EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 26, 2010

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Section 865(a) of the National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417, requires the Office of Management and Budget (OMB) to provide a report on interagency acquisitions. The enclosed report discusses agency use of interagency acquisitions and efforts to improve practices for how they are established, managed, and tracked. In addition, this letter also serves as OMB's response, under 31 U.S.C. 720, to the recommendations made by the Government Accountability Office (GAO) in its April 2010 Report, *CONTRACT STRATEGIES: Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts* (GAO-10-367).

In March 2009, shortly after taking office, the President directed agencies to become more fiscally responsible in their contract actions and take immediate steps to achieve real and sustainable improvements (Memorandum of March 4, 2009, on Government Contracting). A critical building block for meeting the President's mandate is the Federal Government's sound use of interagency contracting – where an agency buys goods and services using a contract established by another agency or with its assistance. When used properly, interagency contracting allows agencies to leverage their buying power and achieve administrative efficiencies to reduce costs and produce savings for our taxpayers. Too often, however, weak acquisition practices have undermined these benefits and unnecessarily put taxpayer resources at risk of being wasted. These weaknesses led the GAO to place interagency contracting on its "high risk" list in 2005.

As we explain in the enclosed report, progress has been made in improving some aspects of interagency acquisition. Most agencies have advised OMB that their buying organizations are strengthening internal management controls to improve the processes used to evaluate if an interagency acquisition is likely to be beneficial as well as those to manage the roles and responsibilities each agency bears in such an arrangement. This progress is encouraging, as GAO cited to unclear lines of responsibility as a root cause underlying its decision to place interagency acquisition on the high risk list.

However, on other fronts, progress has been insufficient and uneven. In particular, there continues to be concern that the agencies, through both single-agency and multi-agency contracts, may be duplicating each other's contracting efforts and creating redundant contracting capacity. GAO's report notes the considerable number of agency-wide contracts (also called enterprise-wide contracts), which are intended to leverage the buying power or administrative efficiencies within a particular agency. Unjustified duplication must be avoided, as it increases both the workload for our acquisition workforce and procurement costs for vendors that are then passed on to our taxpayers in the form of higher costs.

In its recent report, GAO made five recommendations to OMB's Office of Federal Procurement Policy (OFPP) for minimizing the unnecessary proliferation of interagency contracts as well as agency-wide contracts. Two of GAO's recommendations focus on strengthening policies and practices for creating new contract vehicles: (1) develop a policy and procedural framework in conjunction with agencies for establishing, approving, and reporting on new multi-agency contracts and agency-wide contracts; and (2) require that agencies develop comprehensive business cases to support the establishment of these contract vehicles and address potential duplication with existing contracts. The other three recommendations focus on improving the quality of data on interagency contracts: (1) update the results of a 2006 survey that OFPP conducted to identify the universe of multi-agency and agency-wide contracts; (2) require agencies to record their updated data in the Federal Procurement Data System (FPDS); and (3) assess the feasibility of establishing and maintaining a centralized database of information on interagency and agency-wide contracts that contracting officers could use to conduct market research and make informed decisions on the availability of existing contracts to meet the agencies' requirements.

OMB concurs with all of GAO's recommendations. With respect to the recommendations on establishing new vehicles, OFPP will issue guidance later this fall addressing the creation and management of multi-agency and agency-wide contracts. The guidance will build on the success OMB has had in managing the growth of government-wide acquisition contracts for information technology-related requirements by requiring agencies to prepare business cases describing the expected need for the contract vehicle, the value that its creation would add, and the agency's suitability to serve as an executive agent. In response to GAO's recommendations on data, OFPP is conferring with agencies to update the current status of vehicles identified in its 2006 survey and will work with them to refresh information on these contracts in FPDS. In addition, OFPP is discussing options for creating a clearinghouse of information on existing interagency and agency-wide vehicles that agency planners can use to make more informed decisions on whether an existing contract can meet the agency's needs or whether the agency would be better off awarding a new contract.

OMB is increasing its attention on interagency and agency-wide contracting to build on progress made to date and solve challenges that have not been adequately addressed in the past. We look forward to working with Congress and GAO in implementing meaningful and lasting practices that help agencies take full and consistent advantage of the savings and other value these contract vehicles can produce to meet the needs of our taxpayers.

Sincerely,

Jeffrey D. Zients
Acting Director

Enclosure

Identical Letter Sent to:
The Honorable Joseph I. Lieberman
The Honorable Susan M. Collins
The Honorable Edolphus Towns
The Honorable Darrell Issa
The Honorable Daniel K. Inouye
The Honorable Thad Cochran
The Honorable David Obey
The Honorable Jerry Lewis
The Honorable Carl Levin
The Honorable John McCain
The Honorable Ike Skelton
The Honorable Howard P. McKeon

Enclosure

Report on the Use of Interagency Contracting

Section 865(a) of the National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417, requires the Office of Management and Budget (OMB) to report on the use of interagency contracting. In particular, section 865(a) requires OMB to address (1) controls agencies use to manage interagency contracting, (2) the cost-effectiveness and savings generated from interagency contracting, and (3) the frequency of use. This report discusses each of these areas as well as efforts OMB's Office of Federal Procurement Policy (OFPP) is taking to help agencies further strengthen interagency contracting practices and results produced from interagency contract vehicles.

Background

In the interest of economy and efficiency, federal agencies often meet mission needs through interagency contracting, by which an agency needing supplies or services obtains them using another agency's contract, the acquisition assistance of another agency, or both. When conducted consistent with sound contracting practices, interagency acquisitions provide a fiscally responsible tool that can help the government pool its buying power (especially for commodities), streamline the procurement process, and capture administrative efficiencies.

Interagency contracting is typically pursued using one of three authorities: (1) the Clinger-Cohen Act, which authorizes "government-wide acquisition contracts" for information technology ("GWACs"); (2) the Economy Act, which provides a more general authority for contracts to be used by more than one agency; or (3) the Federal Property and Administrative Services Act, which authorizes the General Services Administration (GSA) to manage the Multiple Award Schedules (Schedules) Program. In each case, the underlying contracts are usually structured as task and delivery order contracts. This contract form is well suited to the efficiencies and economies that agencies seek through interagency acquisitions, because they permit the issuance of orders for the performance of tasks or the delivery of supplies against prepositioned contracts and agreements during the term of the vehicle.

Over the years, interagency contracting has been hampered by weak contracting practices and concern that contracts are created in an uncoordinated manner that has resulted in a wasteful proliferation of vehicles. Poor contracting has been traced to unclear lines of responsibility between agencies with requirements and agencies providing acquisition support. The proliferation of vehicles has been tied to a lack of guidance on multi-agency contracts and agency-wide contracts as well as weak data on their usage.

In 2005, the Government Accountability Office (GAO) placed interagency contracting on its high risk list.[1] GAO recommended enhanced management controls to ensure sound management practices are being applied before an agency pursues an interagency acquisition and improved tracking to assess whether interagency contracting is providing good outcomes. More recently, in a report released this past May,[2] GAO recommended a number of steps to strengthen policies and practices for creating new contract vehicles and improving the quality of data on interagency contracts.

OFPP has initiated an effort to strengthen interagency contracting. As a first step to help inform its effort, OFPP has carefully studied GAO recommendations from its recent report as well as recommendations made in its biannual high risk reports. In addition, OFPP has revisited the findings and recommendations made in 2007 by the Acquisition Advisory Panel that Congress established to analyze interagency acquisition and other key facets of the federal acquisition system and has surveyed agency Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs). OFPP has also met with stakeholders in the acquisition community (including agencies who manage interagency contracts, agencies who use them, agencies that have opted to establish their own contracts in lieu of using existing interagency vehicles, firms holding interagency contracts, and trade associations). Information collected from this review, along with data from both the Federal Procurement Data System (FPDS) and activity reports provided to OMB by the executive agents of GWACs, were used to address the specific reporting areas identified in section 865(a).

Management Controls

In placing interagency contracting on its high risk list, GAO explained that proper use of this contracting method requires strong internal controls and clear definition of roles and responsibilities, because the management of these vehicles is a shared responsibility of the requesting and servicing agencies.[3] OFPP issued guidance in June 2008 to improve the day-to-day management and use of interagency contracts.[4] The guidance included practical tools to manage risk and maximize the economies and efficiencies offered by these vehicles, including: (1) "best interest determinations" to be made by the requesting agency to ensure use of an interagency acquisition is consistent with sound business considerations; (2) a model interagency agreement to establish the terms and conditions that govern the relationship between requesting and servicing agencies and capture the information needed to properly support an interagency acquisition; and (3) a detailed checklist that requesting and servicing agencies can use to ensure they have fully and effectively defined their roles and responsibilities in the interagency agreement.

In June 2010, OFPP surveyed agencies to assess agency progress in implementing the guidance. The survey focused on seven internal controls to promote effective use and prevent

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[1] *High Risk Series An Update*, GAO-05-207 (January 2005), available at http://www.gao.gov/new.items/d05207.pdf
[2] *Contract Strategies, Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts* (May 2010) available at http://www.gao.gov/new.items/d10367.pdf
[3] *High Risk Series An Update*, GAO-07-310 (January 2007), available at http://www.gao.gov/new.items/d07310.pdf
[4] *Improving the Management and Use of Interagency Acquisitions* (June 2008), available at http://www.whitehouse.gov/omb/assets/procurement/iac_revised.pdf

misuse: (1) decisions to use another agency's contracts are supported by adequate documentation; (2) decisions to seek the acquisition support of another agency are supported by adequate analysis; (3) requesting agency's contracting office is appropriately informed about the intended use of acquisition services outside of the agency; (4) cost effectiveness of interagency acquisition is adequately analyzed; (5) contracting vehicle is used properly by requesting agency; (6) roles and responsibilities between the customer and servicing agency are clearly defined; and (7) post-award reviews are conducted and corrective actions are taken where appropriate. The survey responses indicated that most agencies are implementing at least some of these controls. A description of the types of actions reported by agencies, which generally track back to OFPP's guidance, is described in Attachment 1. Many of these controls are being incorporated into the Federal Acquisition Regulation (FAR) – either directly or by reference to OFPP's 2008 guidance – to better ensure that these controls are used consistently by all agencies to enhance the effectiveness of interagency acquisitions.

Cost-Effectiveness and Savings

Interagency acquisitions are used to provide a number of important benefits. They help agencies pool buying power (especially for commodities), streamline the procurement process, and capture administrative efficiencies. OFPP's effort to strengthen interagency acquisition includes actions geared towards strengthening the value achieved from each of the three main interagency contract vehicles: GWACs, Schedules, and multi-agency contracts.

GWACs. Under the Clinger-Cohen Act (40 U.S.C. 11302), OMB is responsible for approving executive agents to manage the creation and operation of GWACs. To make sure the return from investing in a GWAC is worth the resources, OMB requires that agencies seeking to establish GWACs prepare business cases describing the expected need for the vehicle (e.g., the anticipated level of agency usage), the value that its creation would add, and the agency's suitability to serve as its executive agent. OMB uses these business cases in deciding whether to approve the agency's request.

In 2008, this process helped OMB to conclude that there was a sound basis for granting a request by the National Aeronautics and Space Administration (NASA) to serve as an executive agent for the renewal of the Solutions for Enterprise Wide Procurement ("SEWP"). NASA's business case showed that agencies have routinely looked to SEWP for cost-effective access to high-end IT products at reasonable fees. NASA also demonstrated that it is particularly well suited to serve as an executive agent because it could leverage the in-house expertise of its scientists and engineers to assist in evaluation of contractors and new products. It also had created a support structure and management controls to promote good contracting practices. More recently, OMB designated the National Institutes of Health (NIH) as an executive agent for the Chief Information Officer Solutions and Partners 3 (CIOSP3) GWAC and the CIOSP3-Small Business GWAC. NIH's business case helped the agency demonstrate the value of its proposed GWACs, which will have a particular focus on health-related IT services. These GWACs will fill an important need for agencies with health related responsibilities in the Patient Protection and Affordable Care Act. The programmatic expertise of NIH's in-house scientists and medical experts will provide strong support for the award and management of its contracts. The new GWAC vehicles will also provide increased opportunities for small businesses in Federal contracting, allowing agencies to tap into the talents of this community as they work to achieve best value for their missions and our citizens.

OMB's business case model, which was cited favorably by the Acquisition Advisory Panel, has contributed to a coordinated development of GWACs providing for a range of products and services. Over the past decade, there have been as many as six agencies serving as executive agents over 16 GWACs. Much of the recent consolidation occurred at GSA, which has the largest number of GWACs. GSA created a Contract Vehicle Review Board in 2003 with representatives from across the agency to review business cases and rationalize its contracts. Also, during the last decade two executive agents (the Department of Transportation and Commerce) made business decisions (in consultation with OMB) to transfer their GWACs to GSA and refocus their attention on other mission priorities.

Currently, there are 9 GWACs being managed by 3 agencies:

- All are for information technology, as required by the Clinger-Cohen Act.

- Two focus on hardware and software, of which one focuses on high-end scientific IT.

- Three provide IT service solutions, of which one offers medical imaging equipment.

- Four of the current GWACs are set aside for small business contractors – including one for 8(a) contractors and one for service-disabled veteran-owned small businesses. Small business set-aside GWACs have proven to be a helpful vehicle for facilitating agency access to the talents and skills of small businesses in an efficient and effective manner. GWAC managers are working with members of the President's Task Force on Small Business Contracting established by the President in late April 2010 to enhance opportunities for small businesses in the Federal marketplace.

Additional information on current GWACs is provided in Attachment 2.

Customer agencies generally view GWACs as useful alternatives to contracting directly and as offering options that complement GSA's Schedule Program (discussed below). For example, GWACs may be especially helpful where (i) the customer agency needs cutting-edge high-end scientific IT that may not yet be available on the Schedules, or technical assistance in understanding such products in deciding what best meets its needs, or (ii) a project requires a combination of specialized and generalized services that the agency wishes to obtain from one contractor that might otherwise require use of multiple Schedules.

OFPP will convene the executive agents of the GWACs with other agency program managers and customers to share experiences and best practices. This group will also support OFPP, the Federal Acquisition Regulatory Council, the Federal Acquisition Institute, and the Defense Acquisition University, in developing guidance, training tools and other materials, as may be needed, to strengthen agency practices and processes.

Schedules Program. The Schedules Program is the government's largest interagency contracting program. GSA and VA operate 58 schedules for a wide range of goods and services. The structure of their contracting vehicles is especially attractive for helping agencies pool the government's purchasing power for recurring requirements to meet everyday needs. In recent years, blanket purchase agreements (BPAs) under the Schedules Program have been used to support government-wide strategic sourcing initiatives for enterprise software, commercial credit monitoring services, and independent risk analysis services. Between 2006 and 2009, BPAs for domestic delivery services set up by GSA and created with the support of a coalition of agency sponsors saved taxpayers over $240 million when compared to standard commercial prices and more than $100 million compared to Schedule prices. The second generation BPA for domestic delivery services was implemented in February 2010 and offers prices that are 7 percent below those of the first program and 17 percent below Schedule pricing.

In the spring of 2010, GSA and other agencies developed and implemented innovative new government-wide BPAs for office supplies, including sustainable technologies and other green products. The new BPAs, which include three service-disabled veteran-owned small businesses and thirteen small businesses overall, will help federal agencies save as much as 20 percent -- approximately $200 million -- over the next four years. GSA achieved these price breaks by developing a comprehensive understanding of pricing trends and convening a commodity team of agency experts to share pricing information, analyze agency spend data, and identify common requirements. Equally important, GSA maximized the benefits of competition by securing unprecedented levels of up-front spending commitments from agencies – more than $250 million in all – to increase vendor interest in the procurement. GSA then used a reverse auction to drive down initial pricing offers before making awards. The resulting BPAs achieve significant up-front price savings and also provide for additional price reductions of up to 19 percent as the government's purchases under the new agreements grow and pass pre-determined thresholds.

In addition to pricing discounts, these new BPAs contain other cost-saving features. For the first time, Federal employees will automatically receive the discounted pricing every time they use a SmartPay card at any one of the winning vendors. This breakthrough provision eliminates a significant barrier to end-user adoption, and should increase the amount of purchasing activity captured by the BPAs. The new BPAs also require vendors to provide agencies with detailed data on their spending patterns. This will allow constant analysis of internal business processes and will help agencies identify more efficient practices, achieve additional savings, and share best demonstrated practices with the commodity team to inform future agreements.

To help meet the President's mandate for greater fiscal responsibility in contracting practices, in the President's March 4, 2009, Memorandum on Government Contracting, OFPP has urged agencies to negotiate more actively to achieve better pricing, deeper discounts, and more favorable delivery terms on their BPAs. In this regard, in 2009, DHS negotiated a department-wide software licensing agreement to support standardized desktop operating systems, e-mail, and office automation that will allow the Department to save more than $87 million during the next six years while making more than 180 products available to users. Similarly, the Census Bureau used its buying power to negotiate price reductions of over 80 percent off of Schedule prices for standard software licensing agreements, resulting in savings of almost $5 million.

GSA is undertaking a number of steps to improve the overall value offered through the Schedules Program. These improvements include: (i) targeted expansion of pre-award audits to verify that vendor-supplied pricing information is accurate, complete, and current; (ii) pre-negotiation panels to review the contract's negotiation objective; (iii) collection of transactional data on Schedule orders and prices paid and making the information available to Schedule contract negotiators and customer agencies; and (iv) establishing more consistent performance measures across the Schedules program, including measures for pricing. These improvements will be enhanced by pending changes in the Federal Acquisition Regulation that will strengthen the use of competition for Schedule orders and BPAs.

Multi-agency contracts. OFPP recognizes that some redundancy may be justified and even helpful. As the Acquisition Advisory Panel noted, "some competition among vehicles is desirable and even fundamental to maintaining the health of government contracting." However, concerns continue to be raised that agencies may be undercutting the benefits of interagency contracting by duplicating each other's contracting efforts. At the same time, unjustified duplication must be avoided, as it increases both the workload for our acquisition workforce and procurement costs for vendors, which are then passed on to our taxpayers in the form of higher prices.

Later this summer, OFPP will issue guidance for the development of business cases for multi-agency contracts. OFPP will build on the basic analytical model used for GWACs. Consistent with section 865 of the National Defense Authorization Act for FY 2009, the business case will require an agency to address the anticipated impact that its proposed vehicle will have on the government's ability to leverage – such as how it differs from existing vehicles and the basis for concluding that it will offer greater value than existing vehicles. The business case will also require the agency to evaluate the cost of awarding and managing the contract and comparing this to the likely fees that would be incurred if the agency used an existing vehicle or sought out acquisition assistance.

As part of this process, OFPP is considering if and where review outside the agency might be warranted. Because GWACs already provide agencies with access to a wide range of contracted goods and services for IT, external review of business cases to establish multi-agency contracts for IT, in particular, may serve a useful purpose in guarding against unjustified duplication of GWACs.

In addition, OFPP is considering whether an exemption from the requirement for a business case should be provided if other agencies' use of the contract at issue is expected to be minimal. In this regard, we note that the term "multi-agency contract," as it is normally used, includes not only contracts where inter-agency activity is significant, but all contracts where use by other agencies is permitted, even if it is minor and incidental. In the latter case, any harm from duplication should also be minor, thus reducing the need for a business case.

Agency-specific vehicles. A number of agencies have turned to agency-specific vehicles in lieu of interagency contracts to leverage their buying power and meet other agency needs. Because agency-wide contracts involve large investments likely to have an impact on government-wide buying power, OFPP has concluded that business cases should be developed and approved before these vehicles are used. A number of agencies already require business cases to consider the value of establishing an agency-wide vehicle in light of the costs of doing so and the suitability of available existing vehicles. The business case approach recognizes legitimate reasons that might favor an agency-specific vehicle over an interagency vehicle. For example, the agency may wish to negotiate terms and conditions that are tailored to its requirements, simplify contract management by bringing contractors together under one contract vehicle (in lieu of having to manage contractors on multiple interagency vehicles, each of which addresses only part of the agency's requirement), and better ensure products are in compliance with agency standards.

Frequency of Use

According to the Federal Procurement Data System (FPDS) and information provided by GSA, VA, and the GWAC executive agents, interagency contracting was responsible for approximately $52B in FY 2009. Activity through the GSA Schedules Program totaled approximately $37 billion; activity through the VA Schedules Program was about $9 billion; activity through GWACs was about $3 billion; and obligations made under indefinite-quantity indefinite-delivery vehicles (other than Schedules or GWACs) that were used by two or more agencies was around $3 billion.

According to FPDS, of the 24 CFO Act agencies, 10 reported that obligations made through interagency contracting represented more than 20 percent of their total obligations, five said such obligations were between 10 and 20 percent, and nine said these obligations were less than 10 percent. Smaller agencies tended to obligate the largest percentage of their procurement budgets on interagency contracts. This is due, in part, to the savings experienced or opportunity to realize savings as a result of leveraging the procurement expertise of larger servicing agencies to negotiate better deals than a smaller agency could obtain on its own. Small agencies often lack in-house expertise or capacity and, therefore, tend to rely heavily on interagency contracts to meet their needs. A break-out by agency is provided at Attachment 3.

OFPP is taking steps to improve the adequacy of information that is available on multi-agency and agency-wide vehicles. The quality of available data affects the reliability of the assessment of whether the use (or non-use) of these vehicles should result in best value for the taxpayer. OFPP is conferring with the Chief Acquisition Officers Council's Acquisition Committee for E-Gov (the "ACE"). The ACE evaluates investments in the government-wide electronic acquisition systems that support common functions performed by all agencies. OFPP and the ACE are reviewing the status of FPDS programming changes to identify interagency contracts.

OFPP and the ACE are also looking at options for recreating a clearinghouse of information on existing interagency contract vehicles, including GWACs, multi-agency contracts, Schedule contracts, and any other procurement instrument intended for use by multiple agencies, including BPAs under Schedule contracts. A database of this nature was developed close to a decade ago, but was not maintained.

While data weaknesses are real and must be addressed, it is important to keep in mind that even a perfect data system would not itself avoid unjustified duplication and that, even with incomplete data, interagency contracting can be improved. Equally important, assumptions made in the absence of complete data must continually be tested so that our actions remain properly focused on where the challenges are greatest.

Conclusion

When used properly, interagency contracting allows agencies to leverage their purchasing power and achieve administrative efficiencies that reduce costs and produce savings for our taxpayers. Some progress has been made that addresses key weaknesses in interagency contracting practices, including agency adoption of management controls to promote effective use and prevent abuse of interagency contracts as well as the transparent and accountable management of GWACs. The Federal Government has also advanced its strategic thinking about how best to pool its aggregate purchasing power.

Even with this progress, much work remains. Agencies must consistently implement internal controls to manage their use of interagency contracts and develop sound business cases to support the development of multi-agency and large agency-specific vehicles. The government must also improve the quality of data and transparency into interagency contract activity, especially for multi-agency contracts.

OFPP is redoubling its efforts and engaging agency CAOs and SPEs to do the same to address remaining challenges through FAR changes and other guidance, FPDS and related technology improvements, the sharing of best practices, and increased attention by the Chief Acquisition Officers Council. Through these concerted efforts, undertaken in partnership with Congress, the Federal Government will implement meaningful and lasting improvements so that agencies take better and more consistent advantage of interagency contracting, which will produce savings and other benefits on behalf of our taxpayers.

Attachment 1

Management Controls Promoting Effective Use of Interagency Acquisitions

Based on responses to a survey conducted by OFPP in May 2010 of the CFO Act agencies, most agencies reported that they are implementing at least some of the management controls described under "action reported by agencies." Many of these controls are being incorporated into the Federal Acquisition Regulation – either directly or by reference to OFPP's 2008 guidance on interagency acquisition – to help better ensure they are used consistently by all agencies to enhance the effective use of interagency acquisitions.

Goal		Action Reported by Agencies
Improved Decision Making	**Decisions to use another agency's contracts are supported by adequate documentation**	• Agency considering use of another agency's contract makes a written determination that such action is in the best interest of the government, taking into account factors such as: ➢ the suitability of the vehicle; ➢ the value of using the vehicle; and ➢ the ability of the requesting agency to use the vehicle effectively.
	Decisions to seek the acquisition support of another agency are supported by adequate analysis	• Agency needing acquisition assistance chooses a servicing agency that can provide the necessary assistance by giving consideration to factors such as: ➢ the servicing agency's authority, experience, and expertise in entering into a contract or order for the required products or services; ➢ the servicing agency's ability to comply with the requesting agency's statutes, regulations, and policies, including any unique acquisition and fiscal requirements; ➢ customer satisfaction with the servicing agency's performance, both in terms of responsiveness and results achieved; and ➢ reasonableness of the servicing agency's fees.

Goal		Action Reported by Agencies
Improved Communication	**Requesting agency's contracting office is appropriately informed about the intended use of acquisition services outside of the agency**	• The requesting agency's program office: ➢ notifies its internal contracting office that the request for assisted acquisitions services is being considered by the program office; or, ➢ obtains concurrence from its internal contracting office to use the services of a contracting office outside of the requesting agency.
Maximizing Value	**Cost effectiveness of interagency acquisition is adequately analyzed**	• Requesting agency conducts an analysis of acquisition approaches that includes costs associated with buying directly versus through another agency in deciding whether to enter into an interagency acquisition.
	Contracting vehicle is used properly by requesting agency	• Requesting agency contracting or program personnel are required to**:** ➢ review materials about the other agency's contract before placing an order; and ➢ contact the servicing agency prior to using another agency's contract. • Servicing agencies make training available to requesting agency users on the proper use of the contracting vehicle.
	Roles and responsibilities are clearly defined	• Requesting and servicing agencies develop clear and complete written interagency agreements that: ➢ establish general terms and conditions to govern the relationship between the agencies, including each party's role in carrying out responsibilities in the acquisition lifecycle; ➢ includes any unique acquisition and fiscal requirements of the requesting agency; and ➢ provides information required to demonstrate a bona fide need and authorize the transfer and obligation of funds.
Improved Compliance	**Post award reviews are conducted and corrective actions are taken where appropriate**	• Requesting and servicing agencies conduct reviews after orders are placed. The reviews are conducted to detect non-compliance with applicable guidance, policies, and procedures. Where necessary, remedial actions are employed to correct problems.

Attachment 2

Government-wide Acquisition Contracts (GWACs) as of July 2010

Executive Agent	GWAC/Program Name	Program Description	Contract Ceiling[5] (in billions)	Expiration	FY 2009 Spending (in millions)
GSA	Alliant	Provides integrated IT solutions	$15	April 2014	$40
GSA	Alliant Small Business	Small business set- aside offering integrated IT solutions	$15	Feb 2014	$21
GSA	8(a) Streamlined Technology Acquisition Resources for Services (STARS)	8(a) STARS is a small business set-aside contract for technology solutions.	$15	May 2011	$192
GSA	COMMITS NexGen	Provide competitive IT solutions from a pool of small, disadvantaged, 8(a), women-owned, veteran-owned, service disabled veteran-owned, and HUBZone businesses.	$1.5	Jan 2011	$78
GSA	Veterans Technology Services (VETS)	VETS is a small business set-aside GWAC for service-disabled veteran-owned (SDVO) small technology firms.	$5	Feb 2012	$94
HHS	Chief Information Officer–Solutions and Partners 2 Innovations (CIO SP2i)	Provides IT hardware, software, systems, and services in support of IT solutions	$19.5	Dec 2010	$39
HHS	Image World 2 New Dimensions (IW2nd)	Provides commercial hardware, software, and integrated systems services and solutions for the implementation of imaging technology	$15	Dec 2010	$0.16
HHS	Electronic Commodities Store III (ECS III)	Provides commercial IT supplies and related services	$6	Nov 2012	$73
NASA	Solutions for Enterprise Wide Procurement (SEWP)	Provides IT products and services	$5.6	May/June 2014	$1,800

[5] Contract ceiling is applicable over the life of the contract, which includes a base performance period, ranging from 4-7 years, and any option periods.

Attachment 3

Interagency Acquisition Obligations as a Percentage of Total Agency Procurement Spend in FY 2009

Agency	Level of Interagency Usage		
	Greater than 20%	10-20%	Less than 10%
Agriculture		✓	
Commerce	✓		
Defense			✓
Education	✓		
Energy			✓
EPA		✓	
HHS			✓
Homeland Security	✓		
HUD		✓	
Interior	✓		
Justice	✓		
Labor			✓
State		✓	
Transportation			✓
Treasury	✓		
Veterans Affairs		✓	
AID			✓
GSA			✓
NASA			✓
NRC	✓		
NSF	✓		
OPM			✓
SBA	✓		
SSA	✓		

Source: FPDS