September 10, 2004

MEMORANDUM FOR BUREAU PROCUREMENT CHIEFS

FROM: Lee J. Lofthus
Procurement Executive

SUBJECT: Procurement Guidance Document 04-02
Accuracy of Data Reported to the Federal Procurement Data System-Next
Generation (FPDS-NG).

In October 2003, FPDS-NG replaced the 26 year old FPDS system. The goals of the new system
are to improve the accuracy, quality, reliability and timeliness of procurement data. Prior to
Fiscal Year 2004, the Automated Contract File (ACF) was the Department's central database of
information on our contracting activities. The information in the ACF was used to provide the
General Services Administration with DOJ's consolidated FPDS reports. The information in the
ACF was also used to provide reports that measure the nature and extent of our contracting
efforts, our success in meeting our socioeconomic goals and respond to requests for information
from private parties and government agencies. During the past year, the Government
Accountability Office (GAO) has reviewed agencies' FPDS data submitted prior to FY 2004 and
has found it to be inaccurate and incomplete.[1]

In FY 2004, the ACF was closed to new entries and DOJ began reporting directly into FPDS-NG.
It is important that we avoid the problems that GAO found with the old FPDS data. We must
pay particular attention to improve the data accuracy and reliability in the successor system.
The information that we enter into FPDS-NG will continue to be used by Congress and executive
branch agencies to assess our progress in implementing governmentwide policies and processes
and meeting our socioeconomic goals. It will also be used by senior management to identify
opportunities to leverage our buying power and to assess the effectiveness of our efforts to
leverage our buying power by securing more favorable pricing from our suppliers.

---

[1] U.S. General Accounting Office, *Contract Management: No Reliable Data to Measure
Benefits of the Simplified Acquisition Test Program,* GAO-03-1068 (Sept. 30, 2003) and also
U.S. General Accounting Office, *Reliability of Federal Procurement Data,* GAO-04-295R
(Dec. 30, 2003)

We are beginning to take a more strategic approach to managing our acquisitions in order to identify opportunities for savings and to measure the effectiveness of our programs. In order to do that, it is imperative that the FPDS-NG data is as accurate and descriptive as possible for us to conduct an analysis of our acquisitions and spending trends. While FPDS-NG captures data on the Product and Service Code (PSC) and the North American Industry Classification System (NAICS) Code, that information is generally too broad for an in depth analysis. However, the data field entitled "Description of Requirement" provides adequate space to allow contracting personnel to describe individual acquisitions in sufficient detail for a meaningful analysis. Unfortunately, our review of FPDS-NG reveals that the data contained in that block is either too broad or generic to be of use. It is critical, therefore, that the description is sufficiently detailed to clearly describe the purchase; i.e. brand name, model number, kinds of equipment rather than a broad category such as "computer or ADP equipment," specific type of services, etc.

Our ability to measure the effectiveness and determine the benefits of our acquisition programs is dependent on the availability of accurate and complete data. To assure that we have such information, I need your active assistance. I request that you implement the appropriate procedures and training, including regular periodic reviews of your FPDS-NG data, to ensure accuracy and adequacy, with particular emphasis on the need to adequately describe the requirement. You are also requested, by November 1, 2004, to advise me of the procedures you have instituted within your bureau to ensure these goals are met.

If you have any questions concerning this memorandum, please call Harold Belcher on (202) 616-3756.