



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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to the General
Specifically
ions.

The Honorable Herbert E. Harris, II
Chairman, Subcommittee on Human
Resources
Committee on Post Office and Civil
Service
House of Representatives

HSE029 15

Dear Mr. Chairman:

Subject: [The Federal Procurement Data
System Could Be an Effective Tool for
Congressional Surveillance] (PSAD-79-109)

Your May 25, 1979, letter requested that we examine the effectiveness of the Federal Procurement Data Center, citing five questions regarding the Center's procurement data reporting system. As requested by your office, this interim reply presents our response to the five questions.

"1. Reliability of data--is the data which is reported by agencies and Departments complete and accurate?"

The extent of completion and accuracy varies for the different agencies involved. Fifty-six agencies are required to report; 36 have reported in a satisfactory manner in accordance with prescribed instructions. However, 20 agencies (about 35 percent) have not reported, reported in part, or submitted reports not in accordance with prescribed instructions. In an August 30, 1979, status report, the Center characterized these 20 agencies as:

Agencies requiring a lot of work:

Department of Energy
Department of State
American Battle Monuments Commission
Commission on Civil Rights
Consumer Products Safety Commission
Federal Mine Safety and Health Review Commission
Office of Personnel Management
Small Business Administration

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Participating, but still providing questionable data:

Department of Health, Education, and Welfare
Department of Labor
General Services Administration (GSA)
National Aeronautics and Space Administration
National Science Foundation
Nuclear Regulatory Commission
Securities Exchange Commission
Selective Service System
Water Resources Council
Executive Office of the President

The status report was prepared at the request of the Office of Federal Procurement Policy (OFPP) which plans to issue another letter to the various activities on the need for reporting the required data. Center personnel pointed out they do not have authority to demand compliance; therefore, they must resort to persuasion and cooperative efforts to get agencies to report or, in some cases, to properly report the data needed.

Center personnel believe that the 1979 reports should be considered as test reports. They pointed out that it was necessary to (1) educate the personnel of the reporting agencies, as well as those of the Center, (2) install the data collection system and identify its weaknesses, and (3) develop a method for processing the mass of information received into usable form. All of these activities had to be carried out under severe time constraints in view of the October 1, 1978, operational date established by OFPP. Center personnel believe that reliable Government-wide data will be produced for fiscal year 1980. Data for 1979 will be available only for some agencies, for example, the Departments of Defense (DOD), Commerce, Interior, or Agriculture, as opposed to a Government-wide basis.

However, once fully operational and debugged, the system will still have limitations. For example, the Federal Procurement Data System relies on the integrity of many individuals to prepare the Individual Procurement Action Reports (see enc. I) and to prepare them correctly. If, for some reason, a report is not prepared, the data on the contract award will not enter the System. Furthermore, the Center does not have any means for knowing whether data is reported for all contracts. We believe, therefore, that it would be desirable to test or audit the data collection system after an

appropriate period of operation. If the test discloses that a significant number of contracts have not been reported, it may be necessary to institute some method of internal control to insure that all contracts are properly reported.

The Center has developed a comprehensive edit program to enhance the reliability of data received. This edit program will detect inconsistencies and omissions, such as identifying failure to complete or fill in any of the items shown on the reporting form. Nevertheless, errors can still go undetected in certain instances. For example, if the wrong dollar amount or type of contract is reported, the Center would not have any way of discovering the errors. This edit program, when fully tested, will be offered to reporting agencies. Using the edit program at the agency level would reduce the Center's workload and provide agency personnel with greater confidence in the data received. It would also provide two screenings of the data.

- "2. Has the FPDC [Federal Procurement Data Center] been consistent in placing reporting requirements upon agencies? Have requirements been changed or otherwise modified, and if so, why (poor planning, inadequate staffing, etc.)?"

We compared the preliminary reporting manual that was transmitted to the agencies by a February 3, 1978, memorandum, with the formal reporting manual published in December 1978. This comparison did not disclose any significant changes in reporting requirements. However, there were differences of opinion on what information should be collected. For example, DOD objected to a number of items, such as foreign trade data and using a Dun and Bradstreet universal numbering system for coding contractors. The National Aeronautics and Space Administration asked for and received an option to report modifications of less than \$10,000, even though this was not required. This exception was included in the Reporting Manual because The National Aeronautics and Space Administration did not have the capability of excluding transactions under \$10,000.

A number of additional clarifying questions that the Center had to resolve were raised. The Department of State advised the Center that inclusion of procurement statistics from foreign service posts would present the Department with serious problems and that the total of such procurements was only about \$18 million, an insignificant amount when

compared with total Government procurement. The Center recommended a solution to include these procurements with a minimum of detailed reporting.

We also reviewed the agencies' responses to your May 14, 1979, letter regarding their reporting to the Center. Of the 35 responses, only 2 cited changes in reporting requirements as a problem. Four other agencies cited the need for the Center to provide the edit program used when screening agency data. As mentioned earlier, the comprehensive edit program will be sent to the activities after test.

code The Federal Procurement Data System Policy Advisory Board was established in February 1978 when the system was announced. The Board's primary responsibility is to meet at the call of the chairman, who is the OFPP Administrator, to consider proposed additions, deletions, or other changes to the system. Thus, change is and should be anticipated, since the system will have to be dynamic to meet the changing needs of the Congress, executive branch, and industry. *DL 67029K*

- "3. * * * Can the data base be sorted in order to isolate all A-76 or consultant expert actions and provide information concerning contract costs, obligation date, revised contract specifications or cost modification, etc.?"

A-76 actions will not be identified as such in the data base; however, the services procured can be identified. The Center, therefore, could be requested to provide the number and dollar value of all contracts awarded by an agency over a specific time period for such services as custodial-janitorial services (Code S201) or guard services (Code S206). Increases in contracting out for specific services could be identified. Further, 155 individual codes, ranging from specialized medical services to vocational and technical training, could be selected for analysis. In addition, the Individual Procurement Action Report has a data entry ("Consultant Type Award," block 17) that should identify contract awards for consultants.

It is quite possible, however, that the individual preparing a contract report would not consider a contract to be for a consultant and not use block 17. In this regard, defining what a consultant is has been a problem, and opinions vary widely. The Center's definition for determining a contract for consulting services reads, in part:

"Consulting Services. Those services of a purely advisory nature relating to the governmental functions of agency administration and management and agency program management (OMB Bulletin 78-11). Specifically excluded are: the performance of agency operating functions or the supervision of those functions; commercial and industrial products and services (see OMB Circular No. A-76); and, the conduct of research (see the National Science Foundation Annual Survey of Federal Funds for Research, Development and Other Specific Activities)."

The data base can provide information on the cost of individual contracts; the number and costs of contracts awarded by an agency; and, eventually, the number of contracts and costs for the whole Government. The data base can also be sorted to provide information on the cost of contract modifications exceeding \$10,000, thus, enabling users to obtain information on significant cost growth from contract modifications. Cost growth can be identified on an individual contract basis, by agency, or Government-wide.

The data base will not be used for obligation data; it does, however, provide for recording the date of the contract action which should generally be the obligation date. The data base does not include information on revised contract specifications.

- "4. I have been informed that DOD has directed FPDC to remain within the currently allotted budget of \$940,000 during FY 80. As a result of this I fear that the so-called Dun and Bradstreet project will be uncompleted, since this project was never included in budget estimates. What is the current status of the Dun and Bradstreet project and estimated completion date?"

DLG 02894

Dun and Bradstreet, Inc., developed a system that assigns a nine-digit identification number to each business organization included in its files. The system, Duns Universal Numbering System (DUNS), covers an estimated 4 million business organizations. DUNS can also provide the standard industrial codes for these organizations. These codes identify the principal product and services that a business provides. DUNS also offers two other services that can be procured in addition to its business identification and standard industrial code. They are:

- An updating service that will identify name or address changes and corporate changes, such as mergers or sales.
- A rollup capability that identifies the corporate structure or hierarchy, if any, that a business organization is part of. Thus, affiliates, divisions, subsidiaries, and parent organizations are identified, as well as intermediate corporate levels.

The Federal Procurement Data System Committee in its July 1975 report recommended that DUNS be used to identify contractors in the Federal Procurement Data System. DOD strongly opposed this recommendation because it already had a procurement reporting system, including a method of identifying contractors using a five-digit code that had been in use for many years. DOD estimated that it could cost several million dollars to convert from its existing contractor identification system to DUNS.

A compromise was reached that provides:

- DOD will temporarily continue to use its existing system of contractor identification.
- The Center will use DUNS for contractor identification.
- A cross-reference table will be developed between DOD-identified contractors and Center-identified contractors using DUNS. The Center will convert DOD's data before entering it in the data base.

DOD, therefore, is not presently using DUNS, but has agreed to convert to DUNS in fiscal year 1981 and use it in succeeding years.

The Center and civil agencies are continuing to work with Dun and Bradstreet to install DUNS as the Government's contractor identification file. Presently, these efforts are directed toward 100-percent coverage. That is, assignment of a DUNS identification number to every contractor doing business with the Government. All of the civil agencies are using DUNS when reporting to the Center.

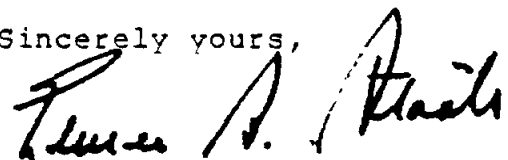
It is estimated that DUNS will not be fully integrated and functioning smoothly at the civil agency level or at the Center until June or July of 1980. Contracts for updating the files will be awarded to Dun and Bradstreet on an annual basis.

- "5. Item 4 raised a larger question of the FPDC status as an organizational entity within the Executive Branch. Currently, FPDC functions as a division of DOD, yet receives policy and program direction from the Office of Federal Procurement Policy. Is the current status of the FPDC appropriate, and what changes should be made to optimize the ability of FPDC to fulfill its Congressional mandate?"

We noted that the Center and DOD had a number of disagreements or disputes. Some were of long-standing and were brought to the attention of the Acting Director, OFPP. In some cases, the disputes centered on the extent of the Center's autonomy versus its position as a DOD activity. In view of these differences, you and Chairman Jack Brooks of the House Committee on Government Operations suggested transferring the Center from DOD to GSA. We also believe the transfer of the Center is desirable. It has the added advantage of placing the Center with its mission of providing Government-wide procurement statistics in an agency that has other Government-wide responsibilities,

We plan to issue a report on the Center's establishment and operations about 60 days from now and will, of course, furnish you with a copy. The report will describe the procurement reporting system in greater detail, how it works, and its future potential. It will also describe the need for the Center to improve its procurement of support services. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



Comptroller General
of the United States

Enclosure

FPOS - INDIVIDUAL PROCUREMENT ACTION REPORT

1. REPORTING AGENCY										2. CONTRACT NUMBER <i>Left justified - no following zeros.</i>										3. MODIFICATION NUMBER					10. NAME OF REPORTING AGENCY									
4. AGENCY ORDER NUMBER										5. PURCHASING OR CONTRACTING OFFICE Case NAME																								
6. DATE OF THIS ACTION CY Mo.					7. TYPE OF DATA ENTRY 0 = ORIGINAL 1 = REVERSING 2 = CORRECTING					8a. NAME AND COMPLETE ADDRESS Contractor Name Street Address City & State or Country																								
8. REPORT PERIOD FY Qtr.										9. CONTRACTOR ESTABLISHMENT D-U-M-S Establishment Code					9b. NAME AND COMPLETE ADDRESS Contractor Name Street Address City & State or Country																			
10. PRINCIPAL PLACE OF PERFORMANCE (STATE OR COUNTRY) - (CITY OR COUNTY OR PLACE) State City										10a. NAME OF PLACE OF PERFORMANCE																								
11. TOTAL DOLLARS OBLIGATED OR DEOBLIGATED <i>Round to nearest whole dollar - right justified.</i> <i>(Use zero zeros)</i>										11a. TYPE OF OBLIGATION 1 = OBLIGATED 2 = DEOBLIGATED * = INITIAL LOAD OF 80A TYPE CONTRACT (NO DOLLARS)					12. SUBJECT TO STATUTORY REQUIREMENTS A. War Relocation Act - Manufacture B. War Relocation Act - Regular Order C. Service Contract Act D. Davis-Bacon Act E. Not subject to War Relocation Service Contract or Davis-Bacon Act																			
13. AFFIRMATIVE ACTION PROGRAM SUBJECT A. ON FILE 1 = Yes 2 = No										14. KIND OF PROCUREMENT ACTION 1. Initial Letter Contract 2. Definitive Contract 3. New Definitive Contract 4. Order Under Reporting Agency's Contract 5. Modification 6. USA Federal Supply Schedule 7. Order Under another Agency's Contract 8. Termination for Default 9. Termination for Convenience																								
15. MULTI-YEAR PROCUREMENT 1 = Yes 2 = No										16. LABOR SURPLUS AREA (LSA) PREFERENCE 2. Partial Labor Surplus Area Set-Aside Preference (DoD only) 3. Labor Surplus Area - Tie Bid Preference 8. Total Labor Surplus Area Set-Aside Preference (P.L. 95-50)																								
17. CONSULTANT TYPE AWARD 1 = Yes 2 = No										18. PRODUCT OR SERVICE Case DESCRIPTION																								
19. PROCUREMENT METHOD 1. Unrestricted Partial Advertising 2. Other Partial Advertising 3. Negotiated Competitive 4. Negotiated Non-competitive 5. Directed Procurement for Foreign Governments 6. Term or Requested Procurement										20. EXTENT OF COMPETITION IN NEGOTIATION COMPETITIVE A1. Small Business Total Set-Aside A2. Small Business Partial Set-Aside A3. Labor Surplus Area Set-Aside A4. Labor Surplus Area/Small Business Set-Aside A5. Other Negotiated Competitive NON-COMPETITIVE B1. Buy Indian B2. Buy Program B3. Follow-on After Competition B9. Other Negotiated Non-Competitive																								
21. NEGOTIATION EXCEPTION AUTHORITY A = 18 USC 2304 (a) B = 41 USC 253 (a) C = 41 USC 253 (c) Address to Contract Agency: 01 07 12 02 08 14 03 09 16 04 10 18 05 11 17 06 12										22. TYPE OF CONTRACT OR MODIFICATION A. Fixed Price Reassessment J. Firm Fixed Price K. Fixed Price Economic Price Adjustment L. Fixed Price Incentive R. Cost-Plus-Award Fee S. Cost-No Fee T. Cost Sharing U. Cost-Plus-Fixed Fee V. Cost-Plus-Incentive Fee Y. Time and Materials Z. Labor Hour																								
23. TYPE OF BUSINESS A1. Small Business-Disadvantaged Bus. A2. Small Business-Owned by Minority Group A3. Other Small Business of Individuals B1. Large Minority Business B2. Other Large Business C1. Non-Profit-Private Educational Organization C2. Non-Profit-Health C3. Non-Profit-Research Institution Foundation Laboratory C4. Other Non-Profit Institutions D1. State/Local Government-Educational D2. State/Local Government-Health D3. State/Local Government-Research Organization D4. Other State/Local E1. Produced and Used Outside U.S./Possessions E2. Produced Outside U.S./Possessions and Used Inside U.S./Possessions										24. WOMAN OWNED BUSINESS 0 = Exempt 1 = Yes 2 = No 3 = Not Certified					25. COST ACCOUNTING STANDARDS CLAUSE 1. Required 2. Not Required					26. ESTIMATED COMPLETION DATE CY Mo.					27. FOREIGN TRADE DATA A. Number of Orders Originating Foreign Item B. Buy American Act Percent Difference C. Percent Foreign Content									
CONTRACTING OFFICER OR REPRESENTATIVE (Type name and Signature)										TELEPHONE NO					DATE SUBMITTED					USE THE REVERSE FOR INTERNAL AGENCY INFORMATION														