent of the estimated sales value of the items listed on contract—available for purchase—before being issued. However, we noted that 10 schedules—7 issued by the Fort Worth Regional Office—did not meet this criteria. For example, the Fort Worth office issued one schedule that had only 1 percent of its items available for purchase when it was issued. While 6 of these 10 schedules were issued on time, we believe the schedules are

of limited value to customer agencies because the majority of items were not available for purchase.

Even when FSS's 50 percent criteria were met, we noted examples where items were listed as "award pending" because contracts were not awarded when the schedule was issued. The schedules we reviewed included over 6,000 items listed as "award pending." Nine hundred of the 6,000 items were subsequently changed to no award. We believe this indicates that some items included on schedules possibly should not be listed.

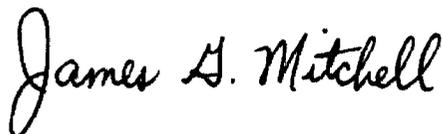
Schedules Lack Needed Information

We found that the schedule documents issued by the various offices within FSS do not contain the same information. For example, all the multiple award schedules issued by the Denver office and some by New York and Auburn did not contain the date the contracts were effective, while other schedules contained this information. We believe that information on when contracts are effective is necessary for customer agencies to properly use the schedules.

We discussed the issues in this letter with program officials and they generally agreed with our observations. We would appreciate your comments and notification of any actions you plan to take on the matters discussed. If you have any questions, please contact Mr. William Engel on 275-4407 or Mr. Michael Kennedy on 557-7944.

We are sending a copy of this letter to the Director, Office of Audit Resolution.

Sincerely yours,



James G. Mitchell
Senior Associate Director



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