FEDERAL CONSTRUCTION

Army Corps of Engineers and GSA Need to Improve Data on Contract Changes

What GAO Found

Multiple factors affect the time it takes to finalize a construction contract change. For example, preparing cost estimates can be time consuming, particularly for complex changes. Yet the time may be used to help ensure the government has adequate cost data to inform negotiations. In addition, according to agency officials, miscommunication during the contract change process—which can lead to problems such as unauthorized work undertaken by the contractor—can result in additional reviews and longer time frames. According to U.S. Army Corps of Engineers (USACE) data, most of its construction contract changes are finalized within 60 days. Some take much longer, however (see figure).

Time Frames for Finalizing Construction Contract Changes at the U.S. Army Corps of Engineers, 2013 through 2018

What GAO Recommends

GAO is making two recommendations: that GSA’s Public Buildings Service and USACE each develop a strategy to routinely collect information on and monitor time frames for construction contract changes at the headquarters level. Both agencies concurred with our recommendation.

Highlights of GAO-19-500, a report to congressional requesters

Why GAO Did This Study

In fiscal year 2018, federal agencies spent more than $36 billion on construction contracts, with more than 45 percent going to small business. Typically, construction projects involve some degree of change as the project progresses. Some federal construction contractors have raised concerns that delays in processing contract changes and making payments creates challenges, particularly for small businesses. Section 855 of the National Defense Authorization Act for Fiscal Year 2019 requires agencies to report information related to how quickly they finalize contract changes.

GAO was asked to review federal construction contract change processes and timeframes. GAO (1) identified factors that affect the time it takes to finalize contract changes, and (2) assessed the extent to which selected agencies monitor time frames for finalizing contract changes. GAO reviewed relevant regulations and agency policies, analyzed available data, and interviewed officials from GSA’s Public Buildings Service and USACE—two agencies with large amounts of obligations on construction—and two industry associations.

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View GAO-19-500. For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.