

GAO Highlights

Highlights of [GAO-14-819](#), a report to the Chairwoman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate

Why GAO Did This Study

USDA obligated nearly \$1.8 billion for professional service contracts in fiscal years 2009 through 2013. OMB has raised concerns about such contracts, reporting that agencies are twice as likely to use higher-risk contract types when buying such services as when buying other services or goods.

GAO was asked to review aspects of USDA's contracting for professional services. This report assesses the extent to which selected USDA agencies (1) used contract types preferred in federal regulations, agency policies and guidance, and OMB guidance when procuring professional services, and (2) followed federal regulations, agency policies and guidance, and OMB guidance in overseeing these contracts. GAO reviewed three USDA agencies that accounted for about 70 percent of USDA's obligations for professional service contracts in fiscal years 2009 through 2013. GAO analyzed federal contracting data from fiscal years 2009 through 2013; reviewed a nongeneralizable sample of 15 contracts, which were selected based on dollar value and contract type, among other criteria; and interviewed agency officials.

What GAO Recommends

GAO recommends that Departmental Management and the Forest Service establish mechanisms to help ensure inclusion of quality assurance surveillance plans in contracts as necessary, and that Departmental Management and the Food and Nutrition Service develop strategies for meeting OMB's targets for contractor assessments. The agencies generally agreed with GAO's recommendations.

View [GAO-14-819](#). For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.

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USDA CONTRACTING

Further Actions Needed to Strengthen Oversight of Contracts for Professional Services

What GAO Found

The U.S. Department of Agriculture's (USDA) Departmental Management, Food and Nutrition Service, and Forest Service did not select contract types preferred by federal regulations, agency policies, and Office of Management and Budget (OMB) guidance, for about two-thirds (about \$783 million) of the funds obligated to contracts for professional, administrative, and management support services (professional services) in fiscal years 2009 through 2013. The Federal Acquisition Regulation and OMB guidance direct federal agencies to use performance-based contracts to the maximum extent practicable when acquiring services—that is, contracts with measurable performance standards and a method of assessing contractor performance against those standards. In addition, the Federal Acquisition Regulation notes a preference for firm-fixed-price contracts that minimize risk rather than other payment arrangements such as contracts that reimburse contractors for expenses. Officials from each agency said that, starting in 2009, their agencies began placing greater emphasis on using performance-based, firm-fixed-price contracts, including, for example, requiring written justification for contracts that are not performance-based. The three agencies collectively increased their use of performance-based, firm-fixed-price contracts from about 16 percent of obligations for professional service contracts in fiscal year 2009 to about 53 percent in fiscal year 2013.

The three USDA agencies did not consistently follow regulations, policies, and guidance in overseeing the 15 professional service contracts GAO reviewed, and did not consistently assess contractor performance as required. For example, 12 of the 15 professional service contracts GAO reviewed did not include quality assurance surveillance plans to guide oversight of the contracts. The Federal Acquisition Regulation directs that such plans be prepared as necessary to ensure contract requirements are met. Food and Nutrition Service officials told GAO the agency is planning to make quality assurance surveillance plans a requirement for all contracts by fiscal year 2015, with compliance tracked in an internal system. As part of this effort, the agency has held training for staff on the use of such plans. Departmental Management and the Forest Service, however, do not have similar mechanisms planned or in place to help ensure that such plans are included in contracts as necessary, in part because this has not been a priority in the past. Without such mechanisms, the agencies may not be able to fully assess the quality and timeliness of the services they receive. In addition, the agencies did not consistently assess contractor performance as directed by federal regulation and guidance. OMB has established government-wide performance targets for completing these assessments, but the three agencies in GAO's review fell short of these targets in fiscal year 2013. Agency officials told GAO that contractor assessments had not been completed for all contracts in part because the agencies had not emphasized the importance of doing so. The Forest Service has developed a specific written strategy for meeting OMB's targets for contractor assessments, but neither Departmental Management nor the Food and Nutrition Service has done so. Without such strategies, it is unclear how, when, or whether Departmental Management and the Food and Nutrition Service will meet OMB's targets, and thus the government may continue to have limited contractor performance information when making future contracting decisions.