



September 2020

# INFORMATION TECHNOLOGY

## Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication

## Why GAO Did This Study

Given that the federal government spends over \$90 billion annually on IT, it is important that agencies avoid spending on duplicative contracts. Such duplication can occur, for example, when an agency awards two or more contracts to the same vendor for the same services. Category management—in which spending is managed by categories such as IT—and analyses of agency spending on products and services (called spend analyses) have been recognized as effective practices for identifying duplicative contracts.

GAO was asked to review agencies' efforts to reduce IT contract duplication. GAO determined the extent to which (1) selected agencies' efforts to prevent, identify, and reduce duplicative or wasteful IT contracts were consistent with OMB guidance; and (2) these efforts were informed by spend analyses.

GAO compared relevant documentation from seven federal agencies with the most IT spending and new contracts to five activities identified in OMB guidance and two spend analyses activities identified in guidance. GAO rated each agency as having fully, partially, or not implemented each activity.

## What GAO Recommends

GAO is making 20 recommendations to six agencies to fully implement the category management and spend analyses activities. The agencies generally concurred. Two agencies provided additional evidence that led GAO to withdraw one recommendation and modify one other.

View [GAO-20-567](#). For more information, contact Carol C. Harris at (202) 512-4456 or [harriscc@gao.gov](mailto:harriscc@gao.gov).

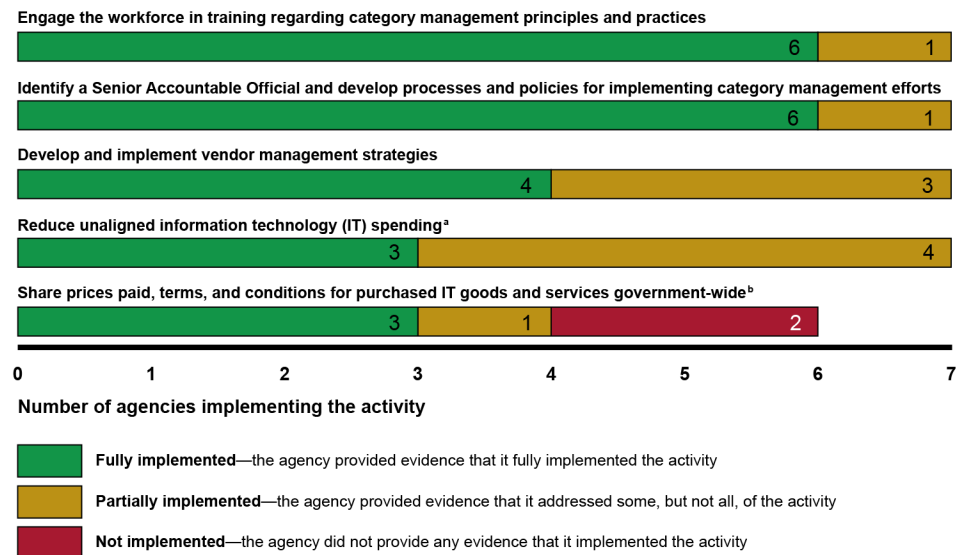
## INFORMATION TECHNOLOGY

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## What GAO Found

Selected agencies varied in their efforts to implement five Office of Management and Budget (OMB) category management activities that contribute to preventing, identifying, and reducing duplicative information technology (IT) contracts. For example, most of the seven selected agencies had fully implemented the activities associated with identifying a Senior Accountable Official and training their workforces. In contrast, about half the agencies had fully implemented the activity associated with sharing contract information (see figure). Agencies cited several reasons for their varied implementation, including that they were still defining how to best integrate category management into the agency.

### Extent to Which Seven Selected Federal Agencies Implemented Five Category Management Activities That Contribute to Reducing Information Technology (IT) Contract Duplication



Source: GAO analysis of agency documentation. | GAO-20-567

<sup>a</sup>This refers to spending on contracts that are not aligned with the Office of Management and Budget's criteria for agency-wide, multi-agency or government-wide, and "Best in Class" contracts.

<sup>b</sup>This activity applies to sharing information with officials for agency-wide, government-wide, and "Best in Class" IT contracts, that are owned by the agency. Since nearly all of the Department of State's IT contracts were owned by other agencies, GAO determined that this activity was not applicable.

Four of the seven agencies had fully or partially implemented the activity to regularly use a spend analysis to identify potential contract duplication. Each of these four agencies had fully implemented the activity to develop and implement strategies to address the identified duplication, which, according to agency officials, resulted in millions of dollars in savings. The remaining three agencies had not implemented either of the two spend analysis activities. Until agencies ensure that their efforts to prevent, identify, and reduce duplicative IT contracts are fully aligned with category management principles and practices, and are informed by spend analyses, they will be at increased risk of wasteful spending. In addition, they will likely miss opportunities to identify and realize savings of potentially hundreds of millions of dollars.

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**Abbreviations**

CIO	chief information officer
DOD	Department of Defense
DHS	Department of Homeland Security
HHS	Department of Health and Human Services
IT	information technology
DOJ	Department of Justice
OMB	Office of Management and Budget
State	Department of State
USDA	Department of Agriculture
VA	Department of Veterans Affairs

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September 30, 2020

Congressional requesters:

The federal government spends more than \$90 billion annually for information technology (IT), including over \$50 billion on contracts for products and services. Given the size of this investment, it is important that the government avoid spending money on duplicative and wasteful acquisitions. We have previously reported that federal agencies' IT spending included potentially duplicative contracts. Further, we have reported that such duplication diminishes the government's buying power, and that identifying and eliminating such duplication could lead to significant cost savings and efficiencies.<sup>1</sup>

Since 2014, and most recently in March 2019, the Office of Management and Budget (OMB) has directed agencies to take actions to implement category management—an approach based on industry leading practices to streamline and manage entire categories of spending across government more like a single enterprise—to, among other things, reduce unnecessary contract duplication.<sup>2</sup> OMB has estimated that reducing duplicative contracts through category management could result in hundreds of millions of dollars in savings in administrative costs alone. In addition, we and the General Services Administration have determined that conducting a spend analysis—an effort to identify how much is being

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<sup>1</sup>GAO, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions*, [GAO-18-42](#) (Washington, D.C.: Jan. 10, 2018); and *Strategic Sourcing: Opportunities Exist to Better Manage Information Technology Services Spending*, [GAO-15-549](#) (Washington, D.C.: Sept. 22, 2015).

<sup>2</sup>OMB, Office of Federal Procurement Policy, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings* (Washington D.C.: Dec. 4, 2014); and *Category Management: Making Smarter Use of Common Contract Solutions and Practice*, M-19-13 (Washington, D.C.: Mar. 20, 2019).

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spent for which products and services and where opportunities exist to leverage buying power—can be used to reduce contract duplication.<sup>3</sup>

In light of this, you asked us to conduct a review of federal efforts to reduce IT contract duplication and/or waste. Our specific objectives were to determine the extent to which (1) selected agencies' efforts to prevent, identify, and reduce duplicative or wasteful IT contracts were consistent with OMB's category management initiative; and (2) these efforts were informed by spend analyses.

To address both objectives, we identified a nongeneralizable sample of the 24 Chief Financial Officers Act agencies<sup>4</sup> based on the following two factors:

- highest total IT obligation for fiscal year 2018 and
- highest number of new IT contracts in fiscal year 2018.

Specifically, in considering the first factor, we observed a natural breaking point for 12 agencies. Then, for the second factor, we identified eight agencies that had over 1,000 new contracts in fiscal year 2018. We selected the agencies that met both factors. This resulted in a selection of seven agencies—the Departments of Agriculture (USDA), Defense (DOD), Health and Human Services (HHS), Homeland Security (DHS), Justice (DOJ), State (State), and Veterans Affairs (VA).

To address the first objective, we reviewed the activities OMB required agencies to implement in its March 2019 category management

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<sup>3</sup>For example, GAO, *Strategic Sourcing: Leading Commercial Practices Can Help Federal Agencies Increase Savings When Acquiring Services*, [GAO-13-417](#) (Washington, D.C.: Apr. 15, 2013); and *Strategic Sourcing: Opportunities Exist to Better Manage Information Technology Services Spending*, [GAO-15-549](#) (Washington, D.C.: Sept. 22, 2015); and GSA, *Category Management Guidance: Government-wide Category Management*, (Washington, D.C.: May 2019).

<sup>4</sup>The 24 major federal agencies covered by the Chief Financial Officers Act of 1990 are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and U.S. Agency for International Development.

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memorandum.<sup>5</sup> From this review, we selected those activities that contribute to an agency's capability to identify, prevent, or reduce IT contract duplication and/or waste (hereafter referred to as IT contract duplication). Specifically, we selected the following five activities:

- identify a Senior Accountable Official<sup>6</sup> and develop processes and policies for implementing category management efforts;
- reduce unaligned IT spending, including increasing the use of Best in Class contract solutions;<sup>7</sup>
- develop and implement vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies;
- share prices paid, terms, and conditions for purchased IT goods and services government-wide; and
- engage the workforce in training regarding category management principles and practices.

We then obtained category management policies and planning documentation (e.g., IT category spend reports and category management plans) from each of the seven selected agencies. We analyzed these documents to determine whether the agency had implemented the five selected activities. We assessed each agency's implementation of each activity as:

- fully implemented—the agency provided evidence that it fully implemented the activity;
- partially implemented—the agency provided evidence that it had addressed some, but not all, of the activity;

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<sup>5</sup>OMB, *Category Management: Making Smarter Use of Common Contract Solutions and Practices*, M-19-13 (Washington, D.C.: Mar. 20, 2019).

<sup>6</sup>Senior Accountable Official is defined in M-19-13 as the agency's Deputy Secretary, or equivalent, who is designated to oversee tailored strategies for reducing unaligned spending and executing plans to increase use of contract solutions designated as Best in Class.

<sup>7</sup>Unaligned spending refers to IT category spending that is done in a decentralized manner and is inconsistent with category management principles. Best in Class contract solutions are government-wide contracts that satisfy key criteria defined by OMB, including offering the best pricing and terms and conditions within the federal marketplace and reflecting the strongest contract management practices.



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- not implemented—the agency did not provide any evidence that it implemented the activity.

To address the second objective, we identified spend analysis activities that agencies should be performing to assist their category management efforts and can result in reducing duplication. We identified these activities based on our review of our prior reports and General Services Administration guidance.<sup>8</sup> Specifically, we identified the following two activities:

- regularly use a spend analysis to analyze the agency's IT portfolio to identify opportunities to reduce duplication, and
- develop and implement strategies to address any identified duplication.

We then obtained documentation (e.g., spend analyses and related strategies) from each of the seven selected agencies. We analyzed these documents to determine whether they were consistent with the two identified activities. We assessed each agency's implementation of the activity as:

- fully implemented—the agency provided evidence that it fully implemented the activity;
- partially implemented—the agency provided evidence that it had addressed some, but not all, of the activity;
- not implemented—the agency did not provide any evidence that it implemented the activity

For both objectives, we supplemented our document reviews with interviews of cognizant officials from each of the selected agencies. We discussed with these officials their implementation of the category management activities and their use of spend analyses. We also focused on the agency's efforts at the departmental level.<sup>9</sup> See appendix I for a more detailed discussion of our objectives, scope, and methodology.

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<sup>8</sup>GAO-13-417; GAO-15-549; and GSA, *Category Management Guidance: Government-wide Category Management*, (Washington, D.C.: May 2019).

<sup>9</sup>For DOD, we did not review whether each military department had implemented the activities.

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We conducted this performance audit from August 2018 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Contract duplication can manifest itself in several ways. For example, duplication can occur when an agency awards two or more contracts to either the same vendor or to different vendors for similar products or services. Duplication can also occur when an agency awards new contracts for products or services that could have been purchased under existing agency-wide, government-wide contract vehicles (e.g., blanket purchase agreement, or government-wide acquisition contract), or a Best in Class contract vehicle.<sup>10</sup> By implementing category management principles and practices and making use of spend analyses, agencies can improve their capabilities to prevent, identify, and reduce such duplication.

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## OMB Has Called for Agencies to Reduce Contract Duplication

OMB has issued memorandums directing agencies to reduce contract duplication by implementing category management principles and practices. For example:

- In December 2014, OMB's Office of Federal Procurement Policy issued a memorandum that directed agencies to take specific actions to implement category management to further streamline and manage entire categories of spending across government more like a single enterprise.<sup>11</sup> According to the memorandum, category management includes strategic sourcing,<sup>12</sup> as well as a broader set of strategies,

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<sup>10</sup>A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. FAR § 13.303-1. A government-wide acquisition contract is a task-order or delivery-order contract for IT established by one agency for government-wide use that is operated by an executive agent designated by OMB pursuant to statute or under a delegation of procurement authority issued by the General Services Administration. FAR § 2.101.

<sup>11</sup>OMB, Office of Federal Procurement Policy, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings* (Washington D.C.: Dec. 4, 2014).

<sup>12</sup>Strategic sourcing is a process that moves an organization away from numerous individual procurements to a broader aggregate approach.

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such as developing common standards in practices and contracts, and improving data analysis and information sharing to better leverage the government's buying power and reduce unnecessary contract duplication and yield other benefits. Under the category management initiative, federal procurement spending is organized into 10 common categories such as IT, travel, and construction. The memorandum noted that, despite some progress in implementing strategic sourcing efforts, agencies continued to duplicate procurement efforts and award contracts for similar services to the same vendors, which imposed significant costs on contractors and agencies.

- In March 2019, OMB issued a memorandum that directed agencies to implement additional category management actions to more effectively manage contract spending, and reduce unnecessary contract duplication, by leveraging common contract solutions and practices.<sup>13</sup> These actions include reducing spending not aligned to category management principles and practices, developing effective vendor management strategies to improve communications with contractors, sharing information for purchased IT goods and services government-wide, and training and developing the workforce in category management principles and practices. The memorandum also specified several efforts to support these actions, including identifying a Senior Accountable Official to oversee an agency's category management efforts.

In addition, to help agencies align common spending activities with category management principles, OMB and the Category Management Leadership Council<sup>14</sup> developed a maturity model. The model categorizes agencies' spending on contracts in different tiers based on the extent to which the contracts are managed according to category management principles. The model also reflects a range of spending on contracts—from spending that is done in a decentralized manner and is inconsistent with category management principles to spending that is fully managed at the agency-wide or government-wide level and reflects strong category management practices. Specifically, the tiers are as follows:

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<sup>13</sup>M-19-13.

<sup>14</sup>The Category Management Leadership Council is a council of representatives that come from the agencies who comprise the majority of federal procurement spending. The council's mission is to be the governing body that makes important decisions and sets the direction of the government's category management initiative.

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- Tier 0—Unaligned spending by the agency, which involves purchasing in a decentralized manner and not conforming to category management principles.
  - Tier 1—Spending managed at the agency-wide level with supporting mandatory-use policies and strong contract management practices.
  - Tier 2—Spending managed at government-wide level through multi-agency or government-wide solutions that are not Best in Class solutions but reflect strong contract management practices.
  - Tier 3—Spending managed at the government-wide level through use of Best in Class solutions that have been identified within the government as offering the best pricing and terms and conditions within the federal marketplace and reflecting the strongest contract management practices.

OMB refers to spending that is consistent with category management principles (i.e., Tier 1, Tier 2, and Tier 3) as “spend under management.”

Moreover, category management is a cross-agency priority goal.<sup>15</sup> OMB has established key metrics with specific goals for category management in fiscal year 2020 for, among other things, increasing spend under management, increasing use of Best in Class contract solutions, reducing Tier 0 (i.e., unaligned) contracts, and cost avoidance. These goals include achieving a cumulative cost avoidance of \$40 billion and a cumulative percent reduction in unique contracts (e.g., duplicative contracts) by 12 percent, which OMB reports would potentially reduce administrative costs by hundreds of millions of dollars.

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<sup>15</sup>The GPRA Modernization Act of 2010 requires OMB to coordinate with agencies to develop federal government priority goals—known as cross-agency priority goals—which are 4-year outcome-oriented goals covering a number of crosscutting policy areas, as well as goals to improve management across the federal government. Pub. L. No. 111-352, § 5, 124 Stat. 3866, 3873 (Jan. 24, 2011). OMB identified an interim goal for strategic sourcing in February 2012. In the fourth quarter of fiscal year 2015, OMB changed the goal from strategic sourcing to category management.

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## GAO Has Reported on Agencies' Efforts to Reduce IT Contract Duplication Using Category Management Principles

We have previously reported on agency efforts to reduce IT contract duplication using category management principles and practices, including strategic sourcing. For example:

- In September 2015, we reported that the efforts of DOD, DHS, and the National Aeronautics and Space Administration to strategically manage spending for IT services, such as software design and development, had improved in recent years, but they were still missing opportunities to leverage their buying power.<sup>16</sup> Each of the agencies we reviewed had designated officials responsible for strategic sourcing and had created offices to identify and implement strategic sourcing opportunities, including those specific to IT services. Most of these agencies' IT services spending, however, continued to be obligated through hundreds of potentially duplicative contracts that diminish the government's buying power.

Further, most of these agencies' efforts to strategically source IT services had not followed leading commercial practices, such as clearly defining the roles and responsibilities of the offices responsible for strategic sourcing; conducting an enterprise-wide spend analysis; monitoring the spending going through the agencies' strategic sourcing contract vehicles; or establishing savings goals and metrics. As a result, the agencies were missing opportunities to leverage their buying power and more effectively acquire IT services. We made a series of recommendations to each agency to improve their efforts to strategically source IT services. Each agency concurred with the recommendations and subsequently implemented actions to address them.

- In September 2016, we identified opportunities for VA to improve the efficiency and effectiveness of its multi-billion dollar annual procurement spending in several areas, including data systems, procurement policies and oversight, acquisition workforce, and contract management.<sup>17</sup> We made 10 recommendations, including that VA update and clarify its policy framework and to review strategic sourcing efforts. VA agreed with the recommendations and has since implemented eight of them. Nevertheless, to highlight the need to address these issues, in March 2019, we added VA acquisition

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<sup>16</sup>[GAO-15-549](#).

<sup>17</sup>GAO, *Veterans Affairs Contracting: Improvements in Policies and Processes Could Yield Cost Savings and Efficiency*, [GAO-16-810](#) (Washington, D.C.: Sept. 16, 2016).

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management to our list of high-risk areas for the federal government, due to, among other things, the agency having outdated acquisition regulations and policies.<sup>18</sup> In addition, we reported that VA needs to identify opportunities to strategically purchase goods and services that are frequently purchased on an emergency basis.

- In April 2019, we reported that USDA had implemented category management principles to manage software licenses, leading to cost savings as part of a broader review of effective practices for improving implementation of federal IT reform initiatives.<sup>19</sup> Specifically, we noted that the agency had established a Category Management Team that was responsible for the oversight of all software license enterprise agreements and had created Enterprise IT Category management guidance. As a result of centralizing the management of its software licenses, the agency identified instances where multiple software contracts at different price points among component agencies could be consolidated into one contract at the lowest price. This resulted in reducing the cost per license for a software product, saving the agency approximately \$85,000 between 2016 and 2017, according to USDA documentation.

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## Selected Agencies Varied in Their Efforts to Implement OMB's Category Management Initiative to Address IT Contract Duplication

OMB's March 2019 category management memorandum called for agencies to implement certain activities which we determined contribute to preventing, identifying, and reducing IT contract duplication.<sup>20</sup> Specifically, agencies were to:

1. identify a Senior Accountable Official and develop processes and policies for implementing category management efforts;
2. reduce unaligned IT spending, including increasing the use of Best in Class contract solutions;
3. develop and implement vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies;
4. share prices paid, terms, and conditions for purchased IT goods and services government-wide; and

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<sup>18</sup>GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

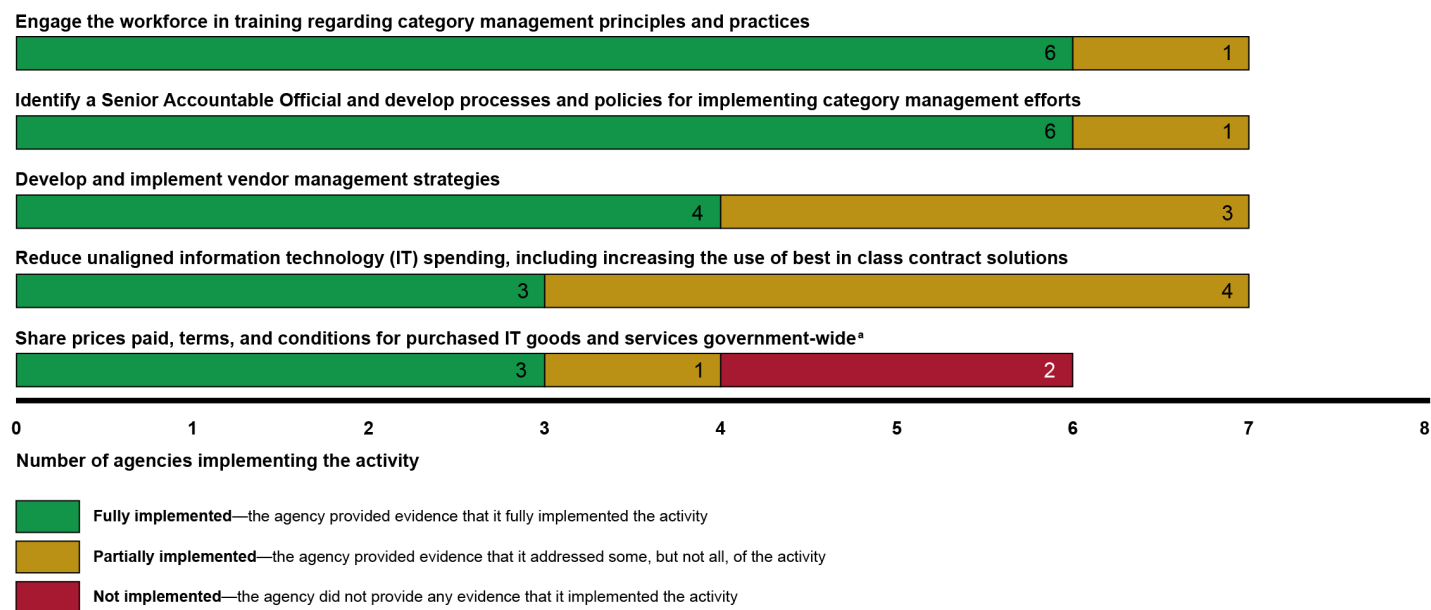
<sup>19</sup>GAO, *Information Technology: Effective Practices Have Improved Agencies' FITARA Implementation*, [GAO-19-131](#) (Washington, D.C.: Apr. 29, 2019).

<sup>20</sup>M-19-13.

5. engage the workforce in training regarding category management principles and practices.

The seven selected agencies' varied in their efforts to implement OMB's category management initiative to address IT contract duplication. Specifically, six of the seven agencies had fully implemented the activities to identify a Senior Accountable Official and develop processes and policies for implementing category management efforts and to engage their workforces in category management training. In contrast, about half the agencies had fully implemented the activity to share prices paid, terms, and conditions for purchased IT goods and services government-wide. Figure 1 shows the agencies' overall implementation of each of the five category management activities, as of June 2020.

**Figure 1: Selected Federal Agencies' Overall Implementation of Each of the Five Category Management Activities That Contribute to Preventing, Identifying, and Reducing Information Technology Contract Duplication, as of June 2020**



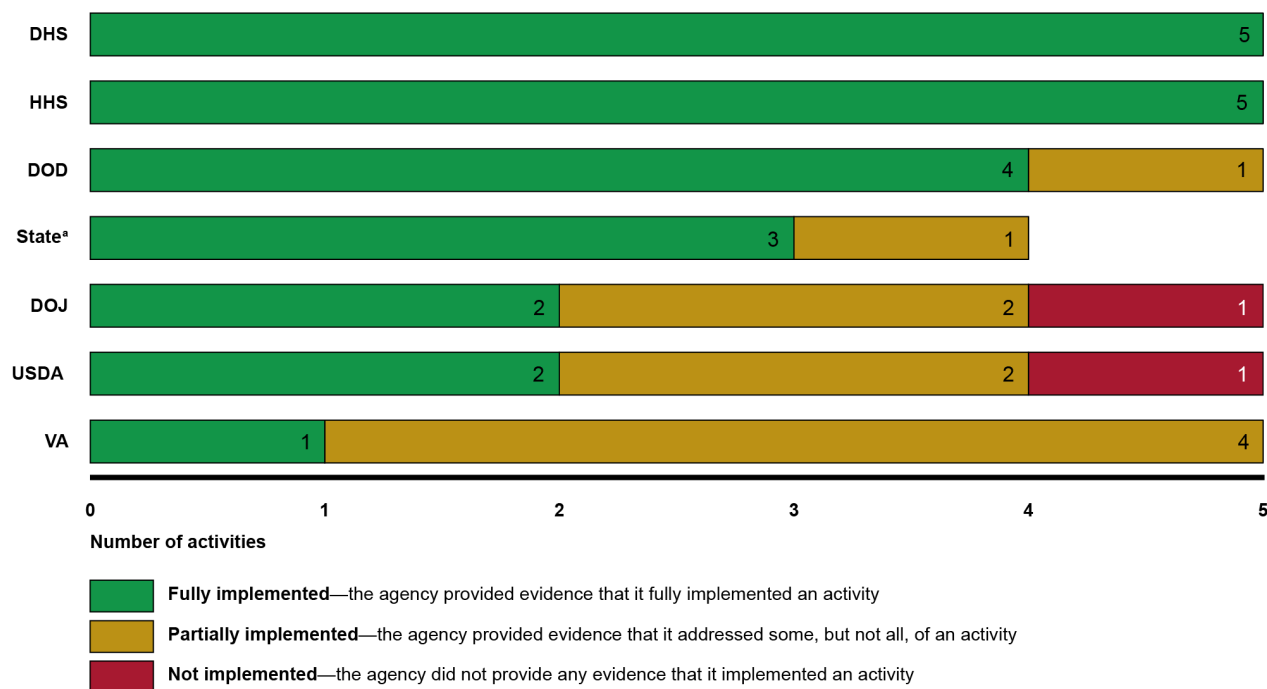
Source: GAO analysis of agency documentation. | GAO-20-567

<sup>a</sup>This activity applies to agency-wide, multi-agency or government-wide contracts, and Best in Class contracts for IT category products and services that are owned by the agency. Since nearly all of the Department of State's contracts were government-wide contracts owned by other agencies, we determined that this activity was not applicable.

Regarding specific agencies' performance, two of the seven selected agencies (HHS and DHS) had fully implemented all five of the category management activities; one agency (DOD) had fully implemented four of

the activities; one agency (State) had fully implemented three activities; two agencies (USDA and DOJ) had fully implemented two activities; and one agency (VA) had fully implemented one activity. Figure 2 further identifies the extent to which each of the seven agencies had implemented the five category management activities that contribute to preventing, identifying, and reducing duplicative IT contracts.

**Figure 2: Extent to Which Each of Seven Selected Agencies Implemented the Five Category Management Activities That Contribute to Preventing, Identifying, and Reducing Information Technology Contract Duplication**



DHS (Department of Homeland Security), HHS (Department of Health & Human Services), DOD (Department of Defense), State (Department of State), DOJ (Department of Justice), USDA (United States Department of Agriculture), VA (Department of Veterans Affairs)

Source: GAO analysis of agency documentation. | GAO-20-567

<sup>a</sup>The shared prices paid, terms, and conditions activity applies to agency-wide, multi-agency or government-wide contracts, and Best in Class contracts for IT category products and services that are owned by the agency. Since nearly all of State's contracts were government-wide contracts owned by other agencies, we determined that this activity was not applicable.

In addition, table 1 lists the five activities and shows whether each agency fully implemented, partially implemented, or did not implement them. Appendix II provides a detailed assessment of each agency's implementation of the activities.



**Table 1: Assessment of Seven Agencies' Implementation of Category Management Activities That Contribute to Preventing, Identifying, and Reducing Information Technology (IT) Contract Duplication**

Activities	U.S. Department of Agriculture	Department of Defense	Department of Health and Human Services	Department of Homeland Security	Department of Justice	Department of State	Department of Veterans Affairs
Identified Senior Accountable Official and developed category management policies	●	●	●	●	●	●	◐
Reduced unaligned spending	◐	◐	●	●	◐	●	◐
Developed and implemented vendor management strategies	◐	●	●	●	●	◐	◐
Shared prices paid, terms, and conditions for purchased IT goods and services	○	●	●	●	○	N/A <sup>a</sup>	◐
Engaged the workforce in category management training	●	●	●	●	◐	●	●

Key:

- Fully implemented—the agency provided evidence that it fully implemented the activity
- ◐ Partially implemented—the agency provided evidence that it addressed some, but not all, of the activity
- Not implemented—the agency did not provide any evidence that it implemented the activity

Source: GAO analysis of agency documentation. | GAO-20-567

<sup>a</sup>This activity applies to agency-wide, multi-agency or government-wide contracts, and Best in Class contracts for IT category products and services that are owned by the agency. Since nearly all of the Department of State's contracts were government-wide contracts owned by other agencies, we determined that this activity was not applicable.

**Most agencies had identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts.** To fully implement this activity, an agency should identify a Senior Accountable Official that is the agency's Deputy Secretary or equivalent, or other official identified by the agency and agreed upon by OMB. In addition, the agency should develop processes and policies to implement category management efforts, and identify stakeholder roles, including that of the Chief Information Officer (CIO).<sup>21</sup>

Six agencies (USDA, DOD, HHS, DHS, DOJ, and State) had fully implemented the activity, and one (VA) had partially implemented the activity. For example,

<sup>21</sup>Evaluation criteria based on M-19-13.

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- State had fully implemented the activity. State identified its Under Secretary for Management as its Senior Accountable Official. This official has had the lead responsibility for the agency's category management efforts since September 2017. With regard to processes and policies, in February 2017, State established a Category Management Council, which has authority for the agency's category management program. The council includes representation from the agency's CIO. Among other things, the council is to review and recommend initiatives for agency-wide category management, approve the establishment of category implementation teams, approve agency-wide rollout of implementation initiatives, monitor overall progress, and track and report the agency's category management performance.
  - VA had partially implemented this activity. VA's Deputy Secretary is the agency's Senior Accountable Official. However, officials in VA's Office of Acquisition and Logistics stated that they were developing processes and policies for implementing the agency's category management efforts and expected to complete them by the end of fiscal year 2020.<sup>22</sup> The officials attributed their limited progress to the fact that they were still working to define how to best integrate category management into the agency. Until VA fully implements this activity, the agency may not be effectively positioned to implement category management principles and practices that contribute to reducing IT contract duplication.

**About half of the selected agencies had fully implemented the activity to reduce unaligned spending and increase the use of Best in Class contract solutions.** To fully implement this activity, an agency should reduce unaligned spending and increase spending on Best in Class contract solutions. In addition, an agency should perform an analysis of alternatives to justify unaligned IT contracts as required by OMB in their category management passback plan.<sup>23</sup>

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<sup>22</sup>Specifically, the officials initially told us that they were developing a category management charter. However, in June 2020, they stated that they would instead be integrating category management methodologies and principles into the agency's acquisition life cycle framework by September 2020.

<sup>23</sup>Evaluation criteria based on M-19-13. The category management passback plans are an annual plan required by OMB to assess agencies' progress in increasing spend under management and, and leveraging common contract solutions and practices. They are to include, among other things, plans to meet annual spend under management targets, results of analyses of alternatives for unaligned spending, and vendor management strategies.

Three agencies (HHS, DHS, and State) had fully implemented this activity, and four agencies (USDA, DOD, DOJ, and VA) had partially implemented the activity. For example,

- HHS had fully implemented the activity. The agency reported that, from fiscal year 2016 through fiscal year 2019, it reduced its unaligned spending as a percentage of its total IT category spending by 29 percent, and increased its spending on Best in Class contract solutions as a percentage of its total IT category spending by 36 percent. In addition, HHS performed an analysis of alternatives to justify unaligned IT contracts as part of its 2020 category management passback plan. Table 2 identifies the agency’s reported unaligned IT spending and IT spending on Best in Class contract solutions from fiscal year 2016 through fiscal year 2019.

**Table 2: The Department of Health and Human Services’ Reported Unaligned Information Technology (IT) Spending and IT Spending on Best in Class Contract Solutions as a Percentage of Total IT Category Spending from Fiscal Year 2016 through Fiscal Year 2019 (spending is in millions)**

	2016	2017	2018	2019
Unaligned IT spending	67% (\$3,100)	47% (\$2,400)	44% (\$2,400)	38% (\$2,100)
IT spending on Best in Class	8% (\$368)	37% (\$1,900)	40% (\$2,100)	44% (\$2,400)

Source: GAO analysis based on agency reported data. | GAO-20-567

- DOD partially implemented the activity. The agency reported that, from fiscal year 2016 through fiscal year 2017, it reduced its unaligned spending as a percentage of its total IT category spending by 14 percent. However, the agency also reported that, from fiscal year 2017 through fiscal year 2019, it increased its unaligned spending as a percentage of its total IT category spending by 3 percent. DOD officials did not provide a reason for the increase in unaligned spending from fiscal year 2017 through fiscal year 2019. With regard to spending on Best in Class contract solutions, DOD reported that from fiscal year 2016 through fiscal year 2017, the agency increased its spending on the solutions as a percentage of its total IT category spending by 17 percent, and from fiscal year 2017 through fiscal year 2019, its spending on the solutions increased by 1 percent. In addition, DOD performed an analysis of alternatives to justify its unaligned IT contracts as part of its 2020 category management passback plan. Table 3 identifies the agency’s reported unaligned IT

spending and IT spending on Best in Class contract solutions from fiscal year 2016 through fiscal year 2019.

**Table 3: The Department of Defense’s Reported Unaligned Information Technology (IT) Spending and IT Spending on Best in Class Contract Solutions as a Percentage of Total IT Category Spending from Fiscal Year 2016 through Fiscal Year 2019 (spending is in millions)**

	2016	2017	2018	2019
Unaligned IT spending	59% (\$17,000)	45% (\$13,700)	50% (\$16,700)	48% (\$16,600)
IT spending on Best in Class	6% (\$1,800)	23% (\$6,900)	22% (\$7,200)	24% (\$8,300)

Source: GAO analysis based on agency reported data. | GAO-20-567

With regard to the other agencies that did not fully implement the activity, we assessed USDA, DOJ, and VA as partially implemented because, while they reduced unaligned spending and increased spending in Best in Class contract solutions, they did not perform an analysis of alternatives to justify their unaligned IT spending. Officials in USDA’s Office of Contracting and Procurement stated that they determined that none of their existing unaligned IT contracts were expiring within the time frame for the category management passback plan; however, OMB also called for agencies to perform the analysis on proposed IT contracts. In addition, DOJ officials stated that OMB did not require them to perform the analysis as part of the agency’s category management passback plan. Further, VA did not perform the analysis as, according to officials in the agency’s Office of Acquisition and Logistics, they had not developed a category management passback plan. Nevertheless, performing the analysis for both proposed and existing unaligned IT contracts, as called for in OMB’s memorandum, would provide the agencies greater assurance that they are not missing opportunities to reduce IT contract duplication.

Until they fully implement this activity, USDA, DOD, DOJ, and VA risk continuing to invest in duplicative IT contracts.

**All of the selected agencies had fully or partially developed and implemented vendor relationship management strategies.** To fully

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implement this activity, an agency should develop and take steps to implement strategies to improve communication with contractors.<sup>24</sup>

Four agencies (DOD, HHS, DHS, and DOJ) had fully implemented this activity, three agencies (USDA, State, and VA) had partially implemented the activity. For example,

- DOJ had fully implemented the activity. Specifically, it had identified vendor management strategies, including strategies for Office of the CIO vendor days,<sup>25</sup> and meetings with high-spend vendors, in its 2019 category management passback plan. Further, the agency took steps to implement these activities.
- USDA had partially implemented the activity. USDA identified several vendor management strategies, including strategies for holding monthly engagement sessions with vendors, holding vendor days, and attending small business events, in its 2020 category management passback plan. However, USDA did not implement these strategies. According to officials in the Office of Contracts and Procurement, they had not done so because many of the planned activities involved events that were to be attended in person in fiscal year 2020, but were not held due to the COVID-19 pandemic. The officials stated that they were considering holding the events virtually.

With regard to the other agencies that had not fully implemented the activity, we assessed State as partially implemented because it developed a vendor management plan in June 2020, but did not provide documentation demonstrating that it had taken steps to implement the plan. VA also had partially implemented the activity. In this regard, VA had developed a draft vendor management strategy; however, as of June 2020, the strategy had not yet been finalized.

Fully implementing this activity will help USDA, State, and VA ensure that they develop relationships with vendors that could lead to better contract outcomes, including reducing duplication and costs.

**About half the agencies fully implemented the activity to share prices paid, terms, and conditions for purchased IT goods and services.** To fully implement this activity, an agency should take steps to

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<sup>24</sup>Evaluation criteria based on M-19-13.

<sup>25</sup>Vendor days are intended to provide vendors with an opportunity to present on what they can provide to support the agency.

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share data for its contracts.<sup>26</sup> Three agencies (DOD, HHS, and DHS) had fully implemented the activity, one agency (VA) had partially implemented the activity, and two (USDA and DOJ) had not implemented it. The activity was not applicable for one agency (State).<sup>27</sup> For example,

- DOD had fully implemented the activity by taking steps to share prices paid, terms, and conditions for purchased IT goods and services. For example, the agency shared terms and conditions for enterprise agreements managed by its Enterprise Software Initiative on the initiative's website, which was available to other agencies. DOD also shared prices paid information for the enterprise agreements on the Acquisition Gateway.<sup>28</sup>
- VA had partially implemented the activity. VA had shared terms and conditions information for the agency's Twenty-One Total Technology Next Generation contract vehicle on the agency's website, and had shared contract information on the Acquisition Gateway. However, while officials in the agency's Office of Acquisition and Logistics stated that they had shared price information, they did not provide supporting documentation. In addition, VA had not shared prices paid, terms, and conditions information for any of its other IT contracts. The agency did not provide a reason for not sharing the information for its other contracts.
- DOJ did not implement the activity. DOJ did not share prices paid, terms, or conditions information using government-wide repositories, such as the Acquisition Gateway, for any IT contracts. Officials in the Justice Management Division stated that certain contract data were proprietary so they were not able to share the data on the Acquisition Gateway. However, in June 2019, DOJ issued guidance calling for bureaus to be prepared to share contract information on the Acquisition Gateway and to not agree to terms and conditions that prohibit the sharing of prices, terms, and conditions data. In addition,

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<sup>26</sup>Evaluation criteria based on M-19-13.

<sup>27</sup>This activity applies to agency-wide, and government-wide contracts, including Best in Class contracts for IT category products and services that are owned by the agency. Since nearly all of State's contracts were government-wide contracts owned by other agencies, we determined that this activity was not applicable.

<sup>28</sup>The General Services Administration developed an online portal called the Acquisition Gateway that supports category management by enabling the sharing of contract information such as terms and conditions, transactional pricing data, and contracting best practices.

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in June 2020, the DOJ officials told us that they would be willing to share contract information with other agencies or OMB upon request.

With regard to the other agency that did not implement the activity, USDA reported that it had shared IT contract information on the Acquisition Gateway. However, the agency did not provide supporting documentation for its efforts.

Fully implementing this activity would help ensure that USDA, DOJ, and VA share data that agencies can use to make informed acquisition decisions, including identifying opportunities to reduce IT contract duplication.

**Most agencies had engaged their workforce in category management training.** To fully implement this activity, an agency's workforce should participate in training on category management principles and practices. In addition, the agency should track the training attendance.<sup>29</sup>

Six agencies (USDA, DOD, HHS, DHS, State, and VA) had fully implemented the activity, and one agency (DOJ) had partially implemented it. For example,

- DHS had fully implemented the activity. DHS's Office of the Chief Procurement Officer had provided training to its workforce that gave an overview of category management principles, practices, and benefits; how the agency has implemented category management; and how to work with the agency's Strategic Sourcing Procurement Office. The agency also tracked its workforce's attendance in the training.
- DOJ had partially implemented the activity. The agency issued guidance in June 2019 directing staff to attend category management training, and members of the workforce attended training provided by the General Services Administration. However, the agency did not track the extent to which its workforce had taken the training. According to officials in DOJ's Office of the CIO, the agency did not track attendance because it had not yet developed internal training that they could track. The officials stated that they, instead, relied on OMB and the Federal Acquisition Institute to provide category management training. However, without information on class attendance, it may be difficult for DOJ to assess whether its workforce

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<sup>29</sup>Evaluation criteria based on M-19-13.

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is acquiring the knowledge on category management principles and practices that could contribute to reducing duplicative contracts.

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## Most Agencies Took Steps to Use a Spend Analysis to Reduce IT Contract Duplication, and Several Implemented Related Strategies

As previously noted, our prior reports and General Services Administration guidance<sup>30</sup> have identified two key activities that can assist agencies' category management efforts and result in reducing IT contract duplication:

- regularly use a spend analysis to analyze the agency's IT portfolio to identify opportunities to reduce duplication, and
- develop and implement strategies to address any identified duplication.

Four of the seven agencies that we reviewed (DOD, HHS, DHS, and State) had fully or partially implemented the activity to regularly use a spend analysis to identify potential IT contract duplication. In addition, each of the four agencies had fully implemented the activity to develop and implement strategies to address the identified duplication. The remaining three agencies (USDA, DOJ, and VA) had not implemented either of the two spend analysis activities.

Table 4 lists the seven agencies and shows the extent to which they had fully implemented, partially implemented, or not implemented each of the two activities. Following the table is a summary of the agencies' implementation of the activities as of June 2020.

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<sup>30</sup>For example, [GAO-13-417](#); [GAO-15-549](#); and GSA, *Category Management Guidance: Government-wide Category Management* (Washington, D.C.: May 2019).



**Table 4: Extent to Which Selected Agencies Implemented Activities for Using Spend Analyses to Reduce Information Technology Contract Duplication and Implementing Related Strategies, as of June 2020**

Activities	Department of Agriculture	Department of Defense	Department of Health and Human Services	Department of Homeland Security	Department of Justice	Department of State	Department of Veterans Affairs
Regularly use a spend analysis to identify potential duplication	○	◐	◐	●	○	●	○
Develop and implement strategies to reduce duplication	○	●	●	●	○	●	○

Key:

- Fully implemented—the agency provided evidence that it fully implemented the activity
- ◐ Partially implemented—the agency provided evidence that it addressed some, but not all, of the activity
- Not implemented—the agency did not provide any evidence that it implemented the activity

Source: GAO analysis of agency documentation. | GAO-20-567

The following four agencies partially or fully implemented both of the spend analysis activities.

### DOD

DOD partially implemented the activity to regularly use a spend analysis to identify potential duplication and fully implemented the activity to develop and implement strategies to reduce duplication. Specifically, in 2018, DOD’s Chief Management Officer’s IT Reform Team and the CIO’s Enterprise Software Initiative led an effort to analyze the agency’s spending for its major IT vendors. As a result of the analysis, the agency identified opportunities to reduce duplicative contracting actions with several vendors, resulting in several hundred million dollars in potential savings. DOD officials stated that the agency performs spend analyses regularly, including periodic analyses for commercial IT vendors to support planning for major initiatives and to address emergent requirements. While the agency provided documentation of additional spend analyses performed, including one performed in fiscal year 2019 on the agency’s IT hardware spending, they did not use the analyses to identify specific opportunities to reduce IT contract duplication.

With regard to developing and implementing strategies, in September 2018, DOD identified the use of enterprise-wide agreements with vendors (referred to as Core Enterprise Technology Agreements) as a strategy to reduce duplication identified in the aforementioned joint IT Reform team

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and Enterprise Software Initiative effort.<sup>31</sup> Subsequently, in January 2020, the agency established an enterprise-wide agreement for one vendor, and, according to officials from the agency's Enterprise Software Initiative, the agency plans to establish agreements with several additional vendors by the end of fiscal year 2020.

## **HHS**

HHS partially implemented the activity to regularly use a spend analysis to identify potential duplication and fully implemented the activity to develop and implement strategies to reduce duplication. Specifically, in March 2018, the agency issued its findings on an analysis of its spending on its top three categories, which included IT. HHS used artificial intelligence tools to analyze the agency's purchasing data from fiscal year 2016 through fiscal year 2017 from multiple contract repositories. As a result of the analysis, the agency identified opportunities to reduce IT contract duplication for several software licenses, and potential savings, including over one hundred thousand dollars for one of the software products it uses. However, while officials in HHS's Office of Acquisition stated that they had performed additional analyses since then, they did not provide documentation as evidence of these analyses.

With regard to developing and implementing strategies, the agency identified strategies, including for developing enterprise license agreements, to reduce duplication and achieve cost savings, and took steps to implement them. Specifically, in January 2020, HHS implemented an enterprise license agreement for one of the software products that it identified as having duplicative contracts in the March 2018 analysis of spending on its top three categories mentioned above. HHS estimated cost savings of over \$4 million for fiscal year 2020 compared to prior year spending on the product.

## **DHS**

DHS fully implemented the activity to regularly use a spend analysis to identify potential duplication, and fully implemented the activity to develop and implement strategies to reduce duplication. Specifically, from 2018 to 2020, DHS performed several spend analyses, including on its IT software and services. For example, DHS's Strategic Sourcing Program

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<sup>31</sup>Core Enterprise Technology Agreements are enterprise purchasing agreements for DOD's identified commercial software products based on annual spending, or commercial software products aligning with DOD's current or planned strategic direction.

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Office released a strategic plan in March 2018 that included a spend analysis. In addition, in 2018, DHS performed another spend analysis of one of its major IT service contracts that was set to expire in 2020, and identified opportunities to reduce duplication. Further, in June 2019 and January 2020, DHS used a spend analysis to identify opportunities to reduce its unaligned spending on software, including the identification of duplicative contracts.

With regard to developing and implementing strategies, the agency identified strategies, including leveraging existing government-wide contracts and developing agency-wide contracts, to reduce duplication. It also took steps to implement the strategies. Specifically, in February 2019, DHS adopted existing government-wide contract vehicles to replace its expiring IT service contract.

### **State**

State fully implemented the activity to regularly use a spend analysis to identify potential duplication, and fully implemented the activity to develop and implement strategies to reduce duplication. Specifically, from 2018 through 2020, State analyzed the agency's spending, including on hardware and software. For example, in February 2018, State analyzed the agency's fiscal year 2015 through fiscal year 2017 spending data. As part of the analysis, State considered the opportunity to consolidate contracts and identified potential cost savings of between \$1.5 to \$2 million for one of its software products. In addition, in August 2019, State analyzed the agency's spending on IT hardware, in particular on switches. As a result of the analysis, State identified that it had multiple contracts for switches from the same vendor.

With regard to developing and implementing strategies, the agency identified strategies, including the use of enterprise-wide contracts, to reduce duplication and achieve cost savings, and took steps to implement them. Specifically, in October 2019, State established an enterprise-wide contract to consolidate the number of unique contracts for hardware switches, as well as other software products.

In contrast to the above four agencies that fully or partially implemented the activities to regularly use a spend analysis to identify potential duplication and to develop and implement strategies to reduce duplication, three agencies did not do so.

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## **USDA**

Officials in USDA's Office of the CIO reported that the agency had developed a process to analyze its IT spending to identify opportunities to reduce duplication, but had not documented the process or finished implementing it. Specifically, the officials stated that they established a process in late fiscal year 2019 to use software to analyze IT contract data to identify contracts that are potentially duplicative and have opportunities for cost savings. The officials stated that they plan to provide the results to the agency's Category Management Interest Group, which can then use the results to make decisions about how to reduce duplication. The officials stated that they had not yet implemented the process, in part, because staff who were implementing the process had since retired. The officials did not provide a time frame for when they expect to finish implementing the process. In addition, USDA did not develop or implement strategies to reduce identified duplication, because it had not yet implemented the process to analyze its IT spending.

## **DOJ**

Officials in DOJ's Office of the CIO stated that the agency had performed a spend analysis using tools developed by the General Services Administration and had identified opportunities to reduce IT contract duplication. However, the officials stated that they had not documented their process. Further, the officials did not provide documentation of the spend analysis or of opportunities to reduce duplication that the analysis had helped to inform. Moreover, while the officials reported that they had developed and implemented strategies to address the duplication, they also did not provide supporting documentation for this activity.

## **VA**

Officials in VA's Office of Information and Technology stated that the agency had performed spend analyses to identify opportunities to reduce IT contract duplication. In addition, the officials reported that they had developed and implemented strategies, including the use of enterprise-wide contract vehicles, to address the duplication. However, as of June 2020, they had not provided supporting documentation for either of these activities.

Until DOD, HHS, DOJ, USDA, and VA regularly use a spend analysis to analyze their IT portfolios to identify opportunities to reduce IT contract duplication on a periodic basis, and develop and implement strategies to

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address the duplication, the agencies will miss opportunities to realize potentially hundreds of millions of dollars in savings.

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## Conclusions

The seven agencies in our review varied in their implementation of OMB's category management activities that contribute to identifying, preventing, and reducing duplicative IT contracts. Specifically, most of the agencies fully implemented the two activities to identify a Senior Accountable Official and develop processes and policies for implementing category management efforts, and to engage their workforces in category management training. However, only about half the agencies fully implemented the activities to reduce unaligned IT spending, including increasing the use of Best in Class contract solutions, and share prices paid, terms, and conditions for purchased IT goods and services. Agencies cited several reasons for their varied implementation, including that they were still working to define how to best integrate category management into the agency.

Most of the agencies used spend analyses to inform their efforts to identify and reduce duplication, and had developed and implemented strategies to address the identified duplication, which, agency officials reported resulted in millions in actual and anticipated future savings. However, two of these agencies did not make regular use of the spend analyses.

Until agencies fully implement the activities in OMB's category management initiative, and make greater use of spend analyses to inform their efforts to identify and reduce duplicative contracts, they will be at increased risk of wasteful spending. Further, agencies will miss opportunities to identify and realize savings of potentially hundreds of millions of dollars.

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## Recommendations for Executive Action

We are making a total of 20 recommendations to six agencies.

The Secretary of Agriculture should ensure that the agency fully implements the category management activity to reduce unaligned IT spending, by performing an analysis of alternatives to justify the agency's unaligned IT contracts. (Recommendation 1)

The Secretary of Agriculture should ensure that the agency fully implements the category management activity to develop and implement vendor management strategies, by implementing the strategies it had developed. (Recommendation 2)

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The Secretary of Agriculture should ensure that the agency fully implements the category management activity to share prices paid, terms, and conditions for purchased IT goods and services. (Recommendation 3)

The Secretary of Agriculture should ensure that the agency finishes implementing its process to analyze IT contract data. (Recommendation 4)

The Secretary of Agriculture should ensure that the agency develops and implements strategies to address duplication identified through the use of spend analyses. (Recommendation 5)

The Secretary of Defense should ensure that the agency fully implements the category management activity to reduce unaligned IT spending. (Recommendation 6)

The Secretary of Defense should ensure that the agency documents its annual spend analyses used to identify opportunities to reduce IT contract duplication. (Recommendation 7)

The Secretary of Health and Human Services should ensure that the agency uses a spend analysis on a regular basis to identify IT contract duplication. (Recommendation 8)

The Attorney General should ensure that the Department of Justice fully implements the category management activity to reduce unaligned IT spending, by performing an analysis of alternatives to justify the agency's unaligned IT contracts. (Recommendation 9)

The Attorney General should ensure that the Department of Justice fully implements the category management activity to share prices paid, terms and conditions for purchased IT goods and services. (Recommendation 10)

The Attorney General should ensure that the Department of Justice fully implements the category management activity to engage the workforce in training regarding category management principles and practices, by tracking its workforce's attendance in the training. (Recommendation 11)

The Attorney General should ensure that the Department of Justice uses a spend analysis to identify opportunities to reduce IT contract duplication. (Recommendation 12)

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The Attorney General should ensure that the Department of Justice develops and implements strategies to address duplication identified through the use of spend analyses. (Recommendation 13)

The Secretary of State should ensure that the agency fully implements the category management activity to develop and implement vendor relationship management strategies, by executing its vendor management plan. (Recommendation 14)

The Secretary of Veterans Affairs should ensure that the agency fully implements the category management activity to develop processes and policies for implementing the agency's category management efforts. (Recommendation 15)

The Secretary of Veterans Affairs should ensure that the agency fully implements the category management activity to reduce unaligned IT spending, by performing an analysis of alternatives to justify the agency's unaligned IT contracts. (Recommendation 16)

The Secretary of Veterans Affairs should ensure that the agency fully implements the category management activity to develop and implement vendor relationship management strategies. (Recommendation 17)

The Secretary of Veterans Affairs should ensure that the agency fully implements the category management activity to share prices paid, terms and conditions for purchased IT goods and services. (Recommendation 18)

The Secretary of Veterans Affairs should ensure that the agency uses a spend analysis to identify opportunities to reduce IT contract duplication. (Recommendation 19)

The Secretary of Veterans Affairs should ensure that the agency develops and implements strategies to address duplication identified through the use of spend analyses. (Recommendation 20)

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## Agency Comments and Our Evaluation

We requested comments on a draft of this report from the seven agencies in our review. Of the six agencies to which we made recommendations, five (USDA, DOD, DOJ, State, and VA) agreed with our recommendations, and one (HHS) agreed with one recommendation and asked us to reconsider one other recommendation. In addition, the agency to which we did not make recommendations (DHS) responded that it did not have any comments.

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The six agencies to which we made recommendations responded as follows:

- Via email, an audit liaison officer in USDA's Office of the CIO stated that the agency generally concurred with the findings and recommendations in our report.
- Via email, a liaison in DOJ's Office of the CIO stated that the agency generally concurred with the report.
- In written comments (reprinted in appendix III), DOD stated that it concurred with our two recommendations and described ongoing and planned efforts to implement them.
- In written comments (reprinted in appendix IV), HHS concurred with our recommendation to ensure that the agency uses a spend analysis on a regular basis to identify IT contract duplication. However, HHS asked us to reconsider our other recommendation that it fully implement the category management activity to share prices paid, terms, and conditions for purchased IT goods and services. The agency said it believed it had already implemented the activity to share prices paid, terms, and conditions for purchased IT goods and services, and provided documentation to support its claim. We reviewed the agency's documentation and determined that HHS had shared prices, terms, and conditions for its government-wide IT contract. As a result, we revised our discussion of the related findings in this report, to include changing the rating from "not implemented" to "fully implemented" for the share prices paid, terms, and conditions for purchased IT goods and services activity. Further, we removed our recommendation that the agency fully implement this activity.
- In written comments (reprinted in appendix V), State concurred with our recommendation to the agency. In addition, the agency said that it had taken steps to finalize and approve its vendor management plan and referred us to documentation supporting this action. The agency also said that it had begun taking steps to implement the plan by identifying opportunities for communication with vendors, such as industry days and small business conferences. However, the documentation that State provided did not support the agency's implementation of its plan. Based on the agency's response and the documentation provided, we changed the rating in our report for the develop and implement vendor relationship management strategies activity from "not implemented" to "partially implemented." In addition, we modified our recommendation to emphasize the need for State to implement the vendor management plan.



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- In written comments (reprinted in appendix VI), VA concurred with our six recommendations to the agency. In addition, with regard to the share prices paid activity, the agency stated that it does not currently have any IT Best in Class contract vehicles and, therefore, posting prices paid would not be required for VA vehicles. Further, the agency stated that 90 percent of VA's IT purchases are awarded against federal Best in Class contract vehicles. However, the agency did not provide any documentation to support these statements. As a result, we did not change our rating for this activity or make any other modifications to our discussion of VA's activities in the report.
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We are sending copies of this report to interested congressional committees, the Director of the Office of Management and Budget, the secretaries and agency heads of the departments and agencies addressed in this report, and other interested parties. In addition, this report will be available at no charge on the GAO website at <http://www.gao.gov>.

Should you or your staffs have any questions on information discussed in this report, please contact me at (202) 512-4456 or [HarrisCC@gao.gov](mailto:HarrisCC@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VII.



Carol C. Harris  
Director, Information Technology Management Issues

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*List of Requesters*

The Honorable Carolyn B. Maloney  
Chairwoman

The Honorable James Comer  
Ranking Member  
Committee on Oversight and Reform  
House of Representatives

The Honorable Gerald E. Connolly  
Chairman

The Honorable Jody Hice  
Ranking Member  
Subcommittee on Government Operations  
Committee on Oversight and Reform  
House of Representatives

The Honorable Will Hurd  
House of Representatives

The Honorable Jim Jordan  
House of Representatives

The Honorable Robin L. Kelly  
House of Representatives

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# Appendix I: Objectives, Scope, and Methodology

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Our objectives were to determine the extent to which (1) selected agencies' efforts to prevent, identify, and reduce duplicative or wasteful information technology (IT) contracts were consistent with the Office of Management and Budget's (OMB) category management initiative; and (2) these efforts were informed by spend analyses.

To address both objectives, we identified a nongeneralizable sample of the 24 Chief Financial Officers Act agencies<sup>1</sup> based on the following two factors:

- highest total IT obligation for fiscal year 2018 and
- highest number of new IT contracts in fiscal year 2018.

Specifically, in considering the first factor, we observed a natural breaking point for 12 agencies. Then, for the second factor, we identified eight agencies that had over 1,000 new contracts in fiscal year 2018. We selected the agencies that met both factors. This resulted in a selection of seven agencies—the Departments of Agriculture, Defense, Health and Human Services, Homeland Security, Justice, State, and Veterans Affairs.

To determine the extent to which agencies' efforts were consistent with OMB's category management initiative, we reviewed OMB's March 2019 category management memorandum, including the key actions and supporting efforts that OMB called for agencies to implement.<sup>2</sup> We selected activities that we determined contribute to an agency's capability to identify, prevent, or reduce IT contract duplication and/or waste (hereafter referred to as IT contract duplication). In addition, while OMB's memorandum called for agencies to implement the activities as part of a broader effort for all categories, we focused on whether agencies had

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<sup>1</sup>The 24 major federal agencies covered by the Chief Financial Officers Act of 1990 are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and U.S. Agency for International Development.

<sup>2</sup>OMB, *Category Management: Making Smarter Use of Common Contract Solutions and Practices*, M-19-13 (Washington, D.C.: Mar. 20, 2019).

implemented them for IT, as applicable.<sup>3</sup> Specifically, we selected the following five activities:

- identify a Senior Accountable Official and develop processes and policies for implementing the agency’s category management efforts;
- reduce unaligned IT spending, including increasing the use of Best in Class contract solutions;
- develop and implement vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies;
- share prices paid, terms, and conditions for purchased IT goods and services government-wide; and
- engage the workforce in training regarding category management principles and practices.

We reviewed category management policies and planning documentation for each of the seven selected agencies, including category management processes and policies, IT category spend reports, and category management plans. We then analyzed these documents to determine whether agencies had implemented the five selected activities. We compared the information obtained to the activities and identified gaps and their causes.

Based on our assessment of the documentation and discussions with agency officials, we assessed each agency’s implementation of each activity as:

- fully implemented—the agency provided evidence that it fully implemented the activity;
- partially implemented—the agency provided evidence that showed it had addressed some, but not all, of the activity;
- not implemented—the agency did not provide any evidence that it implemented the activity.

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<sup>3</sup>In September 2015, the Category Management Leadership Council and OMB developed a government-wide category structure to support category management implementation across the federal government. The council and OMB reviewed the product and service codes and grouped them into 19 individual spend categories, including IT.

We made the following considerations when evaluating whether agencies fully implemented the activities:

- *Identify a Senior Accountable Official and develop processes and policies for implementing category management*—We assessed whether an agency had (1) identified a Senior Accountable Official that was the agency’s Deputy Secretary or equivalent, or other official identified by the agency and agreed upon by OMB; and (2) developed processes and policies describing how the agency plans to implement category management, and that define roles and responsibilities for stakeholders, including the Chief Information Officer.
- *Reduce unaligned IT spending, including increasing the use of Best in Class contract solutions*—We assessed whether an agency had (1) reduced unaligned IT spending as a percentage of its total IT category spending in comparison to prior years, (2) increased Best in Class IT spending as a percentage of its total IT category spending in comparison to prior years, and (3) performed the analysis of alternatives called for in the OMB memorandum to justify its unaligned IT contracts.
- *Develop and implement vendor relationship management strategies*—We assessed whether an agency had (1) developed strategies that involved improving relationships with contractors and (2) taken steps to implement the strategies. We also considered whether the strategies were likely to include IT.
- *Shared prices paid, terms, and conditions for purchased IT goods and services government-wide*—We assessed whether an agency had taken steps to share IT contract data (prices paid, terms, and conditions) to make them available to other federal agencies, including on the Acquisition Gateway, for contracts that it owned.
- *Engage the workforce in training regarding category management principles and practices*—We assessed whether (1) at least some of an agency’s workforce had participated in training on category management principles and practices, and (2) the agency tracked employees’ attendance.

To determine the reliability of agency IT spending data, we reviewed the data for obvious errors and for completeness. We also interviewed agency officials to corroborate the data. We determined that the data were sufficiently reliable for the purpose of this report, which was to determine whether agencies had reported that they reduced unaligned IT spending and increased spending in Best in Class IT contract solutions.

To determine the extent to which agencies' category management efforts were informed by spend analyses, we identified activities that agencies should be performing to assist these efforts and that can result in reducing duplication. We identified these activities based on our prior reports and General Services Administration guidance.<sup>4</sup> Specifically, we identified the following two activities:

- regularly use a spend analysis to analyze the agency's IT portfolio to identify opportunities to reduce duplication, and
- develop and implement strategies to address any identified duplication.

We obtained documentation (e.g., spend analyses and strategies) from each of the selected agencies. We then analyzed these documents to determine whether they were consistent with the activities. We compared the information obtained to the activities and identified gaps and their causes.

Based on our assessment of the documentation and discussions with agency officials, we assessed each agency's implementation of the activity as:

- fully implemented—the agency provided evidence that it fully implemented the activity;
- partially implemented—the agency provided evidence that it had addressed some, but not all, of the activity;
- not implemented—the agency did not provide any evidence that it implemented the activity.

We made the following considerations when evaluating whether agencies fully implemented the activities:

- *Regularly use a spend analysis to analyze its IT portfolio to identify opportunities to reduce duplication activity*—An agency needed to regularly perform a spend analysis on its IT portfolio, which included determining areas of common spend and who the buyers and vendors were. In addition, the agency needed to demonstrate that it used this information to identify areas of IT spending that have opportunities to reduce contract duplication, such as by identifying IT products and

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<sup>4</sup>GAO-13-417; GAO-15-549; and GSA, *Category Management Guidance: Government-wide Category Management* (Washington, D.C.: May 2019).

services for which using an agency-wide, government-wide, or Best in Class contract solution would result in cost savings or improved performance.

- *Develop and implement strategies to address any identified duplication*—An agency needed to develop and implement strategies based on the results of the spend analyses, that are intended to, among other things, reduce IT contract duplication (e.g., developing and implementing a sourcing strategy, including awarding contracts).

For both objectives, we supplemented our document reviews with interviews of cognizant officials from each of the selected agencies, including officials from the acquisition offices and Offices of the Chief Information Officer. We discussed with these officials their implementation of the category management activities and their use of spend analyses. We also focused on the agency's efforts at the departmental level.<sup>5</sup>

We also interviewed staff from OMB's Office of Federal Procurement Policy and Office of the Federal Chief Information Officer to understand their responsibilities for the category management initiative.

We conducted this performance audit from August 2018 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>5</sup>For DOD we did not review whether each military department had implemented the activities.

# Appendix II: Agencies' Implementation of Category Management Activities

This appendix contains assessments of the extent to which the seven selected agencies implemented each of the five category management activities we identified in the Office of Management and Budget's March 2019 category management guidance.<sup>1</sup> These seven agencies were the Departments of Agriculture, Defense, Health and Human Services, Homeland Security, Justice, State, and Veterans Affairs.

## Department of Agriculture

**Table 5: U.S. Department of Agriculture's (USDA) Implementation of the Office of Management and Budget's Category Management Activities**

Activities	Rating	Description
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	In May 2019, USDA identified its Deputy Secretary as the agency's Senior Accountable Official. With regard to processes and policies, USDA issued a policy for its strategic sourcing and category management program, most recently updated in July 2016. Among other things, it established requirements and processes for acquiring goods and services using shared resources such as department-wide contracts. Further, in November 2016, the agency established a Category Management Interest Group that reported to the agency's Chief Information Officer council, which included the Chief Information Officer. Further, the group was responsible for the overall coordination of information technology (IT) category management efforts, including prioritizing and authorizing initiatives, and providing direction and guidance for new enterprise-wide agreements.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Partially implemented	USDA reported that from fiscal year 2016 through fiscal year 2019, it reduced its unaligned IT spending as a percentage of its total IT category spending by 14 percent (from \$361 million to \$268 million), and increased its spending on Best in Class IT contract solutions as a percentage of its total IT category spending by 42 percent (from \$105 million to \$651 million). USDA officials from the Office of Contracting and Procurement stated that they did not perform an analysis of alternatives to justify the agency's unaligned IT spending, as they determined that none of their existing unaligned IT contracts were expiring within the timeframe for the category management passback plan. However, performing the analysis for both proposed and existing unaligned IT contracts as called for in the Office of Management and Budget's memorandum would provide greater assurance that they are not missing opportunities to reduce IT contract duplication.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Partially implemented	USDA developed several vendor management strategies, including holding monthly engagement sessions with vendors, vendor days, and attending small business events, in its 2020 category management passback plan. However, USDA had not implemented these strategies as of June 2020. According to officials from the Office of Contracts and Procurement, they had not done so because many of the planned items included events that were to be attended in person in fiscal year 2020, and were not able to be held due to the COVID-19 outbreak. The officials stated that they were considering holding the events virtually.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Not implemented	USDA officials stated that they share information regarding the prices, terms, and conditions for purchased IT goods and services on the Acquisition Gateway. However, USDA did not provide supporting documentation.

<sup>1</sup>M-19-13.



**Appendix II: Agencies' Implementation of  
Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Engaged the workforce in training regarding category management principles and practices	Fully implemented	USDA ensured that members of its workforce attended category management training facilitated by the Federal Acquisition Institute that provided a general overview of category management, and its role in the federal government. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of Agriculture documentation. | GAO-20-567

## Department of Defense

**Table 6: Department of Defense's (DOD) Implementation of the Office of Management and Budget's Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	DOD identified its Chief Management Officer as the agency's Senior Accountable Official for the Office of the Secretary of Defense. <sup>a</sup> In addition, the agency developed processes and policies for implementing category management practices, such as policies for strategic sourcing and ensuring the use of enterprise-wide contract vehicles, which included roles and responsibilities for key stakeholders including the Chief Information Officer.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Partially implemented	While DOD decreased its unaligned spending from fiscal year 2016 through fiscal year 2017 as a percentage of its total information technology (IT) category spending by 14 percent (from \$19 billion to \$13.7 billion), it increased from fiscal year 2017 through fiscal year 2019 by 3 percent (from \$13.7 billion to \$16.6 billion). DOD officials did not provide a reason for the increase in unaligned spending from fiscal year 2017 through fiscal year 2019. In addition, the amount of spending on Best in Class IT contract solutions increased as a percentage of its total IT category spending from fiscal year 2016 through fiscal year 2019 by 17.6 percent (from \$1.8 billion to \$8.3 billion). Further, DOD performed an analysis of alternatives to justify its unaligned IT contracts.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Fully implemented	DOD developed and implemented vendor management strategies, including vendor days, and playbooks for individual vendors. Specifically, DOD identified strategies in its vendor management framework, as well as its fiscal year 2020 category management passback plan, and provided documentation showing that it had taken steps to implement them.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Fully implemented	DOD took steps to share prices paid, terms, and conditions for purchased IT goods and services. For example, the agency shared prices, terms, and conditions for enterprise agreements managed by its Enterprise Software Initiative on the initiative's website, which was available to other agencies. DOD also shared prices paid information for the enterprise agreements on the Acquisition Gateway.
Engaged the workforce in training regarding category management principles and practices	Fully implemented	DOD provided training to its workforce on topics related to category management, including demand management, software licensing, and vendor management. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of DOD documentation. | GAO-20-567

<sup>a</sup>DOD also identified Senior Accountable Officials for each of its military departments.

**Appendix II: Agencies' Implementation of  
Category Management Activities**

**Department of Health and  
Human Services**

**Table 7: Department of Health and Human Services' (HHS) Implementation of the Office of Management and Budget's  
Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	In August 2019, HHS designated its Deputy Assistant Secretary for Acquisition and Senior Procurement Executive as the agency's Senior Accountable Official. With regard to processes and policies, in December 2017, HHS issued a charter for its BuySmarter Initiative, which is intended to, among other things, implement the agency's category management efforts. Among other things, the charter established a Category Management Workstream Lead who is responsible for overall progress and results for category management efforts. The initiative also had a Planning and Development Committee which was responsible for providing overall oversight for the initiative and included stakeholders from the Office of the Chief Information Officer.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Fully implemented	HHS reported that from fiscal year 2016 through fiscal year 2019, it reduced its unaligned spending as a percentage of its total information technology (IT) category spending by 29 percent (from \$3.1 billion to \$2.1 billion), and increased its spending on Best in Class contract solutions as a percentage of its total IT category spending by 36 percent (from \$1.1 billion to \$2.4 billion). In addition, HHS performed an analysis of alternatives to justify unaligned IT contracts as part of its 2020 category management passback plan.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Fully implemented	HHS developed and implemented vendor relationship management strategies, including facilitating industry forums and informing vendors of potential contracting opportunities. In addition, the agency identified strategies in its fiscal year 2020 category management passback plan. Further, HHS officials stated that the Vendor Management Office provided a communication channel for vendors working with the agency, and that the office tracked and reviewed vendor meeting requests.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Fully implemented	HHS shared prices paid, terms, and conditions for its only government-wide IT contract on the Acquisition Gateway.
Engaged the workforce in training regarding category management principles and practices	Fully implemented	HHS facilitated category management training to its workforce, including training that provided a general overview of category management principles and practices. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of HHS documentation. | GAO-20-567

**Appendix II: Agencies' Implementation of  
Category Management Activities**

**Department of Homeland  
Security**

**Table 8: Department of Homeland Security's (DHS) Implementation of the Office of Management and Budget's Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	In July 2019, DHS identified the Deputy Under Secretary for Management as the agency's Senior Accountable Official. With regard to processes and policies, in August 2012, the agency issued a policy for developing and using strategic sourcing contract vehicles, and in February 2013, issued additional procedures for implementing the policy. Further, in June 2017, the agency issued guidance that called for its Office of the Chief Information Officer to review acquisitions to ensure that they use strategic sourcing contract vehicles, as applicable. Moreover, in March 2018, the agency issued a strategic plan for its Strategic Sourcing Program Office that identified category management processes, and included actions and milestones for implementing them.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Fully implemented	DHS reported that from fiscal year 2016 through fiscal year 2019, it decreased its unaligned spending as a percentage of its total information technology (IT) category spending by 17.5 percent (from \$1,349 million to \$644 million), and increased its spending on Best in Class contract solutions as a percentage of its total IT category spending by 26.8 percent (from \$149 million to \$1,418 million). In addition, DHS performed an analysis of alternatives to justify its unaligned IT contracts as part of its fiscal year 2018 category management passback plan.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Fully implemented	DHS developed and implemented vendor relationship management strategies, including reverse industry days, acquisition innovation roundtables, and one-on-one vendor meetings. Specifically, DHS identified strategies in its Acquisition Innovations in Motion Framework, as well as in its category management passback plan in response to an Office of Management and Budget request to do so, and provided documentation showing that it had implemented them.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Fully implemented	DHS shared prices paid, terms, and conditions for several IT contracts on the Acquisition Gateway.
Engaged the workforce in training regarding category management principles and practices	Fully implemented	DHS's Office of the Chief Procurement Officer facilitated training to its workforce that provided an overview of category management principles, practices, and benefits; how the agency has implemented category management; and how to work with the agency's Strategic Sourcing Program Office. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of DHS documentation. | GAO-20-567

**Appendix II: Agencies' Implementation of  
Category Management Activities**

**Department of Justice**

**Table 9: Department of Justice's (DOJ) Implementation of the Office of Management and Budget's Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	DOJ identified its Assistant Attorney General for Administration who has had the lead responsibility for the agency's category management efforts since August 2017 as its Senior Accountable Official. With regard to processes and policies, in June 2019, the agency issued a policy, which included procedures for implementing and overseeing its category management program. In addition, the policy defined roles and responsibilities, including for the Office of the Chief Information Officer.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Partially implemented	DOJ reported that from fiscal year 2016 to fiscal year 2019, it reduced its unaligned spending as a percentage of its total information technology (IT) category spending by 16 percent (from \$774 million to \$463 million), and increased its spending on Best in Class IT contract solutions as a percentage of its total IT category spending by 39 percent (from \$138 million to \$802 million). Agency officials stated that they did not perform an analysis of alternatives to justify the agency's unaligned IT contracts, because the Office of Management and Budget did not require them to do so as part of their category management passback plan. However, performing the analysis for both proposed and existing unaligned IT contracts as called for in the Office of Management and Budget's memorandum would provide greater assurance that they are not missing opportunities to reduce IT contract duplication.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Fully implemented	DOJ developed and implemented vendor relationship management strategies, including identifying Office of the Chief Information Officer vendor days <sup>a</sup> and meetings with its major vendors, in its 2019 category management passback plan. In addition, in October 2018, DOJ held a vendor day with nine small business vendors. Further, in March and July 2019, it held meetings and workshops with individual vendors.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Not implemented	DOJ did not share prices paid, terms, or conditions using government-wide repositories such as the Acquisition Gateway for any IT contracts. DOJ officials from the Justice Management Division stated that certain contract data is proprietary so they were not able to share the data on the Acquisition Gateway despite June 2019 DOJ guidance calling for bureaus to be prepared to share prices paid information on the Acquisition Gateway and to not agree to terms and conditions that prohibit sharing of prices, terms, and conditions data. In addition, the DOJ officials told us that they would be willing to share the contract information with other agencies or the Office of Management and Budget upon request.
Engaged the workforce in training regarding category management principles and practices	Partially implemented	DOJ facilitated training by issuing guidance in June 2019 directing staff to attend category management training. In addition, the agency's workforce attended category management training provided by the General Services Administration. However, according to officials in DOJ's Office of the Chief Information Officer, the agency did not track attendance because they had not yet developed internal training that they can track. The officials stated that they have instead relied on the Office of Management and Budget and the Federal Acquisition Institute to provide category management training. However, without information on class attendance, it may be difficult for DOJ to assess whether its workforce is acquiring the knowledge on category management principles and practices that could contribute to reducing duplicative contracts.

Source: GAO analysis of DOJ documentation. | GAO-20-567

<sup>a</sup>Vendor days are intended to provide vendors with an opportunity to present what they can provide to support the agency.

**Appendix II: Agencies' Implementation of  
Category Management Activities**

**Department of State**

**Table 10: Department of State's (State) Implementation of the Office of Management and Budget's Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Fully implemented	State identified its Under Secretary for Management who has had the lead responsibility for the agency's category management efforts since September 2017 as its Senior Accountable Official. With regard to processes and policies, in February 2017, State established a Category Management Council, which had authority for the agency's category management program. The council included representation from the agency's Chief Information Officer. Among other things, the council was to review and recommend initiatives for agency-wide category management, approve the establishment of category implementation teams, approve agency-wide rollout of implementation initiatives, monitor overall progress, and track and report the agency's category management performance.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Fully implemented	State reported that from fiscal year 2016 through fiscal year 2019 it had reduced its unaligned spending as a percentage of its total information technology (IT) category spending by 16 percent (from \$789 million to \$601 million), and increased its spending on Best in Class IT contract solutions as a percentage of its total IT category spending by 41 percent (from \$106 million to \$916 million). In addition, State performed an analysis of alternatives to justify its unaligned IT contracts as part of its 2020 category management passback plan.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Partially implemented	State developed vendor relationship strategies in its June 2020 vendor management plan. In addition, in September 2020, in comments on a draft of this report, agency officials stated that they had begun taking steps to implement it by identifying opportunities for communication with vendors such as industry days and small business conferences. However, the agency did not provide documentation supporting that it had implemented the strategies.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Not applicable	This activity applies to agency-wide, multi-agency or government-wide contracts, and Best in Class contracts for IT category products and services that are owned by the agency. Since nearly all of State's contracts were government-wide contracts owned by other agencies, we determined that this activity was not applicable.
Engaged the workforce in training regarding category management principles and practices	Fully implemented	State facilitated training to its workforce that provided an overview of category management principles and practices, the Acquisition Gateway, and tools available to increase the agency's spend under management. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of State documentation. | GAO-20-567

**Appendix II: Agencies' Implementation of  
Category Management Activities**

**Department of Veterans  
Affairs**

**Table 11: Department of Veteran Affairs' (VA) Implementation of the Office of Management and Budget's Category Management Activities**

<b>Activities</b>	<b>Rating</b>	<b>Description</b>
Identified a Senior Accountable Official and developed processes and policies for implementing the agency's category management efforts	Partially implemented	VA's Deputy Secretary is the agency's Senior Accountable Official. In addition, VA officials from the Office of Acquisition and Logistics stated that they are developing processes and policies for implementing the agency's category management efforts and expect to complete them by the end of fiscal year 2020. The officials attributed their limited progress to the fact that they were still working to define how to best integrate category management into the agency.
Reduced unaligned IT spending, including increasing the use of Best in Class contract solutions	Partially implemented	VA reported that from fiscal year 2018 through fiscal year 2019, it reduced its unaligned spending as a percentage of its total IT category spending by .9 percent (spending for both years was approximately \$900 million), and increased its spending on Best in Class contract solutions as a percentage of its total IT category spending by 2.9 percent (from \$1,500 million to \$1,700 million). However, VA did not perform an analysis of alternatives to justify its unaligned IT contracts, as according to VA officials in the Office of Acquisition and Logistics they had not developed a category management passback plan.
Developed and implemented vendor relationship management strategies to gain knowledge of the market providing required IT services and supplies	Partially implemented	VA developed a draft vendor management strategy but it was not finalized. While VA implemented other efforts that officials reported were vendor management strategies, including industry days and industry visits, these efforts were not included in its draft vendor management strategy.
Shared prices paid, terms, and conditions for purchased IT goods and services government-wide	Partially implemented	VA had shared terms and conditions information for the agency's Twenty-One Total Technology Next Generation contract vehicle on the agency's web site, and has shared contract information on the Acquisition Gateway. However, while agency officials in the Office of Acquisition and Logistics stated that they had shared prices paid information, they did not provide supporting documentation. In addition, VA did not share prices paid, terms, and conditions information for any of its other IT contracts. VA officials did not provide a reason for not sharing the information for its other IT contracts.
Engaged the workforce in training regarding category management principles and practices	Fully implemented	VA's Acquisition Academy provided training to its workforce on topics related to category management, including strategic sourcing. The agency also tracked its workforce's attendance in the training.

Source: GAO analysis of Veterans Affairs documentation. | GAO-20-567

# Appendix III: Comments from the Department of Defense



CHIEF INFORMATION OFFICER

**DEPARTMENT OF DEFENSE**

6000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-6000

SEP 17 2020

Ms. Carol C. Harris  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington DC 20548

Dear Ms. Harris,

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-20-567, 'INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication,' dated August 20, 2020 (GAO Code 102968).

Enclosed is DoD's proposed response to the subject report. My point of contact is Mr. Ed Zick, who can be reached at [edward.c.zick.civ@mail.mil](mailto:edward.c.zick.civ@mail.mil) and phone (703) 901-8780.

Sincerely,

A handwritten signature in black ink, appearing to read "Dana Deasy", with a long, sweeping flourish extending to the right.

Dana Deasy

Enclosure:  
As stated

GAO DRAFT REPORT DATED AUGUST 1, 2020  
GAO-20-567

**“INFORMATION TECHNOLOGY: SELECTED AGENCIES NEED TO TAKE  
ADDITIONAL ACTIONS TO REDUCE CONTRACT DUPLICATION”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 6:** The Government Accountability Office (GAO) recommends that the Secretary of Defense fully implements the category management activity to reduce unaligned information technology (IT) spending.

**DoD RESPONSE:** DoD concurs. The DoD concurs with the recommendation that the Secretary of Defense fully implements a category management activity. Currently, the DoD Category Management Directive is being developed by Chief Management Officer (CMO). As the CMO finalizes the directive, it is very important to note that the DoD has made great progress in implementing IT category management and continues to meet the Office of Management and Budget (OMB) targets for Spend Under Management (SUM) and use of Best-in-Class (BIC) solutions. The DoD is actively reducing contract duplication through the DoD Enterprise Software Initiative (ESI) non-BIC Tier 2 solutions and BIC solutions. DoD ESI processes and collaboration with Components identify leading vendors that are desired by DoD and have a large spend associated with IT products or services. DoD ESI market research is used to identify trends, innovative technology, new and in-use vendors and contracts, and current spend. This insight enables DoD to get ahead of the technology/cost curve and provides time to conduct a fair cost analysis of current IT use, while looking at enterprise opportunities to further reduce contract duplication. Additionally, the transition to the General Services Agency Enterprise Infrastructure Solutions contract will further identify current expenditures and enable additional reduction in DoD IT unaligned spending. DoD will continue to conduct spend analysis to identify the highest IT spend areas across DoD and where resources can provide best value.

**RECOMMENDATION 7:** The GAO recommends that the Secretary of Defense document its annual spend analyses used to identify opportunities to reduce IT contract duplication.

**DoD RESPONSE:** DoD concurs. DoD conducts periodic IT spend analysis using the Federal Procurement Data System-Next Generation, the Acquisition Gateway, and DoD Enterprise Software Initiative (ESI) market research to identify and capture vendor spend outside the Tier 2 & Tier 3 Best-in-Class (BIC) solutions. DoD recognizes the need to implement standard operating procedures that: (1) documents annual spend, and (2) integrates existing DoD initiatives that identify opportunities to reduce IT contract duplication. The DoD is actively reducing contract duplication through the DoD ESI non-Best-in-Class (BIC) Tier 2 solutions and BIC solutions. DoD will continue to collaborate with the DoD Components and invite IT vendors to DoD ESI meetings to provide an overview of their products/services and to share their current DoD spend and future DoD projections. Through the DoD ESI, DoD strives to eliminate contract duplication and establish Blanket Purchase Agreements, Joint Enterprise License Agreements, or Core Enterprise Technology Agreements (CETA) that provide best



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**Appendix III: Comments from the Department  
of Defense**

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value, and often best pricing. In the case of a CETA, the vehicles become mandatory for use if the requirement can be fulfilled within the scope of the contract, further eliminating duplication.

# Appendix IV: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation  
Washington, DC 20201

September 21, 2020

Carol C. Harris  
Director, Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Ms. Harris:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, *Information Technology: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication* (GAO-20-567).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

Sarah C. Arbes  
Assistant Secretary for Legislation

Attachment

**GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED — INFORMATION TECHNOLOGY: SELECTED FEDERAL AGENCIES NEED TO TAKE ADDITIONAL ACTIONS TO REDUCE CONTRACT DUPLICATION (GAO-20-567)**

The U.S. Department of Health & Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

**Recommendation 8**

The Secretary of Health and Human Services should ensure that the agency fully implements the category management activity to share prices paid, terms, and conditions for purchased IT goods and services. (Recommendation 8)

**HHS Response**

HHS requests that GAO reconsider this recommendation as we believe it has already been implemented. HHS was unaware that previously provided screenshots of the Acquisition Gateway's Solutions Finder and Prices Paid Portal with HHS' search results were insufficient evidence of sharing prices paid, terms, and conditions for its IT contracts. Additional information has been included to support this assertion below:

1. HHS' 14 IT contracts on the Acquisition Gateway's Solution Finder. Most entries include a link to the contract.
2. The Contract Inventory Exploration Tool, which shows NITAAC as HHS' only tier-rated IT contract. M-19-13 states that "With limited exceptions, agencies (including BIC solution owners) should be prepared to share prices paid information on the Acquisition Gateway of their contracts that align to Tier-1, -2, and -3 spending." This information was taken from the dashboard on the Acquisition Gateway.
3. Acquisition Analytics, which shows NITAAC transactional data as evidence that the prices paid were shared. This information was taken from the dashboard on the Acquisition Gateway.

**Recommendation 9**

The Secretary of the Health and Human Services should ensure that the agency uses a spend analysis on a regular basis to identify IT contract duplication. (Recommendation 9)

**HHS Response**

HHS concurs with GAO's recommendation.

HHS has previously analyzed spend data using the AI tool to identify potential duplication on IT contracts. Currently, HHS' opportunities to reduce IT contract duplication, have been delayed by the COVID-19 Pandemic actions. We anticipate resuming these activities in the future.

# Appendix V: Comments from the Department of State



United States Department of State  
Comptroller  
Washington, DC 20520

SEP 17 2020

Thomas Melito  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

Dear Mr. Melito:

We appreciate the opportunity to review your draft report, "INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication" GAO Job Code 102968.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey C. Mounts".

Jeffrey C. Mounts

Enclosure:  
As stated

cc: GAO – Carol C. Harris  
A/OPE – Vince J. Chaverini (Acting)  
OIG - Norman Brown

**Department of State Response to the Draft Report**

**INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take  
Additional Actions to Reduce Contract Duplication**  
**(GAO-20-567 GAO Code 102968)**

Thank you for the opportunity to comment on the GAO draft report “*Information Technology: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication*”.

**Recommendation 15:** The Secretary of State should ensure that the agency fully implements the category management activity to develop and implement vendor relationship management strategies, by finalizing its vendor management plan, and then implementing it.

**Response:** Department of State concurs.

The Department has developed and implemented a vendor management strategy and plan according to the requirements of OMB Memorandum M-19-13. The plan was finalized in June 2020 and approved by the Department’s Under Secretary for Management. The plan is publically available on GSA’s Acquisition Gateway:

<https://hallways.cap.gsa.gov/app/#/gateway/acquisition-innovation/48357/agency-vendor-communication-plans>

The plan has been implemented through several actions taken to identify opportunities for early, frequent and constructive communication with vendors such as industry days and small business conferences. Based on vendor outreach and feedback, the Department is posting FAQs on our small business office’s website for industry to follow on hot topics. We are also updating our procurement forecast, using modern technology platforms to automate the process as opposed to annual data calls, so the information is more current and reliable. The Department’s Office of Acquisitions Management intends to provide training for staff on the plan as well as remain an active participant at OMB’s inter-agency industry liaison roundtables, so that the vendor management plan can be continuously updated based on best practices.

# Appendix VI: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON

Ms. Carol C. Harris  
Director  
Information Technology Management Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Harris:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take Additional Actions to Reduce Contract Duplication*** (GAO-20-567).

The enclosure contains technical comments and the actions to be taken to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in blue ink that reads "Brooks D. Tucker".

Brooks D. Tucker  
Acting Chief of Staff

Enclosure

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**Appendix VI: Comments from the Department  
of Veterans Affairs**

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Enclosure

Department of Veterans Affairs (VA) Response to  
Government Accountability Office (GAO) Draft Report  
***INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take  
Additional Actions to Reduce Contract Duplication***  
(GAO-20-567)

**Recommendation:** The Secretary of Veterans Affairs should take the following six actions:

**Recommendation 1:** Ensure that the agency fully implements the category management activity to develop processes and policies for implementing the agency's category management efforts. (Recommendation 16)

**VA Response:** Concur. The Department of Veterans Affairs (VA) agrees with the Government Accountability Office's (GAO) conclusions and concurs with GAO's recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 2:** Ensure that the agency fully implements the category management activity to reduce unaligned IT spending, by performing an analysis of alternatives to justify the agency's unaligned IT contracts. (Recommendation 17)

**VA Response:** Concur. VA agrees with GAO's conclusions and concurs with GAO's recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 3:** Ensure that the agency fully implements the category management activity to develop and implement vendor relationship management strategies. (Recommendation 18)

**VA Response:** Concur. VA agrees with GAO's conclusions and concurs with GAO's recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 4:** Ensure that the agency fully implements the category management activity to share prices paid, terms and conditions for purchased IT goods and services. (Recommendation 19)

**VA Response:** Concur. Noteworthy, VA as an Agency does not have any Information Technology (IT) Best in Class (BIC) vehicles at the current time, and therefore, posting prices paid would not be required for VA vehicles. Further, 90% of VA IT buys are awarded against Federal BIC vehicles, which represents the leverage buying power and prices paid by various Federal Agencies.

**Recommendation 5:** Ensure that the agency uses a spend analysis to identify opportunities to reduce IT contract duplication. (Recommendation 20)

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**Appendix VI: Comments from the Department  
of Veterans Affairs**

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Enclosure

Department of Veterans Affairs (VA) Response to  
Government Accountability Office (GAO) Draft Report  
***INFORMATION TECHNOLOGY: Selected Federal Agencies Need to Take  
Additional Actions to Reduce Contract Duplication***  
(GAO-20-567)

**VA Response:** Concur. VA agrees with GAO's conclusions and concurs with GAO's recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

**Recommendation 6:** Ensure that agency develops and implements strategies to address duplication identified through the use of spend analyses.  
(Recommendation 21)

**VA Response:** Concur. VA agrees with GAO's conclusions and concurs with GAO's recommendation to the Department. VA will provide the actions to be taken to address the GAO draft report recommendation in the 180-day update to the final report.

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# Appendix VII: GAO Contact and Staff Acknowledgments

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## GAO Contact

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## Staff Acknowledgments

In addition to the individual named above, the following staff made key contributions to this report: Sabine Paul (Assistant Director), Scott Borre (Analyst in Charge), Craig Abrom, Rebecca Eyler, Ahmad Ferguson, Robert Letzler, Bradley Roach, Carlton Maynard, Paul Middleton, Samuel Portnow, Martin Skorczynski, Andrew Stavisky, Nathan Tranquilli, and Holly Williams.

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