

Why GAO Did This Study

The U.S. Government spends more than \$500 billion each year on contracts. To ensure contracts are managed effectively, the government has established policies and procedures for advertising, awarding, administering, and reporting on them. Historically, data systems used to implement these steps have been fragmented and duplicative, with multiple systems across different agencies providing similar services. The Integrated Acquisition Environment (IAE) was initiated in 2001 to bring together different data systems into a unified system. It is intended to reduce duplication and information technology costs, and create a more streamlined and integrated federal acquisition process.

GAO was asked to assess (1) the acquisition strategy being used to develop IAE; (2) progress that has been made in consolidating IAE systems; and (3) any challenges that may affect the completion of IAE. GAO analyzed program costs, schedules, contracts, acquisition documents, and briefings, and interviewed IAE program officials and contractors.

What GAO Recommends

GAO recommends that GSA reassess the IAE business case to determine whether the current acquisition strategy is the most cost effective alternative and if so, reevaluate the current hosting strategy and align contract payments with the program schedule. GSA agreed with GAO's recommendations and indicated that it will take appropriate action.

FEDERAL CONTRACTING

Effort to Consolidate Governmentwide Acquisition Data Systems Should Be Reassessed

What GAO Found

The development of IAE has occurred in two stages using different acquisition strategies. In 2001, GSA began establishing a portfolio of standardized government-wide data systems through an acquisition strategy known as "adopt, adapt, acquire." GSA adopted or adapted existing agency-specific systems for government-wide use, or if no viable system met an identified need, GSA acquired a new system. These efforts resulted in a portfolio of nine data systems. In 2008, GSA began consolidating its portfolio of systems into one integrated system called the System for Award Management (SAM). In developing the system, GSA hoped to eliminate redundancy, reduce costs, and improve efficiency. Unlike the existing systems that were each designed, developed, and operated by a single contractor, IAE relies on multiple vendors to perform these same tasks for SAM. The intent of this approach is to enhance competition and innovation and for the government to own the software associated with the system. SAM will be developed in phases. In each phase, capabilities from selected IAE systems will be added to SAM and those legacy systems will be shut down.

GSA has made progress in developing SAM and phase 1, consisting of three systems, is scheduled to be completed in May 2012. GSA also has established a computing center to host SAM and a help desk to support users. Since 2009, however, IAE costs have increased by \$85 million, from about \$96 to \$181 million. Most of the cost growth is due to GSA omitting hardware and other key components in acquiring a hosting infrastructure for SAM. External factors, including recent statutory requirements and policy changes, also have contributed to higher costs by increasing the use of the IAE systems beyond what was anticipated. Higher costs led to the need to supplement existing funding, but the program did not receive all of the additional funding it requested. In response to rising costs and limited funding, GSA officials have delayed SAM's development schedule by almost 2 years, and taken other actions to reduce or defer costs where possible.

Higher costs and constrained resources pose a risk to IAE going forward. GSA will need to continue operating the legacy IAE systems and contend with higher SAM development costs for several more years. While GSA has taken some steps to reduce costs, it has not reevaluated the business case for SAM or determined whether it is the most cost effective alternative. Such a reevaluation is particularly important in light of the increased infrastructure costs, which are now a major impediment to completing SAM. In addition, although the SAM development phases have been pushed out several years, GSA has not modified its primary development contract to align the payment schedule with the delays. The program has continued to pay the same fixed price amount to the contractor for SAM development, operation, and maintenance even though there was little to operate and maintain for nearly 2 years. Aligning contract payments with schedule milestones will ensure that the government is not paying for work that has not yet been accomplished.