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Report to Congressional Committees

March 1998

ACQUISITION REFORM

Implementation of Key Aspects of the Federal Acquisition Streamlining Act of 1994

GAO/NSIAD-98-81

GAO

United States
General Accounting Office
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National Security and
International Affairs Division

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March 9, 1998

Congressional Committees

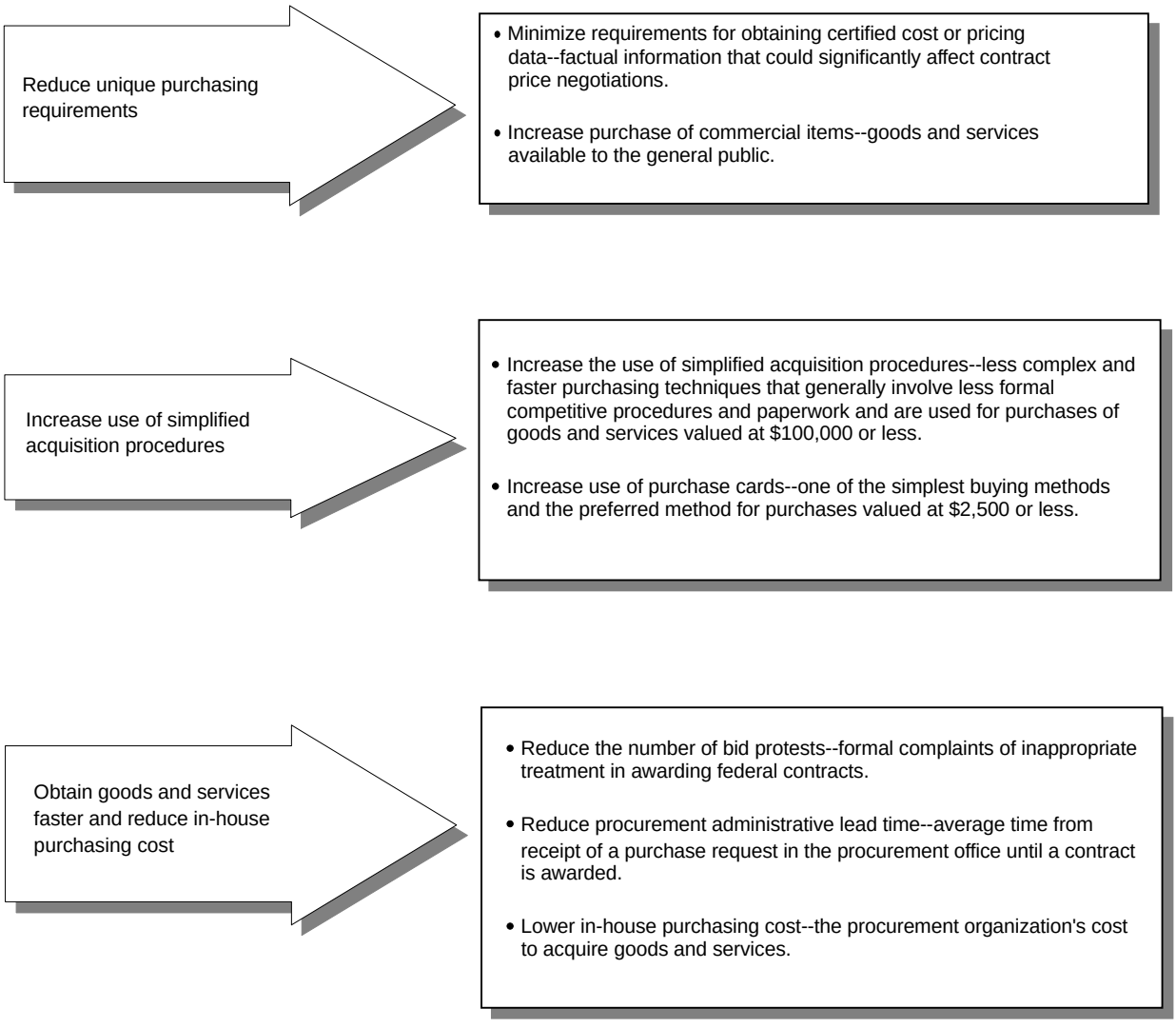
The Federal Acquisition Streamlining Act of 1994 (FASA) contained more than 200 sections changing the laws that govern how federal agencies annually acquire almost $200 billion in goods and services. The act required us to evaluate the effectiveness of actions taken to implement FASA. To address this mandate, we determined whether selected federal organizations were (1) reducing unique purchasing requirements, (2) increasing the use of simplified acquisition procedures, and (3) obtaining goods and services faster while reducing in-house purchasing cost.

Background

FASA provided the executive branch with tools to improve the process for acquiring goods and services. FASA's changes were implemented in revisions to federal acquisition regulations, directives, and instructions. All changes directed by FASA were to apply to government acquisitions by October 1, 1995. To determine the extent that selected FASA key purposes were being achieved, we selected procurement measures that, for the most part, had been identified by the Office of the Secretary of Defense's Acquisition Reform Benchmarking Group and the Procurement Executives' Working Group of the President's Management Council as indicators of the progress in streamlining the government's acquisition system. We discussed the use of our selected measures with congressional staff, agency and service officials, and experts in the field of government procurement.

To determine whether selected federal organizations were taking actions to implement FASA purposes, we collected procurement data for seven measures. Figure 1 shows the linkage of these measures to selected key FASA purposes.

Figure 1: Selected Key FASA Purposes and Related Procurement Measures



We collected procurement data at eight selected federal organizations to determine their status in achieving key FASA purposes. Also, for several

measures, we added overall Department of Defense (DOD) data for comparative purposes. See appendix I for additional details.

Results in Brief

No uniform procurement data were being collected centrally to adequately assess whether FASA's purposes were being achieved. Data for each measure were not always available for the eight federal organizations. Accordingly, our analyses had variations. Certain organizations had introduced acquisition streamlining initiatives before FASA's implementation, and they had several years of data available for some measures. For other measures, only 1 year of data was available, and that provides a baseline for comparing subsequent years' data.

Despite data limitations, our measures indicate that the organizations we reviewed were working toward achieving key FASA purposes. To reach more meaningful conclusions on the extent to which these key FASA purposes are being achieved, additional data would have to be collected and examined for subsequent fiscal years. The following is a summary of results linked to key FASA purposes.

Reduce unique purchasing requirements:

- Requests for submission of cost or pricing data decreased at two of three defense locations, while little change was noted DOD-wide.
- Sufficient information was not available to determine whether acquisition of commercial items had increased.

Increase use of simplified acquisition procedures:

- Use of simplified acquisition procedures, including the use of purchase cards, increased at most locations.

Obtain goods and services faster and reduce in-house purchasing cost:

- The number of bid protests declined at most locations.
- The time needed to award a contract had generally decreased, thereby expediting the purchases of goods and services.
- Sufficient data were not available to make a definitive observation regarding in-house purchasing costs. Additional data would have to be available and examined for subsequent fiscal years.

Reduce Unique Purchasing Requirements

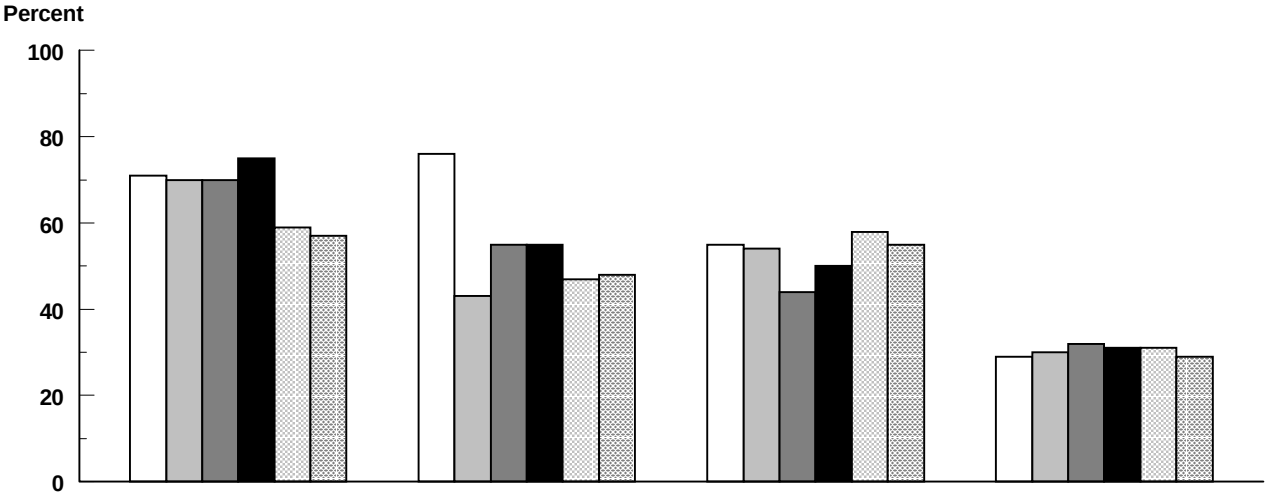
To determine whether selected federal organizations had reduced the use of unique purchasing requirements, we collected information on requests for cost and pricing data and the acquisition of commercial items at three defense organizations. Requests for cost or pricing data decreased from fiscal year 1991 to 1996 at two of the organizations, while little change was noted at the other organization. DOD-wide statistics, which we have included for comparative purposes, also show relatively little change. Sufficient information was not available to determine whether acquisition of commercial items had increased. Therefore, our data show only baseline information. Increasing government purchases of commercial items has been a major acquisition reform effort that is expected to streamline and reduce government unique requirements. However, defense organizations only began reporting data on commercial item acquisitions in fiscal year 1996. Civilian organizations started reporting such data the following year.

Certified Cost or Pricing Data

In the absence of adequate price competition, certified cost or pricing data can help ensure that the government receives a fair and reasonable price. Because production and maintenance of such data can be costly, FASA sought to limit the circumstances under which this data would be required. In fiscal year 1991, the threshold for obtaining certified cost or pricing data was increased to $500,000 for DOD, the Coast Guard, and the National Aeronautics and Space Administration (NASA), but remained at $100,000 for civilian organizations. FASA raised the threshold to $500,000 governmentwide and promoted the use of alternatives to cost or pricing data for determining whether a price is reasonable. The act emphasized that cost or pricing data should not be requested if specific exemptions apply—such as the presence of adequate price competition.

We did not include civilian organizations in our analysis, as none of the selected sites in our review collected information on cost or pricing data. Also, we excluded the Defense Supply Center, Columbus (DSCC) from our analysis because less than 1 percent of its actions exceeded $500,000. Figure 2 shows the percent of the actions—definitive contracts and certain modifications—over $500,000 for which cost or pricing data were reported to have been required.

Figure 2: Certified Cost or Pricing Data for Contract Actions Over $500,000 (fiscal years 1991-96)



	NAVAIR	ASC	MICOM[a]	DOD
FY91	71	76	55	29
FY92	70	43	54	30
FY93	70	55	44	32
FY94	75	55	50	31
FY95	59	47	58	31
FY96	57	48	55	29

[a]MICOM is now the Aviation and Missile Command.

The percent of contracting actions for which cost or pricing data were obtained decreased from fiscal year 1991 to 1996 at the Naval Air Systems Command (NAVAIR) and the Aeronautical Systems Center (ASC), while little material change was noted at the Missile Command (MICOM). DOD-wide statistics, which we have included for comparative purposes, also show relatively little change.

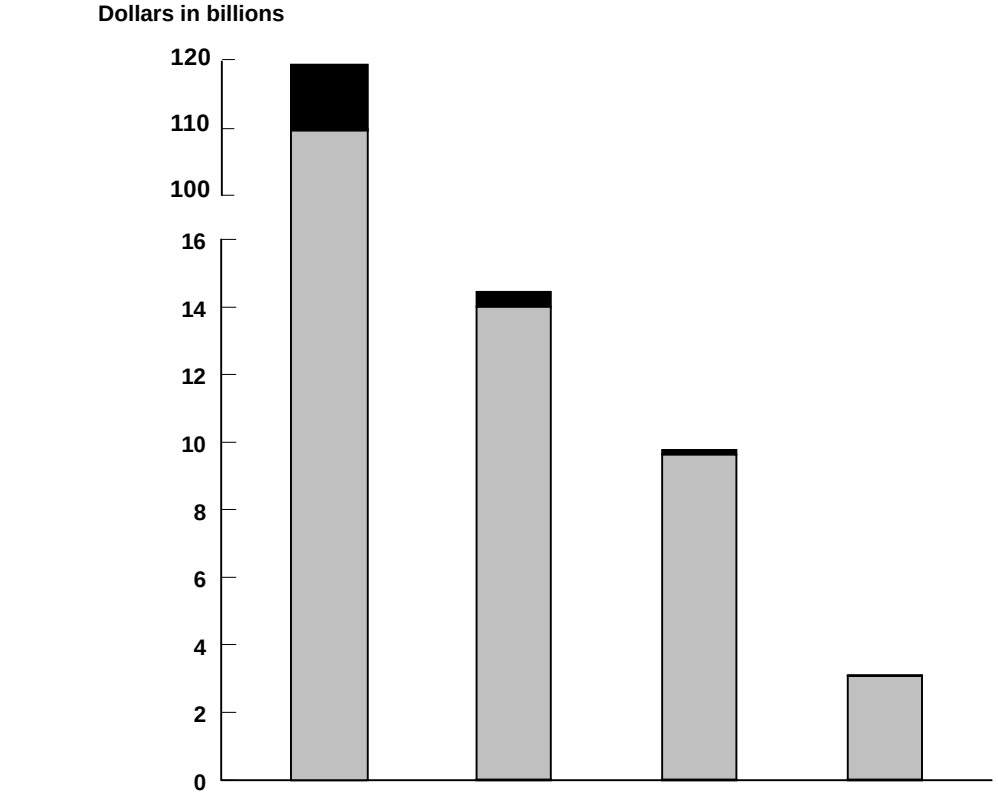
Commercial Item Acquisitions

The purchase of commercial items eliminates the need to use detailed government specifications and standards and allows the government to obtain state-of-the-art commercial technology. Advocates of commercial item acquisitions claim substantial savings are possible.

FASA stated a preference for the procurement of commercial items. Defense organizations began reporting information on the procurement of

commercial items in fiscal year 1996. Figure 3 contains information on the procurement of commercial items at three of the four defense organizations we visited. For comparative purposes, we have also included data for DOD. We excluded DSCC, since only 1.6 percent of its total actions—commercial and noncommercial—were over $25,000 for fiscal year 1996. The Department of Energy (DOE), the Environmental Protection Agency (EPA), the General Services Administration (GSA), and the Marshall Space Flight Center (MSFC) were not included in our analysis because they did not begin reporting commercial item acquisitions until fiscal year 1997.

Figure 3: Acquisition of Commercial Items Costing Over $25,000 (fiscal year 1996)



	DOD	ASC	NAVAIR	MICOM
All other	$109.37	$14.01	$9.65	$3.09
Commercial	$10.18	$0.44	$0.12	$0.02
Percent commercial	9	3	1	1

Because agencies were only beginning to collect data on commercial item acquisitions, data were not available to measure whether the procurement of such items has increased.

Increase Use of Simplified Acquisition Procedures

Use of simplified acquisition procedures, including the use of purchase cards, increased at most selected federal organizations.[1]

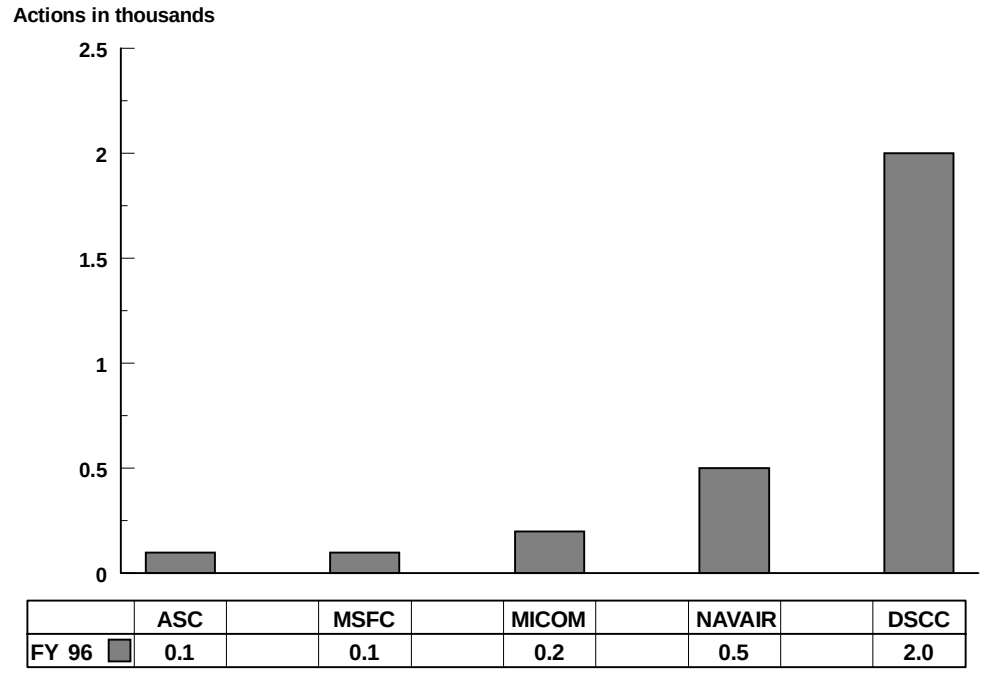
Simplified Acquisition Procedure Actions

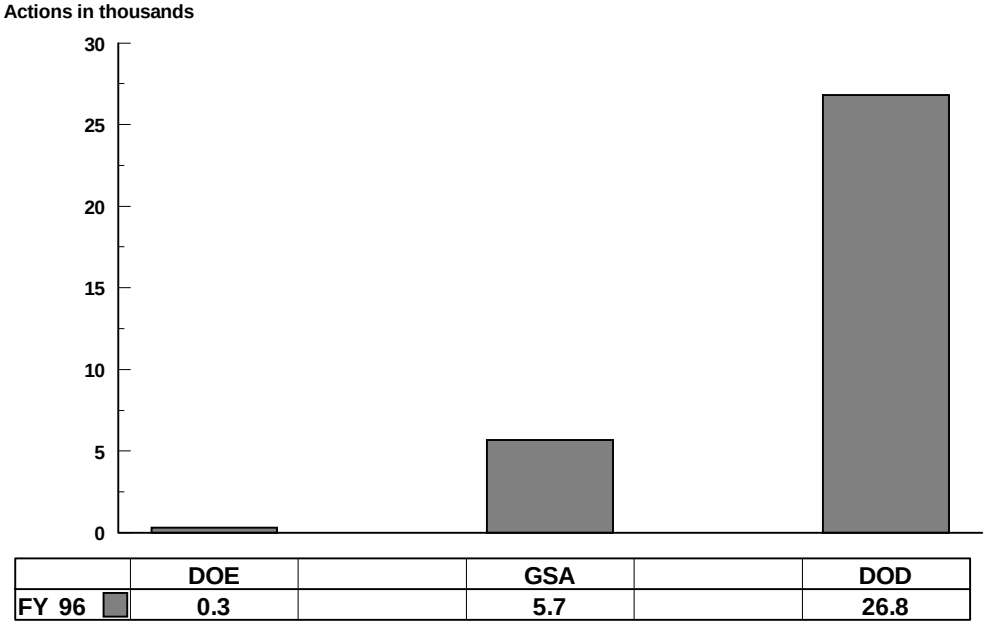
FASA expanded the use of simplified acquisition procedures to acquisitions costing between $25,000 and $100,000 when it established a simplified acquisition threshold of $100,000. Prior to enactment of FASA, the threshold had been set at $25,000. Simplified acquisition procedures permit streamlined competition with less paperwork and reduced processing times.

Figure 4 shows the number of times simplified acquisition procedures were used in acquisitions ranging from $25,000 to $100,000. For comparative purposes, data for DOD is also shown. No statistics are shown for EPA, as data were not available for fiscal year 1996.

[1]Simplified acquisition procedures also include the use of blanket purchase agreements, that can be used like charge accounts, and pocket-size purchase order forms for over-the-counter purchases.

Figure 4: Use of Simplified Acquisition Procedures (fiscal year 1996)



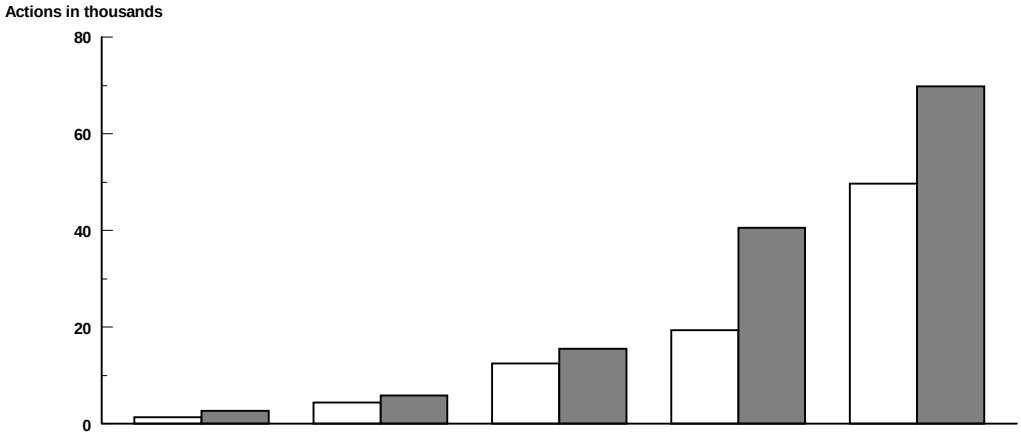


Without the increased threshold, acquisitions illustrated in figure 4 would have required the use of more complex procedures. DOD's 26,800 simplified acquisition procedure actions represent 17 percent of all its actions between $25,000 and $100,000. Data for 1 full year under the increased threshold should serve as a baseline for comparing subsequent years' data.

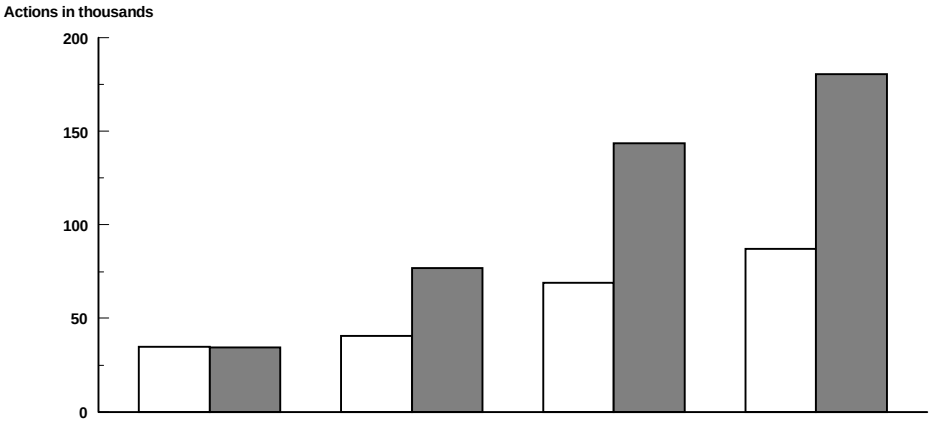
Purchase Card Actions

The use of a government purchase card is one of the simplest forms of a simplified acquisition procedure. In December 1994, a FASA implementing regulation made using these cards the preferred buying method for micro-purchases—procurement actions valued at $2,500 or less. Figure 5 shows the number of purchase card actions during fiscal years 1995-96.

Figure 5: Purchase Card Actions (fiscal years 1995-96)



	DSCC [a]	MSFC	MICOM	ASC [b]	NAVAIR
FY 95	1.3	4.4	12.5	19.4	49.7
FY 96	2.7	5.9	15.5	40.5	69.8



	EPA	GSA	DOD	DOE [c]
FY 95	34.8	40.6	69.2	87.3
FY 96	34.5	76.8	143.6	180.7

[a]According to a headquarters Defense Logistics Agency official, DSCC data are primarily base support actions. Most micro-purchase actions are excluded as they are processed through an automatic disbursement system that makes payments through electronic fund transfers.

[b]ASC data include all actions from Wright-Patterson Air Force Base.

[c]DOE totals include actions by the Department's management and operating contractors as well as by DOE.

The number of purchase card actions increased at most activities we visited. This increase is an indication of progress being made in simplifying the acquisition process for selected procurement actions.

Obtain Items Faster and Reduce In-House Purchasing Cost

The number of bid protests declined at most selected procuring organizations. Also, the time needed to award a contract generally decreased, thus expediting the purchase of goods and services for our selected federal organizations. Sufficient data were not available to make definitive observations regarding in-house purchasing costs at these organizations.

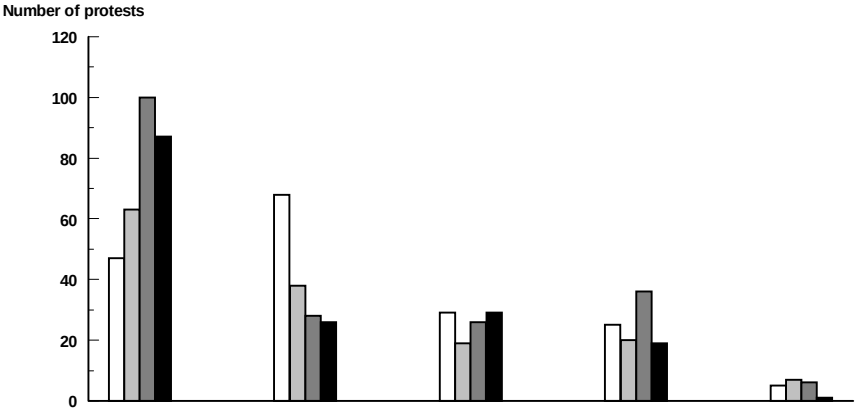
Number of Bid Protests

Formal bid protests may be filed with the soliciting agency, federal courts, and GAO.[2] Adjudication of formal bid protests can be costly and time-consuming. FASA sought to reduce the number of protests by establishing a more meaningful debriefing process for explaining to vendors why they were not selected for the award of a contract.

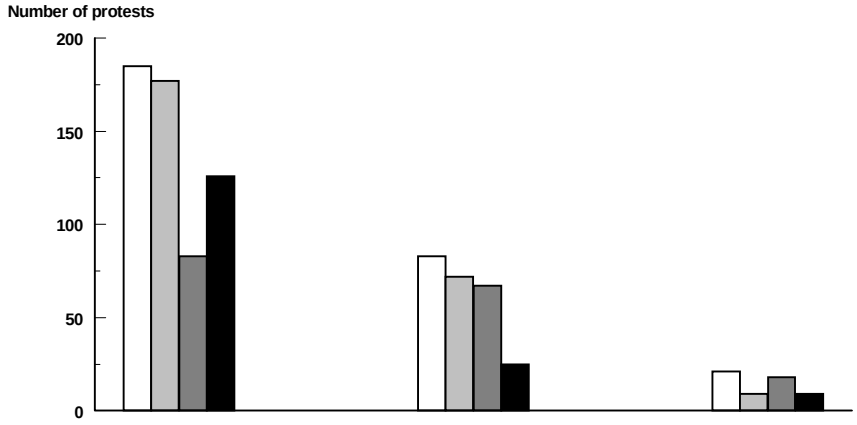
Figure 6 shows the annual number of bid protests filed during fiscal years 1993-96 for the sites we visited. Protest data should not be compared among organizations, as complete data were not readily available at each site. Figure 7 shows, for all government organizations, the number of bid protests filed annually with GAO during fiscal years 1993-97.

[2]Until recently, protests on information technology acquisitions could also be filed with the General Services Administration Board of Contract Appeals.

Figure 6: Bid Protests at Selected Procuring Activities (fiscal years 1993-96)



	DSCC[a]	NAVAIR	ASC	MICOM	MSFC
FY 93	47	68	29	25	5
FY 94	63	38	19	20	7
FY 95	100	28	26	36	6
FY 96	87	26	29	19	1



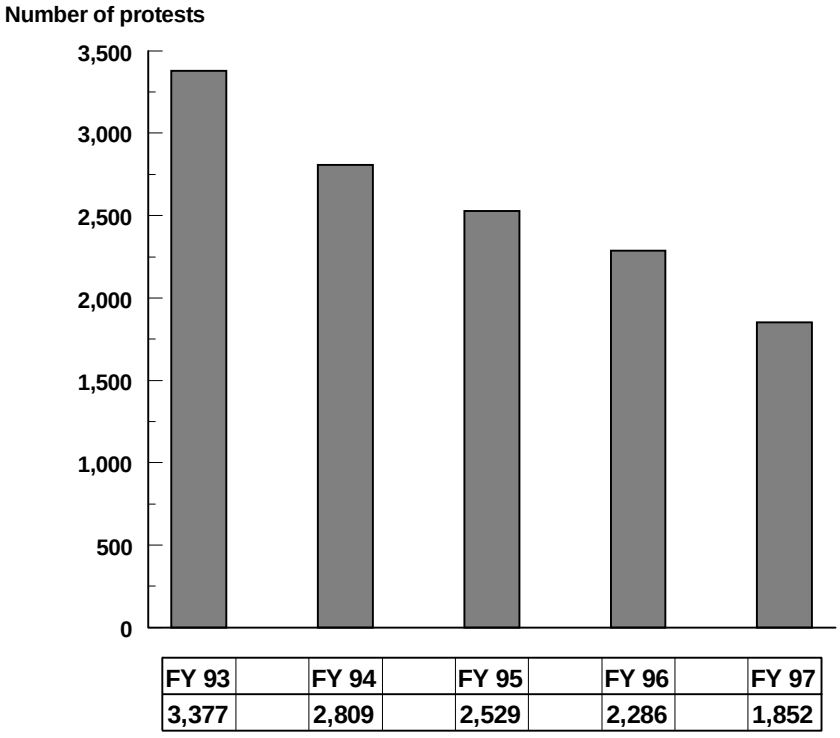
	GSA[b]	DOE	EPA
FY 93	185	83	21
FY 94	177	72	9
FY 95	83	67	18
FY 96	126	25	9

[a]Fiscal year 1993 totals do not include protests filed with the agency as such records were not available.

[b]According to GSA, fiscal year 1995 protest data are incomplete. Annual protest statistics for the remaining years include all data that were readily available at GSA headquarters.

The number of bid protests declined at most selected procuring organizations.

Figure 7: Bid Protests Filed With GAO
(fiscal years 1993-97)



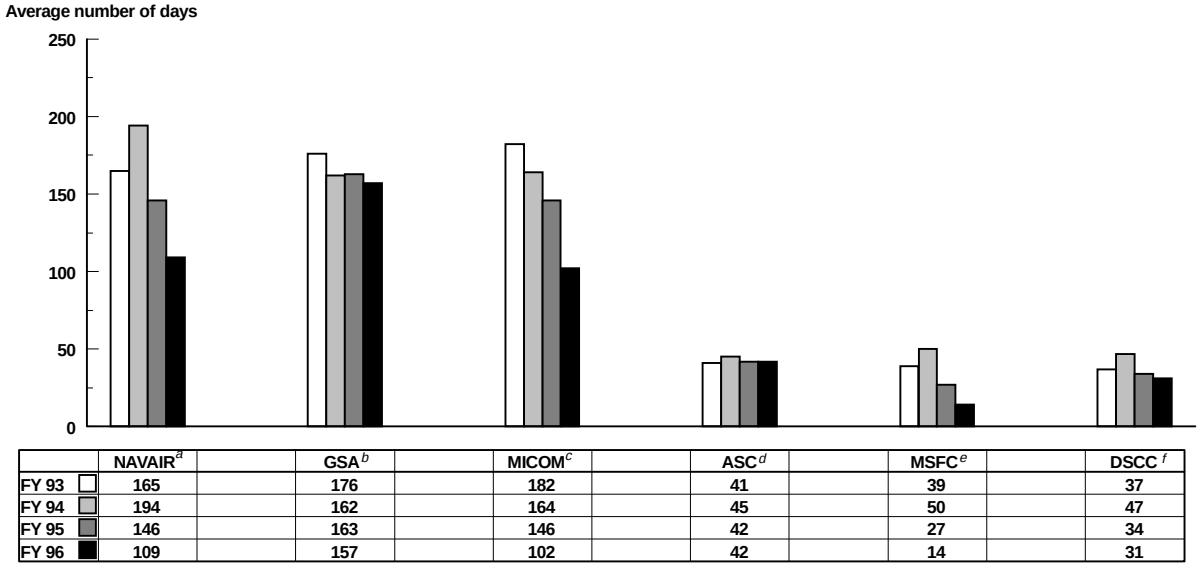
The number of bid protests filed with GAO declined significantly from fiscal year 1993 to 1997.

Procurement Administrative Lead Time

This measure is used by defense and civilian agencies to determine the responsiveness of their procurement organizations. In determining the extent to which our selected organizations had streamlined their response time, we noted that the procurement administrative lead time was being measured in a variety of ways. Therefore, direct comparisons should not be made among the organizations shown in figure 8. EPA data were excluded, as these data were incomplete. DOE did not collect procurement administrative lead time data.

Figure 8 shows procurement administrative lead time during fiscal years 1993-96 at six of the sites we visited.

Figure 8: Procurement Administrative Lead Time (fiscal years 1993-96)



	NAVAIR[a]	GSA[b]	MICOM[c]	ASC[d]	MSFC[e]	DSCC[f]
FY 93	165	176	182	41	39	37
FY 94	194	162	164	45	50	47
FY 95	146	163	146	42	27	34
FY 96	109	157	102	42	14	31

[a]NAVAIR totals are the average of totals for research, development, test, and evaluation; other services; and supplies and equipment.

[b]GSA totals are the average of the individual services and the supplies and equipment commodity codes with the greatest activity at the Federal Supply Service.

[c]MICOM totals are only for spares and repair parts. The fiscal year 1993 total is based on 11 months of data.

[d]ASC totals are based on all contractual actions from ASC systems at Wright-Patterson and Eglin Air Force Bases and research and development contracts at Wright Laboratory.

[e]MSFC totals are based on data from contracts, grants, cooperative agreements, purchase orders, charge account orders, purchase card orders, and delivery orders, but not modifications.

[f]DSCC totals are based on stocked items and direct vendor delivery items.

Procurement administrative lead times were reduced for the goods and services covered at five of the sites.

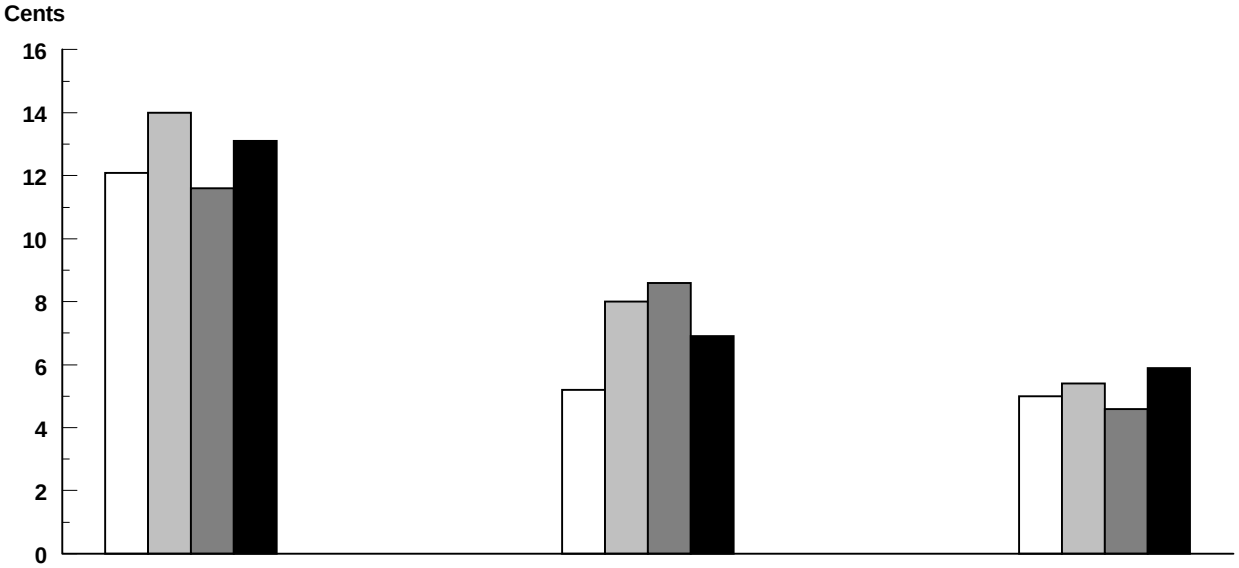
In-house Purchasing Cost

We computed an in-house purchasing cost for selected DOD organizations by dividing the personnel cost of the professional acquisition workforce by the value of contract actions over $25,000, less research, development,

testing, and evaluation costs.[3] The DOD professional acquisition workforce is defined by the Defense Acquisition Workforce Improvement Act of 1990 (DAWIA).[4] We limited our analysis to DOD organizations, as the act does not apply to civilian agencies.[5]

Figure 9 shows the in-house purchasing cost in cents per contract dollar, and figure 10 shows the number of professional acquisition personnel.

Figure 9: In-house Purchasing Cost (fiscal years 1993-96)



	NAVAIR		MICOM		DSCC
FY 93	12.1		5.2		5.0
FY 94	14.0		8.0		5.4
FY 95	11.6		8.6		4.6
FY 96	13.1		6.9		5.9

[3]Our analysis was based on contract actions over $25,000 as these data were readily available from the Defense Contract Action Data System. We excluded research, development, testing, and evaluation costs, as DOD had used this approach in its cost analyses. However, even when we included this cost, we found that the in-house purchasing cost from fiscal year 1993 to 1996 still increased at two of these sites, while there was no material change at the remaining site. We recognize that other methods for computing in-house cost exist.

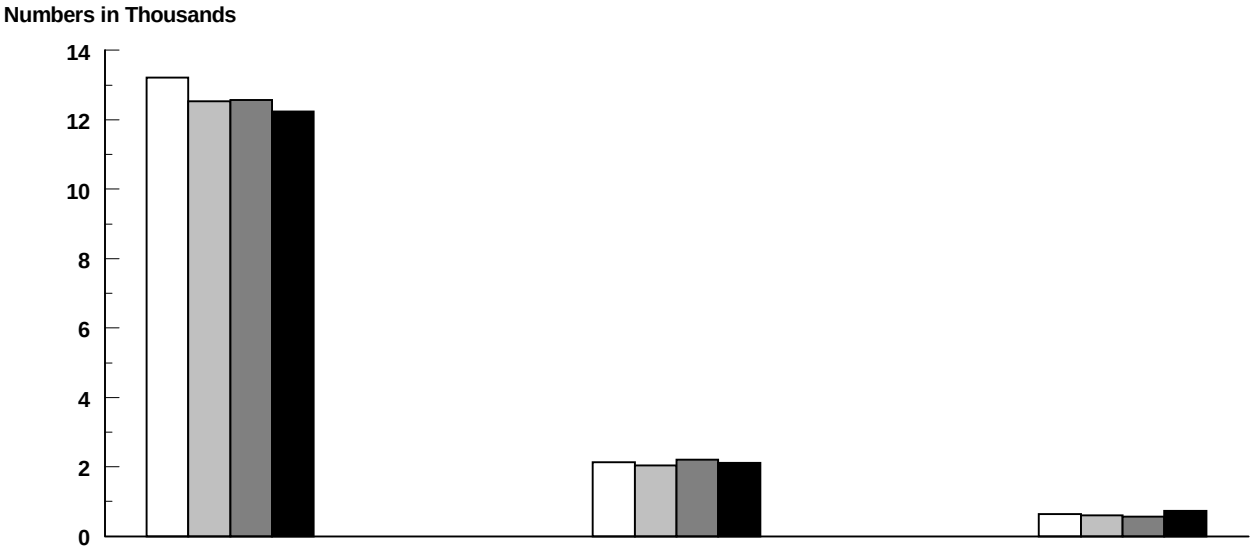
[4]DAWIA required the Secretary of Defense to designate professional acquisition personnel occupational categories. The categories in this professional workforce include accountants, budget analysts, computer specialists, engineers, and contracting officers. About 20 percent of the employees in defense acquisition organizations have been designated as the professional workforce.

[5]The Clinger-Cohen Act of 1996 expanded requirements similar to those in DAWIA to civilian agencies' acquisition workforces.

When assessing the government's in-house purchasing cost, it is important to separately examine changes in the actual number of DAWIA personnel, as shown in figure 10. For example, NAVAIR's in-house purchasing cost increased from fiscal year 1993 to 1996, but its actual number of DAWIA personnel declined. Additional data would have to be examined for subsequent years to draw meaningful observations regarding the in-house purchasing cost.

DAWIA defined the types of positions that are included in the professional acquisition workforce. Each employee within this workforce must meet specific experience, training, and education requirements. Figure 10 shows the number of DAWIA personnel for whom we obtained personnel costs.

Figure 10: DAWIA Acquisition Personnel (fiscal years 1993-96)



	NAVAIR		MICOM		DSCC
FY93	13,208		2,141		644
FY94	12,541		2,048		611
FY95	12,580		2,201		570
FY96	12,244		2,111		737

From fiscal year 1993 to 1996, the number of DAWIA employees declined at NAVAIR and at MICOM. The number of DAWIA employees increased at the DSCC,

primarily due to the merger of the Defense Logistics Agency's Defense Electronics Supply Center in Dayton with the DSCC.

Conclusions

As FASA did not have to be fully implemented until fiscal year 1996, only limited data were available for our analyses. Using these data, our analyses show a snapshot of the extent to which selected key FASA purposes were being achieved at selected organizations at the end of fiscal year 1996. To reach more meaningful conclusions on the extent to which these key FASA purposes are being achieved, additional data would have to be collected and examined for subsequent fiscal years.

Agency Comments

We asked the Departments of Defense and Energy, EPA, GSA, and NASA to review and comment on a draft of this report. At our exit conference, DOD officials stated that they concurred with the views expressed in our draft report concerning the summary of results linked to key FASA purposes. They noted, however, that results from their Enterprise Acquisition and Technology Metrics showed "significant baseline progress" being made in the acquisition reform arena. They stated that these results, including some fiscal year 1997 procurement data, could be found on the Department's Acquisition Reform internet homepage—www.acq.osd.mil/ar. Although the website referred to by DOD does contain graphical displays of data, including some with fiscal year 1997 information, we located only four measures similar to the ones in our report. As of February 26, 1998, none of these four measures contained fiscal year 1997 data.

DOE, GSA, and NASA each commented favorably on our report and also offered several technical suggestions for clarifying data in the report. Their comments, which are reprinted in appendixes III, IV, and V, respectively, were addressed by adding several footnotes to the final report. EPA did not comment on our draft report.

Appendix I describes our objective, scope, and methodology, and appendix II describes the eight organizations from which we obtained data for this report.

We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, the Air Force, and Energy; the Administrator of the National Aeronautics and Space Administration; the Director, Defense

Logistics Agency; the Administrators of the General Services Administration and the Environmental Protection Agency; and the Director, Office of Management and Budget. We will also provide copies to other interested parties upon request.

Please contact me or my Assistant Director, Ralph C. Dawn, at (202) 512-4841 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix VI.

David E. Cooper
Associate Director
Defense Acquisitions Issues

List of Congressional Committees

The Honorable Fred Thompson
Chairman
The Honorable John Glenn
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

The Honorable Strom Thurmond
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Christopher S. Bond
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The Honorable John F. Kerry
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United States Senate

The Honorable Dan Burton
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The Honorable Henry A. Waxman
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Committee on Government Reform and Oversight
House of Representatives

The Honorable Floyd Spence
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The Honorable Ike Skelton
Ranking Minority Member
Committee on National Security
House of Representatives

The Honorable James M. Talent
Chairman
The Honorable Nydia M. Velazquez
Ranking Minority Member
Committee on Small Business
House of Representatives

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Abbreviations

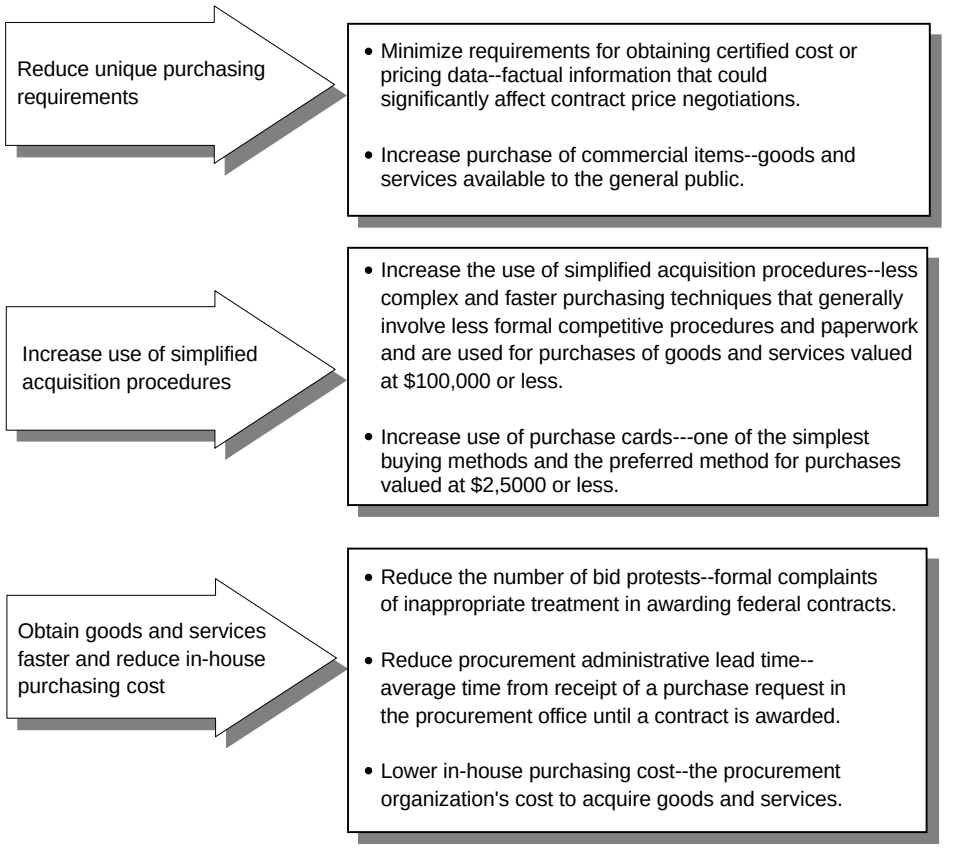
ASC	Aeronautical Systems Center
DAWIA	Defense Acquisition Workforce Improvement Act of 1990
DOD	Department of Defense
DOE	Department of Energy
DSCC	Defense Supply Center, Columbus
EPA	Environmental Protection Agency
FASA	Federal Acquisition Streamlining Act of 1994
GSA	General Services Administration
MICOM	Missile Command
MSFC	Marshall Space Flight Center
NASA	National Aeronautics and Space Administration
NAVAIR	Naval Air Systems Command

Objective, Scope, and Methodology

The Federal Acquisition Streamlining Act of 1994 (FASA) mandated that we evaluate and report on the effectiveness of actions taken to implement the act. To address this mandate, we determined whether the selected federal organizations were (1) reducing unique purchasing requirements, (2) increasing use of simplified acquisition procedures, and (3) obtaining goods and services faster while reducing in-house purchasing cost.

To determine the extent the three FASA purposes were being achieved, we selected procurement measures that, for the most part, had been identified by the Office of the Secretary of Defense's Acquisition Reform Benchmarking Group and the Procurement Executives' Working Group of the President's Management Council as indicators of the progress in streamlining the government's acquisition system. We discussed the use of our selected measures with congressional staff, agency and service officials, and experts in the field of government procurement. Our analysis was based on seven measures, which are linked to three key FASA purposes discussed in this report (see fig. I.1).

Figure I.1: Selected Key FASA Purposes and Related Procurement Measures



As uniform procurement data were not being collected centrally to fully assess FASA's effectiveness, we collected and analyzed data at five procuring organizations that annually reported large amounts of contract dollars. These organizations, along with their parent organizations, are the Aeronautical Systems Center (Air Force); the Defense Supply Center, Columbus (Defense Logistics Agency); the Marshall Space Flight Center (National Aeronautics and Space Administration); the Missile Command (Army);[1] and the Naval Air Systems Command (Navy). At these five sites, we interviewed officials involved in procurement and collected documents and procurement data. To provide additional civilian agency coverage, we performed limited work at three departments and agencies. We

[1]Effective October 1, 1997, the Army's Aviation and Troop Command was merged into the Missile Command, with the latter now designated as the Aviation and Missile Command. All Army data in our report pertain solely to the former Missile Command.

interviewed headquarters acquisition officials and analyzed agencywide procurement data for a limited number of measures at the Department of Energy (DOE), the Environmental Protection Agency (EPA), and the General Services Administration (GSA). In addition, we also collected some overall procurement data from the Department of Defense (DOD).

To assess the validity of computerized data from our selected organizations' automated systems, we obtained information on internal controls over data input; processing; and output, such as built-in automated edit checks; and on external reviews of the systems. We did not verify these data to original source documents.

We issued written requests for procurement data to agency and service officials. In addition to site data, we also obtained procurement data from the Defense Contract Action Data System and the Federal Procurement Data System[2] and personnel data from the Defense Manpower Data Center and the Office of Personnel Management. We discussed our data collection and subsequent analyses with acquisition officials at each site and made revisions to our approach in response to their comments.

Data presented in our report should serve only as indicators of trends and baselines, since the information was gathered from a limited number of locations. These data should not be projected to a larger universe. In addition, as executive agencies had introduced acquisition streamlining initiatives before FASA implementation, it was not possible to determine the extent to which FASA alone was responsible for changes in acquisition at the selected federal organizations.

We performed our review between June 1996 and February 1998 in accordance with generally accepted government auditing standards.

[2]As of February 23, 1998, fiscal year 1997 procurement data was not available from either of these two data systems.

Organizations That Provided Data

Army Missile Command

The Army Missile Command (MICOM), located in Huntsville, Alabama, is one of five major commodity commands of the Army Materiel Command. MICOM's primary mission is to integrate systems acquisitions and commodity management of missile and rocket systems and other assigned materiel. It also serves as the worldwide distributor of parts and components for all of the Army's missile systems. The Command manages a number of combat optics systems and combat laser systems and executes the Security Assistance and Logistics Assistance Programs. MICOM obligated approximately $3.1 billion for goods and services in fiscal year 1996. In October 1997, the Army Aviation and Troop Command was consolidated at Huntsville, with MICOM, to form the Aviation and Missile Command. The new Command currently employs about 6,700 people, including about 1,750 contractor personnel.

Naval Air Systems Command

The Naval Air Systems Command (NAVAIR), one of seven major buying commands in the Navy, is headquartered in Patuxent River, Maryland. The Command's mission is to acquire and support air weapon systems that meet Navy and Marine requirements. These systems include aircraft, air-launched missiles, avionics, air-launched sonar and mine-sweeping equipment, unmanned strike weapons, aerial vehicle and target systems, and a joint program for the next generation fighter.

The Command employs about 32,000 military and civilian personnel and had procurement obligations of nearly $9.9 billion in fiscal year 1996.

Aeronautical Systems Center

The Aeronautical Systems Center (ASC), an Air Force Materiel Command organization, is headquartered at Wright-Patterson Air Force Base, Ohio, and consists of three components. The first is the Air Force's research, development, and acquisition operations for aeronautical systems such as the F-15 and F-22 fighters, the B-1B and B-2 bombers, and the C-17 cargo plane. The second is the 88th Air Base Wing, which is responsible for airfield operations and other services, including maintenance of the 8,000-plus acres and nearly 1,600 buildings at Wright-Patterson. The third is the 74th medical group, which operates the Wright-Patterson medical center.

The Center has a workforce of more than 9,000 military and civilian employees and obligated over $16 billion in procurement actions in fiscal year 1996.

Defense Supply Center, Columbus

The Defense Supply Center, Columbus (DSCC), a Defense Logistics Agency organization, is one of the largest supply management and procurement activities for spare parts in DOD. The Center, located in Columbus, Ohio, was created in 1996 when the former Defense Electronics Supply Center in Dayton, Ohio, was merged with the former Defense Construction Supply Center in Columbus.

The Center's primary mission is to purchase spare parts used on weapon systems such as planes, tanks, missile systems, and ships. It also purchases construction material, such as lumber, pipe, and fencing. In total, its employees manage over 1.8 million spare parts. The Center's managed items are shipped directly from contractor facilities to customers or are stored at Defense Logistics Agency distribution depots until requisitioned by customers.

The Center employs about 3,000 people and had procurement obligations of $788 million in fiscal year 1996.

Marshall Space Flight Center

The Marshall Space Flight Center (MSFC), located in Huntsville, Alabama, is 1 of 10 National Aeronautics and Space Administration (NASA) field installations or centers. As a civilian agency, NASA is responsible for maintaining and developing the government's space transportation and propulsion systems. The Center manages such NASA projects as the space shuttle propulsion system program and the reusable launch vehicle technology program. Approximately 6,800 workers, including nearly 3,900 contractor employees, are currently employed at MSFC. The Center obligated about $2.2 billion for goods and services in fiscal year 1996.

Department of Energy

The Department of Energy (DOE), headquartered in Washington, D.C., is responsible for fostering a secure and reliable energy system for this country and serving as a responsible steward of its nuclear weapons. In addition, the Department supports our country's continued leadership in science and technology. DOE employs about 15,000 federal workers, excluding the Federal Energy Regulatory Commission. In addition, about 105,000 workers are employed by DOE management and operating contractors in government-owned, contractor-operated facilities. The Department obligated $17.8 billion for goods and services in fiscal year 1996, with about $13.1 billion being used to manage and operate the government-owned, contractor-operated facilities.

Environmental Protection Agency

The Environmental Protection Agency is headquartered in Washington, D.C., and its mission is to protect human health and safeguard the natural environment. It works to clean the air, land, and water and to prevent and reduce pollution nationally and globally by enforcing environmental laws and working in partnership with state and local governments, industry, and other organizations. The Agency employs over 17,000 people and obligated $1.1 billion for goods and services in fiscal year 1996.

General Services Administration

The General Services Administration, headquartered in Washington, D.C., is one of three central management agencies in the federal government. Its mission is to provide supplies, services, and managed space to other federal departments and agencies. In addition, it manages the government's fleet of motor vehicles. The Administration employs over 14,000 workers nationwide and obligated $6.3 billion for goods and services in fiscal year 1996.

Comments From the Department of Energy

Department of Energy
Washington, DC 20585

February 25, 1998

Louis J. Rodrigues
Director, Defense Acquisition Issues
General Accounting Office
Washington, D.C. 20548

Dear Mr. Rodrigues,

In response to your February 11, 1998 request, we have reviewed the draft report on the Implementation of Key Aspects of the Federal Streamlining Act of 1994.

We do have comments on two areas of the report.

On page 8 of the draft report, under Purchase Card Actions, the DOE figures include awards made by those of our Management and Operating Contractors using GSA's Rocky Mountain Bankcard as well as awards made directly by DOE. Therefore, there should be a footnote to this effect.

On page 21 of the draft report, in APPENDIX II, DEPARTMENT OF ENERGY, the numbers quoted in the third and forth sentences are incorrect. These sentences should read:

'The Department of Energy (excluding the Federal Energy Regulatory Commission) employs approximately 15,000 federal employees. Additionally approximately 105,000 workers are employed by DOE management and operating contractors.'

Other than these two comments, the Department of Energy's data is represented correctly in the draft report.

Thank you for giving us an opportunity to review the draft report. If you have any questions on our comments, please contact Ellen Colligan at 202-586-9061.

Sincerely,

Richard H. Hopf
Deputy Assistant Secretary for
Procurement and Assistance Management

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Comments From the General Services Administration

U.S. GENERAL SERVICES ADMINISTRATION
Office of Governmentwide Policy

FEB 20 1998

Mr. David E. Cooper
Associate Director
Defense Acquisition Issues
U.S. General Accounting Office
Washington, DC 20548

Reference: GAO Draft Report B-274611

Dear Mr. Cooper:

Thank you for the opportunity to comment on the General Accounting Office's (GAO) darft report, Acquisition Reform: Implementation of Key Aspects of the Federal Acquisition Streamlining Act of 1994.

The report aptly focuses on critical goals of acquisition reform efforts. The measures identified are appropriate for evaluating progress on those goals. While we expect that specific measures will evolve over time as agencies and Congress gain experience, these initial measures define a helpful baseline.

In particular, we hope you consider comments made at the February 18, 1998, exit meeting regarding the measures of in-house purchasing costs. If GAO intends to collect comparable data from civilian agencies in the future, guidance on the categories of personnel to include would help promote uniformity. As noted in the meeting, many personnel other than those officially in contracting or purchasing play key roles in acquisition, and their organization and duties can vary widely within and among agencies.

We have the following specific comments on the data presented in the report:

Figure 6 should include a note to clairfy whether the data are comparable across the agencies presented. For example, we were not able to provide data on protests filed with GSA. It is not clear if the other agencies' data include all or a subset of protests filed.

Also in Figure 6, we have concerns over the accuracy of the GSA data. When we provided the information based on internal GSA records, we noted that gaps existed where data were not available, particularly for 1995. If available, data obtained directly from GAO would be more accurate.

1800 F Street, NW, Washington, DC 20405–0002

In Figure 8, we recommend revising note b as follows: "GSA totals are the average for the Federal Supply Service, for the supplies and equipment commodity codes with the greatest activity." Through 1996, the Federal Supply Service (FSS) was the only Service in GSA that systematically tracked procurement administrative lead time. The detailed data we provided to GAO were from FSS.

If you have any questions, please contact Gloria Sochon, Procurement Analyst, at (202) 208-6726.

Sincerely,

Ida M. Ustad
Deputy Associate Administrator
Office of Acquisition Policy

cc: B. Unger, GAO
R. Karadbil, GAO
S. Wheeler, GSA/CER

Comments From the National Aeronautics and Space Administration

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001

Reply to Attn of: HK

FEB 20 1998

Mr. Louis J. Rodrigues
Director, Defense Acquisition Issues
General Accounting Office
Washington, DC 20548

Dear Mr. Rodrigues:

Thank you for offering NASA the opportunity to provide comments on your draft report entitled Implementation of Key Aspects of the Federal Acquisition Streamlining Act of 1994 (GAO/NSIAD-98-81).

We have reviewed the draft report and have no substantive comments. We did notice however, that footnotes "e" and "f" to the chart on page 11 are reversed.

If you have any questions or require any additional information, please contact Mr. Chris Jedrey on (202) 358-0483.

Sincerely,

Deidre A. Lee
Associate Administrator
for Procurement

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