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# FEDERAL CONTACT CENTERS

## Mechanism for Sharing Metrics and Oversight Practices along with Improved Data Needed





Highlights of [GAO-06-270](#), a report to congressional requesters

# FEDERAL CONTACT CENTERS

## Mechanism for Sharing Metrics and Oversight Practices along with Improved Data Needed

### Why GAO Did This Study

Federal agencies have increasingly relied on contact centers—centers handling inquiries via multiple channels such as telephone, Web page, e-mail, and postal mail—as a key means of communicating with the public. Many of these centers are contractor-operated. Concerns exist about the accuracy of responses provided through contractor-operated centers.

This report examines (1) the extent to which the contract terms and oversight practices for contact centers at selected agencies emphasize the importance of providing accurate information to the public, and (2) whether guidance for the operation of contact centers and basic information needed to provide general oversight exist. GAO reviewed one contractor-operated contact center at each of six agencies: the Centers for Disease Control and Prevention (CDC), General Services Administration (GSA), U.S. Postal Service (USPS), and the Departments of Defense, Labor, and Education (DOD, DOL, and Education).

### What GAO Recommends

GAO makes recommendations to the Office of Management and Budget (OMB) and GSA to improve the sharing of metrics and oversight practices for contact centers, and to improve data reporting on contracts for these services. OMB and GSA concurred with our recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-06-270](http://www.gao.gov/cgi-bin/getrpt?GAO-06-270).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William T. Woods at (202) 512-8214 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

### What GAO Found

The contracts and oversight practices for the contact centers of the six agencies reviewed, which handle millions of inquiries annually, varied significantly regarding the emphasis they placed on providing accurate information to the public. Although federal policy for disseminating information to the public specifically emphasizes accuracy, only four of the six agencies include accuracy as a performance metric in their contracts. With respect to oversight, only two of the six agencies used all four of the accuracy-related oversight practices we identified—regular knowledge database reviews, regular contact monitoring, postcontact customer satisfaction surveys, and validation of contractor reports. Although each agency used some form of oversight to assess the accuracy of the information provided by its contact center, each agency differed regarding how it implemented these practices.

There is no governmentwide guidance or standards for operating contact centers—including guidance on specifying accuracy as a contract performance metric or as a key focus for oversight. Some agencies indicated that had federal guidance been available, it would have helped them establish performance indicators and develop oversight policies and practices. Recognizing the need for operational standards for contact centers, an interagency working group recently proposed draft guidelines to OMB and other federal agencies, but OMB has no plans to issue these guidelines or any standards for use by agencies. Additionally, until recently the federal government had not collected data on the universe of federal contact centers. OMB and GSA attempted to collect data on the number, types, and costs of federal contact centers in 2004, but the data collected were incomplete. In addition, no governmentwide procurement information was reported to the Federal Procurement Data System (FPDS) in fiscal years 2000 through 2004 using the reporting code for telephone call centers, which OMB said is the appropriate code for contact centers. The five agencies we reviewed that report data to FPDS used a variety of different codes, some because they believe that the telephone call center code is too narrow to cover the services of their multichannel contact centers.

**Agency Oversight Practices Used for Ensuring Accuracy of Information**

Agency	Regular knowledge database review	Regular contact monitoring	Postcontact customer satisfaction surveys	Validation of contractor reports
CDC	<i>planned</i>	√	<i>planned</i>	√
DOD-TMA North			√	
DOL	√	√		
Education	√	√		
GSA	√	√	√	√
USPS	√	√	√	√

Source: GAO analysis.

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### Abbreviations

CDC	Centers for Disease Control and Prevention
DOD	Department of Defense
DOL	Department of Labor
FPDS	Federal Procurement Data System
GSA	General Services Administration
NAICS	North American Industry Classification System
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
TMA	TriCare Management Activity
USPS	U.S. Postal Service

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United States Government Accountability Office  
Washington, DC 20548

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February 8, 2006

The Honorable Henry A. Waxman  
Ranking Member  
Committee on Government Reform  
House of Representatives

The Honorable Edolphus Towns  
Ranking Member  
Subcommittee on Government Management,  
Finance, and Accountability  
Committee on Government Reform  
House of Representatives

Each year millions of citizens contact the government for information critical to their health, finances, or general well-being. In recent years, federal agencies have increasingly relied on contact centers—centers handling inquiries via multiple channels such as telephone, Web page, e-mail, and postal mail—as an important means of communicating with the general public. This was demonstrated most recently during the response to Hurricane Katrina. One of the principal ways the federal government delivers results, according to the Office of Management and Budget (OMB), is by providing timely and accurate information to citizens.<sup>1</sup> Improving access to high-quality government information and services is an important focus for OMB's current electronic government initiative, which is an element of the President's Management Agenda. Information provided to the public can be evaluated by various measures, including accuracy, timeliness, completeness, courtesy, and overall customer service satisfaction. OMB guidance specifies accuracy as one of the basic elements of quality for information provided by agencies to the public.<sup>2</sup> Incorrect information provided in a fast and courteous manner may be satisfying initially, but in the long run, it may be of little use or could be detrimental to the individual.

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<sup>1</sup> Office of Management and Budget, *Expanding E-Government: Partnering for a Results-Oriented Government*, (Washington, D.C.: Dec. 2004).

<sup>2</sup> Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, Federal Register, Vol. 67, No. 36 (Feb. 22, 2002).

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Many agencies have contracted with private sector firms to operate contact centers. Recent GAO reports identified high error rates in the accuracy of policy-oriented responses given to the public through one contractor-operated contact center.<sup>3</sup> In this context, you asked us to review how agencies are overseeing their contractor-operated contact centers to ensure that they provide accurate information to the public. Specifically, we (1) identified the extent to which the contract terms and oversight practices for selected agencies' contractor-operated contact centers emphasize the importance of providing accurate information to the public, and (2) determined whether guidance for the operation of contact centers and basic information needed to provide general oversight exist.

To identify contract terms and oversight practices for contact centers, we selected one contact center at each of six agencies. We selected centers that handle over 1 million inquiries annually and provide information to citizens that could significantly affect their finances, health, or safety.<sup>4</sup> Table 1 lists the contact centers we selected for our review and the main public inquiry issues they handle.

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<sup>3</sup> GAO, *Medicare: Accuracy of Responses from the 1-800-MEDICARE Help Line Should Be Improved*, [GAO-05-130](#) (Washington, D.C.: Dec. 8, 2004); GAO, *Medicare: Call Centers Need to Improve Responses to Policy-Oriented Questions from Providers*, [GAO-04-669](#) (Washington, D.C.: Jul. 16, 2004).

<sup>4</sup> One agency we selected for our review—the Centers for Disease Control and Prevention—is in its first year of a 4-year consolidation of workloads. The contact center is projected to receive an estimated 2.7 million inquiries annually when it is fully operational.

**Table 1: Agency Contact Centers Reviewed**

<b>Agency</b>	<b>Contact center</b>	<b>Public inquiry issues handled</b>
Department of Defense (DOD) TriCare Management Activity (TMA) North region <sup>a</sup>	Healthnet's contact center	Medical benefit coverage, enrollments, and claims processing
Department of Education (Education)	Federal Student Aid Information Center	Aid application status and loan issues
Department of Health and Human Services' Centers for Disease Control and Prevention (CDC)	CDC INFO contact center	Disease prevention, detection, and outbreak control information
Department of Labor (DOL)	National Contact Center	Job issues, workplace safety, pension and health benefits
General Services Administration (GSA)	National Contact Center	General information and referrals for any government program; orders for government publications
U.S. Postal Service (USPS)	National Contact Center	Mail delivery and shipping issues

Source: GAO.

<sup>a</sup>DOD TMA is divided into three separate contract service regions—North, South, and West.

For each of these centers, we interviewed agency officials and reviewed the contract terms and performance measures, as well as the policies, procedures, reports, and tools used to oversee and evaluate the contractors' operation of the contact centers. In addition, we visited four contractor-operated centers to observe their operations and quality control procedures. We did not independently assess the operations of the contact centers or evaluate the effectiveness of the contractors' quality control processes. We identified industry practices for ensuring the accuracy of information provided by contact centers and interviewed representatives from two major contact center industry groups.

To determine the guidance provided to agencies and the information gathered by the federal government about contact centers, we interviewed OMB and GSA officials and reviewed OMB guidance, the results of OMB's request for information from federal agencies about their centers, GSA's baseline survey of a sample of agencies' centers, and data from the Federal Procurement Data System (FPDS). We also reviewed the report of the GSA-sponsored interagency working group—the Citizen Service Levels Interagency Committee—that developed potential standards for federal contact centers. Appendix I includes a more detailed discussion of our scope and methodology, and appendix II contains additional details on the six contact centers we reviewed. Our work was conducted from February through November 2005 in accordance with generally accepted government auditing standards.

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## Results in Brief

The contracts and oversight practices six agencies used for their contractor-operated contact centers varied significantly regarding the emphasis they placed on providing accurate information to the public. Although federal policy for disseminating information to the public specifically emphasizes accuracy, only four of the six agencies' contracts explicitly include accuracy as a performance metric. Each agency we reviewed used some form of oversight to assess the accuracy of the information provided by its contact center, but only two of the six agencies used all four of the accuracy-related oversight practices we identified, such as contact monitoring and independent review of contractor performance reports. Each agency differed regarding how it implemented the various practices. For example, some agencies monitor calls only on an ad hoc basis, whereas others use a more structured system of monitoring to ensure accuracy. This variance was due to a number of factors, such as differences among the agencies in staffing levels, funding, and the use of guidance specific to the agency.

There is no governmentwide guidance or standards for operating contact centers—including guidance on including accuracy as a contract performance metric or as a focus for oversight. Some agencies indicated that had federal guidance been available, it would have helped them establish performance indicators for service quality, identify the most effective contract types and provisions, and develop oversight policies and practices. Recognizing the need for operational standards, an interagency working group recently proposed draft guidelines to federal agencies and OMB. Officials at OMB have reviewed the proposed guidelines but do not plan to issue any governmentwide guidance at this time; they believe agencies can refer to the proposed guidelines for guidance. Additionally, until recently the federal government has not collected data on the universe of federal contact centers that could be used in oversight of their operations. In 2004, OMB and GSA attempted to collect data on the number, types, and costs of federal contact centers. The data collected are incomplete, however, because OMB did not follow up with nonresponding agencies and the survey GSA used to collect the data had methodological flaws. In addition, each of the agencies we reviewed that reported information to FPDS chose a different reporting code for its contact center. None of the agencies used the code that OMB says covers contact center services because at least some of the agencies believe the code is limited to telephone services. OMB is considering issuing a clarification to the description of the code to explain that the code includes not just telephones, but also Web sites, e-mails, facsimiles, and so forth, in its next update to the North American Industry Classification System (NAICS) manual.

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This report contains recommendations to OMB and GSA that are intended to promote the sharing of metrics and oversight practices for contact center operations and to ensure that governmentwide data gathered on contact centers provide reliable information. OMB and three of the six agencies whose centers we reviewed provided comments on a draft of this report. OMB, CDC, and GSA concurred with our recommendations. DOD did not concur with our draft report because it believed that we did not describe all the efforts taken to ensure the accuracy of its contact center information. We recognize that DOD takes steps, through its contractor and otherwise, to ensure the accuracy of its contact center information. Nevertheless, we found no specific performance metric in the contract itself regarding accuracy, and we believe our report correctly depicts DOD's use of the oversight practices we identified.

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## Background

In 2001, the President announced his management agenda for making the government more focused on citizens and results, which included expanding Electronic Government (E-Government). The President's E-Government Strategy identified several governmentwide initiatives with a goal of eliminating redundant systems and significantly improving the government's quality of customer service for citizens and businesses. The expected results of the E-Government initiative include providing high-quality customer service regardless of whether a citizen contacts an agency by phone, in person, or on the worldwide Web. The E-Government Act of 2002 codified the President's E-Government initiatives and expanded OMB's leadership role by establishing the Office of E-Government and Information Technology within OMB.<sup>5</sup> The act also requires that agencies comply with OMB E-Guidance. One of the 24 presidential E-Government initiatives is developing and deploying governmentwide citizen customer service using industry best practices that will provide citizens with timely, consistent responses about government information and services via e-mail, telephone, Internet, and publications.

By congressional direction, OMB also is responsible for establishing and issuing governmentwide guidelines to federal agencies for ensuring the quality of the information disseminated to the public.<sup>6</sup> In response to this

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<sup>5</sup> E-Government Act of 2002, Public Law 107-347, Section 101 (December 17, 2002). The U.S. Postal Service considers itself exempt from this act.

<sup>6</sup> Consolidated Appropriations Act 2001, Public Law 106-554, Section 515 (December 21, 2000).

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direction, OMB issued guidance to agencies in February 2002 that defined the quality of information to include accuracy as one of its fundamental elements and directed agencies to develop procedures for reviewing and substantiating the quality of their information before dissemination.<sup>7</sup>

Contact centers are one method agencies use to disseminate information to the public. In the past, public inquiries to the government were often made by telephone and thus federal agencies began establishing call centers. With evolving technology, citizen inquiries to the government now come through various channels such as e-mails, Web-based forms, facsimiles, Web chat rooms, and traditional postal mail. As a result, agencies have established multichannel contact centers to handle these inquiries.<sup>8</sup> Contact centers rely on automated and live telephone response systems, Web site technologies, and trained customer service representatives to provide information to the public. For contractor-operated contact centers, the agency typically provides either scripted responses or the content from which the contractor creates its own scripted responses. The scripts are used for the prerecorded telephone response systems, Web pages, and preformatted responses given by the customer service representatives. Contact centers are staffed in tiers by generalist or specialist representatives or a combination of both. Usually, Tier 1 staff handle general information inquiries and direct more complex or personal issues to specialized Tier 2 or Tier 3 staff or to the agency's subject matter experts.

One method for obtaining information on the contact centers that are operated by contractors on behalf of the government is to review data from FPDS. FPDS is used to report individual procurement transactions, which include the industrial classification of the goods and services procured by the federal government. FPDS was implemented by OMB's Office of Federal Procurement Policy (OFPP) in 1978 in response to the Office of Federal Procurement Policy Act of 1974 requirement of establishing a system for collecting and developing information about federal procurement contracts.<sup>9</sup> Since 1982, GSA has administered FPDS on OFPP's behalf. In 2003, the system was revised and is now called FPDS-

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<sup>7</sup> Federal Register, volume 67, number 36, pages 8452–8460, February 22, 2002.

<sup>8</sup> See appendix IV for a list of GAO reports concerning call and contact centers.

<sup>9</sup> Office of Federal Procurement Policy Act of 1974, Public Law 93-400 (August 30, 1974).

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Next Generation.<sup>10</sup> A wide range of users, including those with the executive and legislative branches, rely on FPDS data for information on agency contracting actions, governmentwide procurement trends, and achievement of goals related to small business.

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## Emphasis on Providing Accurate Information to the Public Varies

The six agencies we reviewed emphasized accuracy of contact center information to varying degrees through the quality assurance mechanisms of their contracts and various oversight practices. Four of the six included a specific metric to measure contractor performance related to providing accurate information to the public, but only one of the six used all four of the oversight practices we identified—such as actively monitoring contacts—to ensure that accurate information is provided to the public.

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## Most Agencies' Contract Metrics Include Accuracy, but Some Did Not

Each of the six agencies we reviewed specified key performance metrics that its contractor is required to meet. These performance metrics define the minimum level of quality acceptable to the agency and provide the basis against which the contractor is to be evaluated. We found that four of the six agencies' contracts included accuracy of information in one or more of the key performance metrics. The remaining two agencies did not have specific metrics that addressed the need to provide accurate information to the public. Table 2 summarizes the key performance metrics specified in the contracts we reviewed and indicates through shading those that specifically address providing accurate information.

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<sup>10</sup> GAO, *Improvements Needed to the Federal Procurement Data System-Next Generation*, [GAO-05-960R](#), (Washington, D.C.: Sept. 27, 2005).

**Table 2: Summary of Key Performance Metrics in Agency Contracts**

Agency	Key performance metrics
CDC	<ul style="list-style-type: none"> <li>• Quality of service—accuracy and completeness of response and customer service skills</li> <li>• Customer satisfaction—point value based on monthly average of survey respondents providing favorable rating</li> <li>• Cost management—efficiency of operational costs</li> <li>• Business performance—ability to collaborate with other related contractors</li> </ul>
DOD-TMA	<ul style="list-style-type: none"> <li>• Busy signals—required percentage of calls received without busy signal</li> <li>• Hold time—limit to the number of seconds of hold time during the call</li> </ul>
DOL	<ul style="list-style-type: none"> <li>• Quality of service—accuracy of response and customer service skills</li> <li>• Staff occupancy—Minimum percentage of time that customer service representatives are actively handling inquiries</li> <li>• First contact resolution—required percentage of contacts resolved during first contact</li> <li>• Service level—percentage of calls answered within specified number of seconds</li> <li>• Average speed of answer—required percentage of calls answered within specific number of seconds</li> <li>• Abandonment rate—minimum percentage of calls that disconnect before being handled by the automated system or a customer service representative</li> <li>• All trunks busy—minimum percentage of time all telephone trunk lines are busy</li> <li>• Percentage of calls completed in Interactive Voice Response system—minimum percentage of calls handled by the automated response system</li> <li>• Customer satisfaction—percentage of survey respondents providing favorable rating</li> <li>• Hold time—limit to the number of seconds of hold time while waiting in call queue</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Accuracy of agent answer on calls/e-mails/online live help/facsimile—required percentage without errors</li> <li>• Customer satisfaction—percentage of survey respondents providing favorable rating</li> <li>• Average speed of answer—required percentage of calls answered within specific number of seconds while maintaining minimal abandonment rate</li> </ul>
GSA	<ul style="list-style-type: none"> <li>• Accuracy of agent answer on calls/e-mails/postal/facsimile—required percentage without errors</li> <li>• Knowledge base audits—number of knowledge pieces reviewed that meet accuracy checks</li> <li>• Customer satisfaction—percentage of survey respondents providing favorable rating on automated surveys at end of call, outbound call surveys, and e-mail surveys; required percentage increase in the number of survey respondents providing favorable ratings each quarter</li> <li>• Average speed of answer—required percentage of calls answered within specific number of seconds and e-mails/postal/faxes/orders responded to within specific number of business days</li> <li>• Service availability—required percentage of time that services are available to the public</li> </ul>
USPS	<ul style="list-style-type: none"> <li>• First contact resolution—required percentage of inquiries resolved during first contact (call/e-mail/postal/fax)</li> <li>• Service level—required percentage of calls answered within specific number of seconds</li> <li>• Customer satisfaction—percentage of survey respondents providing favorable rating on automated surveys at end of call, outbound call surveys, and e-mail surveys</li> </ul>

Source: GAO analysis of agencies' contracts.

Note: Shaded metrics are those that specifically address accuracy of information.

## Agencies' Contractor Oversight Practices Vary

The Federal Acquisition Regulation requires agencies to perform and document oversight of their contractors' performance to ensure the government receives high-quality services as specified in the contract.<sup>11</sup> Agency oversight provides quality assurance independent of the contractors' own quality control processes. Although each agency employed some oversight practices, only two of the six agencies we reviewed used all four of the oversight practices we identified for ensuring that accurate information is provided to the public. Each agency emphasized accuracy of information to varying degrees within its practices.

On the basis of our review of industry contact center practices and the practices employed by the agencies considered leaders in government contact centers, we identified four agency oversight practices related to ensuring that accurate information is provided to the public via a contractor-operated contact center.<sup>12</sup> Table 3 describes the four accuracy-related oversight practices.

**Table 3: Description of Oversight Practices for Ensuring Accuracy of Information**

Oversight practice	Description
Regular knowledge database management	Regular review of the information used by customer service representatives to respond to inquiries, known in the industry as the "knowledge database;" "regular" is defined as occurring at least annually
Regular contact monitoring	Regular reviews of the information provided in calls or e-mails to evaluate how well the customer service representatives handled the inquiry; the evaluation typically uses a score sheet that allows the reviewer to rate the customer service representatives in multiple areas, such as courtesy, accuracy of information provided, timeliness, completeness, and so forth; "regular" is defined as occurring at least on a weekly basis
Postcontact customer satisfaction surveys	Surveys asking if the individual was satisfied with the service received from the contact center; survey questions ask about the individual's opinions, including, to a limited extent, whether the information received was accurate; "postcontact" surveys refer to those initiated by the agency subsequent to the initial contact and do not include self-selected surveys available at the end of a telephone conversation
Validation of contractor reports	Validating the data provided in contractor-prepared reports to ensure accuracy; these reports, which could be provided daily, weekly, monthly, or quarterly, include operational information such as the center's workload volumes, transaction handling times, and results of the contractor's contact monitoring

Source: GAO analysis based on review of industry practices and discussions with officials from the agencies we reviewed.

<sup>11</sup> Federal Acquisition Regulation, at Sections 37.602-2 and 46.104 (July 2005).

<sup>12</sup> Some of the agencies we reviewed indicated that training is also a key part of ensuring accuracy. However, since training was provided as part of the contractors' quality control processes, we did not consider it an oversight practice.

The first two practices, knowledge database management and agency contact monitoring, provide direct oversight regarding accuracy of information, because they focus on detecting inaccuracies in the source information used to provide responses to the public and in the actual responses provided by the customer service representatives. The remaining two practices, customer satisfaction surveys and validation of contractor-prepared reports, are more indirect methods of ensuring accuracy in that they review customers' reactions to the information provided and independent agency corroboration of the contractor's reporting on its own quality procedures. The agencies we reviewed varied with respect to how they implemented these practices. This variance was due to a number of factors, such as differences among the agencies in staffing levels, funding, and the use of guidance specific to the agency. Table 4 shows the extent to which the six agencies we reviewed employ each of the accuracy-related oversight practices.

**Table 4: Agency Oversight Practices Used for Ensuring Accuracy of Information**

Agency	Agency oversight practices			
	Regular knowledge database review	Regular contact monitoring	Postcontact customer satisfaction surveys	Validation of contractor reports
CDC	Planned	√ Daily by third-party contractor	Planned	√ By third-party contractor
DOD-TMA North			√	
DOL	√ Continuous basis	√ Weekly		
Education	√ Annually	√ Weekly		
GSA	√ Continuous basis	√ Weekly	√ On publication orders	√
USPS	√ Continuous basis	√ Weekly	√	√ With third-party contractor assistance

Source: GAO analysis.

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Oversight Practice 1:  
Regular Knowledge Database  
Reviews

Most of the agencies we reviewed had a structured process for ensuring accurate information is maintained in the knowledge database. DOL, Education, GSA, and USPS approve contractor-developed information that is created based on government-provided materials. These agencies then perform periodic reviews of the information in the knowledge database. CDC currently prepares all scripted responses and Web site information, which the contractor is required to use, and plans to implement annual reviews of the knowledge database, starting at the first anniversary of operation in February 2006. TMA allows the contractor to develop information based on material TMA provides, but does not review the information used by the contractor to respond to public inquires. DOD said that TMA relies on the expertise and skills of its contractor to provide the required services.

Oversight Practice 2:  
Regular Agency Contact  
Monitoring

Almost all of the agencies we reviewed perform regular monitoring of the contractor's responses to the public to help assess whether accurate information is provided. CDC, DOL, Education, GSA, and USPS each monitor a number of contacts on a regular basis, although accuracy of information is addressed to varying degrees in the score sheets. For example, accuracy is clearly weighted as an important aspect of the call in CDC's score sheet. Therefore if an inaccurate answer is provided, the contractor "fails" for that call and the customer service representative is counseled. On the other hand, Education's score sheet does not clearly weight accuracy of information. Education and its contractor staff could not explain how providing inaccurate information on a call would be indicated on the monitoring score sheet. In addition to giving different weights to accuracy, the five agencies also vary in terms of the frequency with which they monitor their contacts. Education and USPS each employ one full-time staff to monitor a selection of the contact centers' contacts. CDC has a third-party contractor monitor the contact center on a daily basis and uses this assessment in the determination of the contractor's award fee. GSA staff monitor a sample of calls on a weekly basis and started performing quarterly audits of the contractor's monitoring efforts in November 2005. The sixth center, TMA, only monitors calls on an ad hoc basis when officials visit the contact center.

Oversight Practice 3:  
Postcontact Customer  
Satisfaction Surveys

Three of the agencies we reviewed conduct customer satisfaction surveys subsequent to the initial contact from an individual. GSA, TMA, and USPS conduct customer satisfaction surveys, which ask, to limited degrees, questions that address the accuracy of information provided. While providing some level of insight regarding accuracy, customer surveys may not always provide a valid basis for oversight of the accuracy of information, since they usually ask the individual's opinion on the service

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Oversight Practice 4:  
Validation of Contractor  
Reports

provided. If the survey is conducted too closely to the time of the inquiry, the individual may not have had time to act upon the information to know whether it is accurate or not. CDC plans to implement three types of postcontact customer satisfaction surveys through a third-party contractor beginning in June 2006. DOL does not conduct postcontact surveys because it does not maintain personal information on the individuals that contact the agency.

Three of the six agencies we reviewed take steps to validate the information in the contractor-prepared reports related to contact center performance. These reports generally include some aspects related to accuracy of information provided to the public, such as the contractor's results of its monitoring of contacts. CDC and USPS validate to some degree the reports provided by the contractor. GSA conducts quarterly audits of its contractor's supporting data. Although DOL, Education, and TMA review their contractor reports, they rely upon the reports without validation. According to GAO's standards for internal control in the federal government, good internal control practices require that agencies validate the performance reports provided by the contractor to ensure the information is valid.<sup>13</sup>

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Governmentwide  
Guidance and  
Information on  
Contact Centers Do  
Not Exist

The federal government does not have comprehensive, centralized guidance for operating a contact center or for overseeing a contractor-operated center. Although operation and oversight of contact centers are the responsibility of individual agencies, GSA, in consultation with OMB, determined that governmentwide standards would be useful. GSA sponsored an interagency committee that recently provided draft guidelines for operating federal contact centers to OMB and other federal agencies. However, OMB told us it does not plan to issue any governmentwide guidance based on the committee's recommended guidelines at this time, because OMB has not identified the operation of contact centers as an area of concern. Furthermore, until recently, no governmentwide information specific to contact centers has been collected. Initial attempts to gather governmentwide information about the number and type of activities that agencies use to provide public information proved to be inadequate for providing a comprehensive

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<sup>13</sup> GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999); *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

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governmentwide view of contact centers. In addition, officials from the agencies we reviewed told us that no industry classification code in FPDS currently covers the full range of services provided by a contact center.

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### Limited Federal Guidance for Operating and Overseeing Contractor-Operated Contact Centers

In its 2004 report on the electronic government initiative, OMB highlighted the importance of delivering timely and accurate information to the public and stated that there are opportunities to apply existing and emerging best practices to achieve increases in productivity and delivery of services and information.<sup>14</sup> To date, however, OMB has established only limited guidance on preferred practices at contact centers. The only OMB guidance<sup>15</sup> we found that specifically related to contact centers is focused on the use of performance-based contracting for such services.<sup>16</sup> This guidance is dated and limited in its coverage and does not provide guidance on performance metrics for contact centers or oversight practices.

Because of the need for governmentwide standards for operating contact centers, GSA in consultation with OMB, took the initiative to form an interagency working group to propose guidelines to OMB and other federal agencies. Formed in March 2005, the Citizen Service Levels Interagency Committee is composed of 58 contact service representatives from 33 executive branch agencies. In addition to relying on their knowledge in running contact centers, the committee also had a contractor perform two studies to provide insight on citizens' expectations when contacting government agencies for information and current industry metrics, benchmarks, and best practices for operating contact centers. The committee submitted a report with 37 proposed standards for operating contact centers to OMB in September 2005, including four standards specifically related to ensuring accuracy. The committee plans to continue to work on additional contact center issues and to help agencies implement any contact center standards that OMB might

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<sup>14</sup> Office of Management and Budget, *Expanding E-Government: Partnering for a Results-Oriented Government*, (Washington, D.C.: December 2004).

<sup>15</sup> Office of Federal Procurement Policy, *Performance-Based Concepts for Telephone Call Center Contracting*, (Washington, D.C.: 1997).

<sup>16</sup> Performance-based contracts specify the desired outcomes and allow the contractors to determine how best to achieve those outcomes, rather than prescribe the methods contractors should use. Performance-based contracts can encourage contractors to be innovative and to find cost-effective ways of delivering services.

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endorse. In October 2005, OMB officials stated that they had reviewed the committee's report but did not plan to issue any governmentwide guidance based on the committee's recommended guidelines at this time, because OMB has not identified the operation of contact centers as an area of concern. OMB stated further that if agencies need additional guidance in developing their standards, they can refer to the committee's report.

The agencies we reviewed each performed independent research to develop their contracts and formulate a management strategy for operating their contact centers. Performing independent research resulted in duplication of efforts across agencies, using limited resources and taking valuable time. For example, to develop guidance, the Department of Education performed market research, worked with a contractor on customer services and related standards, and studied industry best practices on a limited basis. Similarly, CDC sent out a request for information to industry to gain insight on the technology available for operating contact centers before it developed its contract. CDC then performed market research, reviewed industry practices, and visited other government contact centers, such as that of the Social Security Administration and the Centers for Medicare and Medicaid Services, to learn about the practices of government- and contractor-operated centers.

In 2004, GSA created a multiple-award contract called FirstContact to assist agencies in contracting for contact center services. Under this multiple-award contract, agencies can issue a task order to any of five preapproved contractors to operate a contact center. Using FirstContact will minimize the time and effort required of agencies to locate a contractor to manage their centers. To date, the Department of Homeland Security's Federal Emergency Management Agency, GSA, and the Department of Health and Human Services have placed six task orders against this contract, and three other agencies are looking to place orders as well. For example, the Federal Emergency Management Agency recently used this contract vehicle to quickly provide contact center services for the influx of calls and applications for government assistance in the aftermath of Hurricane Katrina. Although agencies now have this multiple-award contract as a mechanism to assist them in contracting for contact center service, they still must develop specific performance metrics and oversight practices specific to their center.

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## Governmentwide Data on Contact Centers Do Not Exist

Given the lack of governmentwide information on the activities that provide information to the public, OMB made an initial attempt to collect such data in 2004. For this effort, OMB issued a data request to all executive branch agencies to obtain basic data, such as the contact center

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name, volume of contacts, and whether performance and cost metrics are collected, for every activity that provides information directly to the public. OMB normally uses data requests as a census tool to acquire a snapshot of the current budget environment of the government. Agencies responded by self-identifying over 1,800 activities that currently provide information to citizens using various communication channels such as telephone, e-mail, and Internet Web sites. The individual activities identified ranged in size from a couple of employees who answer telephone calls as part of their duties to contact centers with staffs of several hundred employees who handle millions of inquiries through several channels. Of the 1,800 activities identified, over 500 categorized themselves as contact centers. Since it was making a nonstandard data request, OMB performed little follow-up on nonresponding agencies and did not verify reported results. We noted that some large agencies, such as DOD, did not report any activities that provide information to the public.

In an effort to expand on the information collected through the OMB data request, GSA surveyed 360 activities—approximately a quarter of those who responded to the data request—to develop a baseline snapshot of governmentwide activities providing information to the public. However, GSA’s survey methodology was flawed because the agency selected its sample from an incomplete universe, had a low survey response rate, and did not perform a nonresponder analysis. Thus, the survey results did not provide a representative view of activities across the government. GSA plans to conduct a follow-up survey of government activities in 2007.

While OMB and GSA information regarding the universe of federal contact centers is incomplete, another potential source of information on those contact centers that are contracted out by the government is the FPDS. Since its inception in 1978, the FPDS has served as the governmentwide system for collecting federal procurement data. Five of the six agencies we reviewed, however, each used a different code to report their contact center procurement actions to FPDS.<sup>17</sup> Officials from agencies we reviewed told us that no current North American Industry Classification System (NAICS) code covers the full range of services provided by a

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<sup>17</sup> USPS does not report to FPDS.

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contact center.<sup>18</sup> Table 5 lists the NAICS codes used by the five agencies reporting data to FPDS.

**Table 5: NAICS Codes Used for Contact Center Contracts Reviewed**

Agency	NAICS code	NAICS definition
CDC	518210	Data processing, hosting, and related services
DOD-TMA	524114	Direct health and medical insurance carriers
DOL	541519	Other computer-related services
Education	541512	Computer systems design services
GSA	519190	All other information services

Source: GAO analysis.

The five agencies that reported to FPDS chose different NAICS codes for different reasons. Officials from DOL and GSA stated that they chose alternative NAICS codes because the definition provided for telephone call center does not cover all of the activities handled in a contact center. Education and DOD-TMA officials explained that they chose NAICS codes that encompassed the main work of the contract, since the contact center is only a portion of the work in a contract for a larger program. CDC chose its NAICS code based upon the information technology services required for creating its contact center.

No governmentwide procurement information was reported to FPDS using the NAICS codes for telephone call centers in fiscal years 2000 through 2004. This category of NAICS codes—56142—is defined as establishments primarily engaged in answering telephone calls and relaying messages or in telemarketing activities. Although officials from three of the agencies we reviewed expressed the opinion that the definition for telephone call centers is too narrow to encompass all the work performed by a contact center, OMB told us that the telephone call center code is the correct code to use. Specifically, OMB stated that the subcode of 561422—telemarketing bureaus—was written with the intent to cover all the functions of a contact center. OMB is considering issuing a clarification to the description of the 56142 codes to explain that these codes include more than telephones—such as Web sites, e-mails, facsimiles, and so forth—in its next update to the NAICS manual in 2012.

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<sup>18</sup> The NAICS code is used to classify the industry type for the product or service being purchased. It replaced the Standard Industrial Code.

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## Conclusions

Providing timely and accurate information is a key result area for the federal government. Federal agencies that use contractor-operated contact centers to meet the public's demand for information assume the burden of assuring that the information provided by the contractors is accurate. While the agencies we reviewed have taken a variety of steps to ensure that their contractor-operated contact centers address accuracy, at some agencies accuracy clearly does not have the same priority as other objectives, such as timeliness. Although agencies need flexibility in meeting the needs of the individuals that contact them, they also can benefit from the experience gained by their peers operating other government contact centers. Short of mandating specific guidance, increased sharing among agencies of successful practices for managing contact centers may help improve their abilities to write and oversee contracts for these centers and may avoid needless duplication of effort. The guidelines proposed by the Citizen Service Levels Interagency Committee are a step in this direction. However, whether this effort will result in information sharing across agencies is uncertain. Leveraging knowledge gained by other agencies through the sharing of effective practices could be enhanced by governmentwide leadership. OMB's leadership of the electronic government initiative, its role in guiding agency dissemination of public information, as well as its procurement policy role, put it in an ideal position to facilitate the exchange of information among agencies to ensure effective oversight of contractors in meeting the public's need for timely and accurate information.

While OMB and GSA have taken initial steps to enhance the oversight of federal contact centers by gathering some information on the universe of these centers, it is not clear whether the data collected provide enough information for governmentwide oversight of contact center operations or whether GSA's planned data collection efforts will do so either. With additional reliable information, OMB may be able to more quickly identify and act on emerging problems and opportunities. In addition, FPDS can also be more effective in identifying the number of contracts and dollars obligated for contact centers across the government, but only if the agencies consistently use the appropriate NAICS code for these services.

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## Recommendations for Executive Action

To facilitate the sharing of sound oversight practices for the operation of contact centers, to help ensure that providing accurate information to the public by contact centers is a priority outcome, and to improve the quality of information gathered about these centers, we recommend that the Director of the Office of Management and Budget take the following actions:

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- Building on efforts begun by the GSA-sponsored interagency committee, work with agencies to develop a mechanism for sharing performance metrics and oversight practices for contact centers. Continued efforts should stress that providing accurate information to the public needs to be a key factor in the oversight of federal contact centers.
  - Take steps to ensure consistent reporting on contact centers by developing an industry category or specific code definition in NAICS that encompasses all the services provided by contact centers or by providing further instruction to agencies regarding the appropriate NAICS code to use for contact centers.

To improve the quality of information about federal contact centers, we recommend that the Administrator of General Services take the following action:

- Ensure that further efforts to develop governmentwide data on contact center operations—such as the survey planned for next year—employ sound methodologies to ensure that the resulting information is representative of the activities across the government.

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## Agency Comments and Our Evaluation

We requested comments on a draft of this report from the Office of Management and Budget and each of the six agencies we reviewed—Department of Defense, Department of Education, Department of Health and Human Services, Department of Labor, General Services Administration, and U.S. Postal Service. The Office of Management and Budget provided oral comments in which they concurred with our findings and recommendations. The Department of Defense, Department of Health and Human Services, and the General Services Administration provided written comments that are reproduced in appendices III, IV, and V, respectively. OMB and most of the agencies also provided technical comments, which we incorporated as appropriate.

The Department of Health and Human Services and the General Services Administration also concurred with our findings and recommendations. The Department of Defense did not concur with our draft report because it believes the report does not fully reflect all the metrics and practices DOD and its contractor use to ensure the accuracy of information provided to TRICARE beneficiaries. In its comments, DOD emphasizes that its approach to contracting for contact center operations relies on the contractor to use industry standards for ensuring information accuracy.

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DOD states that standards exist in its contract related to the accuracy of information provided by telephone. DOD also cites additional metrics it uses for monitoring contractor performance. In addition, DOD requires the contractor to have a quality management program which must be validated by a nationally recognized third-party organization. DOD points out that it receives monthly briefings on the operation of the contractor's quality management program and observes call center operations during site visits. Finally, DOD explained that it monitors the expertise and skills of the contractor staff that perform the knowledge management function.

We recognize that DOD has decided to use what it calls the "audit the auditor" approach to quality assurance. It was not our objective, however, to assess the merits of any particular approach to ensuring quality, but rather to determine the extent to which contract terms and agency oversight practices emphasize the importance of providing accurate information to the public. In this regard, while the contractor may use specific standards for accuracy in its quality management program, we found no specific metric related to accuracy in the TRICARE contact center contract itself or in the additional metrics cited in DOD's comments. For the most part, the additional quality control activities listed by the Department are those of its contractor, not oversight activities performed by the agency, which was the focus of our review. While independent validation of the contractor's quality control program helps to ensure the contractor has a quality process in place for monitoring its responses to the public, this does not substitute for DOD oversight activities such as validating the contractor's reports of its monitoring efforts. In addition, while DOD performs site visits to oversee the contractor's operations, it does so only on an ad hoc basis. Based on DOD's comments, we added additional language to the report regarding DOD's approach to knowledge management.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this report. We will then send copies of this report to the Director of the Office of Management and Budget, the Administrator of General Services, the Postmaster General, and the Secretaries of the Department of Defense, Department of Education, Department of Health and Human Services, and Department of Labor. We will also make copies available to others upon request. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. This report is available at no charge on GAO's Web site at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please call me at (202) 512-4841. An additional GAO contact and staff who made contributions to this report are listed in appendix VI.

*William T. Woods*

William T. Woods  
Director, Acquisition and  
Sourcing Management

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# Appendix I: Scope and Methodology

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To assess the guidance provided to federal agencies and the information gathered by the federal government about contact centers, we conducted interviews with Office of Management and Budget (OMB) and General Services Administration (GSA) officials, and reviewed related guidance and results of their initial data collection efforts. We researched and discussed with OMB the absence of guidance related to the operation and oversight of contact centers. We also discussed the results of OMB's 2004 request for information to federal agencies that asked for self-identification of any activities that provide information to the public. In addition, we reviewed and discussed the results of GSA's survey of a sample of agency activities that responded to OMB's request. We did not assess the validity of the data gathered by OMB and GSA. However, a GAO methodologist reviewed the GSA survey methodology and identified its weaknesses. In addition, we monitored the progress of the GSA-sponsored working group—the Citizen Service Levels Interagency Committee—as it developed and recommended standards to OMB for federal contact centers. We did not assess the committee's recommendations as a whole, but rather reviewed how accuracy of information was addressed within its proposed standards. We reviewed data from the Federal Procurement Data System for the past 5 fiscal years to determine if any contract actions were reported using the code for telephone call center services.<sup>1</sup>

To describe federal agencies' efforts to ensure accurate information is provided to the public by contractor-operated centers, we reviewed the contract terms and oversight activities for one center at each of six agencies. We selected centers that handle over 1 million inquiries annually and provide information to citizens that could significantly affect their finances, health, or safety.<sup>2</sup> The contact centers selected for our review are

- Department of Defense TriCare Management Activity (TMA) North region—Healthnet's contact center: provides general and personalized medical benefit and coverage information and processes enrollments and claims for military families in the North region;<sup>3</sup>

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<sup>1</sup> Despite the shortcomings of FPDS noted in previous GAO reports, using FPDS did not adversely affect our work. GAO, *Improvements Needed to the Federal Procurement Data System-Next Generation*, [GAO-05-960R](#) (Washington, D.C.: Sept. 27, 2005), and *Reliability of Federal Procurement Data*, [GAO-04-295R](#) (Washington, D.C.: Dec. 30, 2003).

<sup>2</sup> One agency we selected for our review—Centers for Disease Control and Prevention—is in its first year of a 5-year consolidation of workloads. The contact center is projected to receive an estimated 2.7 million inquiries annually when it is fully operational.

<sup>3</sup> DOD TMA is divided into three separate contract service areas—North, South, and West.

- Department of Education (Education)—Federal Student Aid Information Center: provides general information about applications and loan issues and personalized information on the status of applications and loans to the public and academic community;
- Department of Health and Human Services’ Centers for Disease Control and Prevention (CDC)—CDC INFO contact center: provides information about health and safety issues—including prevention, detection, and outbreak control—to the public and medical professionals;
- Department of Labor (DOL)—National Contact Center: provides general information and referrals regarding job issues, workplace safety, and pension and health benefits to the public and employers;
- General Services Administration—National Contact Center: provides general information and referrals related to any agency or government program; and
- U.S. Postal Service (USPS)—National Contact Center: provides general and individualized information on mail delivery and shipping issues to the public and businesses.

To complete our review, we interviewed management and staff responsible for oversight of the contractor-operated contact center at each agency. We reviewed the performance metrics specified in the agency’s contract as well as the related reports used to oversee and evaluate the contractors’ operation of the contact centers. In addition to conducting discussions with the agencies, we visited four contractor-operated centers to observe their operations and quality control procedures. Specifically, we visited locations for the GSA center operated by ICT Group, CDC and Education centers operated by Pearson Government Solutions, and the DOL center operated by Datatrac Information Services.<sup>4</sup> At each center we interviewed management and customer service representatives regarding the oversight practices used to monitor the accuracy of information. We did not test the contractors’ internal control procedures or validate any data from their sample reports.

We identified industry practices for ensuring the accuracy of information provided by contact centers, interviewed representatives from two major contact center industry groups—the Society of Consumer Affairs Professionals and the Incoming Calls Management Institute—and attended the 2005 Government Customer Support Conference. In addition, we reviewed prior GAO reports concerning contact centers. We also

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<sup>4</sup>The contractors consider the locations of their call centers to be proprietary information.

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discussed contact center issues with other GAO teams that were currently reviewing or had recently reviewed other federal contact centers. Our work was conducted from February through November 2005 in accordance with generally accepted government auditing standards.

# Appendix II: Contact Center Profiles for Six Agencies Reviewed

**Table 6: Contact Center Profiles for Agencies Reviewed**

<b>Agency</b>	<b>Centers for Disease Control and Prevention</b>	<b>Department of Defense TriCare Management Activity—North</b>
<b>Contact center</b>	CDC INFO	Healthnet's contact center
<b>Purpose of public inquiries</b>	Medical disease issues—including prevention, detection, and outbreak control	Medical benefits and coverage issues, enrollment, and claims processing
<b>Methods of contact handled</b>	Telephone, e-mail	Telephone, e-mail
<b>Main hours of operation</b>	Daily 24 hours/day	Daily 7:00 a.m. to 7:00 p.m. (eastern time)
<b>Languages supported (beyond English)</b>	Spanish	Spanish
<b>Fiscal year 2005 call volume</b>	314,749 from February to September 2005 (estimated at 2.7 million calls when fully operational) <sup>c</sup>	5,236,793
<b>Fiscal year 2005 e-mail volume</b>	834 from February to September 2005 (estimated at 18,000 e-mails when fully operational) <sup>c</sup>	56,160
<b>Contractor</b>	Pearson Government Solutions	Healthnet Federal Services
<b>Date of award</b>	September 1, 2004	September 1, 2003
<b>Period of performance</b>	2-year base plus 5 1-year options	7-month base plus 5 1-year options
<b>Total value of contract at award (in millions of dollars)</b>	\$73.7	\$2,298 (the contact center is only a portion of this contract) <sup>d</sup>
<b>Payment structure</b>	Cost plus award fee	Firm fixed price plus award fee
<b>Number of customer service representatives</b>	50-100	600-650
<b>Number of locations</b>	3	6

**Appendix II: Contact Center Profiles for Six Agencies Reviewed**

<b>Department of Labor</b>	<b>Department of Education</b>	<b>General Services Administration</b>	<b>U.S. Postal Service</b>
National Contact Center	Federal Student Aid Information Center	National Contact Center	National Contact Center
Job loss support, wage information, workplace safety, pension and health benefits; fulfillment of orders for posters, fact sheets, and handbooks	Federal Student Aid application and loan issues	Any citizen issues for any agency in the government; fulfillment orders for government publications	Mail delivery and shipping information
Telephone, e-mail	Telephone, e-mail, facsimile, Web site, online live help	Telephone, e-mail, Web site	Telephone, e-mail, facsimile, Web sites
Monday-Friday 8:00 a.m. to 8:00 p.m. (eastern time) <sup>a</sup>	Monday-Friday 8:00 a.m. to midnight; Saturday 9:00 a.m. to 6:00 p.m. (eastern) <sup>a</sup>	Monday-Friday 8:00 a.m. to 8:00 p.m. (eastern) <sup>a</sup>	Monday-Friday 8:00 a.m. to 8:30 p.m.; Saturday 8:00 a.m. to 6:00 p.m. (eastern time)
Spanish and 140 additional languages via translation service	Spanish	Spanish <sup>p</sup>	Spanish
1,347,476	5,780,158	1,700,000	64,001,962
71,765	488,158	107,000	1,041,210
Datatrak Information Services	Pearson Government Solutions	ICT Group	Convergys
September 30, 2001	February 1, 2005	November 28, 2004	January 27, 2003
1-year base plus 4 1-year options	1-year base plus 9 1-year options	1-year base plus 4 1-year options	4-year base plus 6 1-year options
\$23	\$80.1 (the contact center is only a portion of this contract) <sup>d</sup>	\$29	\$254.6 (for 4-year base only)
Time and materials	Firm fixed price plus award fee	Firm fixed price	Firm fixed price plus award fee
50-100	400-450	50-100	1,200-1,300
2	3	1	3

Source: GAO analysis.

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**Appendix II: Contact Center Profiles for Six  
Agencies Reviewed**

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<sup>a</sup>DOL provides service 24 hours a day for the Occupational Safety and Health Administration toll-free number and provided service 24 hours a day during hurricane relief efforts; Education extends its hours during student aid application season; GSA provides service 24 hours a day under emergency situations.

<sup>b</sup>Although only Spanish is provided at this time, GSA's contract allows for the provision of additional languages.

<sup>c</sup>The CDC contact center is in its second year of operation and is consolidating the work for 40 different toll-free numbers over a total period of 4 years.

<sup>d</sup>The contact center is a portion of a larger service contract. The value shown here is for the entire contract, as the agency could not provide a breakdown of the cost for the contact center alone.

# Appendix III: Comments from the Department of Defense



**THE ASSISTANT SECRETARY OF DEFENSE**

1200 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1200

**HEALTH AFFAIRS**

JAN 24 2006

William T. Woods  
Director, Acquisition and Sourcing Management  
U.S. Government Accountability Office  
441 G. Street, N.W.  
Washington, DC 20548

Dear Mr. Woods:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, "FEDERAL CONTACT CENTERS: Mechanism for Sharing Metrics and Oversight Practices Along with Improved Data Needed," dated December 21, 2005, GAO Code 120407/GAO-06-270).

Thank you for the opportunity to review and comment on the draft report. Access to healthcare is one of my highest priorities. Ensuring our beneficiaries are able to contact our call centers to address questions and receive accurate and timely information is vitally important to the success of our TRICARE program. This report provides invaluable information on how other agencies support their contact centers and ensure the accuracy of information that might be useful in how we operate our centers.

I want to take this opportunity to clarify the contracting approach TMA uses, as well as the Department's approach to performance management from both a contractual and operational perspective.

Overall, I do not concur with the report's findings and recommendations. The data contained in the report portrays that TMA is not concerned with nor takes efforts to ensure the accuracy of information provided to our beneficiaries. In developing our new TRICARE contracts (T-NEX) we utilized state-of-the-art contracting techniques to obtain best practices of our contractors to provide services and healthcare. Further, your report suggests that TMA only utilizes two performance metrics. This is incorrect. We use many additional measures (also noted in your assessment of other agencies) such as first contact resolution, average speed of answer, abandonment rate, hold time, staffing ratios, service level, and customer satisfaction. Therefore, your comparison between the six agencies in the report and TMA is inaccurate. Our contact centers are highly effective according to ratings we receive from our beneficiaries, and according to our measures. Additional information addressing this is enclosed.

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

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My points of contact are Ms. Christine VanCleave at (303) 676-3639 or Mr. Gunther Zimmerman at (703) 681-3492.

Sincerely,

  
William Winkenwerder, Jr., MD

Enclosure:  
As stated

GAO DRAFT REPORT – DATED December 21, 2005  
GAO CODE 120407/GAO-06-270

“FEDERAL CONTACT CENTERS: Mechanism for Sharing Metrics and  
Oversight Practices Along with Improved Data Needed”

DEPARTMENT OF DEFENSE COMMENTS

GENERAL

Following acquisition reforms principles, in 2003 the TRICARE Management Activity (TMA) awarded managed care support contracts that reflected best commercial practices and performance outcomes. This represented a divergence from our historical approach where the Government mandated processes, procedures and standards and incurred the much higher costs of these Government specified provisions. Acquisition reform principles required the Government to assess risk and only specify Government processes, procedures and standards where industry standards are not acceptable. This does not mean that standards do not exist. It simply means that the Government is accepting of industry-proposed standards when these standards are expected to achieve the Government’s specified outcome of the contract.

TMA, the Surgeons General, and the Assistant Secretary of Defense for Health Affairs determined that one of the five objectives of our healthcare delivery contracts was to achieve “beneficiary satisfaction at the highest level possible throughout the period of performance...” With this contract objective defined, a risk assessment of every activity occurring through the contracts was conducted to determine where there was a high risk of failure associated with commercial best practices. In relation to our call center requirements, the Government’s experts determine that commercial “hold times,” “blockage rates,” and the commercial use of “automated response units” and call routing equipment represent a high risk of failure related to maintaining beneficiary satisfaction at the highest possible level. Because of the risk associated with commercial best practices, the Government mandated standards for these functions. The same risk assessment was conducted related to an information accuracy standard. The Government team determined that industry could not afford errors in their commercial sector from either a customer satisfaction or liability standpoint and, as such, assessed the risk associated with accepting commercial standards for accuracy as low. In the single contract considered by the GAO, the quality control program mandated by the TRICARE Operations Manual, Chapter 1, Section 4, paragraph 4.2,<sup>1</sup> specifically requires standards and monitoring of the accuracy of telephone based responses.

<sup>1</sup> The contract, Section C, paragraph C-3.1, incorporates the TRICARE Operations Manual as “an integral part of this contract.”

Health Net Federal Services (HNFS) complied with this requirement and proposed a 95% standard. Contractually, this standard requires HNFS to “establish and operate an internal quality management/quality improvement program covering every aspect of the contractor’s operation, both clinically and administratively.” (See contract provision C-7.25.)<sup>2</sup> This approach allows the Government to focus its surveillance efforts on the operationally high risk areas, monitor areas of reasonable risk, and be aware of areas with minimal risk. At present telephone accuracy is an area assessed as reasonable risk. TMA assesses contract performance by mandating internal sampling and requiring monthly monitoring. During on-site visits, TMA samples the work of HNFS quality management department to validate the accuracy of reported information and the implementation of corrective actions. This approach effectively utilizes the skills of Government personnel who must focus on the outcome of the call, including accuracy, timeliness, tone, and follow-up. Each of these individual components is effectively monitored through a contractor operated Quality Management/Quality Improvement (QM/QI) process that is validated by the Government and a nationally recognized body such as International Standards Organization (ISO).

TMA also uses independent sources for performance monitoring. HNFS is required, by contract, to obtain ISO certification of their quality management program. This independent certification provides the Government with additional assurance that the quality management processes proposed are utilized, that these processes measure intended objectives, and that results are accurately reported. HNFS has obtained this certification and continues to manage based on this certification criteria. A second ISO 9001:2000 surveillance audit of the HNFS Business Management System is tentatively scheduled for January 2006. The assessment will include site visits to HNFS corporate headquarters in Rancho Cordova CA, Hampton VA and San Diego CA Medical Management offices, the Mid Atlantic Sub-regional Headquarters in Norfolk VA, and three of the sub-region's TRICARE Service Centers (Kenner Army Health Clinic, Seymour Johnson Air Force Base Clinic, and Cherry Point Naval Hospital).

The TRICARE Regional Office (TRO) Director and staff personally observe call center operations when visiting HNFS corporate offices, and receive monthly performance briefings on HNFS quality management programs. The HNFS call center has an extensive training program for new associates, and an ongoing monitoring program for all associates that includes evaluation of recorded calls and “chair-side” sessions evaluating the accuracy of information in real time. All calls are recorded and reviewed for accuracy within a few days. If erroneous information is observed, the beneficiary is contacted and correct information communicated. HNFS has processes in place to ensure that only the latest “approved” information is accessible to customer agents.

<sup>2</sup> The Internal Quality Management/Quality Improvement Program was a distinguishing feature in the evaluation of offerors.

In summary, standards do exist in TRICARE contracts related to the accuracy of information provided by telephone. These standards are assessed on a routine basis (one percent of all calls) and reported monthly. Telephone operations are observed and monitored during field visits, and HNFS provides monthly information briefings discussing quality management performance. TMA uses the audit the auditor approach to validate the accuracy of the information provided monthly and require independent ISO certification of the processes employed. This approach allows for the implementation of cost effective industry standards and avoids placing the Government in the position of managing and monitoring individual contractor employees in favor of managing the outcome of the contracts.

- Page 6. Most Agencies Contract Metrics Include Accuracy, but Some Did Not. The GAO states that four of the six agencies' contracts included accuracy of information in one more of the key performance metrics. The remaining two agencies (to include TMA) did not have specific metrics that addressed the need to provide accurate information to the public. **TMA Comment:** The perception created by this narrative is misleading. TMA utilizes a "best practice" methodology in negotiating contracts in which we rely upon the contractor to meet numerous standards in supporting our requirements. No mention of this approach is cited in the paragraph.
- Page 6. Table 2: Summary of Key Performance Metrics in Agency Contracts. The table identifies two metrics – busy signals and hold times. **TMA Comment:** The table does not identify the "best practice" approach utilized in our contracts, nor the many additional metrics that we routinely monitor.
- Page 9. Table 4: Agency Oversight Practices Used for Ensuring Accuracy of Information. The table identifies oversight practices utilized by the six agencies reviewed. **TMA Comment:** For TMA, only one oversight practice is displayed – post contact customer satisfaction survey. Again, the display of facts in this manner creates an inaccurate portrayal that TMA is not concerned about the accuracy of information provided to beneficiaries.
- Page 9. Oversight Practice 1: Regular Knowledge Database Reviews. GAO indicates that the other agencies maintain a structure process for ensuring accurate information is maintained and provide scripted responses and web site information which the contractors use in responding to beneficiaries. GAO states that TMA allows the contractor to develop information based on material TMA provides, but does not review the information used by the contractor to respond to public inquiries. **TMA Comment:** As identified earlier, by our use of "best practices" we monitor the expertise and skills of the contractor to provide the services we require.

# Appendix IV: Comments from the General Services Administration



GSA Administrator

January 26, 2006

The Honorable David M. Walker  
Comptroller General  
of the United States  
Government Accountability Office  
Washington DC 20548

Dear Mr. Walker:

The General Services Administration (GSA) appreciates the opportunity to review your draft report, "Federal Contact Centers, Mechanism for Sharing Metrics and Oversight Practices Along with Improved Data Needed" (GAO-06-270). GSA has nearly 40 years of experience managing programs that respond to public inquiries and is a recognized source of assistance and expertise in this field. In fiscal year 2005 alone, we facilitated the response to 8.5 million calls and emails from citizens. Through the Presidential E-Gov initiative, USA Services, we have provided leadership governmentwide to help agencies improve their response to citizens.

The following are our comments to your draft report:

**GAO draft report:** The chart on page 9 indicates that GSA's National Contact Center does not include "accuracy of information" in two of the four key performance metrics used to evaluate contractor performance.

**GSA Response:** By December of 2005, GSA had put into effect activities in each of the four areas. When your audit team visited GSA's National Contact Center in June 2005, we had just begun to implement the terms and conditions of a new contract with a new contractor. The chart below shows the difference between what your team found when they reviewed activities in June and the current status.

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Table 4: Agency Oversight Practices Used for Ensuring Accuracy of Information

		Agency Oversight Practices			
		Regular knowledge database review	Regular contact monitoring	Post contact customer satisfaction surveys	Validation of contractor reports
Agency					
June 2005	GSA	√ <i>Quarterly</i>	√ <i>Weekly</i>		
Dec 2005	GSA	√ <i>Continuous basis</i>	√ <i>Weekly</i>	√ <i>Annually</i>	√ <i>By Government</i>

Specific actions that we have taken include the following.

**Regular knowledge database review:** GSA staff now reviews the National Contact Center's database on a daily basis and has begun to conduct quarterly audits, completing its first audit in December 2005. Although the Government provided the version of the knowledge database used by the previous contractor, the current contractor is responsible for its further development and maintenance. They accomplish this by reviewing the nature of telephone inquiries and the on-line use of the knowledge base.

**Regular contact monitoring:** In addition to our regular contact monitoring, GSA is conducting a quarterly audit of the contractor's quality control efforts. The first audit was completed in November 2005.

**Post contact customer satisfaction surveys:** Although GSA's ability to conduct post-contact customer satisfaction surveys of callers on its information lines is limited by our not collecting information on callers (in compliance with the letter and spirit of the Privacy Act), we do conduct such surveys of our customers who order publications. These surveys, performed under the auspices of the American Customer Satisfaction Index, do include a review of the accuracy of the transactions and therefore assist us in our evaluation of the contractor's efforts.

**Validation of contractor reports:** We have started to perform validation of contractor reports in two ways. One is a review of the quantity measurements by our ability to review reports from MCI and track the daily quantity of incoming e-mail. We validate their quality assessments by regularly scheduled (at least monthly) calibration sessions. These sessions assure that the contractor and the Government independently apply the same standards to public inquiries. As mentioned above, we also perform quarterly audits.

**GAO report:** Page 12, "Although agencies now have this multiple-award contract as a mechanism to assist them in contracting for contact center service, they still must develop specific performance metrics and oversight practices specific to their center."

**GSA response:** We are proud that USA Services, a Presidential E-Gov initiative managed by GSA, has provided governmentwide leadership by establishing the Citizen Service Levels Interagency Committee (CSLIC). USA Services established this group in February 2005 and it has now completed recommendations to improve agency responses to citizens' email and telephone inquiries. These recommendations are enclosed and also available online at <http://usaservices.gov/cslic.htm>. The work of CSLIC is ongoing. For the remainder of fiscal year 2006, four subcommittees will be working toward certain deliverables. The items below are just one example from each subcommittee:

- 1) Implementing CSLIC's Recommendations  
A template to help agencies determine their compliance with CSLIC recommendations;
- 2) Online Resources  
A website for the Federal contact center community;
- 3) Measuring Customer Satisfaction  
A library of customer satisfaction measurement methods, and
- 4) Drafting Additional Recommendations  
CSLIC has already improved its original report, to stress the importance of accurate information being delivered to citizens. CSLIC plans to draft additional recommendations related to, for example, serving people with disabilities.

**GAO draft report:** Page 15, "...we recommend that the Administrator of General Services...ensure that the further efforts to develop governmentwide data on contact center operations - such as the survey planned for next year - employ sound methodologies so that the resulting information is representative of the activities across the government."

**GSA Response:** We concur with your recommendation for GSA executive action and have already begun to develop a governmentwide assessment of citizen service activities. We are working with the Office of Management and Budget (OMB) to ensure a comprehensive gathering of data. If the resources are available, our survey methodology will pay particular attention to the number of agencies sampled and to the analysis of non-responding agencies.

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**Appendix IV: Comments from the General  
Services Administration**

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Information about USA Services can be found online at <http://usaservices.gov>. If you have any questions about the information that we have provided in this response, please feel free to contact Mr. Stuart Willoughby, Director, USA Services, E-Gov Program Office, at [stuart.willoughby@gsa.gov](mailto:stuart.willoughby@gsa.gov) or at (202) 501-9121.

We appreciate the opportunity to respond to GAO draft report GAO-06-270 and look forward to having our comments reflected in the final report.

Sincerely,



David L. Bibb  
Acting Administrator

Enclosure

# Appendix V: Comments from the Department of Health & Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

JAN 24 2006

Mr. William T. Woods  
Director  
Acquisition & Sourcing Management  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Woods:

Enclosed are the Department's comments on the U.S. Government Accountability Office's (GAO's) draft report entitled, "FEDERAL CONTACT CENTERS: Mechanism for Sharing Metrics and Oversight Practices Along with Improved Data Needed" (GAO-06-270). These comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "Daniel R. Levinson".

Daniel R. Levinson  
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for U.S. Government Accountability Office reports. OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

**COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ON THE U.S. GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT  
REPORT ENTITLED, "FEDERAL CONTACT CENTERS: MECHANISM FOR  
SHARING METRICS AND OVERSIGHT PRACTICES ALONG WITH  
IMPROVED DATA NEEDED" (GAO-06-270)**

The Department of Health and Human Services (HHS) appreciates the opportunity to comment on the Government Accountability Office's (GAO) draft report.

HHS's Centers for Disease Control and Prevention's (CDC) consolidated contact center, CDC-INFO, began operation in February 2005 with a 4-year phased implementation. Contact volumes to date include approximately 700,000 telephone calls and 10,000 e-mail inquiries. CDC staff constantly reevaluate not only content and content accuracy as new topics are added but also revisit standard operating procedures to ensure that all contacts are handled appropriately. In addition, sampling strategies are adjusted to ensure that valid samples are reviewed and evaluated. HHS and CDC consider not only accuracy but also quality and completeness of service to be equally important indicators, and CDC is diligent in its efforts to achieve these goals.

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# Appendix VI: GAO Contact and Staff Acknowledgments

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## GAO Contact

John K. Needham (202) 512-5274

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## Acknowledgments

In addition to the contact named above, Ruth Eli DeVan, William McPhail, Jean Lee, David Schilling, Nyankor Matthews, Robert Swierczek, John Krump, Monica Wolford, and Karen O'Connor made key contributions to this report.

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# Appendix VII: Related GAO Products

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*Improvements Needed to the Federal Procurement Data System-Next Generation.* [GAO-05-960R](#). Washington, D.C.: September 27, 2005.

*Social Security Administration: Additional Actions Needed in Ongoing Efforts to Improve 800-Number Service.* [GAO-05-735](#). Washington, D.C.: August 8, 2005.

*Immigration Services: Better Contracting Practices Needed at Call Centers.* [GAO-05-526](#). Washington, D.C.: June 30, 2005.

*Federal Thrift Savings Plan: Customer Service Practices Adopted by Private Sector Plan Managers Should be Considered.* [GAO-05-38](#). Washington, D.C.: January 18, 2005.

*Medicare: Accuracy of Responses from the 1-800-MEDICARE Help Line Should Be Improved.* [GAO-05-130](#). Washington, D.C.: December 8, 2004.

*Medicare: Call Centers Need to Improve Responses to Policy-Oriented Questions from Providers.* [GAO-04-669](#). Washington, D.C.: July 16, 2004.

*Reliability of Federal Procurement Data,* [GAO-04-295R](#). Washington, D.C.: December 30, 2003.

*Medicare: Communications with Physicians Can Be Improved.* [GAO-02-249](#). Washington, D.C.: February 27, 2002.

*IRS Telephone Assistance: Limited Progress and Missed Opportunities to Analyze Performance in the 2001 Filing Season.* [GAO-02-212](#). Washington, D.C.: December 7, 2001.

*IRS Telephone Assistance: Quality of Service Mixed in the 2000 Filing Season and below IRS' Long-Term Goal.* [GAO-01-189](#). Washington, D.C.: April 6, 2001.

*IRS Telephone Assistance: Opportunities to Improve Human Capital Management.* [GAO-01-144](#). Washington, D.C.: January 30, 2001.

*Customer Service: Human Capital Management at Selected Public and Private Call Centers.* [GAO/GGD-00-161](#). Washington, D.C.: August 22, 2000.

*Social Security Administration: Information on Monitoring 800 Number Telephone Calls.* [GAO/HEHS-98-56R](#). Washington, D.C.: December 8, 1997.

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*Social Security Administration: More Cost-Effective Approaches Exist to Further Improve 800-Number Service.* [GAO/HEHS-97-79](#). Washington, D.C.: June 11, 1997.

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