

GAO Highlights

Highlights of [GAO-15-590](#), a report to congressional requesters

Why GAO Did This Study

The FSS program provides agencies a simplified method of purchasing commercial products and services at prices associated with volume buying. In 2011, the FAR was amended to enhance competition on FSS orders. Competition helps agencies get lower prices on products and services and get the best value for taxpayers.

GAO was asked to examine competition and pricing for FSS orders. This report addresses (1) how and to what extent the government is using the FSS program, (2) factors influencing the degree of competition for FSS orders, and (3) the extent to which agencies examine prices to be paid for FSS orders.

GAO analyzed data from the Federal Procurement Data System-Next Generation on obligations through the FSS program for fiscal years 2010-2014 and reviewed a non-generalizable sample of 60 FSS orders awarded in fiscal year 2013 by DOD, HHS and GSA, the agencies with the highest use of the FSS program. GAO also interviewed officials from these agencies and FSS vendors.

What GAO Recommends

GAO recommends that DOD, HHS and GSA issue guidance and assess training to focus attention on rules related to pricing. DOD, HHS and GSA concurred. GAO also recommends HHS assess reasons contributing to its higher rate of orders with only one or two quotes. HHS concurred.

View [GAO-15-590](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

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FEDERAL SUPPLY SCHEDULES

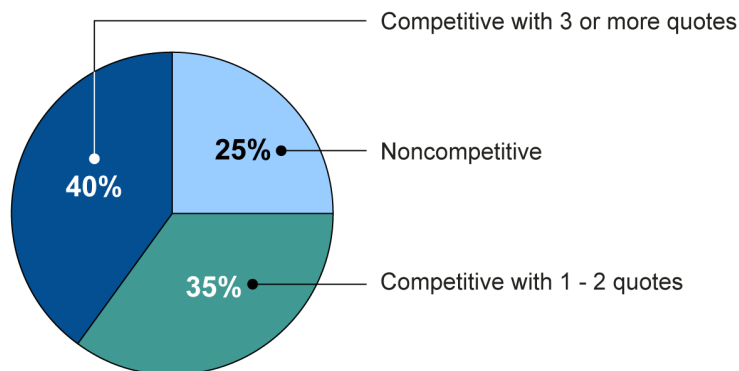
More Attention Needed to Competition and Prices

What GAO Found

According to the General Services Administration (GSA), total sales through the Federal Supply Schedules (FSS) program in fiscal year 2014 were \$33.1 billion. This includes purchases by federal, state, and local agencies, including federal intelligence agencies which do not report their FSS spending publicly. GAO's analysis of publicly reported federal procurement data shows that federal use of the FSS program has declined from \$31.8 billion in 2010 to \$25.7 billion in 2014—a 19 percent inflation-adjusted decrease. This is consistent with the decline in overall federal contracting obligations. The FSS portion of total federal contracting obligations remained steady—between 5 and 6 percent.

Most FSS obligations were competed in fiscal year 2014, but only 40 percent of obligations were on orders for which the government received three or more quotes—a number frequently mentioned in the Federal Acquisition Regulation (FAR). These results are influenced by various factors. One factor identified in the orders from the agencies GAO reviewed—the Departments of Defense (DOD) and Health and Human Services (HHS) and GSA—involves situations where few vendors can fulfill agencies' specific needs.

Extent of Competition for Fiscal Year 2014 Federal Supply Schedule Orders



Source: GAO analysis of Federal Procurement Data System - Next Generation fiscal year 2014 data. | GAO-15-590

HHS had a significantly higher percentage of FSS obligations in fiscal year 2014 on orders that were competed but the agency received only one or two quotes—51 percent—compared to DOD and GSA, which received one or two quotes for 35 and 32 percent of their FSS obligations, respectively. HHS's practice of targeting solicitations to fewer vendors may be contributing to this higher rate.

Agencies are paying insufficient attention to prices when using FSS. Ordering agencies did not consistently seek discounts from schedule prices, even when required by the FAR. In addition, GAO found cases in which officials did not assess prices for certain items, as required, or had insufficient information to assess prices. Contracting officials were not always aware of the requirement to seek discounts and told GAO that the need to assess prices was not emphasized in training and guidance. When contracting officials are not aware of these regulations, agencies may be missing opportunities for cost savings.