



Highlights of [GAO-09-792](#), a report to the Committee on Oversight and Government Reform, House of Representatives

## Why GAO Did This Study

The Federal Acquisition Regulation (FAR) allows agencies to establish blanket purchase agreements (BPA) under the General Services Administration's (GSA) Schedules Program, where contracts are awarded to multiple vendors for commercial goods and services and made available for agency use. BPAs are agreements between agencies and vendors with terms in place for future use; funds are obligated when orders are placed. When establishing BPAs under schedule contracts, agencies must follow procedures regarding the number of vendors considered, request discounts, and conduct annual reviews in accordance with requirements. This report assesses selected agencies' use of schedule BPAs and evaluates whether they considered more than one vendor when establishing BPAs and placing orders under them, took opportunities for savings, and conducted annual reviews. To conduct this work, GAO reviewed a sample of 336 schedule BPAs and 352 fiscal year 2007 orders and met with officials.

## What GAO Recommends

GAO recommends that the Office of Federal Procurement Policy (OFPP) clarify when establishing a BPA using the limited source justifications of the FAR is appropriate; increase competition under BPAs; and provide guidance on annual reviews. GAO also recommends that GSA assist agencies with language for discount requests. OFPP and GSA concurred with the recommendations.

View [GAO-09-792](#) or [key components](#). For more information, contact John Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

## CONTRACT MANAGEMENT

### Agencies Are Not Maximizing Opportunities for Competition or Savings under Blanket Purchase Agreements despite Significant Increase in Usage

#### What GAO Found

In fiscal year 2008, civilian agencies obligated \$3.2 billion under schedule BPAs—up 383 percent from fiscal year 2004. GAO estimates that DOD's obligations ranged from \$0.5 to \$4.7 billion, placing total obligations in 2008 between \$3.7 and \$7.9 billion. GAO was unable to determine more fully DOD's obligations because DOD does not utilize fields in the federal procurement data system to distinguish schedule BPAs from other BPAs. DOD has begun to take actions to address this issue. Civilian agencies' use of BPAs for services grew significantly faster—475 percent—than their overall services contracting between 2004 and 2008. Contracting officers use BPAs for flexibility and speed, noting, for example, advantages in disaster response preparation and when funding for a fiscal year is unknown.

Of the BPAs GAO reviewed, 64 percent had been competed—meaning, for purposes of this report, that more than one vendor was considered—when established. For 12 percent of BPAs that had not been competed, contracting officers provided a variety of justifications, some of which appear inconsistent with sound procurement policy. The FAR is not clear about justification requirements for BPAs awarded with limited competition, including to one vendor. Also, the majority of BPAs had been awarded to a single vendor, which resulted in a lack of competition when placing orders because the FAR does not currently require competition of orders under single award BPAs. Multiple award BPAs—awarded to more than one vendor for the same requirement—provide an opportunity to benefit from further competition when placing orders, but many contracting officers placed orders directly with one vendor without further competition. Congress recently enhanced competition requirements for multiple award contracts, but the application of this requirement to schedule BPAs has not yet been established. Some of the BPAs GAO reviewed had lengthy durations, exceeding 5 years.

GAO found no evidence that agencies sought discounts when 47 percent of the BPAs reviewed were established. In the other cases, some contracting officers explicitly requested, or even demanded, discounts, while others merely encouraged them. Agencies frequently received discounts when they requested them. For instance, the Justice Department was able to save \$20 million under a BPA where the contracting officer requested and received discounts. However, at times, such opportunities were missed when discounts were not requested, even when the estimated amount of the BPA was in the hundreds of millions of dollars.

Contracting officials rarely conducted the required annual reviews. The reviews for only 19 of the 320 BPAs that required them addressed all of the FAR elements. By not conducting annual reviews, agencies miss opportunities for savings and can run the risk of violating competition requirements. One contracting officer was unaware that the underlying GSA schedule contract had expired, and orders continued to be placed under the BPA—a potential violation of the Competition in Contracting Act.