



Office of Audits  
Office of Inspector General  
U.S. General Services Administration

# GSA's Fiscal Year 2020 Transactional Data Reporting Pilot Evaluation Provides an Inaccurate Assessment of the Program

Report Number A210081/Q/3/P23001  
May 1, 2023

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## ***Executive Summary***

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### **GSA’s Fiscal Year 2020 Transactional Data Reporting Pilot Evaluation Provides an Inaccurate Assessment of the Program**

Report Number A210081/Q/3/P23001

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#### **Why We Performed This Audit**

We performed this audit to determine if GSA’s *Transactional Data Reporting (TDR) Pilot Evaluation Plan and Metrics Version 2.0* enabled GSA to objectively measure and evaluate whether TDR can fulfill the Commercial Sales Practices and Price Reductions Clause contract-level pricing negotiation function while lowering industry reporting burden.

#### **What We Found**

Under the Multiple Award Schedule (MAS) Program, GSA’s Federal Acquisition Service (FAS) establishes long-term government-wide contracts. Through these contracts, millions of commercial products and services are made available to government agencies. In Fiscal Year (FY) 2022 alone, MAS Program sales exceeded \$40 billion.

The intent of the MAS Program is to leverage the government’s buying power to obtain competitive, commercial prices for customer agencies. Historically, GSA has used two mechanisms—commercial pricing disclosures and price reduction protections—to obtain commercial pricing over the life of MAS contracts. In June 2016, GSA published a final rule in the Federal Register establishing the TDR pilot for MAS contracts. Under the pilot, MAS contractors are required to report transactional data, including prices paid by government customers, for products and services sold under their respective contracts. In exchange for this transactional data, contractors are no longer required to disclose commercial pricing or adhere to price reduction requirements.

In April 2021, GSA reported on the results of its evaluation of the TDR pilot for FY 2020. GSA’s evaluation portrayed the TDR pilot as a success. However, GSA’s portrayal of the TDR pilot as a success ignores the fact that the data collected through the pilot program has never been used to analyze and negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.

After more than 6 years of running the pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. In that example, however, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA’s assertion, the contracting officer ultimately did not use the TDR data to make the contract-level pricing decisions on that particular contract.

GSA collected transactional data for FY 2022 sales totaling over \$14.6 billion. We found that the data reported for \$12.6 billion of these sales (87 percent) cannot be used for meaningful price analysis. Specifically, we found that:

- All transactional data collected for sales of services and sales identified as both products and services, which made up over \$8.6 billion (59 percent) of the FY 2022 sales is unusable. This data is unusable because it lacks essential information, such as standardized part numbers or descriptions that identify the services provided.
- The majority of data collected for sales of products, which made up approximately \$6 billion (41 percent) of the FY 2022 sales is also unusable. GSA found that the sales data collected for \$4 billion of product sales (67 percent) is unusable because in many cases contractors are not reporting accurate part numbers.
- For the remaining \$2 billion in sales (13 percent), we found that some of the data is not effective for price comparison due to the myriad variations in the way contractors report data for identical products.

We also found that GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that enabled GSA to assert that the TDR pilot met its performance objectives and portray it as a success. This occurred because GSA used flawed methodologies, as well as inaccurate and unsupported information to evaluate the TDR pilot performance metrics.

While we found problems with GSA's evaluation as a whole, we identified significant deficiencies with GSA's evaluation of the metrics it used to determine whether the TDR pilot was used for contract-level price negotiations and lowered industry burden. Specifically, we found that GSA:

- Designed a misleading performance metric to assess data completeness and could not support the results of its evaluation of this metric;
- Inaccurately asserted that MAS contracting officers used TDR pilot data;
- Did not assess the category manager usage metric based on actual use of the TDR pilot data and could not support the results of its evaluation of this metric; and
- Did not measure actual contractor reporting burden for TDR.

Taken together, these deficiencies clearly demonstrate that the TDR pilot has not been a success and point to significant problems that must be corrected before its expansion across the MAS program. Under the circumstances described in this report, it would be irresponsible to expand the TDR pilot across the program's annual sales of more than \$40 billion. Therefore, after over 6 years of ignoring the problems with the pilot, GSA is confronted with two options—take comprehensive action to fix the significant problems that plague TDR or terminate the pilot by executing the exit strategy.

## What We Recommend

We recommend that the GSA Administrator, FAS Commissioner, and Associate Administrator of the Office of Government-wide Policy:

1. Cease further expansion of TDR until the problems are corrected or the pilot is terminated.
2. Address the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, GSA should, at a minimum:
  - a. Conduct a comprehensive assessment of all TDR data;
  - b. Verify the accuracy and completeness of all TDR data;
  - c. Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
  - d. Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contract;
  - e. Make the data accessible to all MAS contracting personnel; and
  - f. Develop a methodology for pricing using TDR data that will ensure that customer agencies meet the Competition in Contracting Act for orders placed through MAS contracts.
3. If GSA cannot successfully complete the corrective actions outlined in Recommendation 2 within 1 year of report issuance or makes the decision not to take those corrective actions, execute the exit strategy for the TDR pilot and transition participating contractors out of the pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation*.

While GSA states that it partially agrees with our recommendations, it neither addresses nor rebuts our findings. GSA instead repeats its FY 2020 TDR pilot evaluation results and makes numerous assertions of the “potential further benefits” and “anticipated” uses of the TDR data. The agency does not commit to curing the deficiencies our audit exposed before expanding the pilot further, but merely states it will “consider the continuing maturity of TDR as part of any expansion decision.”

This vague response fails to acknowledge the fundamental fact that GSA has not used TDR data for price negotiations. Under TDR, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable; and GSA lacks a clear, well-supported plan for overcoming these deficiencies. After nearly 7 years of running the pilot, GSA’s ability to use the data to negotiate fair and reasonable pricing on behalf of the American taxpayer remains an untested theory. Accordingly, we reaffirm our findings, conclusions, and recommendations.

Our unrebutted findings clearly demonstrate severe deficiencies in the TDR pilot that must be corrected before its expansion across the MAS program’s annual sales of more than \$40 billion.

GSA's inexplicable refusal to commit to fixing those problems *before* further expansion, or alternatively to terminate the pilot, is a disservice to taxpayers.

GSA's written comments are included in their entirety in **Appendix C**.

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## Introduction

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We performed an audit of GSA’s evaluation of the Transactional Data Reporting (TDR) pilot against TDR’s stated objectives.

### Purpose

We have monitored GSA’s TDR pilot since 2014. We initiated this audit based upon our assessment of risks surrounding the TDR pilot identified in our June 24, 2021, audit report, *GSA’s Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions*.<sup>1</sup>

### Objective

We performed this audit to determine if GSA’s *TDR Pilot Evaluation Plan and Metrics Version 2.0* enabled GSA to objectively measure and evaluate whether TDR can fulfill the Commercial Sales Practices (CSP) and Price Reductions Clause (PRC) contract-level pricing negotiation function while lowering industry reporting burden.

See **Appendix A** – Objective, Scope, and Methodology for additional details.

### Background

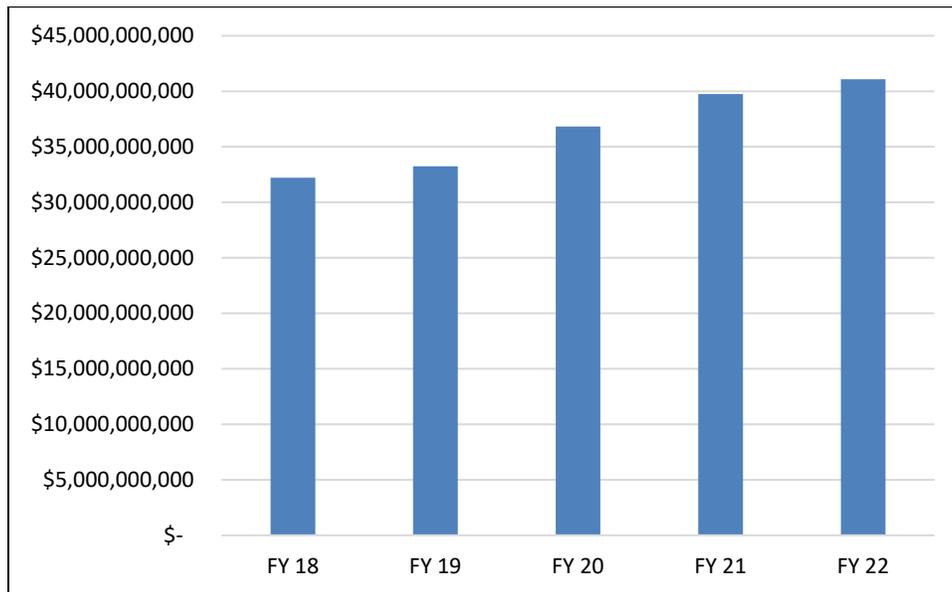
GSA’s Multiple Award Schedule (MAS) contracts are long-term, government-wide contracts with commercial contractors that provide federal, state, and local government buyers access to more than 11 million commercial supplies (products) and services at volume discount pricing. Awarded contracts include pre-negotiated prices, delivery terms, warranties, and other terms and conditions intended to streamline the acquisition process. MAS contracts are indefinite-delivery, indefinite-quantity and are typically awarded with a 5-year base period and three 5-year option extensions, totaling 20 years.

As of September 30, 2022, the MAS Program had 16,749 contracts in effect with total annual sales of more than \$40 billion. As shown in *Figure 1* on the next page, annual sales through the MAS program have exceeded \$30 billion in Fiscal Years (FYs) 2018 through 2022.

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<sup>1</sup> Report Number A140143/Q/6/P21002.

**Figure 1 – Annual MAS Sales for FY 2018 through FY 2022**



The MAS program is authorized by two statutes: Title III of the Federal Property and Administrative Services Act of 1949; and Title 40, U.S.C. 501, *Services for Executive Agencies*. MAS program acquisitions are governed by the following:

- Federal Acquisition Regulation (FAR), which provides regulatory guidance;
- General Services Administration Acquisition Regulation (GSAR), which contains Agency acquisition policies and practices, contract clauses, solicitation provisions, and forms that control the relationship between GSA and contractors; and
- General Services Administration Acquisition Manual, which contains the GSAR and non-regulatory agency acquisition guidance.

According to GSA’s *Multiple Award Schedule Desk Reference*, the intent of the MAS program is to leverage the government’s buying power to provide customer agencies with competitive, market-based pricing. The Competition in Contracting Act of 1984 (41 U.S.C. 152) (CICA) states that procedures established under the MAS program are competitive as long as MAS orders and contracts result in the lowest overall cost alternative to meet the government’s needs. In order to ensure MAS contracts meet the competitive and lowest overall cost alternative requirements of CICA, GSA established in the GSAR that the government will seek to obtain the offeror’s best price, or in other words, the best price given to the most favored customer (MFC).

GSA’s negotiated pricing on MAS contracts is especially important because FAR 8.404(d), *Use of Federal Supply Schedules*, provides that customer agencies can rely on GSA’s price reasonableness determination to ensure orders result in the lowest overall cost alternative. Before awarding MAS contracts, GSA contracting officers must make a determination that the prices are fair and reasonable. Because GSA makes this determination for the contracts, FAR

8.404(d) allows customer agencies to rely on GSA's price reasonableness determination and releases customer agencies from their responsibility for making a separate determination of fair and reasonable pricing.

In addition, FAR 8.404(d) states that, "By placing an order against a schedule contract using the procedures in [FAR] 8.405, the ordering activity has concluded that the order represents the best value (as defined in FAR 2.101) and results in the lowest overall cost alternative (considering price, special features, administrative costs, etc.) to meet the Government's needs." Therefore, when customer agencies place orders against MAS contracts and follow the ordering procedures in FAR 8.405, they are relying on GSA's price reasonableness determinations to ensure their order results in the lowest overall cost alternative for the government.

In order to meet the pricing objectives outlined under GSAR 538.270-1, *Evaluation of offers without access to transactional data*, GSA's Federal Acquisition Service (FAS) requires offerors to provide commercial pricing information to serve as a basis for contracting officers to negotiate and make pricing determinations. Specifically, offerors provide CSP disclosures to help the contracting officer identify an offeror's MFC pricing. Contracting officers are responsible for determining if the offeror's CSP disclosures are an adequate basis to identify and target MFC pricing in negotiations. FAS has established policy and guidance that outlines the contracting officer's responsibilities, such as Procurement Information Notice (PIN) 2012-04, *Verification of MFC Pricing*, which states the following:

The Competition in Contracting Act of 1984 requires that FSS [Federal Supply Schedule] contracts and orders result in the lowest overall cost alternative to the Government. A critical step toward obtaining this result is the targeting of MFC pricing. The mandate to pursue MFC pricing ensures that FSS contracts harness the Government's collective buying power and result in the best possible prices for customers and taxpayers. When you negotiate a Schedule contract, you represent an extensive customer base. Therefore, the offers you accept (to include the pricing you negotiate), should reflect the significant value the FSS Program provides to its vendors.<sup>2</sup>

FAS also has policy and guidance in place to outline other information its contracting personnel can use to evaluate pricing when an offeror is unable to provide sufficient CSP information to make a pricing determination. One example is PIN 2012-05, *Use of Cost Analysis When Evaluating Federal Supply Schedule Offers*, which states the following:

When offerors submit proposals for a contract under the FSS Program, they are required to identify their Most Favored Customer (MFC) on the Commercial Sales Practices (CSP) disclosure and provide information regarding pricing and

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<sup>2</sup> GSA also refers to its Multiple Award Schedule (MAS) Program as the Federal Supply Schedule (FSS) program. Accordingly, "MAS" and "FSS" are used interchangeably throughout this report.

commercial practices. Some offerors also submit data other than certified cost or pricing data with their CSP, if the terms and conditions under which they transact business with their major customers are based on cost, or if they do not have significant (or any) commercial sales of items (including services) offered under the FSS Program.

The guidance referenced above from PINs 2012-04 and 2012-05 was consolidated and replaced by FAS Policy and Procedure (PAP) 2021-05, *Evaluation of FSS Program Pricing*, signed on September 27, 2021. There were no substantive changes from the guidance in the PINs to the guidance in the new FAS PAP, as both the past and current policies state that other than certified cost or pricing data can supplement a CSP that does not contain significant commercial sales.

In addition, to assist its contracting personnel in evaluating pricing proposals, FAS developed automated pricing tools that compare proposed products and services to pricing already offered on active MAS contracts. FAS's contracting personnel use two main pricing tools: the Contract-Awarded Labor Category (CALC) tool, which is used to evaluate services; and the Price Point Plus Portal tool (4P tool), which is used to evaluate products. The 4P tool also provides limited pricing information from other government contracts, such as NASA's Solution for Enterprise-Wide Procurement, the Defense Logistics Agency's FedMall, and any GSA or publicly available government-wide acquisition contracts. The 4P tool also has limited insight into commercial pricing through publicly available sources, such as [www.amazon.com](http://www.amazon.com) and [www.bestbuy.com](http://www.bestbuy.com).

Prior to June 23, 2016, all MAS offerors were required to submit CSP disclosures and identify their MFCs, while contracting officers were required to seek to obtain MFC pricing in negotiations.

### **Transactional Data Reporting Rule**

On June 23, 2016, GSA published a final rule in the Federal Register establishing TDR for purchases made using select GSA contracting vehicles, including those in the MAS program.<sup>3</sup> According to GSA's commentary accompanying its final TDR rule, "The purpose of the Transactional Data Reporting rule is to transform price disclosure and related policies for GSA's Federal Supply Schedule ... in order to improve the value taxpayers receive when purchases are made using these vehicles." More specifically, GSA's commentary published in the Federal Register stated:

Transactional Data Reporting is an attempt to embrace modern technology while moving away from outmoded practices. When first introduced in the 1980s, the CSP and PRC [Price Reductions Clause] helped GSA and its customer

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<sup>3</sup> The Federal Register is published every business day by the National Archives and Records Administration and includes federal agency regulations, executive orders, and proposed rules and notices of interest to the public.

agencies maintain advantageous pricing from original equipment manufacturers that held the vast majority of FSS contracts. However, changes in what the Government buys and shifts in the federal marketplace have eroded the effectiveness of these tools over time. Additionally, vendors repeatedly single out these pricing tools as among the most complicated and burdensome requirements in federal contracting.

Under the final rule, contractors opting into the TDR pilot are required to report transactional data on a monthly basis for sales made under their GSA contracts. Twelve data elements (e.g., price paid per unit, unit measure, and manufacturer name) must be included in the monthly reporting.

Pursuant to the final rule, GSA amended the GSAR to provide contracting officers with different requirements and evaluation methods to determine fair and reasonable pricing for offers with access to transactional data and offers without access to transactional data. The two revised GSAR clauses are as follows:

- GSAR 538.270-1, *Evaluation of offers without access to transactional data*, maintains the traditional method of evaluating pricing. Under this method, the contractor is required to submit CSP information that outlines the terms and conditions offered to its other commercial and government customers, including price and discount information. Contracting officers are required to use this information to seek to obtain the offeror's best price (referred to as the most favored customer price).
- GSAR 538.270-2, *Evaluation of offers with access to transactional data*, does not require contractors to provide CSP information. Instead, the clause establishes an order of preference of information that contracting officers shall use to establish negotiation objectives. The clause prioritizes the use of information that is readily available, including prices paid information (such as TDR data), contract-level pricing information from other schedules and government-wide contract vehicles for the same or similar items (such as GSA Advantage! or FAS pricing tools), and commercial data sources.

For contractors opting into the TDR pilot, GSA also amended GSAR 552.238-75, *Price Reductions*, to eliminate the basis of award tracking requirement. This tracking requirement instructed the contractor to decrease its GSA contract price any time the contractor awarded a price decrease to the basis of award customer(s). The alignment of the GSA price to a basis of award customer price (preferably the most favored customer price) is intended to keep GSA contract pricing competitive. According to the final rule, GSA amended the PRC under the TDR pilot to reduce contractor burden. In doing so, GSA removed a key provision included in MAS contracts that protected federal customers from paying inflated prices for goods and services.

## Launching the TDR Pilot

In August 2016, FAS launched a 3-year TDR pilot intended to allow GSA to test and evaluate the pilot's effectiveness and collect stakeholder feedback as it was implemented. Schedule holders with any of the eight schedules listed in *Figure 2* below were eligible to opt into the TDR pilot. Collectively, these schedules accounted for more than 40 percent of MAS sales at that time.

**Figure 2 – Schedules Included in the TDR Pilot**

Schedule Number	Schedule Name
03FAC	Facilities Maintenance and Management
51V	Hardware Superstore
58I	Professional Audio/Video, Telemetry/Tracking, Recording/Reproducing and Signal Data Solutions
72	Furnishing and Floor Coverings
73	Food Service, Hospitality, Cleaning Equipment and Supplies, Chemicals and Services
75	Office Products/Supplies and Services and New Products/Technology
00CORP	The Professional Services Schedule
70	General Purpose Information Technology Equipment, Software, and Services

For the first six schedules listed in *Figure 2*, any of the Special Item Numbers (SINs) associated with that schedule were eligible to opt into the TDR pilot.<sup>4</sup> For Schedules 00CORP and 70, only a select number of SINs were eligible for inclusion in the TDR pilot. However, if a contract included any one of the eligible SINs, the entire contract was thereby eligible for the TDR pilot.

FAS began collecting TDR data from participating contractors via GSA's Sales Reporting Portal (SRP) in October 2016. SRP is the system contractors use to submit contract sales, both for Industrial Funding Fee purposes (i.e., total sales for items purchased under the contract, which is required for all schedule contractors and reported either quarterly or monthly) and TDR requirements (i.e., detailed line-item transactional data, which is required for contractors that opt into the TDR pilot and reported monthly).<sup>5</sup> As of November 2019, nearly 7 million line items of TDR data were collected for approximately 2,300 participating contracts. These 2,300 contracts accounted for 57 percent of the approximately 4,000 contracts eligible for the TDR pilot.

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<sup>4</sup> A SIN is a defined category of products or services. Each schedule has varying numbers of associated SINs.

<sup>5</sup> The Industrial Funding Fee reimburses GSA for the costs of operating the MAS program.

According to the final rule, GSA's Senior Procurement Executive, in consultation with the Administrator of the Office of Management and Budget's Office of Federal Procurement Policy and other interested stakeholders, will evaluate the TDR pilot. They are to regularly evaluate progress against a series of metrics to determine whether the TDR pilot should be: (1) discontinued if it is significantly underperforming, (2) continued for another year if it is on track to meet targets, or (3) declared a success and become eligible for expansion if it is meeting or exceeding targets.

### **Expansion of TDR Pilot under GSA's Consolidated Schedule**

On October 1, 2019, GSA released a single-schedule solicitation, with plans to consolidate its 24 legacy schedules, in an effort to provide program consistency and make it easier for customer agencies to find everything they need under one contract. Pursuant to the consolidation, a vendor holding multiple schedule contracts offering different products or services under multiple SINs would end up holding just one schedule contract offering all those products and services. Beginning January 31, 2020, GSA issued a mass modification that updated existing MAS contracts to reflect the terms and conditions of the consolidation. Contractors were required to accept this mass modification by July 31, 2020.

Under the consolidation, contractors that opted into the TDR pilot remained in the pilot. Contractors who offered SINs within the scope of the TDR pilot, but had not yet opted in, were still able to do so. In addition, as explained above, if a schedule contract included any one of the SINs included in the TDR pilot, then all SINs under that contract are included in the pilot if the contractor opted in.

For example, a contractor that previously held one contract under Schedule 51V – Hardware Superstore (included in the TDR pilot), and another contract under Schedule 23V – Automotive Superstore (not included in the TDR pilot), will now hold just one schedule contract that combines the SINs offered under both the original contracts. In this example, since the consolidated contract includes Schedule 51V offerings, if the contractor opted into the TDR pilot, all transactions under the new consolidated contract (both the Schedule 51V and Schedule 23V offerings) will fall under the TDR pilot terms and conditions.

### **TDR Pilot Evaluations**

As stated previously, FAS's 3-year TDR pilot was intended to allow GSA to test and evaluate the pilot's effectiveness and collect stakeholder feedback. Under the TDR pilot, contractors are required to report the required 12 transactional data elements on a monthly basis for sales made under their MAS contracts. In May 2019, GSA extended the TDR pilot through FY 2020, with two scheduled evaluations of the pilot during this time period.

The evaluation of FY 2019 performance took place in January 2020. In its FY 2019 evaluation of the TDR pilot, GSA concluded that the collected data was not being used to improve taxpayer

value through smarter buying decisions. However, GSA still contended that its scoring placed the TDR pilot in the “on track to meet targets” range and thus the pilot should continue.

The evaluation of FY 2020 performance, which is the subject of this audit, was finalized in April 2021. GSA’s FY 2020 evaluation was based on the *TDR Pilot Evaluation Plan and Metrics Version 2.0*. The evaluation focused on the three objectives and corresponding statements of accomplishment shown in *Figure 3* below. The first objective carries the most weight in the evaluation, while the other two objectives carry less weight.

**Figure 3 – GSA’s TDR Pilot Evaluation Objectives and Statements of Accomplishment**

Objective	Statement(s) of Accomplishment
<p>Determine if TDR can fulfill the CSP and PRC contract-level pricing negotiation function while lowering industry reporting burden.</p>	<ul style="list-style-type: none"> <li>• TDR data is complete enough to be used for contract-level price negotiations.</li> <li>• FSS contracting officers are using data to negotiate contract-level pricing.</li> <li>• TDR contract-level pricing is in line with non-TDR contract-level pricing.</li> <li>• TDR is less burdensome than the CSP/PRC model for FSS vendors.</li> </ul>
<p>Determine if GSA can use transactional data to improve buying outcomes.</p>	<ul style="list-style-type: none"> <li>• FAS demonstrates TDR contributes to better outcomes at the contract level and order level.</li> </ul>
<p>Determine how TDR is impacting the FSS program’s health.</p>	<ul style="list-style-type: none"> <li>• TDR is not negatively impacting FSS sales volume.</li> <li>• TDR is not negatively impacting small businesses participation in the FSS program.</li> <li>• TDR is not negatively impacting GSA FSS program costs.</li> </ul>

In its FY 2020 evaluation of the TDR pilot, GSA awarded a score equivalent to “meeting or exceeding targets” and stated that it can expand the pilot to the entire MAS Program.

GSA’s FY 2020 evaluation of the TDR pilot is included in its entirety in **Appendix B** of this report.

## **Previous OIG Reports Identified Concerns with TDR**

Since 2014, we have issued a series of documents identifying concerns with GSA's TDR efforts. These documents include the reports and alert memorandum described on the following pages.

### ***Audit of Transactional Data Reporting Pilot Evaluation and Metrics – July 25, 2018<sup>6</sup>***

We determined that GSA's initial TDR pilot Evaluation Plan and Metrics would not enable GSA to objectively measure or evaluate whether the TDR pilot was improving the value of the MAS Program. Specifically, we found that the TDR pilot objectives were not well-defined, some metrics lacked performance targets, and a majority of the metrics relied on data that was not available for use in and evaluation of the pilot. In response to this report, GSA stated it would modify the *TDR Pilot Evaluation Plan and Metrics*.

### ***GSA's Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions – June 24, 2021<sup>7</sup>***

In this report, we found that the TDR data was inaccurate and unreliable, and FAS contracting personnel were not using the data to negotiate or make pricing determinations. Instead, FAS contracting personnel largely relied on pricing tools to analyze contract pricing. This approach, however, does not leverage the collective buying power of the government and does not ensure that prices reflect the lowest overall cost alternative to meet the government's needs. We also found that most contracting personnel did not have access to TDR data, and many of those with access lacked a basic understanding of the data and did not know how to use it.

We recommended that FAS take immediate action to mitigate the risks of the TDR pilot by restricting additional offerors from opting into the TDR pilot. Because the TDR data was inaccurate and unreliable, we also recommended that FAS restrict access to, and use of, the data. Additionally, we recommended that FAS develop an exit strategy from the TDR pilot and transition participating contractors out of the TDR pilot. FAS disagreed with these recommendations and, despite our reported findings, is currently working toward expanding TDR to the entire MAS Program.

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<sup>6</sup> Report Number A140143/Q/T/P18004.

<sup>7</sup> Report Number A140143/Q/6/P21002.

***FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues – July 18, 2022<sup>8</sup>***

The purpose of this alert memorandum was to inform the FAS Commissioner that the plan to expand the TDR rule to the entire MAS Program by November 1, 2022, could place government agencies at risk of overpaying for products and services due to ongoing TDR data quality and access issues. In response to this alert memorandum, GSA postponed its planned TDR expansion and stated that it will notify our office prior to further expansion.

***FAS Cannot Provide Assurance That MAS Contract Pricing Results in Orders Achieving the Lowest Overall Cost Alternative – September 30, 2022<sup>9</sup>***

In this report, we found that the price analyses performed by FAS contracting personnel cannot provide customer agencies with assurance that orders placed against MAS contracts will result in the lowest overall cost alternative, as required by CICA. Our audit analyzed the pricing methodologies FAS used on MAS contracts that participate in the TDR pilot, as well as contracts that required CSP disclosures, and found that the price analyses under both methodologies were deficient.

In particular, we found that when performing price analyses on TDR pilot contracts, FAS contracting personnel do not have access to TDR data that can be used for pricing decisions. As a result, they mainly compared contractor-proposed pricing to other MAS and government contracts. However, this approach does not provide customer agencies with assurance that FAS achieved pricing that reflects the offerors' best pricing and will result in the lowest overall cost alternative to meet the government's needs.

As described earlier, in order to comply with CICA's requirement that MAS contracts and orders result in the lowest overall cost alternative to meet the government's needs, FAS created policy and guidance to target a contractor's MFC pricing, such as PIN 2012-04, *Verification of MFC Pricing*. When the TDR pilot removed the requirement for FAS contracting personnel to evaluate a contractor's MFC pricing, FAS did not establish a benchmark equal to MFC pricing for analyses using transactional data. Since that time, FAS has not established how its price analyses using transactional data will comply with CICA's lowest overall cost alternative requirement.

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<sup>8</sup> Alert Memorandum Number A210081-2.

<sup>9</sup> Report Number A200975/Q/3/P22002.

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## Results

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Although GSA portrayed the TDR pilot as a success, the data collected through the pilot program has never been used to analyze and negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.

After more than 6 years of running the pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. In that example, however, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA's assertion, the contracting officer ultimately did not use the TDR pilot data to make the contract-level pricing decisions on that particular contract.

We also found that GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that enabled GSA to assert that the TDR pilot met its performance objectives and portray it as a success. This occurred because GSA used flawed methodologies, as well as inaccurate and unsupported information, to evaluate the TDR pilot performance metrics.

While we found problems with GSA's evaluation as a whole, we identified significant deficiencies with GSA's evaluation of the metrics it used to determine whether the TDR pilot was used for contract-level price negotiations and lowered industry burden. Specifically, we identified significant problems with GSA's evaluation of the completeness of the transactional data, the use of the data by category managers and MAS contracting officers, and the reporting burden for contractors.

**Finding 1 – The data collected through the TDR pilot program has never been used to negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.**

Although GSA's evaluation portrays the TDR pilot as a success, the data collected through the pilot program has never been used to negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable. GSA's portrayal of the TDR pilot as a success ignores the fact that the TDR pilot data is mostly unusable and has not been used for contract-level pricing decisions.

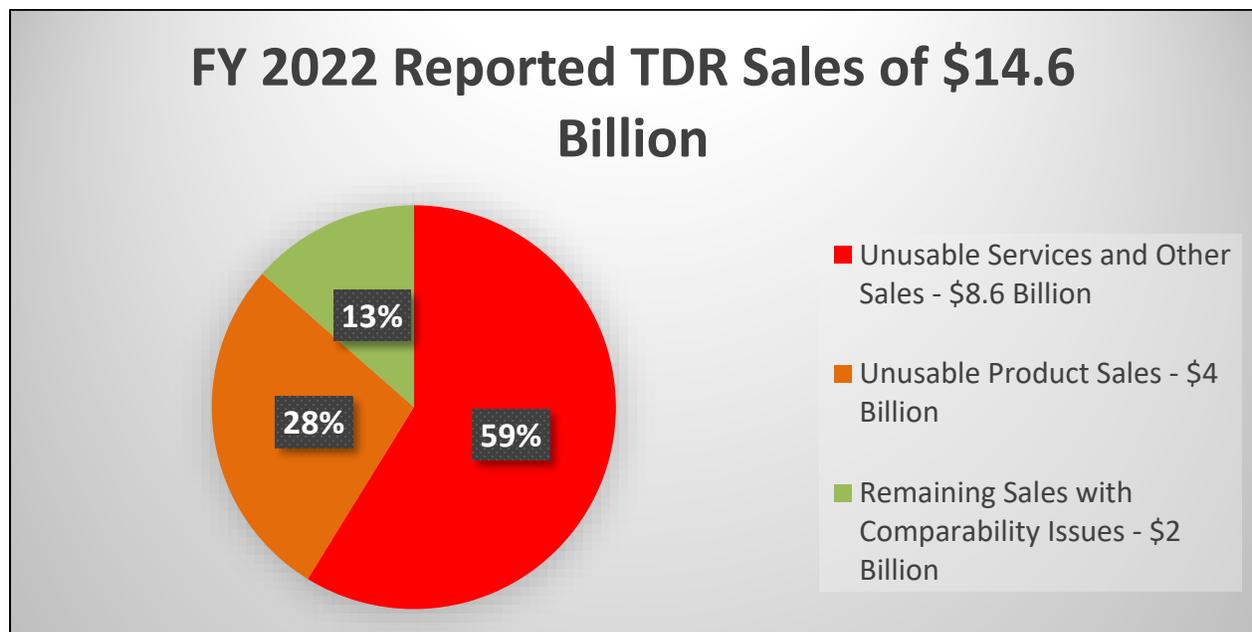
After more than 6 years of running the pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. In that example, however, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA's assertion, the contracting officer ultimately did not use the TDR data to make the contract-level pricing decisions on that particular contract.

## GSA Has Amassed a Collection of Mostly Unusable Data through the TDR Pilot

The majority of the TDR pilot data collected by GSA is unusable. Specifically, in FY 2022 GSA collected TDR data for sales totaling over \$14.6 billion and found that the data reported for \$12.6 billion of these sales (87 percent) cannot be used for meaningful price analysis. For the remaining \$2 billion in FY 2022 TDR pilot sales (13 percent), we found that some of the data is not effective for price comparison due to the myriad variations in the way contractors report data for identical products.

Our analysis is summarized in *Figure 4* below.

**Figure 4 – Summary of TDR Sales Data Collected in FY 2022**



**The TDR pilot data for sales of services and sales identified as both products and services is unusable for assessing pricing.** For FY 2022, GSA collected transactional data for sales of services and sales identified as both products and services through the TDR pilot totaling approximately \$8.6 billion. Collectively, these sales represented approximately 59 percent of the total sales through the TDR pilot. All of this data is unusable for price evaluation and negotiation. This is because services lack a standardized manufacturer part number and labor descriptions that identify the labor categories or services sold. For example, our review of the services sales data GSA provided as support for its TDR evaluation identified frequent instances of varying labor descriptions such as “FFP labor,” “firm fixed price labor,” “firm fixed price services,” “Labor,” and “Services,” which do not provide FAS contracting personnel with any information on what labor categories and services were sold.

**Most of the TDR Pilot data for product sales is unusable for assessing pricing.** For FY 2022, FAS collected approximately \$6 billion in transactional data related to products under the TDR pilot. However, GSA itself determined that the transactional sales data for over 67 percent of TDR product sales, representing more than \$4 billion in sales, contained part numbers that did not match any of the part numbers listed on the associated GSA contractor’s contract price list. According to GSA, contractors sometimes add additional prefixes or suffixes to a part number, thereby making it inaccurate. Without accurate part number information, FAS contracting personnel cannot use the TDR data to analyze proposed contract pricing.

**The remaining 13 percent of TDR pilot sales data may not be effective for price comparison due to the lack of standard reporting requirements.** For the remaining \$2 billion in sales (13 percent), we found that even some of this data is not effective for price comparison due to the myriad variations in the way contractors report data for the same products. GSA does not have standard reporting requirements for TDR data fields that are essential for price comparison. As a result, the TDR product sales data contains varied descriptions for identical products offered by different GSA contractors.

Figure 5 below depicts the varying data points for the same Hammermill Great White Recycled Copy Paper product that we found during our review of FY 2020 TDR data.

**Figure 5 – Example of Variances in TDR Product Sales Data for Hammermill Great White Recycled Copy Paper**

TDR Data Field	Variances in the TDR Data
Part Number	HAM86700, 86700PL, 86700, HAM86700CT, HAM86700RM, HAM86700PLT
Manufacturer Name	IBRANDS/HAMMERMILL, HAMMERMILL
Unit of Measure	CA, PL, CS, CT

These variations make comparing prices for the same products offered by different GSA contractors virtually impossible.

**MAS Contracting Officers Do Not Have Access to TDR Data for Price Evaluations and Negotiations**

GSA has consistently advocated the adoption of TDR by stressing that the data will be useful for pricing decisions. We assessed MAS contracting officers’ use of the TDR data and found that more than 6 years into the pilot, GSA has yet to successfully use the data to evaluate and negotiate pricing at the contract-level. GSA’s inability to use TDR data for this fundamental purpose calls into question GSA’s portrayal of the TDR pilot as a success.

To assess whether MAS contracting officers are using TDR data to negotiate contract-level pricing, we interviewed MAS contracting officers on 23 TDR contracts, with collective FY 2022

sales of approximately \$2.6 billion. We found that all 23 contracting officers have never used TDR pilot data for price evaluations or negotiations on the sampled TDR contracts. Further, prior FAS training instructed contracting officers that they should not use TDR pilot data for price analysis or market research. Moreover, during this audit, GSA officials acknowledged that not all FAS contracting personnel have access to the TDR data and that having access to the data does not mean that they are using it.

We made multiple requests during our audit for examples of contracting officers using TDR pilot data to negotiate contract-level pricing. FAS provided nothing in response. As a result, in our July 2022 alert memorandum, we stated that GSA had not used the TDR pilot data for contract pricing decisions during the time periods GSA evaluated the TDR pilot.<sup>10</sup>

Subsequently, GSA asserted in a letter to Congress that this statement was inaccurate. Accordingly, we requested support for GSA's assertion. In response to this request, FAS provided only a single example purporting to show that GSA has used TDR pilot data to negotiate contract-level pricing. In the example provided, an FAS contracting officer sought the TDR pilot data to renegotiate contract-level pricing with one of the largest information technology (IT) MAS contractors. The contracting officer did not have access to the TDR pilot data and had to request the data from FAS management. After multiple levels of review by FAS management, the request was granted. The contracting officer required assistance from an OIG audit team to analyze the data.

Both the FAS contracting officer and OIG audit team concluded that the TDR pilot data was likely inaccurate and contained duplicate transactions. In addition, the TDR pilot data did not include the total value of orders or provide the information necessary to calculate this figure, which was necessary to evaluate the contractor's proposed volume discounts. The contractor likewise warned against the use of its TDR pilot data in negotiations, stating that it did not represent all of the information necessary to properly analyze the contractor's sales. As a result, the contracting officer did not use the data for the price evaluation.

The final price negotiations occurred in FY 2021 and the contracting officer based his pricing decision on price comparisons from GSA Advantage! and FAS's automated products pricing tool, not TDR pilot data. This was an unsuccessful attempt to use the data. Therefore, GSA's assertion to Congress that it used TDR pilot data for contract pricing decisions was inaccurate.

This single, unsuccessful attempt to use TDR data for contract pricing decisions runs counter to GSA's portrayal of the pilot as being successful. Rather, it illustrates that severe problems with data accuracy and reliability continue to plague the pilot 6 years into its inception and demonstrates that TDR should not be expanded across the MAS program.

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<sup>10</sup> Alert Memorandum: *FAS is Planning to Expand the Transactional Data Reporting Rule Despite Ongoing Data Quality and Access Issues* (Alert Memorandum Number A210081-2, July 18, 2022).

**Finding 2 – GSA’s FY 2020 evaluation of the TDR pilot program evaluated metrics using flawed methodologies as well as inaccurate and unsupported information.**

GSA’s evaluation portrays the TDR pilot as successful and uses this view as the basis for expanding TDR to all MAS schedule contracts. According to GSA’s evaluation:

The TDR pilot is Meeting or Exceeding Targets as established by the TDR pilot Evaluation Plan and Metrics (Version 2.0), based on its performance in FY 2020. This means the TDR pilot is now achieving its key metrics and has met our criteria for careful, focused expansion.

However, we found that GSA’s evaluation assessed metrics using flawed methodologies as well as inaccurate and unsupported information. As a result, GSA was able to portray the TDR pilot as a success by asserting that it achieved key metrics that would allow for its expansion.

We found significant problems with the following performance metrics GSA used to evaluate critical aspects of the TDR pilot:

- Data completeness;
- Data usage by MAS contracting officers;
- Data usage by category managers; and
- Contractor reporting burden.

We also found similar problems with the other performance metrics GSA used to conduct its FY 2020 evaluation.

We describe these deficiencies below.

**GSA’s Data Completeness Performance Metric Is Misleading and Its Evaluation Results for this Metric Are Unsupported**

Data completeness is critical to ensure that all required data is recorded and available for use to make fully informed decisions. Recognizing the importance of complete TDR data, GSA included a data completeness performance metric designed to evaluate whether “TDR data is complete enough to be used for contract-level price negotiations” and assigned its highest weighting to this metric. GSA’s FY 2020 evaluation concluded that this metric exceeded its target.

GSA could not provide supporting data that matched its calculation for the Data Completeness metric and as a result, we could not assess the accuracy of the calculation. However, we were able to assess GSA’s methodology for the metric. We found that the methodology excluded data for the majority of TDR sales during the evaluation period, which GSA knew to be unusable for price negotiation. Moreover, GSA’s methodology for the data it assessed was not comprehensive and lacked an assessment of accuracy and reliability.

**GSA excluded the majority of TDR sales from its analysis.** GSA’s FY 2020 TDR pilot evaluation did not assess the completeness of the transactional data collected on sales of services and sales identified as both products and services. As described in *Finding 1*, these sales, which accounted for approximately \$8.6 billion or 59 percent of TDR sales in FY 2022, are not usable because they lack a standardized manufacturer part number and labor descriptions that identify the labor categories or services sold. Given that the stated intent of this metric is to determine if the data is complete enough for use in price negotiations, GSA’s exclusion of the majority of TDR sales fatally undermines the evaluation results.

**GSA’s evaluation was not comprehensive.** GSA’s evaluation of data completeness was also limited to 2 of the 12 TDR data fields. Under the methodology for this metric, GSA limited its analysis for the completeness of the TDR product sales to Manufacturer Name and Manufacturer Part Number and concluded that, for FY 2020, approximately 98 percent of collected transactions contained entries in these fields. GSA did not assess the completeness of any of the other 10 required fields for TDR product sales, which include such critical information for pricing analysis as unit of measure, price per unit, and extended price. As a result, the Data Completeness metric does not assess whether the transactional data is fully complete and capable of being used for price negotiations.

**GSA did not assess the accuracy and reliability of the TDR data.** GSA considered the evaluated data fields to be “complete” based solely on whether the fields contained a data entry, whether or not the entry was accurate. When we discussed this metric with GSA officials, they stated that the two evaluated fields could be populated with “N/A” or other inaccurate or unusable information and still count toward the 98 percent completeness figure. A GSA official conceded that “completeness” is not the best term to describe this metric because it is not complete in the sense that it is “good data.” Because GSA’s evaluation did not consider the accuracy or reliability of the data, its conclusion that the small sample of data it reviewed was “98% complete” is meaningless for the purpose of determining whether the data could be used for contract-level price negotiations.

### **GSA’s Assertion that MAS Contracting Officers Used TDR Pilot Data Is Inaccurate**

A critical component of GSA’s move to TDR is the ability of its MAS contracting officers to use the data to analyze and negotiate pricing. Accordingly, GSA created a metric designed to assess whether MAS contracting officers are using TDR pilot data to negotiate contract level pricing. GSA’s FY 2020 evaluation determined that this metric is on track to meet its targets.

We found that GSA’s “on track to meet its targets” assertion is inaccurate. GSA based its assessment on access to and usage of the data by MAS contracting officers and industrial operations analysts (IOAs).<sup>11</sup> With respect to MAS contracting officers, GSA asserted that:

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<sup>11</sup> IOAs are responsible for conducting assessments of MAS contractors. These assessments are designed to evaluate the contractor’s compliance with the terms of their contract.

All TDR pilot [procuring contracting officers] have access to data but are not making meaningful use of it although FAS is making progress to improve usage.

This statement is inaccurate because MAS contracting officers do not have access to TDR data for use in price evaluations and negotiations. As shown in *Finding 1*, this is a persistent problem.

With respect to IOAs, GSA's evaluation reported that for FY 2019:

Industrial Operations Analysts (IOAs) are using the data in assessments to ensure a data maturity level of accuracy.

Subsequently in FY 2020, GSA asserted that "IOA usage continues."

These assertions are inaccurate because the IOAs we interviewed are not adequately verifying the accuracy of TDR data, nor is it a requirement for them to do so. The IOAs we spoke to are only performing limited reviews such as addressing obvious errors or verifying small samples. During the audit, an FAS official told us that IOAs are responsible for verifying the accuracy of TDR sales data collected from GSA contractors. However, FAS has no guidance requiring that the IOAs verify the TDR pilot data in their assessments. In addition, when we asked a sample of IOAs how they use TDR data or to describe their responsibilities pertaining to the data, several of the IOAs referred to the updated IOA checklist, which only contains one question related to TDR: "Is the contractor participating in [TDR]? (Y/N)." The IOAs also seem to be unaware that FAS claims that the IOAs are responsible for verifying the accuracy of TDR data.

### **GSA's Category Managers Metric Does Not Cite Actual Usage of TDR Pilot Data and GSA's Evaluation Results for this Metric Are Unsupported**

According to the Office of Management and Budget, category management is the practice of buying common goods and services as an organized enterprise in order to improve the efficiency and effectiveness of acquisition activities.<sup>12</sup> In justifying the move to TDR, GSA has routinely asserted that the data is critical for the federal government's category management activities. Accordingly, GSA's TDR evaluation included a metric to assess use of TDR data by category managers.

According to the evaluation, "3 or more of 5 applicable category managers are using data and progress is being made to improve usage." Further, the evaluation states:

Category Managers are able to leverage the TDR data through the Acquisition Analytics platform for agency engagement and market situational awareness within their respective categories. Transactional data and use of the platform is

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<sup>12</sup> Office of Management and Budget Memorandum M-19-13, *Category Management: Making Smarter Use of Common Contract Solutions and Practices*, March 20, 2019.

used with the [Best-In-Class Special Item Numbers]: Specifically IT Hardware and Software, [Maintenance Repair Facility Supplies Blanket Purchase Agreement], and [Office Supplies 4].

We found that the results for GSA’s assessment of this metric are flawed because GSA has no basis for asserting that category managers are using the TDR pilot data. GSA appears to be relying on the use of transactional data from the Federal Strategic Sourcing Initiative, which is not part of the TDR pilot.

**GSA has no basis for asserting that category managers are using the TDR Pilot data.** When we requested the support for GSA’s assessment of the calculation of the category management metric, GSA officials stated they had no underlying data, only observations without associated documentation. FAS officials further conceded that, to the best of their knowledge, they did not interview category managers to discuss how they use the TDR pilot data.

**GSA cites use of transactional data that is not part of the TDR Pilot.** GSA’s evaluation cites use of transactional data collected under GSA’s Maintenance Repair Facility Supplies Blanket Purchase Agreement (MRFS) and Office Supplies 4 (OS4) initiatives. These initiatives are part of the Federal Strategic Sourcing Initiative and are separate from the TDR pilot program. Moreover, they are far more limited in their scope. For example, whereas sales through the TDR pilot for FY 2020 eclipsed \$11 billion, combined sales through the MRFS and OS4 initiatives for the same period totaled approximately \$257 million—roughly 2 percent of sales made through the TDR pilot. Additionally, these initiatives were limited to sales of specific products. MRFS offerings include facility supplies, such as tools and cleaning supplies; OS4 offerings are limited to select office products. Neither offering includes sales of services, which made up the majority of TDR pilot sales for FY 2020.

### **GSA’s Evaluation Did Not Measure Actual Contractor Reporting Burden for TDR**

Another key argument set forth by GSA to support its transition to TDR is that it would reduce the burden on contractors as compared to the commercial pricing provisions it was intended to replace. As part of its evaluation, GSA included a metric to assess the reporting burden for contractors by measuring “the participation rate for eligible contractors.” In describing this metric, GSA wrote:

GSA believes increases to the participation rate indicate contractors believe TDR is a more economical model, while decreases indicate contractors believe the [commercial pricing] model is more economical.

In its FY 2020 evaluation, GSA concluded that performance against this metric exceeded its target. However, GSA’s methodology to assess this metric is meaningless because it did not measure actual contractor reporting burden. Instead, GSA’s assessment was based on the assumption that increased contractor participation in the program equates to a reduction in the

reporting burden. Without actual data, GSA has no basis for concluding that TDR is less burdensome than the commercial pricing disclosures and price reduction protections it replaced.

Further, the use of contractor participation as a substitute for contractor reporting burden is inappropriate given that GSA is not enforcing the requirement that contractors submit accurate and complete transactional data and cannot use almost all of the data that has been submitted for price analysis. Indeed, these circumstances may create a perverse incentive for contractors to participate in the TDR pilot.

GSA used the metrics assessing data completeness, data usage by MAS contracting officers and category managers, and contractor reporting burden to determine whether the TDR pilot met one of its most critical objectives: to “fulfill the CSP and PRC contract-level pricing negotiation function while lowering industry reporting burden.” Although GSA reported positive results for each of these performance metrics for FY 2020, the deficiencies described above demonstrate that this objective has not been and—given that GSA has never used TDR pilot data for contract-level price negotiations—cannot be met.

### Flaws in Other TDR Performance Metrics

We also found flaws in the other metrics GSA used to conduct the TDR evaluation. The flaws of these metrics are summarized below:

- Contract-Level Pricing - This metric is supposed to ensure that TDR contract level pricing is not substantially higher than non-TDR contract level pricing. However, GSA’s methodology for this metric does not assess individual contract-level pricing; but rather compares the summation of all products on all TDR contracts to the summation of all products on non-TDR contracts. As a result, it only shows changes at a very high level with no analysis of contract-level prices and their changes.
- Transactional Data Usage: Buyers (Order-level) - This metric is designed to determine whether “TDR contributes to better outcomes at the contract-level and order-level.” However, the evaluation does not cite any actual use of the TDR pilot data at the order level. In addition, GSA officials stated that they had no underlying data, only observations for this metric, and that they did not interview ordering agency representatives (buyers). Finally, the evaluation specifically cites the use of transactional data from the MRFS BPA and OS4 initiatives; however, as discussed earlier, these initiatives are separate from the TDR pilot program.
- FSS Program Spend - This metric should assess whether the TDR pilot is negatively impacting FSS sales volume. To make the assessment, GSA compared the rate-of-change of the sales volume of TDR pilot contracts to the rate-of-change of the sales volume of non-TDR contracts. However, GSA’s comparison of yearly changes in TDR and non-TDR

sales does not specifically address whether the TDR pilot is negatively impacting FSS sales volume. This is because GSA did not assess the causes for the changes in sales volume, which could be attributable to non-TDR factors. For example, GSA's FY 2020 evaluation period coincided with the height of the COVID-19 pandemic. During this time, sales of IT equipment and software increased dramatically as federal agencies adapted to full-time telework. This likely increased the sales of MAS IT contracts, including those under the TDR pilot.

- Small Business Performance - This metric should assess whether TDR is negatively impacting small business participation in the FSS program. To make the assessment, GSA compared the percentage change in cumulative sales over a two-year period for small business contractors that opted into the TDR pilot against the percentage change in cumulative sales over the same period for small business contractors that were eligible to participate in the pilot but declined to do so. However, GSA's small business metric is fundamentally flawed because it does not measure actual small business participation. Instead, it measures sales made by small businesses, which do not provide any basis for assessing participation.

Furthermore, although the connection between participation and sales is not clear, sales can be a misleading indicator because they can fluctuate based on a variety of factors. For example, as noted previously, the COVID-19 pandemic generated significant increases in sales to MAS contractors, including small businesses, for IT and personal protective equipment. Small business sales can also increase or decrease based on budgetary constraints or small business spending goals set by federal agencies.

- FSS Program Cost - This metric should assess whether TDR is negatively impacting GSA FSS program costs. To make the assessment, GSA compared the year over year cost for FAS to run the FSS program, as specified in the "total cost of operations" line in the FAS Multiple Award Schedule Statement of Operations. This comparison is largely useless as it looks only at the total program costs and does not distinguish the impact of TDR on these costs.

In sum, GSA's FY 2020 evaluation of the TDR pilot does not provide an appropriate basis for expanding TDR because GSA:

- Designed a misleading performance metric to assess data completeness and could not support the results of its evaluation of this metric;
- Inaccurately asserted that MAS contracting officers used TDR pilot data;
- Did not assess the category manager usage metric based on actual use of the TDR pilot data and could not support the results of its evaluation of this metric;
- Did not measure actual contractor reporting burden for TDR; and

- Used flawed methodologies to assess the TDR pilot's performance metrics regarding contract-level pricing, order-level use of TDR pilot data, FSS program spend, small business performance, and FSS program cost.

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## **Conclusion**

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Although GSA portrayed the TDR pilot as a success, the data collected through the pilot program has never been used to analyze and negotiate contract-level pricing. Instead, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable.

After more than 6 years of running the pilot, GSA could provide us with only one example purporting to show its use of TDR pilot data for contract-level pricing decisions. In that example, however, the contractor asserted that its TDR pilot data was unreliable, and the contracting officer concluded that the data was likely inaccurate. As a result, contrary to GSA's assertion, the contracting officer ultimately did not use the TDR pilot data to make the contract-level pricing decisions on that particular contract.

Moreover, GSA's FY 2020 evaluation of the TDR pilot program produced misleading results that enabled GSA to assert that the TDR pilot met its performance objectives and portray it as a success. This occurred because GSA evaluated metrics using flawed methodologies as well as inaccurate and unsupported information. Specifically, we identified significant problems with GSA's evaluation of the completeness of the transactional data, the use of the data by category managers and MAS contracting officers, and the reporting burden for contractors.

Taken together, these deficiencies clearly demonstrate that the TDR pilot has not been a success and point to significant problems that must be corrected before its expansion across the MAS program. Since the earliest stages of GSA's pursuit of transactional data, our office has repeatedly described the potential for major problems with the adoption of this data. As described in this report, these major problems have come to fruition. In short, under the guise of reducing the burden on MAS contractors, FAS has given away pricing protections in exchange for a collection of unusable data.

Under the circumstances described in this report, it would be irresponsible to expand the TDR pilot across the MAS program with annual sales of more than \$40 billion. Therefore, after over 6 years of ignoring the problems with the pilot, GSA must ensure price protections for customer agencies by taking comprehensive action to address the problems that continue to plague the adoption of TDR or terminate the pilot by executing the exit strategy.

## **Recommendations**

We recommend that the GSA Administrator, FAS Commissioner, and Associate Administrator of the Office of Government-wide Policy:

1. Cease further expansion of TDR until the problems are corrected or the pilot is terminated.

2. Address the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, GSA should, at a minimum:
  - a. Conduct a comprehensive assessment of all TDR data;
  - b. Verify the accuracy and completeness of all TDR data;
  - c. Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
  - d. Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contract;
  - e. Make the data accessible to all MAS contracting personnel; and
  - f. Develop a methodology for pricing using TDR data that will ensure that customer agencies meet CICA for orders placed through MAS contracts.
  
3. If GSA cannot successfully complete the corrective actions outlined in Recommendation 2 within 1 year of report issuance or makes the decision not to take those corrective actions, execute the exit strategy for the TDR pilot and transition participating contractors out of the pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation*.

### **GSA Comments**

GSA partially agreed with our recommendations. GSA's written comments are included in their entirety in **Appendix C**.

### **OIG Response**

While GSA states that it partially agrees with our recommendations, it neither addresses nor rebuts our findings. GSA instead repeats its FY 2020 TDR pilot evaluation results and makes numerous assertions of the "potential further benefits" and "anticipated" uses of the TDR data. The agency does not commit to curing the deficiencies our audit exposed before expanding the pilot further, but merely states it will "consider the continuing maturity of TDR as part of any expansion decision."

This vague response fails to acknowledge the fundamental fact that GSA has not used TDR data for price negotiations. Under TDR, GSA has amassed a collection of data that is almost entirely inaccurate, unreliable, and unusable; and GSA lacks a clear, well-supported plan for overcoming these deficiencies. After nearly 7 years of running the pilot, GSA's ability to use the data to negotiate fair and reasonable pricing on behalf of the American taxpayer remains an untested theory. Accordingly, we reaffirm our findings, conclusions, and recommendations.

Our un rebutted findings clearly demonstrate severe deficiencies in the TDR pilot that must be corrected before its expansion across the MAS program's annual sales of more than \$40 billion.

GSA's inexplicable refusal to commit to fixing those problems *before* further expansion, or alternatively to terminate the pilot, is a disservice to taxpayers.

### **Audit Team**

This audit was managed out of the Mid-Atlantic Region Audit Office and conducted by the individuals listed below:

Thomas Tripple  
Susana Bandeira

Regional Assistant Inspector General for Auditing  
Audit Manager

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## **Appendix A – Objective, Scope, and Methodology**

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### **Objective**

We have monitored GSA's TDR pilot since 2014. We initiated this audit based upon our assessment of risks surrounding the TDR pilot identified in our June 24, 2021, audit report, *GSA's Transactional Data Reporting Pilot Is Not Used to Affect Pricing Decisions*.<sup>13</sup>

Our audit objective was to determine if GSA's *TDR Pilot Evaluation Plan and Metrics Version 2.0* enabled GSA to objectively measure and evaluate whether TDR can fulfill the CSP and PRC contract-level pricing negotiation function while lowering industry reporting burden.

### **Scope and Methodology**

To accomplish our objective, we:

- Reviewed relevant background documentation regarding TDR, including Federal Register, Vol. 81, No. 121, June 23, 2016;
- Reviewed GSA's May 17, 2019, TDR pilot Decision Paper;
- Reviewed prior Office of Inspector General reports and memorandums related to TDR;
- Examined GSA's TDR pilot evaluations for FY 2019 and FY 2020 and all available documentation that supports each metric assessed;
- Reviewed other applicable criteria, such as Federal Acquisition Regulation and General Services Administration Acquisition Regulation clauses as they relate to TDR;
- Reviewed information pertinent to TDR from FAS's internal systems during various points in FY 2022;
- Examined a judgmental sample of 20 contracts under the TDR pilot with sales totaling \$3 billion during FY 2019 and FY 2020;
- Interviewed a judgmental sample of 23 FAS contracting personnel who administered contracts under the TDR pilot;
- Interviewed a judgmental sample of nine IOAs to determine their role in verifying TDR data when performing contractor assessments; and
- Interviewed FAS officials about the TDR pilot, TDR data, and accessing TDR data.

### **Data Reliability**

We attempted to assess the reliability of the FY 2020 TDR data provided to us by GSA by tracing the database totals to GSA's evaluation analyses. However, this was unsuccessful as the information provided contained transactions input after FY 2020. As a result, the data was not sufficiently reliable.

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<sup>13</sup> Report Number A140143/Q/6/P21002.

## Sampling

We selected a judgmental sample of 20 high-dollar contracts under the TDR pilot, from a population of 588 total contracts in effect during FY 2019 and FY 2020, to determine: (1) how FAS negotiated and awarded the contracts and (2) if TDR data was used in conducting price evaluations for the awards. Our judgmental sample had collective sales of approximately \$3 billion during FY 2019 and FY 2020.

We also selected a sample of 23 out of 3,361 contracts participating in the TDR pilot and interviewed 23 FAS contracting personnel responsible for administering those contracts. The 23 contracts contained collective sales of approximately \$2.6 billion in FY 2022.

Finally, we selected and interviewed a judgmental sample of 9 IOAs, from a population of 49 IOAs, to determine their role in verifying TDR data during their contractor assessments. Our judgmental sample included multiple GSA regions and both supervisory and non-supervisory personnel.

Our judgmental samples did not include sample sizes that would allow for projection to the population; however, they allowed us to sufficiently address our audit objective.

## Internal Controls

We assessed internal controls significant within the context of our audit objective against GAO-14-704G, *Standards for Internal Control in the Federal Government*. The methodology above describes the scope of our assessment and the report findings include any internal control deficiencies we identified. Our assessment is not intended to provide assurance on GSA's internal control structure as a whole. GSA management is responsible for establishing and maintaining internal controls.

## Compliance Statement

We conducted the audit between October 2021 and November 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix B – GSA’s Transactional Data Reporting Pilot Evaluation for Fiscal Year 2020

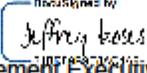
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Office of Government-wide Policy

4/20/2021

**MEMORANDUM FOR:** Sonny Hashmi  
Commissioner  
Federal Acquisition Service (Q)

**FROM:** Jeffrey Koses   
Senior Procurement Executive  
Office of Acquisition Policy (MV)

**SUBJECT:** Transactional Data Reporting Pilot Evaluation for  
Fiscal Year 2020

### 1. Purpose.

This memorandum provides the Office of Acquisition Policy’s evaluation of the Transactional Data Reporting (TDR) pilot’s performance in fiscal year (FY) 2020.

### 2. Evaluation Rating.

The TDR pilot is *Meeting or Exceeding Targets* as established by the TDR Pilot Evaluation Plan and Metrics (Version 2.0), based on its performance in FY 2020. This means the TDR pilot is now achieving its key metrics and has met our criteria for careful, focused expansion.

Our analysis of the pilot’s FY 2020 performance is in the Analysis section of this memo. Additionally, the evaluation results for each metric and a scoring sheet are attached.

### 3. Background.

GSA issued the TDR final rule on June 23, 2016, which amended the General Services Administration Acquisition Regulation (GSAR) to establish two contract clauses requiring vendors to report transactional data from orders placed against its Governmentwide contract vehicles, including the GSA Federal Supply Schedule (FSS) program.

The final rule stated TDR would be implemented for the FSS program on a pilot basis and:

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"...will be evaluated against a series of metrics that will include, but not be limited to, changes in price, sales volume, and small business participation, as well as macro use of transactional data by category managers and teams to create smarter buying strategies such as consumption policies. GSA's Senior Procurement Executive will regularly evaluate progress against these metrics in consultation with the Administrator for Federal Procurement Policy and other interested stakeholders to determine whether to expand, limit, or discontinue the program. No expansion of the pilot or action to make Transactional Data Reporting a permanent fixture on the Schedules will occur prior to the careful evaluation of at least one year of experience with the pilot."<sup>1</sup>

On June 24, 2016, the Federal Acquisition Service (FAS) announced the Schedules and Special Item Numbers that would participate in the TDR pilot.<sup>2</sup> FAS later stated its intention to run the pilot for three years.

The Office of Government-wide Policy (OGP) intended to assess the pilot's performance with seventeen metrics outlined in an evaluation plan. This methodology was largely contingent upon stakeholders, namely FSS contracting officers, category managers, and customer agencies, having access to the data. The metrics also included findings from GSA's Office of Inspector General and OGP's Procurement Management Review Division.

Over the first two years of the pilot, data issues delayed FAS's ability to provide stakeholders data access and thereby effectively made most of OGP's metrics unusable. As a result, OGP's first pilot evaluation, submitted to the GSA Administrator in the form of a decision paper in May 2019, provided a holistic assessment of the pilot to date.

The GSA Administrator approved the following recommendation from the decision paper on May 21, 2019:

"Extend the TDR Pilot through Fiscal Year (FY) 2020. The Senior Procurement Executive (SPE), in consultation with the Chief Acquisition Officer (CAO) and the Commissioner of the Federal Acquisition Service (FAS), will formally evaluate the pilot twice over this time period against a revised evaluation plan and metrics (Version 2.0).

- a. The first evaluation will be of FY 2019 performance and occur by January 31, 2020.
- b. The second evaluation will be of FY 2020 performance and occur by January 31, 2021. As part of the FY 2020 evaluation, the SPE will advise whether the pilot should be—

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<sup>1</sup> 81 FR 41104, June 23, 2016

<sup>2</sup> Schedules and SINs were subsequently realigned to match the Consolidated Multiple Award Schedule (MAS) solicitation issued on September 30, 2019.

1. Discontinued if it is significantly underperforming;
  2. Continued for another year if it is on track to meet targets; or
  3. Declared a success and become eligible for expansion if it is meeting or exceeding targets.
- c. FAS will develop a communications strategy that will help convey points along these lines—
1. The existing TDR pilot will continue through FY 2020; and
  2. The state of TDR beyond FY 2020 is contingent upon metrics demonstrating clear success and value of the TDR pilot."

In January 2020, the Office of Acquisition Policy conducted its evaluation of the pilot's FY 2019 performance and determined it was *On Track to Meet Targets*. This meant the TDR pilot was producing more positive results than negative results but performance improvements were needed.

#### **4. Analysis.**

The TDR pilot has completed its fourth year and has met most of its objectives, proving TDR can become eligible for expansion. However, some of the ongoing challenges noted in the previous two evaluations, mainly operationalizing the data for use by FSS contracting officers, Category Managers, and ordering agencies, remain.

##### FY2018 Evaluation Summary

The FY 2018 TDR pilot evaluation, which was part of the May 2019 decision paper extending the pilot through FY 2020, noted:

"Two-thirds of the way through the planned 3-year pilot, the following benefits have been achieved:

- Burden on industry has been lowered.
- Price position has been maintained.
- FAS has worked through some data access issues and is beginning to provide data to Category Managers.

However, data usability remains questionable and no improved order-level buying strategies have resulted. Greater efforts to improve data usage and data usability are needed before GSA can justify making TDR a permanent fixture for the FSS program.

Additionally, FAS needs to show it can use the data it is currently collecting before expanding the scope of the pilot..."

##### FY 2019 Evaluation Summary

In FY 2019, we noted TDR performed well in several key aspects—

- Burden reduction, as evidenced by the increasing participation rate;
- Contract-level pricing, as represented by price changes in GSA Advantage;
- Schedule program spend , which continued to increase at a higher rate for the TDR portion of the program than the non-TDR portion;
- Data completeness, going from 73.6% in FY 2018 to 94.1% in FY 2019
- Small business performance, which saw TDR small business volume grow at a faster rate than non-TDR small business volume.<sup>3</sup>

Conversely, the biggest concern was in and around data usage and data usage policy under category management. We noted category managers must increase their use of the data and provide more resources to buying activities if TDR is to realize its full potential.

#### FY 2020 Evaluation Summary

We completed our FY 2020 evaluation in January 2021 and found FAS continued to build upon the pilot's strengths and improve upon its weaknesses.

Pilot performance under all of the 9 evaluation metrics was maintained or improved from FY 2019 to FY 2020:

- The Data Completeness, Contract-level Pricing, Small Business Performance, and FSS Program Spend metrics continued to exceed their targets;
- Reporting Burden, as measured by the participation rate, is now exceeding its target;
- Transactional Data Usage by FSS contracting officers and order-level buyers, as well as FSS Program Cost, continued to be on track to meet their targets; and
- Transactional Data Usage by category managers is now on track to meet its targets after significantly underperforming in FY 2019.

FAS addressed last year's recommendation to clearly assign responsibility for managing the TDR pilot by aligning the MAS Program Office with the Government-wide Program Management Office for Category Management under the Office of Enterprise Strategy Management.

Finally, OGP and FAS coordinated the results with the Office of Federal Procurement Policy (OFPP). In summary, OFPP recommended GSA continue with the TDR pilot, citing the importance of category managers leveraging the TDR data through the Acquisition Analytics (AA) platform for agency engagement and market situational awareness within their respective categories. OFPP stated this more granular insight

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<sup>3</sup> The FY 2019 evaluation initially noted TDR small business volume lagged in comparison to non-TDR small business volume. However, FAS later noted the TDR small business figure it reported, 1.44%, was incorrect and was actually 14.4%.

into buying behavior, including actual prices paid, is foundational to the type of stewardship that category management is designed to achieve. OFPP also expressed encouragement that TDR has shown the potential to reduce burden for small businesses and other contractors that rely on the GSA Schedules as their primary gateway into the federal marketplace. OFPP requested GSA aggressively train contracting officers in using the data, as well as a robust integration of commercial catalog pricing data and other information that can enhance the value of TDR.

#### **5. Recommendation.**

FAS has successfully demonstrated the value of TDR under the existing scope of the pilot. It has shown steady progress over the past four years, met most of the pilot's objectives in the most recent year, and has made the necessary investments to leverage TDR's potential in the years to come. While there is still a clear need for improvement, especially in contracting officer usage, there is no longer a need to limit TDR to its existing scope.

To expand TDR, FAS will need to aggressively train contracting officers on the benefits of having access to more granular prices paid information and to support these efforts with management guidance, as necessary. Other key elements of an expansion plan should consider:

- The ability of FSS contracting officers to leverage transactional data for price negotiations in lieu of Commercial Sales Practices (CSP) and Price Reduction Clause (PRC) disclosures;
- The impact of an expanded data collection on FAS's ability to leverage the data it currently collects;
- Impacts on current and future GSA Schedule contractors;
- Communication to industry partners ahead of changes;
- Training and tools for category managers that are currently not impacted by TDR;
- Potential impacts on other FAS initiatives, such as MAS Consolidation and implementation of Section 876 of the FY 2019 National Defense Authorization Act.

Once a clear expansion plan is complete, TDR is eligible for expansion.

Please coordinate with my office on the above considerations and I look forward to those conversations.

#### **Attachments (2)**

- FY 2020 TDR Pilot Evaluation Results by Metric
- Scoring Sheet

## Transactional Data Reporting (TDR) Pilot Evaluation FY 2020 Results

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### Pilot Evaluation Roles and Responsibilities

- GSA's **Federal Acquisition Service (FAS)** is responsible for operating the pilot and providing needed data for the evaluation metrics outlined in this plan, as well as all other information requested by OGP for its pilot evaluation.
- GSA's **Office of Government-wide Policy (OGP)**, in consultation with the Executive Office of the President, **Office of Management and Budget (OMB)**, is conducting the pilot evaluation.

### Deadlines

- FAS will provide the information for the [FY 2020 Results by Metric](#) section below. OGP is requesting that FAS provide this information by **Friday, December 4, 2020** but ultimately must receive it no later than December 31, 2020.
- OGP will provide written findings for its FY 2020 evaluation by **January 31, 2021**.

### Guidance

- The metrics included in the TDR Evaluation Plan and Metrics (Version 2.0, May 29, 2019), along with the FY 2018 baseline and FY 2019 results, are listed below.
- **FY 2020 Results:** The updated results for FY 2020 should be inserted in this field for each metric.
- **Notes (Optional):** Some of the results will be straightforward, but in other instances FAS may want to explain what happened for a particular result. For example, if progress is slower than anticipated for a particular metric but FAS expects a breakthrough in the near future, it may want to share that information in the Notes field. OGP will share these findings in its written evaluation where appropriate.
- Please contact Matt McFarland, OGP Office of Acquisition Policy, at [matthew.mcfarland@gsa.gov](mailto:matthew.mcfarland@gsa.gov) for questions about the evaluation.

## FY 2020 Results by Metric

Note: The header of each table is color-coded to signify whether the respective evaluation score was high, medium, or low.

Metric	Data Completeness
Methodology	Percentage of transactional data reports that include data for the Manufacturer Name and Manufacturer (MFG) Part Number fields.
FY 2018 Baseline	73.6%
FY 2019 Results	94.1%
FY 2019 Notes (Optional)	Starting in November 2018, system validations were implemented in the TDR system to prevent users from entering blanks in MFG name and part number for transaction lines with product SINS.
<b>FY 2020 Results</b>	98.7%
<b>FY 2020 FAS Notes (Optional)</b>	FAS is completing additional user experience enhancements to provide additional instructions to Industry to continue the maturity of the data.
<b>FY 2020 OGP Evaluation Notes</b>	<p>The pilot received a high score (6 out of 6 points) for this metric because the 98% result exceeds the 90% target.</p> <p>The process FAS used to capture this request was to analyze the access controlled clean_transactional_sales table located in the GSA cloud. This table is where all TDR line item sales records are stored.</p> <p>There were ~1.95M records for FY20 where the contract+SIN was 'C' commodity code. FAS removed all zero sales entries and then searched those records for missing MFG Part Number or MFG Name. There were three data pulls against those records where they searched for missing MFG Part Number only, then for MFG Name only, and finally a search for records missing both MFG Name and MFG Part Number. FAS then took a percentage for each result and then averaged out the percentage over the three data pulls.</p>

Metric	Transactional Data Usage: FSS Contracting Officers
Methodology	Qualitative evidence of FSS contracting officers (COs) using transactional data to negotiate contract-level pricing on TDR pilot contracts.
FY 2018 Baseline	FSS contracting officers do not have access to the data.
FY 2019 Results	Currently, Industrial Operation Analysts (IOA)s are using the data in assessments to ensure a data maturity level of accuracy. Contracting Officers have access to the data if they have completed training and requested access.
FY 2019 Notes (Optional)	Waiting for a level of data maturity to provide official policy related to use of the data and integration of data into the 4P tool
<b>FY 2020 Results</b>	IOA Usage continues, and individual use cases exist for successful usage of TDR Data by a limited number of COs. At an enterprise level, FAS is waiting for a level of data maturity to provide official policy related to use of the data. Integration of the transactional data into the 4P tool is still in process. (XSB has been granted access to the transactional data and some data has been run through 4P for standardization).
<b>FY 2020 Notes (Optional)</b>	Individual use cases exist for successful usage of TDR Data. Best practice training for individual CO usage will be made available in FY21.
<b>FY 2020 OGP Evaluation Notes</b>	The pilot received a medium score (3 out of 6 points) because TDR pilot FSS COs can access the data and FAS is making progress to improve data usage.

Metric	Contract-level Pricing
Methodology	The quantitative percentage change in pricing for identical products on the same contract, adjusted for inflation using Consumer Price Index (CPI) Data.
FY 2018 Baseline	Change from pre-TDR (as of April 2018): TDR -5.21%, non-TDR -4.05% (TDR is 1.16% lower)
FY 2019 Results	During FY19 TDR contract pricing changed by -1.61%, non-TDR -1.29% (accounting for a CPI rate of 1.8% during FY19). TDR is .32% lower.
Notes (Optional)	---
<b>FY 2020 Results</b>	FY20 TDR contract pricing increased by 0.54%, non-TDR increased by 0.79% (0.25% higher than TDR contractors). On a CPI-U inflation adjusted basis, TDR contract pricing decreased by 0.64% while non-TDR contractor pricing decreased by 0.39%.
<b>FY 2020 Notes</b>	---

<b>(Optional)</b>	
<b>FY 2020 OGP Evaluation Notes</b>	<p>The pilot received a high score (6 out of 6 points) because the change to TDR contract-level pricing was better than non-TDR contract-level pricing.</p> <p>FAS's analysis was based on an extract of Advantage data each month that is compiled and then run through XSB. There were about 66 million records for each year (FY 2019 and FY 2020). Only items that were on contract for a year (10/01/19 to 10/01/20) were measured.</p> <p>The comparison of TDR and non-TDR pricing is based on the sum of pricing for TDR and non-TDR; the pricing change is the sum of all pricing for items that were on contract at that time. The TDR pricing sum was much higher than non-TDR pricing because of the nature of the contracts in the TDR pilot (e.g. contracts in the pilot are more likely to have larger product catalogs). The positive score was achieved because the sum of TDR pricing changed at a more favorable rate compared to non-TDR pricing.</p> <p>The CPI-U used to adjust pricing for inflation was obtained from the Bureau of Labor Statistics.</p>

Metric	Reporting Burden
Methodology	Participation rate of eligible contracts. GSA believes increases to the participation rate indicate contractors believe TDR is a more economical model, while decreases indicate contractors believe the CSP/PRC model is more economical.
FY 2018 Baseline	53.5% (2,123 out of 3,971 eligible contracts)
FY 2019 Results	56.68% (2,288 out of 4,037 eligible contracts)
FY 2019 Notes (Optional)	---
<b>FY 2020 Results</b>	61.3% (2,486 out of 4,053 eligible contracts)
<b>FY 2020 Notes (Optional)</b>	Due to the consolidation the number of eligible contractors was determined by listing any contractor that had at least one eligible SIN on the contract during FY 2020.
<b>FY 2020 OGP Evaluation Notes</b>	The pilot received a high score (6 out of 6 points) because the 61% participation rate exceeded the 60% target.

Metric	Transactional Data Usage: Category Managers
Methodology	Qualitative evidence of transactional data being used by category managers to improve order-level buying outcomes.
FY 2018 Baseline	IT, Office Management and Industrial Products have gained access to the TDR database, but only the IT category has been able to perform the necessary TDR data enrichments to produce actionable transaction data exports. These enrichments include blending TDR data with contract pricing artifacts and FPDS-NG for such that all data elements needed for the use within the Best Value Framework are present in the Schedule 70 IT Hardware and Software transactional data exports.
FY 2019 Results	<p>The TDR data source is presently leveraged to capture the post-execution transactional data for GSA Best In Class contract solutions that store their data in TDR. This data is transformed into a business/acquisition analyst consumable dashboard called the Acquisition Analytics Dashboard platform. It presents TDR data for a comparative analysis along the dimensions of price, manufacture, and purchase timing.</p> <p>GSA TDR based Best In Class contract solutions are presented alongside external Best In Class contract solutions within the Acquisition Analytics platform supporting GSA's fulfillment of its Best In Class data submission requirements and requirements of OMB memo M-19-13.</p> <p>Category Managers can then leverage the Acquisition Analytics platform for agency engagement and market situational awareness within their respective categories.</p> <p>The IT Category Manager leverages the IT Acquisition Analytics dashboards to engage customer agencies on ways that they can use Schedule 70 to meet their requirements while improving their BIC and Spend Under Management achievement.</p> <p>The Industrial Products and Services category is leveraging the platform for Supply Chain visibility including vendor and manufacturer. It additionally provides the category visibility into how their Best In Class contracts are being leveraged.</p>
FY 2019 Notes (Optional)	---
<b>FY 2020 Results</b>	GSA TDR continues to be the basis for the Best In Class contract solution for specific SINs and FSSI BPAs. During FY 2020 FAS completed a project run by the Category Management PMO to update the data management plan to provide

	<p>better access to agencies (especially category teams) the different levels of data based on their needs.</p> <p>Category Managers are able to leverage the TDR data through the Acquisition Analytics platform for agency engagement and market situational awareness within their respective categories. Transactional data and use of the platform is used with the BIC SINS: Specifically IT Hardware and Software, MRFS BPA and OS4. The following six Category Managers and supporting teams use this platform:</p> <ul style="list-style-type: none"> <li>• IT</li> <li>• Industrial Products and Services</li> <li>• Office Management</li> <li>• Facilities and Construction</li> <li>• Transportation and Logistics</li> <li>• Medical</li> </ul>
<b>FY 2020 Notes (Optional)</b>	In FY 2021 we will continue to work on the data maturity to increase the value and increase the marketing around the usage.
<b>FY 2020 OGP Evaluation Notes</b>	The pilot received a medium score (2 out of 4 points) because all 5 applicable categories now have access to the data, are starting to make use of it, and are making progress toward improving its use.

Metric	Transactional Data Usage: Buyers (Order-level)
Methodology	Qualitative evidence of transactional data being used by buyers at the order-level.
FY 2018 Baseline	Customer agencies do not have access to the data.
FY 2019 Results	<ul style="list-style-type: none"> <li>• Contract solution engagement with Departments/Agencies to demonstrate the commodity price combinations available from MRFS.</li> <li>• Customer agency use of the TDR backed Acquisition analytics platform to research and perform planning estimates for markets covered by Schedule 70 H/W &amp; S/W SINS, JANSAN, MRO, MRFS and OS4. Customer agencies include OSD (Schedule 70), USAF (Schedule 70, MRFS).</li> <li>• OSD Support                             <ul style="list-style-type: none"> <li>○ Management of DoD IT Spend.</li> <li>○ Support OSD Demand Management of DoD product and service requirements.</li> </ul> </li> <li>• USAF                             <ul style="list-style-type: none"> <li>○ Key contributing factor for USAF Shift from NETCENTS to GSA Schedule 70 is to help manage the USAF portfolios categories of spend.</li> </ul> </li> <li>• VA</li> </ul>

	<ul style="list-style-type: none"> <li>○ Supported MRFS engagement with VA to provide guidance to achieve cost avoidance using the MRFS solution.</li> </ul>
<b>FY 2019 Notes (Optional)</b>	<ul style="list-style-type: none"> <li>● Contract solution engagement with Departments/Agencies to demonstrate the commodity price combinations available from OS4 is forthcoming.</li> <li>● Both MRFS and OS4 are next generation solutions in their respective categories. Both came to market in 4QFY20 and plan to leverage the TDR data available via Acquisition Analytics platform going forward.</li> </ul>
<b>FY 2020 Results</b>	<p>During FY 2020 FAS completed a project run by the Category Management PMO to update the data management plan to provide better access to agencies (especially category teams) the different levels of data based on their needs.</p> <p>1) Global Acquisition Analytics - View counts in the "Traffic to View" and Database only goes back to September 2020 (New workbook published on 9/18/2020):  September 2020 - 121  October - 521  November - 300</p> <p>2) Acquisition Analytics - View counts in "Traffic to Views" data starting January 2020:  January 2020 - 671  February - 723  March - 479  April - 523  May - 301  June - 558  July - 563  August - 378  September - 467  October - 12  November - 1</p> <p>3) Acquisition Analytics Unmasked - View counts in "Traffic to Views" data starting July 2020:  July 2020 - 1  August - 33  September - 75  October - 12  November - 22</p>
<b>FY 2020 Notes (Optional)</b>	<p>The VA has requested and gotten access to the raw data related to OS4 through the new data management instructions.</p>

	Included instructions on how to access raw data in the monthly category management dashboard training and has been included in the quick decisions playbook.
<b>FY 2020 OGP Evaluation Notes</b>	The pilot received a medium score (2 out of 4 points) because some buyers have data access and progress is being made in increasing that access.

Metric	FSS Program Spend
Methodology	The rate-of-change for TDR pilot contracts is equal to or better than the rate-of-change for non-TDR pilot contracts in the GSA FSS program.
Baseline: Change from FY 2017 to FY 2018	TDR Pilot Contracts: Sales decreased by 0.78% <ul style="list-style-type: none"> <li>● FY 2017: \$6,581 million</li> <li>● FY 2018: \$6,529 million</li> </ul>
	Non-TDR Pilot FSS Contracts: Sales decreased by 3.99% <ul style="list-style-type: none"> <li>● FY 2017: \$25,658 million</li> <li>● FY 2018: \$24,635 million</li> </ul>
FY 2019 Results: Change from FY 2018 to FY 2019	TDR Pilot Contracts: Sales increased by 24.95% <ul style="list-style-type: none"> <li>● FY 2018: \$6,529 million</li> <li>● FY 2019: \$8,158 million</li> </ul>
	Non-TDR Pilot FSS Contracts: Sales increased by 0.04% <ul style="list-style-type: none"> <li>● FY 2018: \$24,635 million</li> <li>● FY 2019: \$24,646 million</li> </ul>
FY 2019 Notes (Optional)	---
<b>FY 2020 Results:</b> Change from FY 2019 to FY 2020	TDR Pilot Contracts: Sales increased by 43.84% <ul style="list-style-type: none"> <li>● FY 2019: \$8,158 million</li> <li>● FY 2020: <b>\$11,734 million</b></li> </ul>
	Non-TDR Pilot FSS Contracts: Sales increased by 0.85% <ul style="list-style-type: none"> <li>● FY 2019: \$24,646 million</li> <li>● FY 2020: <b>\$24,854 million</b></li> </ul>
<b>FY 2020 Notes (Optional)</b>	---
<b>FY 2020 OGP Evaluation Notes</b>	The pilot received a high score (2 out of 2 points) because the rate-of-change of program spend for TDR pilot contracts was better than that of non-TDR FSS contracts.

	The figures FAS reported are subject to change because of sales adjustments. However, those changes would not be large enough to affect the evaluation score.
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Metric	Small Business Performance
Methodology	Comparison of percentage change of cumulative sales between the two most recent fiscal years for TDR pilot small business contracts compared to TDR pilot-eligible small business contracts. Contracts being compared must have been in that status (TDR or not TDR) for all of the 2 most recent fiscal years.
Baseline: Change from FY 2017 to FY 2018	TDR Pilot Contracts: Sales decreased by .08% <ul style="list-style-type: none"> <li>• FY 2017: \$2,580 million</li> <li>• FY 2018:- \$2,578 million</li> </ul>
	Non-TDR Pilot FSS Contracts: Sales increased by 1.96% <ul style="list-style-type: none"> <li>• FY 2017: \$9,252 million</li> <li>• FY 2018: \$9,432 million</li> </ul>
FY 2019 Results: Change from FY 2018 to FY 2019	TDR Pilot Contracts: Sales increased by 14.4% (this was incorrectly reported as 1.44% in FY 2019) <ul style="list-style-type: none"> <li>• FY 2018: \$2,578 million</li> <li>• FY 2019: \$2,950 million</li> </ul>
	Non-TDR Pilot FSS Contracts: Sales increased by 7.03% <ul style="list-style-type: none"> <li>• FY 2018: \$9,432 million</li> <li>• FY 2019: \$10,095 million</li> </ul>
FY 2020 Notes (Optional)	---
FY 2020 Results: Change from FY 2019 to FY 2020	TDR Pilot Contracts: Sales increased by <b>4.7%</b> <ul style="list-style-type: none"> <li>• FY 2019: \$2,950 million</li> <li>• FY 2020: <b>\$3,089 million</b></li> </ul>
	Non-TDR Pilot FSS Contracts: Sales increased by <b>0.9%</b> <ul style="list-style-type: none"> <li>• FY 2019: \$10,095 million</li> <li>• FY 2020: <b>\$10,185 million</b></li> </ul>
FY 2020 Notes (Optional)	---
FY 2020 OGP Evaluation Notes	The pilot received a high score (2 out of 2 points) because the rate-of-change of program spend for TDR pilot contracts was better than that of non-TDR FSS contracts.  The figures FAS reported are subject to change because of sales adjustments.

	However, those changes would not be large enough to affect the evaluation score.
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Metric	FSS Program Cost
Methodology	Comparison of the year over year cost for FAS to run the FSS program, as specified in the total cost of operations line from the FAS Multiple Awards Schedule Statement of Operations.
FY 2018 Baseline	Change from FY 2017 to FY 2018: 7% decrease <ul style="list-style-type: none"> <li>• \$242.5 million to \$224.6 million</li> </ul>
FY 2019 Results	Change from FY 2018 to FY 2019: 1% increase <ul style="list-style-type: none"> <li>• \$224.6 million to \$227.6 million</li> </ul>
FY 2020 Notes (Optional)	---
<b>FY 2020 Results</b>	Change from FY 2019 to FY 2020: <b>4% Increase</b> <ul style="list-style-type: none"> <li>• \$227.6 million to <b>\$237.5 million</b></li> </ul>
<b>FY 2020 Notes (Optional)</b>	
<b>FY 2020 OGP Evaluation Notes</b>	<p>The pilot received a medium score (1 out of 2 points) because there was no conclusive difference in FSS program cost from FY 2019 to FY 2020. Costs increased by 4% but total costs (\$237M) were less than planned costs (\$260M) and total fee revenue (\$262M).</p> <p>OGP's score was based on an analysis of the FAS Multiple Awards Schedule Statement of Operations provided by the GSA Office of the Chief Financial Officer.</p>

Total Evaluation Score	Metric Scoring Key	Decision Matrix	Decision Methodology				
30	Meeting or Exceeding Targets	27 to 30 points = formalize and/or expand TDR.	27 points or more means TDR is hitting multiple targets, is on track for most others, and is not significantly under-performing for one of the highest weighted metrics (Data Quality, Data Usage - PCO, Contract-level Pricing, TDR Participation Rate) plus any one of the remaining metrics with a direct correlation to TDR (Data Usage - Category Managers, Data Usage - Buyers).				
	On Track to Meet Targets	16 points to 26 points = perform further analysis.	16 points or more indicates TDR is producing more positive results than negative results.				
	Significantly Under-performing	less than 16 points = end TDR pilot.	Less than 16 points indicates TDR is significantly off track for multiple metrics and is missing key targets.				
Evaluation Objective	Statement of Accomplishment	Metric	Methodology	Target	Weight	Score	
Determine if TDR can establish full CSP and PRC function while lowering industry reporting burden.	TDR data is complete enough to be used for contract-level price negotiations.	Data Completeness	Percentage of transactional data reports that include data for the Manufacturer Name and Manufacturer Part Number fields.	>90% 71-89% <70%	6 3 0	6	
	FSS contracting officers (PCOs) are using data to negotiate contract-level pricing.	Transactional Data Usage: FSS Contracting Officers	Qualitative evidence of FSS contracting officers (PCOs) using transactional data to negotiate contract-level pricing on TDR pilot contracts.	All TDR pilot PCOs have access to the data and data is used meaningfully for all TDR pilot PCOs have access to data but are not making meaningful use of it, although FAS is making progress to improve usage. Not all TDR pilot PCOs have access to data and/or FAS is not making progress to improve usage.	6 3 0		3
	TDR contract level pricing is not substantially higher than non-TDR contract level pricing.	Contract-level Pricing	The quantitative % change in pricing for identical products on the same contract, adjusted for inflation using Consumer Price Index (CPI) Data.	Equal to or better 0.01% to 1.99% worse 2.00% or worse	6 3 0	6	
	TDR is less burdensome than the CSP/PRC for FSS vendors.	Reporting Burden	TDR Participation Rate	>60% 50% to 60% <50%	6 3 0		
	Determine if GSA can use transactional data to improve buying outcomes.	FAS demonstrates TDR contributes to better outcomes at the contract-level and order-level.	Transactional Data Usage: Category Managers	Qualitative evidence of transactional data being used by category managers to improve order-level buying outcomes.	All 5 applicable category managers with access to TDR are actively using data 3 or more of 5 applicable category managers are using data and progress is being made to improve usage. Less than 3 of 5 applicable category managers are using data and/or little progress in improving usage.	4 2 0	2
Transactional Data Usage: Buyers (Order-level)			Qualitative evidence of transactional data being used by buyers at the order-level.	Data is available for all eligible buyers and/or data tools are available in all applicable categories for eligible buyers. Some buyers have data access and progress is being made to increase access and/or FAS is providing data tools for buyers under at least 3 categories. Buyers do not have access to data and/or FAS has provided data tools for less than 3 categories.	4 2 0	2	
Determine how TDR is impacting the FSS program's health.	TDR is not negatively impacting FSS sales volume.	FSS Program Spend	The rate-of-change for TDR pilot contracts is equal to or better than the rate-of-change for non-TDR pilot contracts in the GSA FSS program.	Equal to or better 0.01% to 1.99% worse 2.00% or worse	2 1 0		2
	TDR is not negatively impacting small businesses participating in the FSS program.	Small Business (SB) Performance	Comparison of % change of cumulative sales by sales between 2 most recent fiscal years for TDR pilot small businesses compared to TDR pilot-eligible small business contracts. Contracts being compared must have been in that status (TDR or not TDR) for all of the 2 most recent fiscal years.	Equal to or better 0.01% to 1.99% worse 2.00% or worse	2 1 0	2	
	TDR is not negatively impacting GSA FSS program costs.	FSS Program Cost	Comparison of the year-over-year cost for FAS to run the FSS program, as specified in the total cost of operations line from the FAS Multiple Awards Schedule Statement of Operations.	Less No conclusive difference More	2 1 0		1

4/20/2021

## Appendix C – GSA Comments

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Office of Government-wide Policy  
U.S. General Services Administration

April 21, 2023

MEMORANDUM FOR: Thomas Tripple  
Regional Inspector General for Auditing  
GSA, Office of Inspector General

FROM: Krystal Brumfield  
Associate Administrator  
Office of Government-wide Policy (M)

DocuSigned by:  
*Krystal Brumfield*  
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SUBJECT: Management Response to GSA's Fiscal Year 2020  
Transactional Data Reporting Pilot Evaluation Provides an  
Inaccurate Assessment of the Program (A210081)

Thank you for the opportunity to comment on the referenced draft audit report, "GSA's Fiscal Year 2020 Transactional Data Reporting Pilot Evaluation Provides an Inaccurate Assessment of the Program" A210081, dated March 31, 2023. The U.S. General Services Administration (GSA) respectfully provides its response below:

### **Evaluation Overview and Results**

The Transactional Data Reporting (TDR) final rule, published on June 23, 2016, sought to improve taxpayer value under the GSA Multiple Award Schedule (MAS) program by lowering prices, reducing reporting burdens, supporting small businesses, and providing category managers and federal agencies with market intelligence to improve buying outcomes. GSA launched TDR under a MAS pilot program later that year.

The TDR pilot evaluation plan discussed in this draft audit report laid out three objectives. The first, and most heavily weighted objective, was to determine whether TDR could fulfill the legacy contract-level pricing negotiation function while lowering industry reporting burden. GSA found TDR met this objective because it provided better pricing and lowered contractor reporting burdens<sup>1</sup>, and the reported data was complete enough to be used for MAS contract price negotiations, although MAS contracting officer usage needed to improve.

<sup>1</sup> As shown by the number of eligible MAS contractors that chose to participate in the TDR pilot. Participation rate has increased by approximately 13% per year based on analysis of participating MAS contracts versus eligible MAS contracts.

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The second objective was to determine if GSA can use transactional data to improve buying outcomes. GSA found the associated activities, category manager and buyer data usage were in their nascent stages but still viewed that as a net positive for the MAS program because the potential to improve buying outcomes was clear and the Federal Acquisition Service (FAS) was on track with steps to increase access to, accuracy of, and utility of the transactional data.

The third objective was to determine how TDR is impacting the MAS program's health. GSA found small business sales growth and MAS program sales in general were stronger under TDR than the legacy pricing model, and there was no meaningful difference in MAS program costs.

### **TDR Path Forward**

Because GSA believed there were benefits to TDR, potential further benefits of the data were emerging, and there was a commitment to address acknowledged issues, GSA concluded the pilot met its objectives and that expansion with further improvements was the best course of action for GSA's customer agencies and taxpayers.

GSA's fiscal year 2020 evaluation found solid evidence that TDR is lowering prices, reducing reporting burdens, and supporting small businesses, while recognizing room for improvement with data usage. In the two years since, data quality continues to improve and data usage continues to expand; please see the addendum to this memo for more details on GSA's program improvements.

GSA is also finding that TDR can help the Government implement important public policy objectives such as:

- Protecting national security by using the data to support cyber supply chain risk management;
- Supporting GSA's diversity, equity, inclusion, and accessibility (DEIA) efforts through promoting the use of AbilityOne items and restricting the sales of non-compliant products that would detract from the AbilityOne program; and
- Providing market intelligence to GSA's industry partners to ensure we have a healthy supply chain.

The GSA Office of Inspector General (OIG) has clearly expressed its concerns about TDR since 2014, including four audit reports and alert memoranda. GSA appreciates its insights into TDR performance and will continue to use that information as we work to

improve our collection and use of transactional data. Steps GSA is taking to further improve the TDR pilot program include:

- Implementation of data validation and verification controls between the FAS Catalog Platform (FCP) and the Sales Reporting Portal (SRP) TDR submissions.
- Comprehensive review of TDR data. This would include a data maturity plan for products, services, and solutions where GSA monitors data accuracy and completeness, and creating a methodology on what data should be displayed and what tools should be used.
- Continue to address contractor compliance issues related to sales reporting through the Contracting Officer and Industrial Operations Analysts.
- Continued enhancement of the Price Point PLUS Portal (4P) report with an in-line Compliance & Pricing (C&P) Report available to both suppliers and workforce members.
- Further expansion and dissemination of TDR Demand Data to drive catalog optimization and reduce administrative burden both to the Government and GSA's industry partners.

**GSA Response to OIG Recommendations:**

GSA partially agrees with the recommendations provided by the GSA OIG in this report.

Recommendation one states that GSA should “[c]ease further expansion of TDR until the problems are corrected or the pilot is terminated.” GSA partially agrees with this recommendation. GSA will consider the continuing maturity of TDR as part of any expansion decision.

Recommendation two states GSA should “[a]ddress the problems with the TDR data and usage as described in this report within 1 year of report issuance. To do so, the FAS [the Federal Acquisition Service] Commissioner should, at a minimum:

- A. Conduct a comprehensive assessment of all TDR data;
- B. Verify the accuracy and completeness of all TDR data;
- C. Implement a verification process to ensure that TDR data is accurate and complete when it is submitted by MAS contractors;
- D. Require the contractors that are not submitting complete and accurate data to correct their data or suspend their contract;
- E. Make the data accessible to all MAS contracting personnel; and
- F. Develop a methodology for pricing using TDR data that will ensure that customer agencies meet [Competition in Contracting Act] CICA for orders

placed through MAS contracts.”

GSA partially agrees with this recommendation. GSA agrees with the need to address data completeness, quality, and usage, but the technical approach and contractor engagement strategies necessary to meet these needs will be pursued on a timeline that aligns with TDR maturation.

Recommendation three states that “[i]f FAS cannot successfully complete the corrective actions outlined in Recommendation 2 within 1 year of report issuance or makes the decision not to take those corrective actions, execute the exit strategy for the TDR pilot and transition participating contractors out of the pilot in accordance with FAS Policy and Procedures 2016-11, *Transactional Data Reporting – Federal Supply Schedule Program Implementation, Paragraph 8(G), Pilot Cancellation.*”

GSA partially agrees with this recommendation. GSA launched the TDR pilot to ensure a measured and manageable transition to the use of transactional data. Part of the pilot framework is the cancellation policy, which still exists and will be executed if TDR does not provide value to the taxpayer. However, GSA anticipates that work to improve the TDR pilot program will continue for more than a year from report issuance.

If you have any questions or concerns, please contact Matthew McFarland, Office of Government-wide Policy, at [matthew.mcfarland@gsa.gov](mailto:matthew.mcfarland@gsa.gov).

**Addendum to  
Management Response to GSA's Fiscal Year 2020 Transactional Data Reporting  
Pilot Evaluation Provides an Inaccurate Assessment of the Program (A210081)**

**TDR Pilot Program Improvements**

TDR has matured since its launch in 2016. In the early stages of TDR, GSA's prime emphasis was ensuring usable data. GSA recognized it needed to work with industry and ensure our contractors understood what and how to report before it started rolling out the data to the workforce or customer agencies. Equally important, the acquisition workforce had to have a basic understanding of the data and training on how to use it.

GSA focused on products first. While it took time to work through challenges with data standardization, the requirement for contractors to report manufacturer part numbers offered the opportunity for a direct comparison of identical items. Additionally, GSA made investments that aid in pricing analysis for identical products with similar manufacturer part numbers.

Since fiscal year (FY) 2019, TDR data quality based on comparison with GSA *Advantage!* relating to products (measured by line items for each reporting year) has increased from 43.4% to 83.3%. Since the end of FY22, match rates measured by sales (by reporting year) have increased from 33.2% to 54.1%.

GSA has made considerable progress over the last 2 years to better collect, validate, and utilize TDR data. GSA's initial focus on fully operationalizing products data culminated in the inclusion of validated products data into our 4P tool in March 2023. This integration provides the MAS acquisition workforce the ability to leverage TDR data to conduct several key compliance checks and to begin greater use of the data in negotiations.

The use of transactional data is not at the same level of maturity for services as products. Ensuring the data is accurate, reliable, and easy to use will take time, but will ultimately provide data that could provide value in numerous price and non-price areas.

**Category Management**

GSA is focused on prices paid data collection within the Federal Government. This includes managing the majority of the tier 2 and 3 Spend Under Management (SUM) contracts, and provides data to Category Managers through the Acquisition Analytics (AA) dashboard. Greater than 80% of the data in these dashboards comes from TDR. Since the beginning of FY23, Category Management (CM) dashboards on the

Acquisition Gateway based on transactional data have been accessed more than 4,200 times by over 400 different users across the Government. CM dashboards allow users to identify potential contractors and assess pricing trends by season or by volume. TDR data is leveraged to evaluate category compliance for the submission of transactional data as a requirement for several approved Best-in-Class (BIC) contract solutions.

#### Cyber Supply Chain Risk Management (C-SCRM)

GSA has canceled contracts and line items to remove products due to national security concerns related to C-SCRM. As part of the process, GSA analyzes TDR and *GSA Advantage!* sales data to determine if customers have ordered products which were subsequently prohibited by law. TDR data has allowed GSA to identify and notify customers who had purchased several products manufactured by subsidiaries of Hytera Communications Corporation and Dahua Technology Company that were ordered after their prohibition effective date and required attention to address potential threats to the federal supply chain. This level of support is only possible due to TDR.

GSA anticipates that TDR data will become increasingly important to support GSA implementation of Federal Acquisition Regulation Case 2020-011, *Implementation of FASC Exclusion Orders*. Under this interim rule anticipated in FY23, the Federal Acquisition Security Council (FASC) will require the exclusion of sources or covered articles from executive agency procurement actions, similar to the Kaspersky Lab and Section 889 prohibitions. GSA intends to use TDR data to monitor sales and ensure compliance with terms and conditions protecting the government supply chain.

#### Demand Data

GSA is leveraging TDR data to provide increased transparency into customer demand. Demand data enables GSA to take advantage of TDR by identifying the top items purchased. The FAS Office of General Supplies and Services Categories has found that a small number of products result in the majority of sales. This analysis would not be possible without transactional data. Specifically, robust TDR data allows contractors to:

- Understand market dynamics and adjust pricing to be competitive with the marketplace; and
- Optimize their catalog for high demand items, reducing administrative burden.

GSA is currently sharing demand data with the National Industries for the Blind to help them recognize changing buying patterns. GSA anticipates that by further sharing demand data with contractors and prospective contractors, it will be able to both increase competition for high demand items and encourage new entrants to

federal acquisition.

#### Reducing Contractor Reporting Burden

Based on GSA's analysis in accordance with the Paperwork Reduction Act (PRA) and the TDR pilot participation rate, TDR is lowering contractor reporting burden. In GSA's 2022 renewal of its TDR information collection under the PRA, we estimated that TDR reporting burdens per contract are about half of what contractors bear under the legacy reporting model.<sup>2</sup> In the industry response to GSA's request for comments, industry stated "that while TDR does carry reporting burdens for contractors...those burdens are significantly lower than the burdens imposed by the [legacy pricing requirements]."<sup>3</sup> This is in contrast to industry comments received in 2015, where commenters overwhelmingly questioned GSA's projection of TDR lowering reporting burdens.

Reporting burdens, like those under the legacy reporting model add administrative costs and lead to higher pricing. Moreover, reporting burdens can be a barrier to entry for small businesses because they generally have fewer resources to devote to contract management. With a 15% government-wide goal for Federal procurement dollars awarded to small disadvantaged businesses, efforts GSA takes to reduce burden for new entrants will assist in meeting the goal.

With clear benefits across several priority areas, GSA is proud of the progress it has made with TDR. We appreciate the opportunities for continued improvement identified through the OIG's series of audits.

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<sup>2</sup> The TDR information collection is identified under Office of Management and Budget (OMB) control number 3090-0306.

<sup>3</sup> The Coalition for Government Procurement letter dated October 21, 2022, page 5; subject: Information Collection 3090-0306, Transactional Data Reporting.

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## ***Appendix D – Report Distribution***

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GSA Administrator (A)

GSA Deputy Administrator (AD)

FAS Commissioner (Q)

FAS Deputy Commissioner (Q1)

TTS Deputy Commissioner (Q2)

FAS Chief of Staff (Q0A)

OGP Associate Administrator (M)

OGP Acting Principal Deputy Associate Administrator (M1)

OGP Chief of Staff (M1)

Chief Financial Officer (B)

Deputy Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Acquisition Program Audits (JA)

Deputy Assistant Inspector General for Real Property Audits (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)