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IMPROVING TRANSPARENCY AND ACCESSIBILITY OF FEDERAL CONTRACTING DATABASES

HEARING

BEFORE THE

AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

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IMPROVING TRANSPARENCY AND ACCESSIBILITY OF FEDERAL CONTRACTING DATABASES

TUESDAY, SEPTEMBER 29, 2009

U.S. SENATE,
AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:04 a.m., in room 342, Dirksen Senate Office Building, Hon. Claire McCaskill, Chairman of the Subcommittee, presiding.

Present: Senators McCaskill and Bennett.

OPENING STATEMENT OF SENATOR MCCASKILL

Chairman MCCASKILL. Good morning. We welcome the witnesses and everyone to the hearing this morning.

This hearing will now come to order. We are here today to discuss the future of the Federal Government's contracting database.

I think I will start by stating the obvious. This is not a wildly exciting topic. We are not going to have banks of television cameras or eager crowds lined up to see what is happening at this hearing. I saw no linestanders. I saw no rush to grab a seat as the seats became available this morning.

The idea of spending some time talking about FPDS, ORCA, CCR, PPIRS, or "Peepers," and the IAE is enough to send most people screaming for the exits, but these acronyms are fundamental to the way government does business. In 2008, the Federal Government spent over $500 billion in contracts, with thousands of different companies, to acquire everything from pens to planes to people.

Electronic systems and databases are used in every phase of the contracting process. Government employees use these systems to solicit requirements, review offers, evaluate vendors, and create and administer contracts. Companies use the systems to find and register for opportunities, track when and how and what the government is acquiring, and view their own performance. And, the public should use these systems to understand what the government is doing with their money.

There are now more than a dozen Federal databases and systems with information relevant to Federal contracting. They are managed by at least five different agencies and supported by at least eight different contractors.

In recent years, these systems have been the subject of criticism from Federal auditors, members of the public and Congress for being difficult to use, containing incomplete records, for not being available or accessible to the public and for not containing the timely, accurate information necessary to both the government, vendors and the people who are paying the bills.

In the last 2 years, the government has even created a whole new system, USAspending.gov, simply to try to translate information contained in older databases, to make it more accessible to the public.

To address many of these problems, the Federal Government has moved forward with the creation of the Integrated Acquisition Environment (IAE). The IAE brought together eight systems under management of the IAE Program Management Office at GSA. This has already had significant advantages of streamlining. For example, the IAE has already brought all the help desk services together under a single contractor.

The government now plans to award a contract called the Architecture Operations Contract Support (AOCS), to begin to consolidate the different databases into one system. When implemented, it is envisioned that the AOCS contractor will be responsible for designing a new enterprise architecture and then gradually moving each of the databases into the architecture. Vendors and the government will access the different services from one single entrance point. Members of the public will be able to access the system using a password.

The AOCS contract does not—let me repeat—does not include improvements to the underlying database systems. Instead, the government will also award multiple contracts to improve and enhance the software throughout the life of the AOCS contract.

The AOCS contract was supposed to have been awarded at the end of September. Last week, GSA pushed back the award date to the end of October. So we are still at the very early stages of the development of this project. Now is the time for us to look forward, to ask some tough questions, before the government gets embroiled in a costly contract that may not be the best way forward.

We are here today to learn from representatives of the key users of these systems: Industry, the public, and government. We are trying to find out what the consolidated contracting system of the future should look like.

We will also hear from Vivek Kundra, the President's Chief Information Officer, about whether and how the new Integrated Acquisition Environment will improve the quality, transparency, and usability of acquisition information.

We will discuss barriers to achieving a unified, simplified, publicly-accessible contracting system, like the technological hurdles presented by migrating legacy systems onto a new architecture and the government's Byzantine management structure for the project. Wait until you see that chart. Talk about giving you a headache.

I look forward to a constructive discussion of these questions today. I would also like to take this opportunity to welcome the new Ranking Member of the Subcommittee, Senator Bob Bennett, who has a long record of trying to bring common sense and a business perspective to the way we spend the public's money. I think

he will be an incredible asset to the work of this Contracting Oversight Subcommittee, and I look forward to working with him closely in trying to make government more responsive to the people, with a better sense of use of money from a business perspective.

I now yield to Senator Bennett for his statement.

OPENING STATEMENT OF SENATOR BENNETT

Senator BENNETT. Thank you very much, Madam Chairman, both for your statement and your warm welcome. I appreciate it and look forward to the hearing and the opportunity to work with you to try to solve some of these problems.

I also want to thank Senator Collins for her graciousness in welcoming me to the Committee and assigning me to this particular Subcommittee. I know that it was something that she enjoyed doing and was a bit of a sacrifice for her to give this one up, but I am delighted that she was willing to trust me with this responsibility.

I have a formal opening statement, which I would like to submit for the record, but also a few personal comments in addition to that.

There is a sense of deja vu for me, for two reasons. When I graduated from college, my first job was as a purchasing agent. So I was buying things and dealing with people who wanted to sell me things and realized the importance of having accurate information on both sides of the conversation.

Since that time, I have run businesses and, during that period of time, watched them go through the agony of shifting from paper-based systems for information over to the digital age, and I cannot think of a single transition that was smooth or that was cheap. In both instances, there was a great deal of angst on the part of those who had to shift to something new, and there was a great deal of concern on the part of those who had to pay for the equipment and the software engineers and the writing of programs to the something new.

And, always, in every one of those transitions, there was an understandable human reaction which is: Can we not put this off? Wait a minute. This is too hard. Can we not slow down and put it off?

Of course, in the business world, the answer to that question is no, because your competitor is doing it whether you are or not, and, if you do not make the switch so that you have all of the power of IT on your side, you are going to lose customers, market share, and money.

In the government, there is not quite the same pressure, and I have the feeling that there have been some silo kind of activities going on across the government, that: Well, this is too hard. Let's slow it down a little.

Then in another agency: Well, we want to do it our way, and it is also kind of hard, and we will try something else—so that you end up with what I think we are going to see when you put up the chart to which you refer, a situation that is opaque both for the vendor, who has no idea what he has got to deal with in order to sell his product, and with the buyer, who has no real under-

standing of everything that is out there from which to make a choice.

That ends up costing the government money and, more important, costing the government value because I know from my State—and I am sure you do from yours—a number of companies who say: I just do not deal with the Federal Government. I do not even try to sell to the Federal Government because the process is so impenetrable, it is not worth it.

Those hardy souls who say I will deal with the government are probably providing good products, but they are, in a way, competing in a restricted environment because some of the competitors who might be able to provide better value for the government are simply not playing, and the Federal contracting process is the reason.

So what I am hoping for today, Madam Chairman, is that we get an understanding of exactly what the state of affairs might be right now. Then, we get a vision of who owns it and is willing to deal with it, so we can move toward the ultimate goal of transparency on both sides of the deal, that the vendors know what it is they are getting into and the buyers know exactly the wide range of products that are available.

So I thank you for calling the hearing and appreciate the opportunity to be a part of it.

[The prepared statement of Senator Bennett follows:]

Chairman MCCASKILL. Thank you, Senator Bennett.

Our first panel of witnesses brings three different perspectives to the issue that we are going to discuss this morning. Bill Woods is Director of Acquisition and Sourcing Management at the U.S. Government Accountability Office (GAO), Adam Hughes is the Director of Federal Fiscal Policy at OMB Watch, and Trey Hodgkins is the Vice President for National Security and Procurement Policy at TechAmerica, representing a number of people who endeavor every day to do business with the Federal Government.

It is the custom of this Subcommittee to swear in all witnesses that appear before us. So, if you do not mind, I would ask you to stand.

Do you swear that the information that you will give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. WOODS. I do.

Mr. HUGHES. I do.

Mr. HODGKINS. I do.

Chairman MCCASKILL. The witnesses have stated in the affirmative.

We will be using a timing system today. We would ask that your oral testimony be no more than 5 minutes. Your written testimony, of course, will be printed in the record in its entirety.

And, Mr. Woods, welcome to the hearing.

TESTIMONY OF WILLIAM T. WOODS,[1] DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WOODS. Thank you, Chairman McCaskill and Ranking Member Bennett. Thank you for inviting me to testify this morning about the government's contract data systems.

Chairman McCaskill, you are absolutely right in terms of pointing out this is not a wildly exciting topic, but, nevertheless, it is extremely important. The government spends in excess of half a trillion dollars purchasing all sorts of goods and services to make the government run, and it is important that we know where that money is going and how it is being spent.

There are a number of stakeholders that need to know that information, starting, of course, with the Congress. The agencies themselves need to know how they are spending their money. The oversight community, of which I am one representative, needs to know that as well. And, the general public has a stake in that answer as well.

So it is extremely important that we get answers to the kinds of questions that you have both put on the table this morning.

We have looked at a variety of systems. We have used many of the systems that you mentioned earlier, but we have not evaluated all of them in depth. There are three, however, that we have taken a close look at and which I would like to focus on this morning. Those three are:

The Federal Procurement Data System (FPDS), the latest version of that is the Federal Procurement Data System Next Generation (PDS-NG), and you will hear a lot about that today. That is really the government's primary contracting database. It is the backbone, if you will, of a number of other systems that use that system. For example, USAspending.gov relies on the information in the Federal Procurement Data System.

The second system that I will cover today will be the Past Performance Information Retrieval System, which, for good or bad, goes by the acronym of PPIRS, and you will be hearing a lot about PPIRS as this session progresses. That is, as the name suggests, the central collection point for past performance information on all the government's contractors. A number of systems feed into that PPIRS system.

And, the third that I will focus on today will be the Excluded Parties List System (EPLS), and that is the system that keeps track of those entities that have been either suspended or debarred from doing business with the government. Of course, it is important that not only do we know about the past performance of contractors, but we need to know those that have been excluded to make sure that we do not inadvertently award contracts to those entities.

Let me start with just an overall observation that the deficiencies that we have found in many of the systems that we look at fall basically into three categories. One is poor data quality, second is a lack of data submission, and the third are inadequate systems capabilities. Not all of the systems that we have looked at suffer from

[1] The prepared statement of Mr. Woods appears in the Appendix on page 46.

those problems, but we have found that a number do, and it is a good way for us to keep track of what we are looking at.

In terms of data quality, the system that everything relies on and that we rely on quite a bit as users is the Federal Procurement Data System. That system started in 1978, and since right after that system started we have repeatedly issued report after report after report, citing shortcomings in that system, in the data quality.

What do I mean by data quality? Accuracy and timeliness are the two essential elements. And is the information reliable? Unfortunately, too often, the answer that we have found as users is no, the system is not reliable.

We have issued recommendations over the course of many years. In large part, those recommendations have been implemented by the agencies, either the Office of Management and Budget (OMB), or the General Services Administration (GSA). And, to be truthful, the system is better now than it used to be, but it is still not where it needs to be.

And, how do we know that? We know that because we get out and we pull contract files. We go to locations where the contracts are, and we compare the information that is in the contract file with the information that is in the Federal Procurement Data System, and we find mismatches. That is how we know that those systems are unreliable.

What are the consequences for us as users of those systems? Sometimes we have to go to different sources of information, such as pulling contract files in order to complete the work that you, the Congress, have asked us to do. Sometimes we have to choose different methodologies in order to conduct the work. And then, there have been cases in the past where we simply have not been able to do the work that you, the Congress, have asked us to do.

One example is we were asked to look at a pilot program to use simplified acquisition procedures at the Department of Defense, and we found that the data were so unreliable that we simply could not complete that. We could not answer that question. We could not tell you how that pilot program was being conducted. That is the consequence of having unreliable data in the system.

As I said, we have made numerous recommendations. The system is better now for having implemented many of those recommendations and because of the hard work of those in the Executive Branch who are trying to make the system work. But problems remain, and I just want to cite one example.

There are a couple of examples, cited in the testimony. Let me just mention one of them—time and materials contracts. We found in looking there at time and materials contracts, that some people are coding those as fixed-price contracts when they really are not. The labor rate may be fixed, but the total amount that the government is going to expend on that time and materials contract is not fixed. So it is not correct to code that as a fixed-price contract.

Let me get to data submission problems, and here again we find problems with the Federal Procurement Data System. Just one example: This Subcommittee, or actually the full Committee, asked us to look at the Department of Homeland Security's major systems, and the contracts related to those major systems. We tried

to use the Federal Procurement Data System to identify what those major systems were. Even though the Federal Procurement Data System has a field to identify the major system that a contract is associated with, many times we found that field was left blank.

So we simply could not take the same approach that we would have. We had to go to the Department of Homeland Security and ask them to construct a list of their major programs.

Now that was frustrating for us. It took us more time. But, more importantly, it imposed a burden on the Department. It is something that the Department did not have to do. So the Department had to divert resources, in order to allow us to perform the work. That is one of the consequences.

There are other examples as well in terms of lack of data in the system. For example, we, at the Congress's request—actually it was a statutory mandate—were looking at contracts in Iraq and Afghanistan. Everyone wants to know: How many contracts are there? How much are we spending? Who is getting the money? We could not answer those questions using the Federal Procurement Data System.

Let me turn to another system, the Past Performance System, and give you some examples of lack of information in that system.

We issued a report in April of this year that found that only 31 percent of contracts that were required to have past performance information in that system had the information, only 31 percent.

We also found that a key piece of information, i.e., terminations for default were not routinely entered into that system. And, you will see in our statement we have one example where a huge contract was awarded to a contractor that had already defaulted on a previous contract and then went on to default on the contract that was subsequently awarded. That should have been discovered through use of the Past Performance System, and it was not.

System capabilities: The system that I would like to cite there is the Excluded Parties List System. We looked at that system in depth in 2005 and identified what we thought was a serious deficiency, and that is that for the contractors that were listed in that system, there was no unique identifier; names only, but no unique identifier. So we recommended that the agency require as a required field that a number be entered.

The Administration agreed with that recommendation. They implemented that recommendation. But, this year, we went back and looked again to see whether contractors that were on that list were nevertheless getting contracts, and we found that they were. And there were still some systematic deficiencies in the system. Let me just cite what I mean by that.

The system primarily uses a word search system that requires the user to enter the name of the company. XYZ, Inc. Company, for example. But if you leave out the comma, you get a different result. So it is not designed to accommodate that sort of inadvertent error by the user.

So, again, we are asking for GSA to take specific action in order to be able to address that. So far, what they have done is to add a pop-up warning to users of the system that reminds them that they need to enter the name exactly. We are hoping that they can do more in order to make that system more reliable, in order for

users to be able to ensure that contractors that are debarred from Federal contract do not, nevertheless, get awards.

Let me stop there, and I would be happy to take questions as the hearing progresses. Thank you.

Chairman MCCASKILL. Thank you, Mr. Woods. Mr. Hughes.

TESTIMONY OF ADAM HUGHES,[1] DIRECTOR, FEDERAL FISCAL POLICY, OMB WATCH

Mr. HUGHES. Chairman McCaskill, Ranking Member Bennett, my name is Adam Hughes, and I am the Director of Federal Fiscal Policy at OMB Watch, an independent nonpartisan watchdog organization. Thanks very much for inviting me to testify here today.

OMB Watch was founded in 1983 to remove the veil of secrecy from the White House Office of Management and Budget and has spent over 25 years advocating for government accountability, transparency and access to government information and citizen participation in governmental processes.

OMB Watch has a long history of developing transparency, easily accessible and intuitive systems for promoting and disseminating government data to the public. With the creation in 1989 of the Right to Know Network (RTKNet), a free searchable service of government about toxic chemical releases and environmental health hazards, to our work in 2006 creating FedSpending.org, a free online searchable web site that gives anyone easy access to Federal spending data, including contracts data, OMB Watch has been at the forefront of work to make Federal data more accessible and transparent.

This hearing is being held at a pivotal time. Legislative reforms in the 110th and 111th Congress, increased interest and actions from the current Obama Administration, and additional committees and commissions investigating Federal contracting practices, all point to significant changes on the horizon in the Federal contracting process.

At the same time, new technologies are allowing a variety of audiences to easily access, manipulate, and analyze data delivered through machine-readable formats, like RSS, ADAM and APIs. These new dissemination systems are slowly beginning to seep their way into the Federal Government, which is positioning itself to take advantage of this type of data-sharing, particularly with the launch of the new web site Data.gov.

This confluence of increased interest in contracting reform and technology innovation should result in developing a state-of-the-art one-stop shop for contracting data and information. This system should ideally consist of distributed databases that contain quality, relevant, and timely machine-readable data about the entire contracting process, linked together in one intuitive interface.

Unfortunately, this vision is a long ways off as there is a lot of work to do to fix the current system, which is disjointed, antiquated—at times, redundant—and extremely difficult to use. The menagerie of data systems do not deliver accurate, timely and useful information, and they create significant obstacles for use by government contracting officials and watchdog organizations. Mak-

[1] The prepared statement of Mr. Hughes appears in the Appendix on page 55.

ing matters worse, there are problems with both the current structure, or lack thereof, of Federal contracting databases as well as the data contained within those systems.

Based on our experience, OMB Watch believes that all Federal contracting data needs to be stored in a distributed database system that is linked together by machine-readable data, is web-accessible and fully searchable and is designed to meet the needs of contracting officials and oversight personnel while also providing public access to this information. The best option for achieving this is to build out the USAspending.gov web site interface to include other contracting data, including performance and evaluation data, suspension and debarment lists, and additional information related to the contracting process.

USAspending.gov already has an open data architecture that allows for sharing and disseminating information in different formats including HTML, ASCII and XML. This architecture is what will allow for the development of new data analytic tools to be created, like the recently launched IT dashboard. A distributed database system would create a one-stop shop for contracting data and streamline many parts of the data collection process, simplify the job of contracting officials and oversight personnel, reduce redundant data and web site maintenance costs, and present a more cohesive, thorough picture of the Federal contracting process to the public.

While the technology exists to support such a solution, there would still need to be considerable effort to streamline the contractor performance reporting system. Simply funneling performance data from multiple disparate systems that use different metrics to evaluate contractor quality to a single location does not solve all the problems.

Particularly given the current implementation of yet another contracting database, required under the 2009 National Defense Authorization Act, a standardized and more robust contractor performance data collection system needs to be developed. Perhaps an even larger problem will be to establish a reliable, publically-available, unique organizational identifier that can allow data from disparate databases to be easily combined and compared.

The Federal Government currently contracts out the work of creating, assigning, and updating unique organizational identifiers to a private company, Dun and Bradstreet. Allowing a private company to provide such an important unique identifier for all entities receiving funds from the Federal Government is extremely problematic as it subjects that identifier system to the policies of a private company and its business needs. While not necessarily malicious, this arrangement can cause government data to be presented in misleading or, at times, incorrect ways or simply not made available to the public at all.

As the government progresses to adopt new and emerging information technologies, including working to link disparate data systems together, there must be reliable, publically-available identifiers. OMB should head up an interagency task force to develop the schema for such identifiers, starting with organizational identifiers, and Congress should provide oversight to make sure this process proceeds expeditiously.

There is a long way to go to overcome the many obstacles to creating a more efficient and effective government contracting data system, yet the Integrated Acquisition Environment provides the opportunity to deliver such a system if it is done correctly. In creating a contracting data system for the future, much more time and resources need to be spent on developing easy mechanisms for viewing, analyzing, exporting and sharing Federal contract data. This will take consistent attention and leadership from both Congress and the Obama Administration in order to make sure that a distributed database system can become a reality.

Thanks very much for inviting me here, and I look forward to your questions.

Chairman MCCASKILL. Thank you. Mr. Hodgkins.

TESTIMONY OF A.R. TREY HODGKINS, III,[1] VICE PRESIDENT, NATIONAL SECURITY AND PROCUREMENT POLICY, TECHAMERICA

Mr. HODGKINS. Good morning, Madam Chairman and Ranking Member Bennett. My name is Trey Hodgkins. I am the Vice President for Procurement Policy and National Security at TechAmerica, which is a trade association representing approximately 1,500 companies and their millions of employees.

I am pleased to bring to you the technology and IT sector perspective on Federal contracting databases. I am going to address those in three different areas: First, some general discussion topics about proposals that we have seen in the past and that are still out there, some comments about the existing databases and then a few recommendations.

I would like to start with a generic statement, to say that to best use these databases we must focus on the goals that they serve, which is to inform the acquisition workforce decisions, improve the efficacy of the acquisition process and achieve best value for the taxpayer.

Companies are primarily concerned that government contractor databases will reveal information about their products or services and how they bring those products or services to the market. Another concern is that unsubstantiated allegations of contractor wrongdoing will be published.

Transparency that allows unrestricted public disclosure of proprietary or sensitive contracting data does not improve the acquisition process or inform the contracting workforce. Instead, these proposals risk disclosing source selection, intellectual property or proprietary data to global competitors, directly or indirectly exposing national and homeland security information, and using information out of context that would negatively impact the acquisition process and the competitive position of companies that do business with the government.

For government, the negative impact on the acquisition process includes a reduction in competition. Many companies offering commercial or commercial off-the-shelf items would simply be unable or unwilling to accept the kinds of risks I just described.

[1] The prepared statement of Mr. Hodgkins appears in the Appendix on page 68.

In another example, posting an unredacted contract could identify the location where work is to be performed and reveal crucial components of our national and homeland security. If data about program capabilities were subject to public disclosure, adversaries could evaluate the supply chain, identify critical production components, and, by attacking that component, destruct our security. Aggregated data would also allow adversaries to discern and reverse engineer our capabilities and identify our weaknesses.

From a corporate perspective, public disclosure of data would expose intellectual property, corporate sensitive and technical data to industrial espionage. Corporate competitors can aggregate data such as pricing methods and weaken the competitive posture of a company.

Publishing mere allegations rather than final determinations of wrongdoings also undercuts the fundamental due process rights for contractors. Such proposals assume that contracting officers would have the knowledge to make an informed legal decision from the allegation. There is a substantial risk that negative decisions would be made based upon allegations that are later found to be without merit.

It is worth noting that contractors did not oppose the Chairman's amendment last year that was adopted as part of the final version of the Defense Authorization Act. That is because it struck a balance between sharing data, protecting proprietary information and setting reasonable expectations about the contracting community.

In the same vein, TechAmerica does not oppose public disclosure as long as existing protections remain in force. These protections would include the Freedom of Information Act, the Trade Secrets Act, common law decisions and privileges regarding protection of sensitive information.

I would like to turn now to existing databases and note that the government has an alphabet soup of databases capturing and tracking government contracting, and these databases support critical functions of government contracting like evaluating past performance and determining responsibility.

Contractors generally find that these databases are inconsistent. They capture different data elements. They employ differing processes and rules and too frequently contain outdated, incomplete, or inaccurate data.

An example of this is the recent uptick in report cards for periods of performance of more than 1 year ago. Contractors are worried they will not receive accurate ratings so long after the performance period. Or, worse, this will become a check-the-box exercise, and someone who may have no knowledge of the contract is completing the report card.

The practical consequences of having outdated, incomplete, or inaccurate data is harm to the government from an unclear picture of bad actors in the contracting community and harm to good contractors whose performance goes unnoticed in evaluations for other work.

Another concern expressed by companies is that data is collected using inconsistent criteria, that the results are evaluated using inconsistent metrics and that the score cards use inconsistent measurements.

Because of these issues, many government agencies have resorted to placing requirements on bidders to pay for a past performance report from a third party commercial vendor. Any effort to reform government contract databases should include a prohibition on this practice.

Finally, my recommendations: TechAmerica commends current efforts related to the Integrated Acquisition Environment (IAE). It espouses goals that include consistency of data, uniform standards for greater interoperability, and consolidation of data and data sources. To ensure success, greater emphasis on implementing applications and systems with the IAE standards will be required.

Finally, we must ensure that efforts to develop government contractor databases have a clear plan about how to analyze and use the data we collect in a meaningful way. We hope that as you deliberate this issue any proposals provide leadership and direction for data collection efforts that achieve the goals I outlined in the beginning of my testimony: To inform the decisions of the acquisition workforce, to improve the efficacy of the acquisition process and to achieve best value for the taxpayer.

Thank you.

Chairman MCCASKILL. Thank you, Mr. Hodgkins.

Let's take a look at the lay of the land here as we begin. GSA is in charge of managing what has been called the Integrated Acquisition Environment (IAE). The IAE is made up of approximately eight different databases containing information on Federal contracting which GSA hopes eventually to bring under one roof.

Now let's look what the IAE currently includes and the alphabet soup of public and non-public information contained in these systems used by contracting officials, vendors, the business and contracting communities and, to a lesser extent, the general public:

There is the Central Contractor Registration (CCR), where vendors wishing to do business must register.

There is the Federal Agency Registration, FedReg, for Federal entities that buy from and sell to each other, which most people out there in the real world do not even understand that is actually going on. Actually, since I have been here, I have found instances where agencies are advertising to get other agencies to buy from them, all within the Federal Government, which is weird. And, they can make money doing that, which is even weirder.

The Excluded Parties List System (EPLS), to identify parties excluded from receiving Federal contracts.

The Online Representations and Certifications Application (ORCA), for vendors to enter representations and certifications regarding contracting records.

The Past Performance (PPIRS), providing access for Federal acquisition officials to review past performance of contracts, on contractors.

And, the Federal Procurement Data System (FPDS), which contains all Federal contracting data, supposedly, over $3,000 throughout the Federal Government—and that is a huge supposedly, like all capital letters, 15 exclamation marks.

These are just some of the systems included in the IAE. The last one that I mentioned has been obviously the subject of a number of critiques, which Mr. Woods referred to, about its usability but

also about the reliability of the information that is contained in this.

Would each of you describe which of these systems do you think does the best job and which of these systems do you think does the worst job from your perspective in terms of accountability and, obviously, in terms of your members and companies utilizing the databases?

Mr. Woods.

Mr. WOODS. Well, certainly. We have not looked at all of these systems. So I really cannot respond to the question about which is the best and which is the worst.

Chairman MCCASKILL. Of the ones that you have looked at, the three you mentioned, which do you think is doing the best job in terms of reliability and access and which do you think has got the most ground still to cover?

Mr. WOODS. Sure. The one that suffers the greatest, I think, is the Federal Procurement Data System, and that is the one that supports largely all the rest of the systems. It is the one that we use the most. So it is the one that we have the most user experience, and we know that it suffers from reliability issues.

In terms of reliability, the suspension and debarment list, the Excluded Parties List System, of the three that we have looked at, probably does not suffer that same issue in terms of reliability. If you are able to utilize it, the information is there, but it is a question of the techniques and the methods for accessing that system.

So I put those two at the ends of the extremes.

Chairman MCCASKILL. You know it was interesting to me when you said that. I mean as somebody who takes advantage of the wide world of search capabilities now that are, frankly, amazing, and if you look back 10 years ago, when an average person wanted to search something on the internet, how difficult it was and how easy it is now.

Have you had any kind of information from the Excluded Parties List (EPLS), why they have not refined the search capability? The idea that a comma would exclude from a search someone who has been found to be disbarred from doing business with the government, that is a big deal.

Mr. WOODS. It is a big deal, and it is a bit surprising in this day and age because there are other approaches that are used in other contexts—you mentioned the other web system—that may not suffer from that same flaw.

In our latest report, we made about half a dozen recommendations to the General Services Administration whose job it is to run that system. They said they agreed with all those recommendations, told us what they were doing, but when we really looked at their responses, we came away thinking that they really were not planning to do much more than they were already doing, and so we kept all of our recommendations open. We declined to close out any of the recommendations based on their responses.

Chairman MCCASKILL. OK. Mr. Hughes.

Mr. HUGHES. I do not want to say that there are not problems with FPDS, but if you cannot find something in FPDS you can find it on USAspending.gov. So I am not as concerned with the front

end problems with FPDS. So I would probably not say that is the worst.

EPLS has, we have talked about, the search problems. In addition to the actual searches not working, you actually have to do two separate searches because any people, any companies that have been in EPLS and that now have come off the list are included in an archive section. But in order to search the archive section, you have to reenter your search. And, there is no reason why you cannot do one search and have a full results kicked back to you that says here are the active ones and here are the inactive ones.

So the problem with the DUNS number and the name also requires another search. So you are actually talking about having to do four searches just to find whether one company has ever been listed in EPLS.

On the other hand, it is public. So I think I have to hold it a little bit above the PPIRS system.

I would say the PPIRS is doing the worst job. There is no public access, and even the people within the government who have access do not like it for a variety of reasons. So I think that is probably the worst on my list because of those reasons.

Chairman MCCASKILL. OK. Mr. Hodgkins.

Mr. HODGKINS. Senator, first, I think you had it right when you mentioned in your opening comments that many of these were approached in a silo fashion. So, in some sense, we are comparing apples to oranges. They were not necessarily intended to share data between systems, and we are trying to make them do that. So there are some differences that those issues cause problems with.

Generally speaking, our members are focused on PPIRS because that is where their past performance data is collected, and it serves as a repository. To my knowledge, they are happy with their ability to get in and view their records. They, of course, cannot see other companies' records. They can make comments that become part of the record, about information that is put in there about them. And, in our opinion, we would prefer that database remain closed to the contracting company for the reasons I described earlier.

Of the other systems, many of these we find to be useful in the same way that Mr. Hughes described. USAspending.GOV is the public face for FPDS and for our uses and our members' uses because they do get in those databases and they look at the activities of their competitors. I think that there is, at this point, a lack of full data, but it is sufficient for us to find a lot of the things that companies are looking for.

Chairman MCCASKILL. I find it interesting that the companies like PPIRS the best and Mr. Hughes says that in his estimation the people who use PPIRS in government do not think so much of it. Now that is a disconnect that is maybe more troubling than any average person's ability to understand what the heck all that means.

Mr. HODGKINS. If I may, Senator, its use is cumbersome, but the data it contains, that is visible and accessible by the companies. So from the point of view that it is visible, they can see what the government is collecting, they can observe it, they can add comments to it, it is helpful and useful for them.

How user-friendly it is, is a different issue, and they have told us that most of these systems are cumbersome and difficult to use. And, that is one reason we believe much of the data is incomplete.

Chairman MCCASKILL. OK. Mr. Bennett.

Senator BENNETT. Thank you very much.

I have a reaction, sitting here, coming to this issue brand new. If I were the CEO of this company, the first question I would ask is: Well, why has somebody not taken control of this?

And, of course, the answer would be: Well, you are the CEO. You name somebody.

So, if I can for three seconds be President of the United States, OMB should have ownership of this. It is the Office of Management and Budget. I understand that the M in OMB is basically silent, that they spend 95 plus percent of their time on the B and very little on the M, but this has very significant B consequences.

Now, Mr. Woods, you are the government's watchdog. Mr. Hughes, you are an outside watchdog. And, I guess, Mr. Hodgkins, you are the dog that is being watched, if I know how this works out. [Laughter.]

What is your reaction to that—we will have the fellow from OMB later on—but the very firm statement at the highest level saying, OK, fix this, which means take ownership of the problem, and I do not have a sense that anybody governmentwide has ownership of the problem, and is there anybody other than OMB who should do it?

Mr. WOODS. Senator Bennett, if I could speak to that, OMB certainly has a role to play here, a very prominent role, and in fact there are statutes that have dictated to OMB that they are to assume a leadership responsibility.

However, one of the points that I make in our written statement is that there are so many actors involved here, that OMB or one of the offices within OMB, the Office of Federal Procurement Policy, may set the policy for how systems are supposed to work. But, in terms of operationalizing those systems, they need to turn to the General Services Administration, to the Department of Defense. They need to rely on other agencies for input, and there are dozens and dozens of agencies that input into the various systems.

So, unfortunately, we have a situation where OMB may have the responsibility for ensuring that these systems work, but, in terms of actually getting the work done, they need to rely on other agencies to make that happen.

Senator BENNETT. That sounds like a lot of silos to me. Mr. Hughes.

Mr. HUGHES. I agree with that assessment. I think I would add that it is not, that you certainly hit the problem on the head. It is that there is no one in charge or maybe the problem is that everyone is in charge.

But I am not sure OMB can do it alone to fix the problem. They do have some abilities to be able to streamline and organize from the top, but I think there are two points that get to why they are not the end all and be all solution to this.

The first is that a lot of the problems with the way that the current systems have been developed is that they were not developed with the end user in mind. They were designed to input vast

amounts of information, but they were not designed to export or use that data once it was in there. And, being OMB Watch, we kind of have a general reaction to letting OMB be in charge of stuff, which is, well, you should get people involved who are actually going to use these systems. Almost all the time, it is not going to be OMB staff who are using these databases.

The second thing is that I think it might even need to be a higher priority than OMB because there has been a number of reforms proposed over the last couple of years. One, in particular, OFPP had an interagency task force in 2005 that recommended changes to the performance——

Chairman MCCASKILL. What is OFPP?

Mr. HUGHES. Office of Federal Procurement Policy.

Chairman MCCASKILL. OK.

Mr. HUGHES. That recommended changes to the contracting performance databases, things like streamlining the evaluation process, those sorts of things—nothing even to the point of contention where is it public or not, just to get the internal systems working better.

Their report was in 2005. It took almost 4 years to issue a proposed rule about implementing some of those changes, and this is all within the Executive Branch. This is not getting Congress to act. And, even when the rules were proposed last year and then this year, they did not capture really the essence of what the major recommendations were from the task force.

So, even if we put OMB in charge, there is still lots of mechanisms and levers that need to be pulled at the right times—just like Mr. Woods said as well, to even move to proposed rule, final rule in the FAR and then beyond that into the actual implementation with contractors and GSA and others, the more mechanical aspects of it.

So I think you are right, that someone needs to be in charge, and I think OMB probably is a good place to head up a more focused effort to move this forward, but I do think that they are not going to have all the powers and capabilities that will be necessary to achieve the right type of system.

Senator BENNETT. I am interested that you think there is something higher than OMB.

Mr. HUGHES. The President. I mean you mentioned yourself, if the CEO was here, should I appoint somebody? I think that is a good way to go, but it also would be a lot more effective if the CEO himself or herself came down and said, I want to know what has happened this week and this quarter to make this move forward.

I think the Obama Administration has been willing to bring that type of, at least at this point, rhetoric to performance and data management and using systems that better help government do its job, but it needs to be a continual process. It cannot be something that you say in January and hope it gets done over the next 4 years.

Senator BENNETT. I agree with that, but, having served in the Executive Branch, I learned that there is nothing higher than OMB.

Mr. Hodgkins.

Mr. HODGKINS. Senator, I too would agree with Mr. Woods's evaluation that OMB serves a policy role but does not have many of the resources necessary to operationalize things.

And, I would note that many of the problems we are faced with, in trying to make these systems more accessible and their data more consistent and interoperable, are cultural and policy issues. They are not technical issues.

Senator BENNETT. Again, the shorthand word for that, again, is stovepipes or silos.

Mr. HODGKINS. Yes, sir.

Senator BENNETT. And, somebody has got to break down the stovepipes.

Somebody has to say: We have the clout to say, OK, yes, we are going to listen to DOD. We are going to listen to GSA. They are the end users. But they are not going to develop their own system. We are not going to allow that because everybody ought to have some kind—there ought to be in the government some kind of common platform that there can be some interchange of information.

If somebody is in charge of saying, well, you need to fix this and you need to fix that and you go ahead—no, you cannot do it without consulting them. But you have to create some kind of overall matrix, do you not, in order to have the whole thing work?

Mr. HODGKINS. Yes, sir. Building, architecting the systems, architecting the data, what is going to be in it, what is not going to be gets to questions like does the comma count or not when you do a search. If you do not do that correctly on the front end, then you end up with systems that leave out results without a comma.

I would say again, though, that this is a cultural issue. There are significant stovepipes, as the Senator has described and that would need to be overcome.

But I would point to the standards that have been put in place at least since the beginning in the IAE. If agencies have a guidebook to follow when they are asked to develop new databases or improve the ones that are in place, then we can begin to see more consistent results. We can begin to see more interoperability between systems and the data they develop.

This is not going to happen overnight, but if we can come up with a common set of standards and guides and issue guidance related to that, then we can move forward.

Senator BENNETT. Well, it sounds to me like we are talking about a whole new system.

Mr. WOODS. Senator, if I might, we are seeing some movement in that direction. Earlier this month, the Office of Management and Budget put a notice in the *Federal Register* about a new architecture that they are trying to create, that would bring together a lot of these systems. We have not looked at that proposal in any sort of depth, of course, but it does hold promise, and it does show that OMB is taking the reins and trying to break down some of the silos that you talked about.

Mr. HUGHES. If I could add one thing.

Senator BENNETT. Surely.

Mr. HUGHES. You mentioned it sounds like it is a whole new system. I am not sure that is exactly right. I think when USAspending.gov was launched, I do not think that means that we

get rid of FPDS. I think the FPDS.gov web site is completely unnecessary, but the inputs that come through FPDS that funnel data through USAspending.gov, it is still the primary pipeline for data about contracting and spending data.

So I think when you are talking about it, it is not necessary a whole new system. It is you have to get the databases and the data to be able to talk to each other. Once you do that, it is simple to put up a one-stop interface where all the data can be pulled to one place.

It is just a problem because of the siloed nature of the development of these systems, like you talked about. They are not able to communicate with each other. I think OMB's involvement is crucial to be able to make sure those kind of standard technologies can be developed, so that the systems can talk to each other.

Senator BENNETT. I think the USAspending.gov, the Coburn-Obama Bill, was a very good step in the right direction.

And, we can debate what constitutes a whole new system. I am not suggesting that we throw everything out, but let me say a whole new mindset on the part of the Federal Government that says: We are going to have a single platform. We are going to move whatever we have now that works around into that concept, and we are going to address it from the standpoint of the end users, whether it is DOD, GSA, or whatever.

Or, the contractors because contractors are end users of this, and we have to keep in mind the concerns that Mr. Hodgkins has raised. The contractor says I am not going to get on that system if it is going to be used in this way.

I come back to the comment I made in my opening statement that one of the things that is wrong with this whole business of Federal procurement is that a number of businesses simply will not play, not because they do not have something that the Federal Government could use. Indeed, they may very well have something that the Federal Government needs, that is better than what is being purchased now, but the procurement system is so broken that they will not play in that arena, and you end up with less than the best value and shutting out contractors. So when we talk about end users, we have to include Mr. Hodgkins's constituency as well.

Thank you, Madam Chairman.

Chairman MCCASKILL. Let me just briefly talk about what OMB is about to do in terms of this contract that they are going to put out there, this architectural operations contract. It is a huge contract, 8 years in duration, massive scope, to try to build a platform to pull all these databases in.

It could result in the elimination or consolidation of databases across the entire Federal civilian and Defense Department acquisition communities, but there is also great potential, great risk here. If we build an egg carton and just move the eggs, without ever busting the eggs and improving the input of the data and improving the ability to talk to one another, I do not know what we have accomplished.

Your comments, Mr. Hughes, about being consulted, the end users. I mean IT 101 is you better talk to the people who are going

to use the system before you design the system as opposed to just having people design it in a vacuum.

What I was very concerned about in preparation for this hearing was that I had heard from staff that none of you were of this contract before we began preparing for this hearing. Is that accurate?

Mr. WOODS. Yes. I, personally, was not. That is correct.

Chairman MCCASKILL. Mr. Hodgkins.

Mr. HODGKINS. Nor was I, Senator. That does not mean that some of my member companies would not have known about it and be pursuing that opportunity, but I was not aware of it.

Chairman MCCASKILL. Yes, well, that is kind of scary. I mean you are three major end users, obviously. As far as I am concerned, Mr. Woods, there is no bigger and more important end user of database information in government than GAO. As you said very accurately, you cannot do your work in a meaningful, effective or efficient way if the databases are not reliable and user friendly.

Mr. WOODS. That is correct.

Chairman MCCASKILL. And, Mr. Hughes, you cannot provide any outside oversight under the same situation.

Now since you learned of this contract being let, do you have any opinions as to whether or not they are going the right way and the way we are doing this, this setting up an egg carton to move the eggs as opposed to trying to start with a brand new system that Senator Bennett alluded to?

Mr. HUGHES. I do not. I have not. Even though I know that they are moving forward with that, I do not have a great deal of information about what exactly they are trying to achieve from a technical standpoint.

Your description of it in your opening statement, though, sounds remarkably similar to what I wrote in my testimony. So, from at least a summary standpoint, it sounds like the vision for what they want to achieve is correct. My hesitation, however, is that the devil is always in the details with these things.

The FPDS-NG contract was supposed to make it a user-friendly web site. That completely failed. It was not user friendly, and it is still not user friendly. So, even if the vision is in place, if you do not have the right mechanisms put together, you can still end up with your description of the egg carton.

Chairman MCCASKILL. Finally, Mr. Woods, let me ask you before we go to the representative from OMB and any other questions Mr. Bennett might have, do you have any advice or anything that we could do, because it is correct that OMB needs to be kind of in charge of setting the table?

But, if people do not pull up to the table and participate, these databases are really not going to work. I mean they are only as good as the information that is put in. And, if there is not a culture that emphasizes the accurate input of data at the Pentagon or at the Department of Homeland Security or at HHS, then this is really an empty exercise.

Have you seen anything as you have looked at these systems, that certain departments have done a better job?

Does anybody get in trouble for not putting data in? Is there any sense that there is accountability at the trench level where this in-

formation has to be put into the system in order for it to be collated or used in terms of accountability?

Mr. WOODS. Well, there are lots of different issues about why we are where we are in terms of the data. One is certainly the overtaxed acquisition workforce. We have fewer of them now than we used to, and now spending is far greater, and the number of contract actions is also far greater. So that is one place to look for why.

But, in terms of your issue and how do we change the culture, I think the agencies need to realize the value that good information could have for them. If they became more aware of where they are spending their budget, who they are spending it with, they could take what is known as a strategic sourcing approach and consolidate buys where that make sense, to go to alternative sources where that makes sense, to look for competition opportunities where those present themselves.

So, accurate data can be of benefit to the agencies. They can be the users of the data themselves. They should be the users of the data.

Chairman MCCASKILL. Yes, it would work better if it was their money they were spending instead of public money.

Mr. HUGHES. Senator, if I could add one thing about the culture question.

Chairman MCCASKILL. Yes.

Mr. HUGHES. It is a cultural issue within agencies, and I think to a large extent transparency is a great tool to be able to help facilitate a better culture and a more responsive culture.

Chairman MCCASKILL. Right.

Mr. HUGHES. You asked, does anyone ever get in trouble? I think you want to flip that on its head. I think you want to reward folks for disclosing information, for filling out the evaluations, etc.

I think the GAO report from April showed that not only is our acquisition workforce overtaxed and do not have time to fill out all these evaluations, but they do not see the value in it. They do not see how they can use the data to help them better do their jobs.

So I think if we are able to develop the tools to be able to facilitate this. For instance, contract officers do not even have a good tool to figure out which contracts they have filled out evaluations for and which ones they have not.

A lot of times agencies do not know what their percentage of contract evaluations filled out is. They have to have GAO come in and do an exhaustive study to figure it out. That should be a very simple statistic that is easy to track through a better contracting database system.

I think if you put those tools in place and if you open it up, with the concerns about proprietary information addressed, you are going to see a more responsive workforce enter better data over time. It is not going to happen in a year, but, if you have the right systems in place, overall it will get better and better as we move forward.

Chairman MCCASKILL. That is a good idea. OK.

Mr. HODGKINS. Senator, if I may add, I noted in my written testimony that there are some of the software tools that contracting officers and acquisition workforce personnel are using today that are

linked into PPIRS, and there may be a way to expand upon that so that some of the work they are already performing—we are not adding to their workload—is feeding into these systems and populating some of these fields.

It would still not do the follow-on evaluation. They need to go back and do that. But it may be a way to keep from adding to their workload but get more information into these systems as we look at options.

Chairman MCCASKILL. Anything else, Mr. Bennett, for these witnesses?

Senator BENNETT. Yes. Mr. Woods, the AOCS RFP has been issued, but the contract has not yet been awarded.

Mr. WOODS. That is my understanding, sir.

Senator BENNETT. My question is could GAO take a look at the process of how it is being awarded and who is bidding and make a contribution to see to it that the contract goes to the right folks, or is that not yours?

Mr. WOODS. Well, at some point, we may be able to do audit work looking at this particular procurement, but now is an extremely sensitive time. My understanding is we are in the source selection phase of that. GAO has a statutory function to entertain and decide bid protests. So if once that award is made, if anyone were to challenge that award, we would need to be in a position where our independence is not compromised and we are able to fairly decide that protest.

Senator BENNETT. Just to satisfy my curiosity, who are the bidders and who is going to make the decision as to which bidder gets the contract?

Mr. WOODS. I do not know who the bidders are. What I do know is that it is a General Services Administration procurement, and I do not know who the source selection official is.

Senator BENNETT. So GSA will probably make the decision rather than OMB?

Mr. WOODS. That is my understanding, sir.

Senator BENNETT. OK. Madam Chairman, maybe we can find out. What kind of contractor would be bidding for this?

You say you do not know who they are, but are we looking at McKinsey and Booz Allen Hamilton competing with each other or are we looking at big accounting firms? Are we looking at Microsoft?

I have no idea. Who would be trying to do this?

Mr. HUGHES. It is unknown. I mean I think maybe Mr. Hodgkins can comment. Like he mentioned earlier, there may be a great variety of companies bidding to get the contract, and then there are associated subcontractors that can provide different aspects of the RFP. I think it could be any and all of those companies or types of companies that you mentioned.

I think particularly for IT procurements, there is the kind of big heavy-hitters that come in and say, we have a big network of subcontractors, we can do anything. There is the small, more boutique firms that have more of a niche in the IT sectors and what they can deliver. At this point, it is really, from my opinion, it is up in the air.

I think what we learned through the Recovery.gov 2.0 contract, about who was bidding and what types of firms banded together to be contractors and subcontractors. I think some of the names that came up, particularly Smartronix, I had never heard of, and they won this very large redesign contract.

So it is really difficult to say. It is not the top three companies, and those are the only ones that are going to bid. But if it is not disclosed, so there is no way to actually know who is bidding.

Well, someone knows. Someone at GSA knows.

Senator BENNETT. Somebody is going to know because they are going to give it.

Back to my earlier analogy, something as important as this, if I were the CEO, I would want to know even though I am not the one to make the final decision because I would delegate that to somebody whose expertise was greater than mine. I would, at least for something this important to the corporation, as the CEO, I would want to have a review.

Again, this comes back to OMB. OMB is the president in terms of managing the Federal Government. As I say, I served in the Executive Branch, and I know that a cabinet officer usually, once the thrill of taking the oath of office in the Oval Office wears off, discovers that he works for a staffer at OMB. That is just kind of the reality of where we are.

So we will raise this with this next witness.

Chairman MCCASKILL. I want to thank all three of you for being here and for adding important information to this discussion on Federal contracting databases. The Subcommittee appreciates your being here.

Thank you, Mr. Kundra. As I indicated before, it is the custom of this Subcommittee to do an oath, and I would ask you at this time: Is the information you are about to give this Subcommittee the truth, the whole truth and nothing but the truth, so help you, God?

Mr. KUNDRA. It is the truth, yes.

Chairman MCCASKILL. Thank you very much for being here.

Mr. Kundra was appointed as Federal Chief Information Officer of the United States by President Obama in March, 2009. Prior to joining the Administration, he served in Mayor Fenty's cabinet as the CTO for the District of Columbia and in Governor Kaine's cabinet as the Assistant Secretary of Commerce and Technology for the Commonwealth of Virginia. He has also served in leadership roles in the private sector.

He got the 2008 IT Executive of the Year for his pioneering work to drive transparency, engage citizens and lower the cost of government operation. He has been named to the Government Technology Magazine's Top 25 Doers, Dreamers and Drivers.

And, we need a doer, a dreamer, and a driver in this area of Federal contracting.

Thank you for being here today. We look forward to your testimony.

TESTIMONY OF VIVEK KUNDRA,[1] FEDERAL CHIEF INFORMATION OFFICER AND ADMINISTRATOR FOR ELECTRONIC GOVERNMENT AND INFORMATION TECHNOLOGY, OFFICE OF MANAGEMENT AND BUDGET

Mr. KUNDRA. Chairman McCaskill and Ranking Member Bennett, I am pleased to appear before you today to discuss the Administration's commitment to improving acquisition information systems and plans to promote greater transparency in Federal contracting. We recognize issues around data timeliness, accuracy and completeness, and also the usability of the various systems that were discussed earlier.

The Federal acquisition process is complex and involves many stakeholders with different needs. Over the last decade, the acquisition community has led policy and system changes to streamline the complicated Federal acquisition environment. Moving forward, the Administration is committed to greater openness and transparency. Greater transparency in public procurement will enhance competition, promote citizen engagement and drive accountability that will lead to better stewardship of taxpayer dollars.

Let me describe how earlier efforts have served as a foundation for today's acquisition systems and discuss plans for the future.

Consider three basic questions that the American people have a right to know: What contracting opportunities are available? What is the government buying and how? With whom is the government doing business?

To address these questions, the Federal Government has undertaken a decade-long journey. In the early nineties, vendors interested in contracting opportunities had to subscribe to a daily print publication called the Commerce Business Daily. In 2002, the Commerce Business Daily was retired, and FedBizOpps became the central source for contracting opportunities. Today, over 100,000 vendors have subscribed to FedBizOpps and about 2,000 opportunities are posted daily.

Previously, information about what the government buys was provided in an annual paper-based report. The current Federal Procurement Data System (FPDS), established in 2003, captures up to 198 data elements per transaction, ranging from the type of contract to the money obligated. Last year, there were over eight million transactions in the system.

Before the Central Contractor Registration system was made mandatory in 2003, vendors interested in doing business with the government mailed forms to individual contracting offices. Today, nearly 600,000 vendors are registered in CCR, and the government uses this information to pay vendors and to search for businesses in specific industries. Instead of contacting multiple government offices, vendors register only once.

Over the nearly 8 years that the IAE has existed, electronic acquisition tools have been made public. They have been identified and developed for governmentwide use. Hundreds of standalone paper-based systems or agency-maintained systems were replaced by eight governmentwide systems that support over 40,000 con-

[1] The prepared statement of Mr. Kundra appears in the Appendix on page 74.

tracting officials, 600,000 vendors, over $500 billion in annual procurement spending, and over 8 million transactions a year.

Each of the IAE systems was developed independently, used different software and operated on different hardware platforms. Due to the fragmented ad hoc nature of procurement systems, cultural changes required in the agencies and resource constraints, improvements did not occur overnight. For example, fully implementing FPDS at a single agency took 3 years to complete.

As a result, GSA is re-architecting and consolidating the IA Environment to develop the integrated procurement platform of the future. The success of these efforts depends on leadership in the acquisition community both at the Office of Management and Budget and at the agencies.

The Office of Procurement Policy is setting the policy. The Office of E-Government and Information Technology at OMB is providing the technology leadership. GSA is responsible for program management. And, agencies are responsible for submitting timely, accurate and comprehensive data.

Despite previous efforts to migrate from hundreds of systems to the eight that currently comprise the IAE, much work remains to address persistent issues discussed by the previous panel. We must continue to focus on improving data quality, increasing transparency and enhancing usability.

In moving to the future procurement platform, the American people will have unprecedented access into how their taxpayer dollars are being spent. Vendors will be able to compete more efficiently through a streamlined platform, and oversight organizations and public interest groups will have improved access to procurement data.

Thank you for the opportunity to testify today, and I look forward to your questions.

Chairman MCCASKILL. Thank you very much, and we welcome you to the hearing.

Let me just start with putting a slide up that is supposed to show the Integrated Acquisition Environment Governance Structure.[1]

I spent some time with this. I think what I am most worried about is this is the governance structure, and I cannot tell who is in charge. I understand this is a challenge because you have inputs from so many places, and you have to involve more than just the personnel at OMB, but I have to figure out who is going to pull the trigger on changing this architecture and who is the boss.

Can you lend any—I mean that is kind of an embarrassing chart in that I think the idea in information technology is to make it simple, so everyone can understand it. It is very hard to understand that diagram, and it is the governance. So if you cannot understand the governance, all kinds of nonsense can happen.

Can you illuminate the Subcommittee on who is in charge?

Mr. KUNDRA. It is the Office of Federal Procurement Policy is driving the policy and the strategy when it comes to consolidating and creating a single platform across the Federal Government.

[1] The chart referred to appears in the Appendix on page 43.

My office, the Office of E-Government and Information Technology is providing the technology leadership at OMB in terms of the architecture of the systems themselves.

And, GSA is responsible for the operations of the Integrated Acquisition Environment.

Senator BENNETT. GSA is not on this chart?

Chairman MCCASKILL. GSA is not here in terms of governance. So is GSA just merely functioning as a pass-through and not in terms of governance?

I see OFPP, and I see E-Gov and then two others, like there are four little squares at the top under OMB: OFFM, E-Gov, and RMO and then OFPP. Which of those four?

If there is a horrible article on the front page of the *Washington Post* about how this integration contract has failed, who is Peter Orszag going to call first?

Mr. KUNDRA. So, ultimately, this is being driven from a policy perspective at OFPP, from a business perspective, and we are providing support on the technology side.

Chairman MCCASKILL. OK. So if it is a failure of the systems, it might be you. But if it is the policy that is driving what you have designed, it would be OFPP.

Mr. KUNDRA. Right, and in terms of the operations of this plan, of course, it is the GSA project management office in terms of managing this project and even, as you were talking about earlier, from a contracting perspective. GSA has the expertise and the PMO office in terms of managing the project itself, but the policy is being set out of OMB.

Chairman MCCASKILL. OK. I am glad of you because we really have not gotten until now anybody to admit who is in charge. So I would say the policy then is OFPP. You are helping them navigate the IT part of it, but the policy is being driven there.

In terms of who is designing this, what is essential, is that OFPP in terms of what? I mean who would I look to for not talking to some of the most important end users, prior to this RFP being put out in the street?

Mr. KUNDRA. So GSA is the entity that has issued the RFP. And, from my understanding, last year, there was actually an industry day, and also before they put out the RFP it was advertised widely. It is an open, competitive process for this entire contract. That was on FedBizOpps, available for anybody to compete on.

Chairman MCCASKILL. This has been around. This plan really has been one that the previous administration did. It has been 2 years in the making, my understanding.

Mr. KUNDRA. With the community, yes, from 2007.

And, the E-Gov office has been involved with GSA in terms of the architecture and thinking forward in terms of the new platform, and a big part of that is driven by the President's agenda on transparency and open government. If you look at the changes that have been made in this Administration around USAspending and the IT dashboard, in a similar fashion, what we want to make sure is that this architecture—the underlying architecture—enables the American people to have access to procurement data and to ensure that this government is operating in ways that were not available before.

Chairman MCCASKILL. If you would show the next slide, please, this is the AOCS System Transition and Migration. Could you simply explain what this document is trying to show to someone that is trying to understand this process?[1]

How long is this going to take to combine these systems and move these eggs to a new egg carton?

Mr. KUNDRA. So if we look, if we could step back a little bit, the systems that exist today—the eight various systems—actually have over a million codes, lines of code that actually make up these eight systems.

And, what you are seeing here before you is a notional diagram that GSA has created that, one, first takes care of efficiencies around making sure there is a common help desk across these eight distributed systems. It makes no sense to have eight separate help desks, to have eight separate hosting providers.

So step one is to consolidate and make sure that we are saving taxpayer dollars, so we are not replicating this eight times. So they have done that with the help desk.

What they are moving forward with here is to actually first reengineer the whole architecture of these systems. So what we are not doing is essentially lifting up the systems and not really spending any energy rethinking about how does work get done within the Federal Government. How do you architect it and make sure that we are listening to the requirement?

And, as the previous panel said, they may not have been consulted before. But part one of this contract, what GSA is asking is to make sure that there is requirements-gathering, that there is a broad array of people that are consulted ahead of time and that there are actually profiles created on the different types of users.

And then, moving forward, what will happen is these systems will be moved to a consolidated hosting environment, after which the one million plus lines of code that I was talking about, part of what will happen is it will be reengineered to make sure that it is in line with the transparency objectives of this Administration.

And also, making sure that we are looking at the entire ecosystem—what is it that the contracting officers need today that they do not have access to? What is it that the American people need access to that they do not have access to?

And, how do we use newer technologies, whether it is around search, so that you do not have eight different search engines as you do today? In each of these eight systems, how do you get a unified search across all of these different databases?

Chairman MCCASKILL. So you are envisioning that you are going to have a new search capability that will integrate all? It is not going to just be a platform where all these siloed systems are going to sit?

Mr. KUNDRA. Absolutely not. That would be a waste of time, if all we did is just took eight databases and moved them to a single platform.

The idea here is phase one of this is to rationalize the investments we are making, so we have them initially hosted centrally. Then phase two is to actually go out there and reengineer the en-

[1] The chart referred to appears in the Appendix on page 44.

tire platform, so that it is not just a copy and paste because that adds no value.

Chairman MCCASKILL. So you believe that when this is all said and done, and if you could guess how long it is going to take for me today, and then we are not going to have the comma problem in excluded parties anymore?

Mr. KUNDRA. Actually, even with the comma problem, as late as last week, GSA was working on addressing that issue. So there are going to be a number of incremental changes that are going to be made as we move forward with this new platform.

The notion here is to make sure that what we do not do is repeat some of the same problems that we did in the past, which was essentially just webify our current processes and essentially take the brick and mortar institutions and just put a web site in front of them. What is really important here in terms of the architecture of this new platform is to rethink and introduce game-changing technologies that will actually improve data quality, improve the timeliness and ensure that we have comprehensive data sets from an agency perspective.

But I do not want to over-promise in terms of just the role of technology because a lot of this is also going to have to do with the cultural changes that are going to be made at the agency level.

Chairman MCCASKILL. Right.

Mr. KUNDRA. But what technology can do is introduce steps up front, so people are not allowed to submit information that may be incomplete, so people are not allowed to enter information that is inaccurate.

Right now, if you were to put in an address or vendor name, it is replicated eight different times. Whereas, in our consumer lives, if we are changing an address, the U.S. Postal Service allows you to auto-fill it and asks you is this the accurate address. It looks it up from a database.

In the same way, the new architecture will introduce some of those architectural changes that ensure that you have a common service platform, so that you do not have to think about these in eight different ways.

The approach historically has been, well, if you need to register as a contractor, you have got to have one system. If you need to look at past performance, you have to sign up for a second system.

Chairman MCCASKILL. Right.

Mr. KUNDRA. If you need to look at the excluded parties list, there is a third system.

And, this system essentially rationalizes those investments and makes sure there is a common platform.

Chairman MCCASKILL. Now how long do you think this is going to take?

Mr. KUNDRA. So the notional architecture right now is 2 to 3 years, but what is unknown is because the bids are not in as far as a contract is concerned it could be done as soon as a year and a half, or it could take 3 years. That is going to dependent on the responses that come in to the contract itself.

Chairman MCCASKILL. Well, you are going to go in the Hall of Fame of Dreamers, Doers, and Drivers if you do it in 3 years.

We just heard testimony that there was an interagency group that came together and made serious and substantial and helpful recommendations, and 4 years later we finally had some government policy that embraced those recommendations. Then, it was like it was very weak coffee by the time that they had actually embraced the recommendations of the panel.

So, if it takes 4 years to do something like that, what you are really proposing to do here, if we accomplish what you say we are going to accomplish, it will be a great day because then you will be able to go to various places with one inquiry. I think that is exactly what needs to happen. So I wish you luck.

It seems to me that one of the reasons this is occurring is who owns the codes and the controversy that these various databases have had with their contractors. When it is time to make changes and it is time to get responsiveness from the contractor, it has been an arm-wrestling match over the ownership of the codes.

Are you confident that you have addressed the ownership of the codes in this new architectural effort you are making for these databases?

Mr. KUNDRA. So part of the GSA contract itself is that there is a provision that the code will be open, meaning the government will own the code and, not only that, when modifications are made to the code itself, they will be transparent and everybody will be able to see how it was coded, so that if we do have to switch from Contractor A to B the government owns that intellectual property and not an individual contractor.

Chairman MCCASKILL. OK. Thank you. Senator Bennett.

Senator BENNETT. Thank you very much.

My understanding is that GSA is probably doing a pretty good job of dealing with this, but again they are acting, as the chart showed, under the direction of OMB. So, while they are doing a good job executing, the vision is going to have to come out, again, from OMB.

What is the Acquisition Committee for E-Government? Can you describe their role for us?

Mr. KUNDRA. Sure, sir. The Acquisition Committee for E-Government is made up of stakeholders, whether that is at DOD or HHS or NASA, and they look, they serve as a change control board in terms of the changes that are made to the various systems.

One of the best practices in technology projects is that you have to have a high engagement of the business owners and the technology folks. Otherwise, technology projects fail.

And, history is littered in the Federal Government with massive IT failures because what ends up happening is the technology folks go out there and build the best, greatest, neatest thing, and the business people look at it and say, oh, what is this? We cannot even use it or it does not solve 99 percent of our problems.

Senator BENNETT. Yes. Can you say Social Security Administration?

Mr. KUNDRA. There are a number of projects.

So the ACE committee serves to ensure that the interests and the oversight is also there from a business perspective as GSA makes a lot of these changes, and we are getting constant input in terms of change management.

Senator BENNETT. Well, I keep going after the locus of the vision, and you have given us two agencies in OMB, both of which you are responsible for—the E-Government and the OFPP.

Mr. KUNDRA. I am not responsible for OFPP. I am responsible for E-Gov, but we work very closely together.

Senator BENNETT. You play a role in OFPP, do you not?

Mr. KUNDRA. No, I do not.

Senator BENNETT. You do not play any role there?

Mr. KUNDRA. No. I am just in E-Government and Information Technology.

Senator BENNETT. OK. So you told us earlier that the vision ultimately comes out of OFPP?

Mr. KUNDRA. OFPP sets the policy.

Senator BENNETT. I see, all right.

Mr. KUNDRA. From a technology perspective and architecture, I am working closely with my colleagues at OMB. Just to give you an example of a couple of things that we have is if you look at the IT dashboard that we deployed. We were looking at $76 billion of IT spending, and for the first time what we did is we democratized that data to where you could see where we were on a specific project plan, on a monthly basis, and we are moving as close as possible to real time.

Ultimately, this is driven by the President's vision of a transparent and an open government where the default presumption is we will put information out there, release it, serving the interests of the public.

I will be the first one to tell you that I do not think if you look at these eight systems that they were designed or architected from the ground-up with transparency, collaboration and open government in mind, and part of the vision here is to move the public sector in that direction.

Senator BENNETT. OK. Well, the Chairman is a Senator from Missouri, and in that spirit I am trying to find where the buck stops, and I have not found it yet in terms of the setting the vision here.

Now it is easy to say, well, the President has to set it. But, in reality, other than saying we have to solve this problem, the buck has to stop somewhere in here, and I am still fuzzy on it. Maybe it is my inability to understand quite what you are telling me.

GSA has to have a vision articulated to them in very clear terms before they can really make an intelligent decision with respect to the RFP. OK.

This is the contractor that is best equipped to fill the vision, and GSA reports that to OFPP. I understand the head of that office, that position is vacant at the moment. So there is an acting somewhere.

Now you say the President has laid out a vision. I have a slight problem with what I hear of the President's vision. I hear it over and over again—full transparency. Well, I am all for full transparency as long as the system works. But you can have full transparency in a system that does not work and say, yes, everybody knows that it does not work.

So there has to be an additional part of this vision just other than, well, we are going to have the most transparent government

available. We have to have something that works. Who sets the vision that says, GSA, this is the vision of how this thing really has to work, this is our goal?

And, if the goal is transparency above all else and you leave out the question of how does it work, you run the risk of getting the wrong contractor, and Senator McCaskill's concern about 4 years will be fulfilled. You will spend the money, and 4 years later you will not have the problem solved.

Mr. KUNDRA. And, I did not mean to imply that the vision is only full transparency.

The vision is actually articulated as part of the strategy around making sure that, one, these systems obviously work as far as being transactional systems, whether it is for the 40,000 plus contracting officials or it is for the private sector that wants to compete and do business with the government—making sure that it is easy for the private sector to engage. We want to encourage new entrants. So we have Darwinian pressure in terms of making sure that we are getting the best product or services at the lowest cost, so we are producing value for taxpayers.

Also, making sure that the open government agenda for the American people, they can see how their dollars are being spent around transparency.

Ultimately, this is part of a management agenda that we are working with the Deputy Director of Management to drive this agenda across the Federal Government.

Senator BENNETT. I agree with that goal. Thank you, Madam Chairman.

Chairman MCCASKILL. I know that the mission for IAE was defined back in October 2007. I have reviewed the mission, and there is nothing in there about transparency and access for the public. The mission was to simplify, unify, and streamline the acquisition process for government buyers and government sellers.

What steps have you taken to try to reconcile the President's transparency initiatives with the stated mission of the IAE and how do you reconcile that mission with the requirement of a password for the new system as it relates to access, especially since you do not need a password for USAspending.gov?

Mr. KUNDRA. What is happening is, one, we are involved, OMB is involved, with the ACE community in making sure that we are baking these requirements into what the new platform is going to look like.

Two, we are working very closely with GSA. But I think more importantly, as part of the architecture process itself, step one is to actually go out there and gather requirements. What is going to happen is post the award, GSA is going to be listening to not just internal Federal Government employees but OMB Watch, listening to TechAmerica, listening to the U.S. Congress, listening to the American people to make sure that those requirements are baked in because this is a huge opportunity, and it is a once in a decade-long opportunity to make sure that we get this right, once and for all.

That is why we are leading with architecture. We are leading with making sure that we do not end up with where we are right

now. The analogy would be having eight different people with eight different visions going out there and building a building.

For the first time, what we are saying is let's step back. Let's figure out what is it that the users really need, and that is why step one is to make sure that we award an architecture contract, so we can bake that into the operations of this new platform.

Chairman MCCASKILL. To carry your analogy one step further, you are building a building that is going to have a huge, massive stadium representing the public surrounding it, that want to see right into that building. I mean through every wall and through every partition. That, obviously, is the challenge for you.

I want to not leave this hearing without addressing one of my themes in contracting oversight, and that is contractors watching contractors, developing policies for contractors monitoring contractors. We have contractors overseeing contractors within the project and the management of IAE. In fact, the IAE Program Management Office has more contractor employees than it has government employees.

Have you had an opportunity to get your arms around the massive use of contractors in the area of managing contractors and how we move away from what I do not think anybody has been able to demonstrate, a process that has actually produced any cost savings to the government?

Mr. KUNDRA. My understanding from the GSA Project Management Office is that it is made up of about 15 Federal Government employees and 15 contractors.

But what is really important here is that is why ACE is vital—the Acquisition Committee for E-Government which represents the government interests and the oversight that OMB is providing in terms of setting the policy direction, working closely with GSA. So GSA and the contracting community there is not just engineering all this on its own, but it is actually the Program Management Office.

Not only that, but GSA has actually just hired a full-time contracting officer to oversee this contract, to make sure, given how important and vital this is to the public interest, that we are watching this contract and that it is the government officials that are calling the shots. Especially when you look at the specific migrations of these systems, it is going to be ultimately in the hands of the government in making those decisions, and especially the award decisions themselves.

Chairman MCCASKILL. OK. I will be watching very closely on the award of this contract because I think it is very important that true competition is occurring.

We had a very contentious hearing on the ANCs, and I do not want to revisit that topic today, but there are exclusions and exceptions to the need for competitiveness that are built into the law.

But I hope that we are paying attention to competition because ultimately some of the massive IT failures that we discussed were about relying on one source of information, one person saying this is what you need and have to have, and pulling the trigger without enough input and enough competitive input into the process. That is one of the reasons that we have had the massive failures in so

many of the IT systems that we have gone about trying to implement. So I hope you are paying attention on that front.

Mr. KUNDRA. And, on the cost side, that is one of the reasons this is a fixed-price, open, competitive contract, so we do not end up in an environment where we have cost overruns.

Chairman MCCASKILL. Great. I do not think I have anything else. Senator Bennett, do you have anything else today?

Senator BENNETT. Just a comment or two. Mr. Kundra, do you sit on ACE?

Mr. KUNDRA. My team is represented on ACE. I have attended meetings of the ACE community itself. But, from OMB, I have folks who serve on that and attend those meetings regularly.

Senator BENNETT. I think it vital that you do that, that you be involved in that because, yes, it is important that the end users all get there and say this is what we need.

But, again, from my own business experience, one of the most catastrophic IT circumstances that I lived through with one of my clients is that when all of the folks who wanted the services said, well, can the computers do this and can the computers do that and can the computers do the other thing, and the answer was yes in every instance. And, they all got excited.

No one asked the question, should the computers do this? There were some things that, quite frankly, the computer was less efficient than somebody who had a human brain, who could look at this and say, that is a dumb thing to do. But we can do it by computer.

You are in the position to say, the computer is not all-knowing. The computer is an idiot. It only does what it is programmed to do, and it does not think.

Hollywood movies to the contrary, the computer does not think. It only does what it is programmed to do, and there are some things that require humans to be there and make some human, intelligent decisions for which they will be held accountable.

I think someone of your background and capacity should be there as people are saying, well, can you do this for me and, oh, great, let's do all of this—and try to cut the human decisionmaking out in a way to make everything automatic.

The company that had that experience no longer exists, and one of the reasons is because it tried to use the computer to do some things that intelligent human beings could do. And, many times, the intelligent human being can do it faster because this is a judgment call rather than an arithmetic analysis circumstance.

I hope that gets into this overall restructuring of where we are going in government because I think if we were to drill down deep enough we would find examples of people relying on computers to make decisions that people ought to be making instead of machines.

That is just an editorial comment that I would like to leave with you, as I salute you for your service and your expertise and thank you for your willingness to come into this mess. I know you could make a whole lot more money some place else. So we are grateful for your willingness to come here and help us out.

Mr. KUNDRA. Thank you.

Chairman MCCASKILL. Yes, we do appreciate that. I think that what we are about to embark upon has great rewards potentially, but I think you uniquely understand, perhaps, the great risks that are also involved.

Please tell all of your colleagues that are involved in this project and get word to the ACE council that this Subcommittee will continue to provide oversight in this process, and we will be looking to provide input as the process goes along.

There are not very many people around here that understand the alphabet soup of the Federal contracting databases or all of the problems inherent in those databases. I think this Subcommittee does, and we will continue to try to be an active partner in doing the best job we can in producing a system that makes sense for the American taxpayers.

We appreciate your service. I do not think we say often enough that people who make choices like you have made have decided that there is greater good to going to work for the public than getting a very big paycheck from many private entities that would be happy to pay you much more than we would ever dream of paying you. So I second Mr. Bennett's congratulations to you in joining government, and we will look forward to continuing to work together and provide the kind of aggressive oversight that I know can be helpful to this project in the long run.

Thank you very much. The hearing is adjourned.

[Whereupon, at 11:50 a.m., the Subcommittee was adjourned.]

APPENDIX

HEARING ON IMPROVING TRANSPARENCY AND ACCESSIBILITY OF FEDERAL CONTRACTING DATABASES
September 29, 2009

Senator McCaskill's Opening Statement

We're here today to discuss the future of the federal government's contracting databases.

This is not an exciting topic. We don't have television cameras or eager crowds lined up to see what happens at this hearing. The idea of spending a few hours talking about FPDS, ORCA, CCR, PPIRS ("Peepers"), and the IAE is enough to send most people screaming for the exits.

But these acronyms are fundamental to the way the government does business. In 2008, the federal government spent over $500 billion in contracts with thousands of different companies to acquire everything from pens to planes to people.

Electronic systems and databases are used in every phase of the contracting process. Government employees use these systems to solicit requirements, review offers, evaluate vendors, and create and administer contracts. Companies use the systems to find and register for opportunities, track what and how the government is acquiring goods and services, and view their own performance. And the public uses these systems to understand what the government is doing with the taxpayers' money.

There are now more than a dozen federal databases and systems with information relevant to federal contracting. They are managed by at least five different agencies and supported by at least eight different contractors.

In recent years, these systems have been the subject of criticism from federal auditors, members of the public, and Congress for being difficult to use; containing incomplete records; for not being available or accessible to the public; and for not containing the timely, accurate information necessary to the government and vendors. In the last two years, the government has even created a whole new system – USAspending.gov – simply to translate information contained in older databases to make it accessible to the public.

To address many of these problems, the federal government has moved forward with the creation of the Integrated Acquisition Environment, or IAE. The IAE brought together eight systems under management of the IAE program management office at GSA.

This has already had significant advantages of streamlining – for example, the IAE has already brought all the helpdesk services together under a single contractor.

The government now plans to award a contract, called the Architecture Operations Contract Support contract, or AOCS, to begin to consolidate these different databases into one system.

When implemented, the AOCS contractor will be responsible for designing a new "enterprise architecture" and then gradually moving each of the databases into the architecture. Vendors and the government will access all the different services from a single entrance point. Members of the public will be able to access the system using a password.

The AOCS contract does NOT include improvements to the underlying database systems. Instead, the government will also award multiple contracts to improve and enhance the software throughout the life of the AOCS contract.

The AOCS contract was supposed to have been awarded at the end of September; last week GSA pushed back the award date to the end of October. So we're still at the very early stages of the development of this project. Now is the time for us to look forward, to ask tough questions before the government gets embroiled in a costly contract that may not be the best way forward.

We're here today to learn from representatives of the key users of these systems – industry, the public, government – what the consolidated contracting system of the future should look like. We will also hear from Vivek Kundra, the President's Chief Information officer, about whether and how the new "Integrated Acquisition Environment" will improve the quality, transparency, and usability of acquisition information.

And we will discuss barriers to achieving a unified, simplified, publicly accessible contracting system, like the technological hurdles presented by migrating legacy systems onto a new architecture and the government's byzantine management structure for the project.

I look forward to a constructive discussion of these questions today.

I would also like to take this opportunity to welcome Senator Bennett, the new Ranking Member of the Subcommittee. I now yield to Senator Bennett for his statement.

Statement of
Senator Robert F. Bennett

Improving Transparency and Accessibility of Federal Contracting Databases

Committee on Homeland Security and Governmental Affairs
Subcommittee on Contracting Oversight

September 29, 2009

Effective management of any system depends on analysis of data that is accurate, timely, and relevant. In government acquisition, this is particularly true, as over $538 billion was spent in the last fiscal year on contractors who support the federal government's efforts to serve the American public. Although the accomplishment of the federal mission is paramount, it is equally important to ensure that every taxpayer dollar is well spent. Our oversight of acquisition depends on data from several government systems, but they do not work together in a seamless, accessible manner. Because they are separated, these databases fall short as an effective analytical tool, because its data is not adequately accurate, timely, nor relevant.

Acquisition and contracting have always been integral to government operations, and as the mission and scope of the federal government has grown, so too has the acquisition process. Although advertising, competitive bidding, and archiving of contracts have been obligations of the federal government for over 150 years, the system is, at times opaque.

The government currently has several databases that collect information on several aspects of acquisition, ranging from small business status to past performance. There have been many attempts to integrate these systems into one complete picture. In spite of these efforts, the federal acquisition databases remain separated and under the control of different agencies.

Very often with issues like this one, the root cause of the problem is intertia – in this case, an object (or a process) that is in motion tends to stay in motion. Sometimes with the best of intentions, or even because they are mandated to do so, government develops processes that should be integrated, but are not. This is because they began that way, and stay that way for a wide array of reasons. It is my intention today to implore the agencies who own the separate databases to take the broad perspective that we do, overcome their separate interests, and find a solution that gives us the integrated and functional system we all need.

Scrutiny should yield competition, clarity, and honesty. Tools like our federal acquisition databases are intended to penetrate the fog in which many of our contracting decisions are made. An effective system encourages informed decision-making across government; from policy decisions in Congress, to management decisions in the executive branch, and aids inter-agency support. Just as importantly, contractors would gain from this improved market intelligence, and develop targeted and competitive products for the federal marketplace. Finally, the American taxpayer can see, straight from the source, how every tax dollar is being spent.

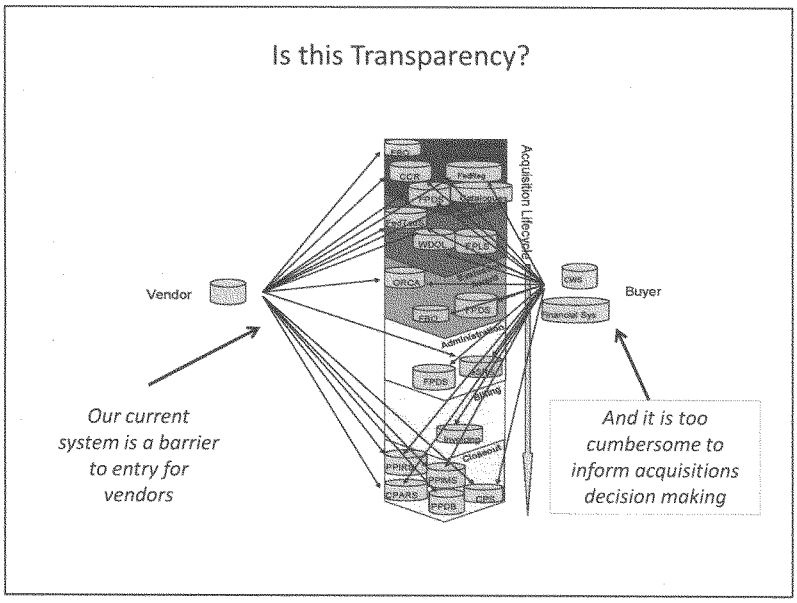
The needs of government, industry, and the public for relevant information have eclipsed the technology of the original system. As the caretaker of public funds, we owe the American taxpayer a system that is transparent, user-friendly, and ultimately, useful. What is less clear is how we can properly balance the benefits of an enhanced system with the costs of upgrades.

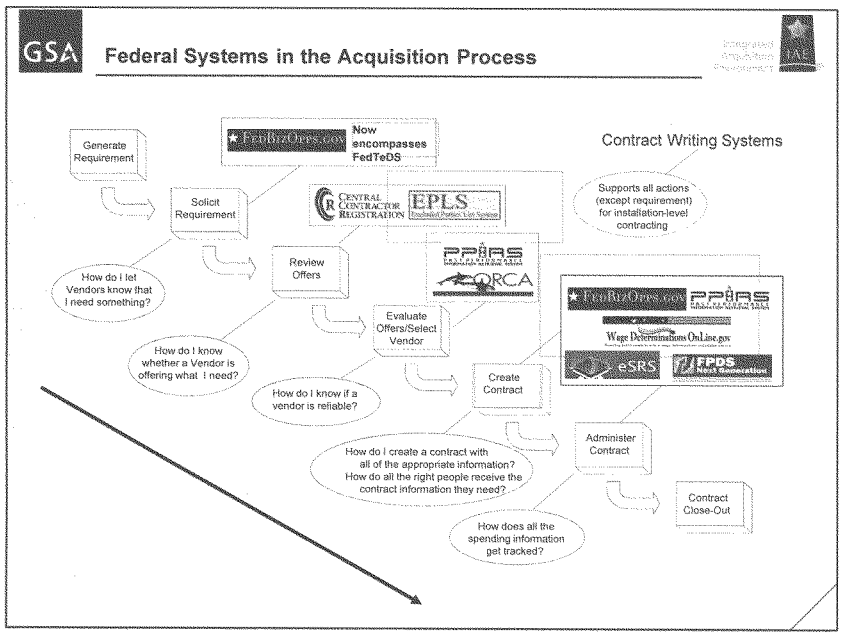
The benefits are clear. Accessible and accurate data helps government, industry and the public guaranty that tax dollars are well spent, and that our programs are efficient. A seamless system will ensure data integrity, and free the acquisition workforce from thousands of hours of data entry.

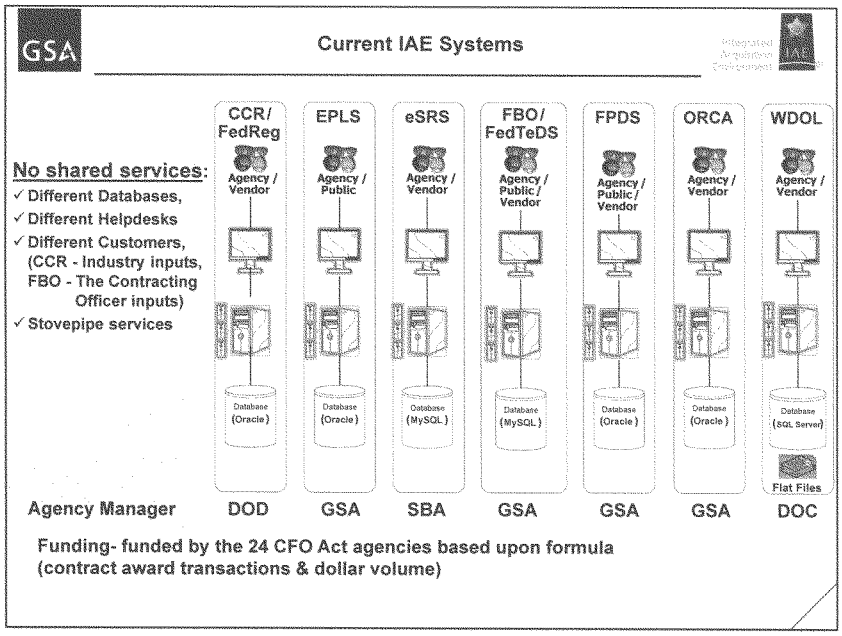
But improving these systems will not come without cost, and we must take care to avoid having our enthusiasm for an improved system cloud a clear assessment of those costs. In addition to the expense of designing and maintaining the system, there are equally important costs that come from imposing new reporting requirements on our federal acquisition professionals and on small business who hope to sell to the government. Transparency is a critical component of honest, competitive and efficient contracting. Imposing process on our contracting officers and suppliers without careful consideration of the additional expense that comes from that reporting may produce the opposite outcome.

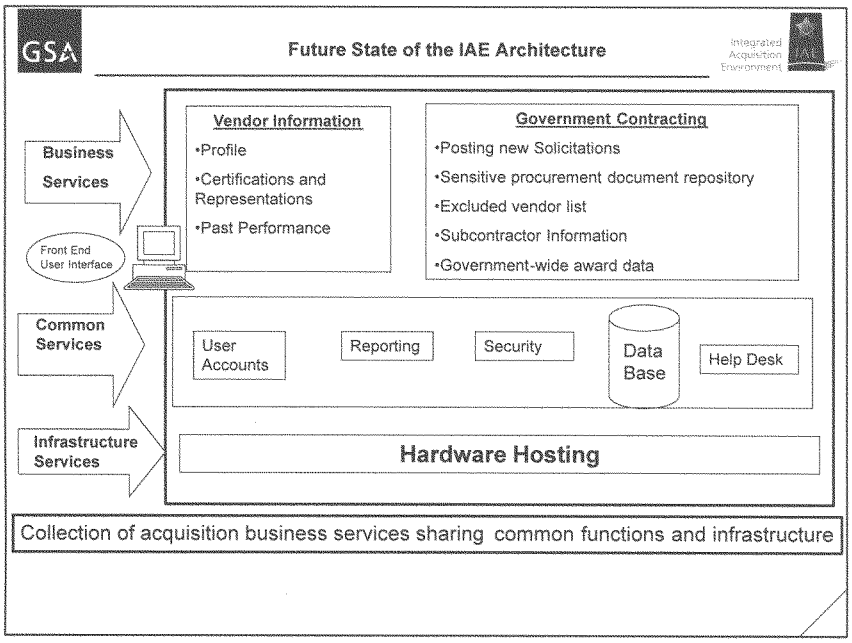
The thirty-year history of our acquisitions databases has been defined by the federal government lagging private sector technology. It is a sad statement that the power of the information age has been overwhelmed by the intransigence of the federal bureaucracy. As is so often the case, what falls victim to our failure to change are vision, performance, and accountability.

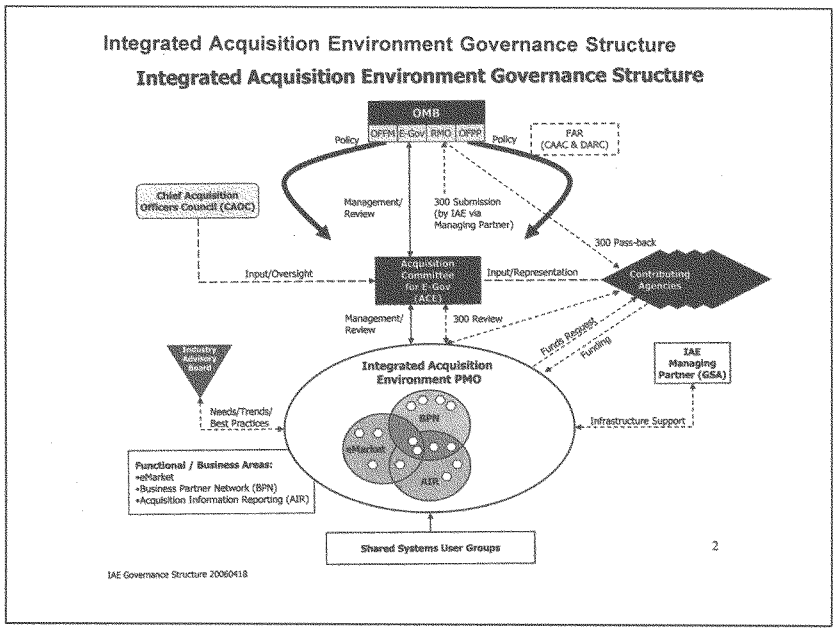
That is why I intend to focus on the fragmented state of our acquisitions systems in this hearing, and hope to explore their chronic problems so that we can avoid repeating them with any new enterprises that are proposed. Our witnesses today have insights into these questions, and I am eager to hear their perspective on this important issue.

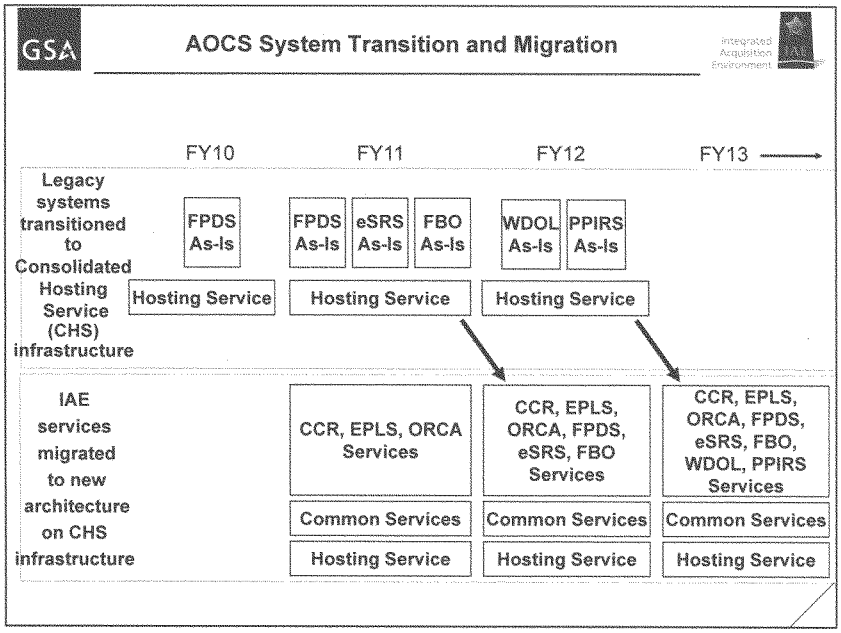

Is this Transparency?
Vendor
Buyer
Acquisition Lifecycle
Our current system is a barrier to entry for vendors
And it is too cumbersome to inform acquisitions decision making

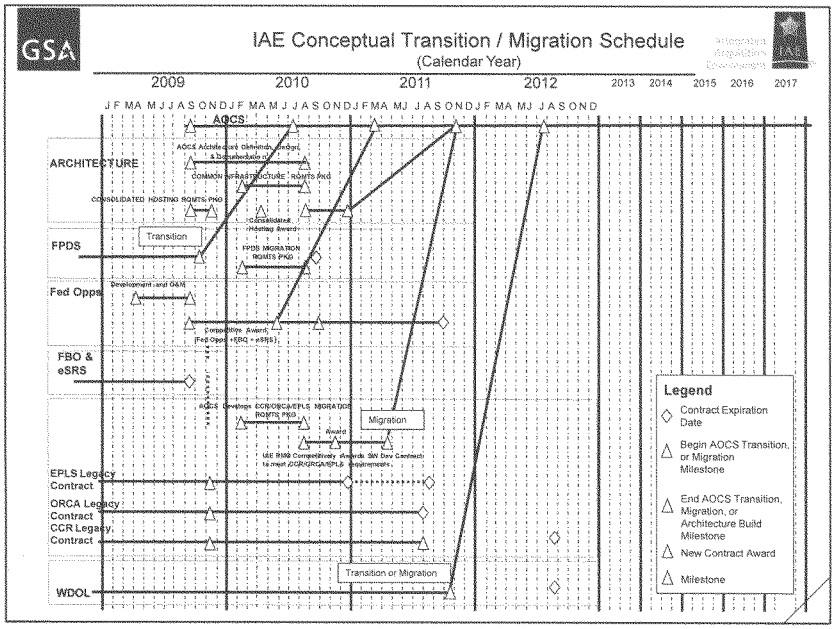

GSA
Federal Systems in the Acquisition Process
Generate Requirement
FedBizOpps.gov
Now encompasses FedTeDS
Contract Writing Systems
Solicit Requirement
Central Contractor Registration
EPLS
Supports all actions (except requirement) for installation-level contracting
Review Offers
PPIRS
ORCA
How do I let Vendors know that I need something?
FedBizOpps.gov
PPIRS
Wage Determinations OnLine.gov
Evaluate Offers/Select Vendor
How do I know whether a Vendor is offering what I need?
eSRS
FPDS
Create Contract
How do I know if a vendor is reliable?
Administer Contract
How do I create a contract with all of the appropriate information? How do all the right people receive the contract information they need?
Contract Close-Out
How does all the spending information get tracked?


GSA
Current IAE Systems
No shared services:
✓ Different Databases,
✓ Different Helpdesks
✓ Different Customers, (CCR - Industry inputs, FBO - The Contracting Officer inputs)
✓ Stovepipe services
CCR/ FedReg
EPLS
eSRS
FBO/ FedTeDS
FPDS
ORCA
WDOL
Agency / Vendor
Agency / Public
Agency / Public / Vendor
Database (Oracle)
Database (MySQL)
Database (SQL Server)
Flat Files
Agency Manager
DOD
GSA
SBA
GSA
GSA
GSA
DOC
Funding- funded by the 24 CFO Act agencies based upon formula (contract award transactions & dollar volume)


GSA
Future State of the IAE Architecture
Integrated Acquisition Environment
Business Services
Front End User Interface
Common Services
Infrastructure Services
Vendor Information
•Profile
•Certifications and Representations
•Past Performance
Government Contracting
•Posting new Solicitations
•Sensitive procurement document repository
•Excluded vendor list
•Subcontractor Information
•Government-wide award data
User Accounts
Reporting
Security
Data Base
Help Desk
Hardware Hosting
Collection of acquisition business services sharing common functions and infrastructure


Integrated Acquisition Environment Governance Structure
Integrated Acquisition Environment Governance Structure
OMB
OFPP
E-Gov
RMO
OFPP
Policy
Policy
FAR
(CAAC & DARC)
Chief Acquisition Officers Council (CAOC)
Management/ Review
300 Submission (by IAE via Managing Partner)
300 Pass-back
Input/Oversight
Acquisition Committee for E-Gov (ACEG)
Input/Representation
Contributing Agencies
Management/ Review
300 Review
Funds Request
Funding
Industry Advisory Board
Integrated Acquisition Environment PMO
IAE Managing Partner (GSA)
Needs/Trends/ Best Practices
BPN
eMarket
AIR
Infrastructure Support
Functional / Business Areas:
•eMarket
•Business Partner Network (BPN)
•Acquisition Information Reporting (AIR)
Shared Systems User Groups
2
IAE Governance Structure 20060418


GSA
AOCS System Transition and Migration
Integrated Acquisition Environment
FY10
FY11
FY12
FY13
Legacy systems transitioned to Consolidated Hosting Service (CHS) infrastructure
FPDS As-Is
FPDS As-Is
eSRS As-Is
FBO As-Is
WDOL As-Is
PPIRS As-Is
Hosting Service
Hosting Service
Hosting Service
IAE services migrated to new architecture on CHS infrastructure
CCR, EPLS, ORCA Services
CCR, EPLS, ORCA, FPDS, eSRS, FBO Services
CCR, EPLS, ORCA, FPDS, eSRS, FBO, WDOL, PPIRS Services
Common Services
Common Services
Common Services
Hosting Service
Hosting Service
Hosting Service


GSA
IAE Conceptual Transition / Migration Schedule
(Calendar Year)
2009
2010
2011
2012
2013
2014
2015
2016
2017
J F MA M J J A S O N D J F MA M J J A S O N D J F MA MJ J A S O N D J F MA MJ J A S O N D
AOCS
ARCHITECTURE
CONSOLIDATED HOSTING ROMTS PKG
Transition
FPDS
FPDS MIGRATION ROMTS PKG
Fed Opps
Development and O&M
FBO &
eSRS
AOCS Develops CCR/ORCA/EPLS MIGRATION ROMTS PKG
Migration
Award
IAE RMS Competitively Awards SW Dev Contracts to meet CCR/ORCA/EPLS requirements
EPLS Legacy
Contract
ORCA Legacy
Contract
CCR Legacy
Contract
Transition or Migration
WDOL
Legend
Contract Expiration Date
Begin AOCS Transition, or Migration Milestone
End AOCS Transition, Migration, or Architecture Build Milestone
New Contract Award
Milestone

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Contracting Oversight, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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FEDERAL CONTRACTING

Observations on the Government's Contracting Data Systems

Statement of William T. Woods, Director
Acquisition and Sourcing Management

GAO
Accountability * Integrity * Reliability

GAO-09-1032T

September 29, 2009

GAO
Accountability Integrity Reliability
Highlights

Highlights of GAO-09-1032T, a testimony before the Subcommittee on Contracting Oversight, Homeland Security and Governmental Affairs Committee, U.S. Senate

FEDERAL CONTRACTING

Observations on the Government's Contracting Data Systems

Why GAO Did This Study

The federal government relies heavily on contractors to carry out its missions, with fiscal year 2008 spending on contractor products and services of approximately $518 billion. Federal contracting data systems provide information on how these funds are being spent and how well the contractors are performing.

GAO's testimony, which is based on prior reports, describes three governmentwide contracting data systems and the weaknesses GAO has identified with these systems.

What GAO Recommends

While GAO is not making recommendations in this testimony, GAO in the past has made recommendations to help improve governmentwide contracting data systems, such as the electronic submission of data to the Federal Procurement Data System – Next Generation (FPDS-NG). The relevant government agencies have generally concurred with these recommendations and in many cases have taken actions to improve the systems. The result has been improved system reliability, but additional improvements can be made.

What GAO Found

Three governmentwide contracting data systems that GAO has reviewed are:

- The Federal Procurement Data System – Next Generation (FPDS-NG), which provides information on government contracting actions, procurement trends, and achievement of socioeconomic goals, such as small business participation.
- The Past Performance Information Retrieval System (PPIRS), which consolidates federal contractor performance information collected by individual agencies.
- The Excluded Parties List System (EPLS), which maintains information on businesses or individuals that have been excluded from receiving contracts or other federal funds for a variety of reasons, including a serious failure to perform to the terms of the contract.

The Congress, executive branch agencies, and the public rely on FPDS-NG for a broad range of data on agency contracting actions and spending, while contracting officers and other agency officials use PPIRS and EPLS to check the past performance or eligibility of prospective contractors. Contractors rely on other contracting data systems to identify and compete for business opportunities. GAO uses contracting data systems to prepare reports to the Congress on a variety of contracting issues and trends if it can establish that the data in the system are sufficiently reliable for the purposes of each report.

GAO has identified several weaknesses in contracting data systems through past audit work. First, the data entered are not always accurate. GAO's past work has found that FPDS-NG, in particular, often contains inaccurate data. Second, agencies do not always document required information or input it into the systems. For example, GAO estimated that PPIRS contained performance information for less than a third of relevant contracts. Finally, technical limitations may also reduce the effectiveness of contracting data systems. For example, GAO found cases where agencies awarded contracts to excluded parties even after checking EPLS because of inadequacies in the system's search function.

When considering improvements to governmentwide contracting data systems, it is important to note that many, including FPDS-NG, PPIRS, and EPLS, depend on the efforts of multiple agencies. With PPIRS, for example, one government agency sets policy, another is responsible for maintaining the system, a third funds the system, and numerous individual agencies are responsible for entering the actual data. It is therefore important not only to correctly diagnose the problems with contracting data systems, but also to develop solutions that can be implemented by the appropriate responsible agencies.

View GAO-09-1032T or key components. For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

Chairman McCaskill, Ranking Member Bennett, and Members of the Subcommittee:

Thank you for inviting me here today to discuss the government's contracting data systems. As you know, the federal government relies heavily on contractors to carry out its missions, with annual spending on contractor products and services of approximately $518 billion in fiscal year 2008. Federal contracting data systems provide the means for obtaining information on how these funds are being spent and how well the contractors are performing. Today I would like to discuss three governmentwide contracting data systems on which GAO has reported and the weaknesses that GAO has identified with these systems. I also will describe our experiences as users of these systems.

In preparing this statement, we reviewed prior GAO work on governmentwide contracting data systems as well as work for which we used such systems to conduct an audit. This statement is based on prior GAO work that was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Federal Contracting Data Systems and Their Uses

There are a number of governmentwide contracting data systems that contain different information.[1] Three systems we have reviewed are:

- The Federal Procurement Data System – Next Generation (FPDS-NG), which provides information on government contracting actions, procurement trends, and achievement of socioeconomic goals, such as small business participation.[2] While the Office of Management and Budget (OMB) was responsible for establishing the system and the U.S. General Services Administration (GSA) administers the system, more than 60 government departments, agencies, and other entities ranging from the

[1] Acquisition Central, which can be accessed at www.acquisition.gov, lists over a dozen shared systems relevant to the federal acquisition community and the government's business partners.

[2] FPDS-NG can be accessed at www.fpds.gov. Reporting requirements for FPDS-NG are in Federal Acquisition Regulation (FAR) subpart 4.6; FPDS-NG data are described in FAR § 4.602.

Department of Defense (DOD) to the National Capital Planning Commission submit contract data to FPDS-NG. Since 1978, FPDS-NG has been the primary governmentwide contracting database and currently serves as the backbone for other contracting data systems such as USAspending.gov – a searchable database of information on federal contracts and other government assistance such as grants and cooperative agreements.

- The Past Performance Information Retrieval System (PPIRS), which consolidates federal contractor performance information collected by individual agencies.[3] OMB sets policy on the information to be collected, GSA is responsible for overseeing PPIRS, and DOD manages the system. Effective July 1, 2002, all federal contractor past performance information captured through disparate systems is to be centrally available for use by all federal agency contracting officials through PPIRS. Agencies are required to consider past performance information as an evaluation factor in certain procurements.[4]
- The Excluded Parties List System (EPLS), which is operated by GSA and maintains information on businesses or individuals that are excluded (i.e., suspended, debarred, or proposed for debarment) from receiving contracts or certain other federal funds for a variety of reasons, including for a conviction of or indictment for a criminal offense, or a serious failure to perform to the terms of the contract.[5] Agencies are required to check EPLS to ensure that a prospective contractor is not an excluded party.[6]

The users and uses of these systems vary. For example, the Congress, executive branch agencies, and the public rely on FPDS-NG for a broad range of data on agency contracting actions and spending, while contracting officers and other agency officials use PPIRS and EPLS to check the past performance or eligibility of prospective contractors. Contractors rely on other contracting data systems to identify and

[3] PPIRS can be accessed at www.ppirs.gov. Policies and responsibilities for recording and maintaining contractor performance information are contained in FAR subpart 42.15. FAR § 42.1503(c) requires submission of past performance reports electronically to the PPIRS.

[4] Past performance must be evaluated in selecting contractors for negotiated competitive procurements expected to exceed the simplified acquisition threshold, which is generally $100,000, unless the contracting officer documents the reason past performance is not an appropriate evaluation factor for the acquisition. FAR § 15.304(c)(3).

[5] EPLS can be accessed at www.epls.gov. FAR subpart 9.4 provides for the listing of contractors debarred, suspended, proposed for debarment, or declared ineligible, i.e., excluded from government contracting pursuant to statutory, executive order, or regulatory authority other than FAR.

[6] FAR § 9.405(d).

compete for business opportunities.[7] GAO uses contracting data systems to prepare reports to the Congress on a variety of contracting issues and trends. In doing so, we first establish that the data in the system are sufficiently reliable for the purposes of each report. If we determine that the data in a system are not sufficiently reliable, we decline to use the data and identify alternative sources of evidence.

GAO Has Identified Weaknesses in Federal Contracting Data Systems

We have identified weaknesses in three contracting data systems through our past audit work. These weaknesses fall generally into three categories: poor data quality, limited data submission, and inadequate system capabilities.

Data Quality

Our past work has found that federal contracting data systems, particularly FPDS-NG, contain inaccurate data. FPDS-NG is the primary government contracting data system for obligation data. Despite its critical role, GAO and others have consistently reported on FPDS-NG data quality issues over a number of years.[8] In September 2005, we reported our concerns about the accuracy and timeliness of data in FPDS-NG to the Director of OMB.[9] In that report and others, we made recommendations to improve FPDS-NG. For example, in order to improve the accuracy and timeliness of the data, we recommended that OMB work with agencies to enable them to electronically submit contract information to FPDS-NG and confirm the agencies' review and verification of the accuracy and completeness of their FPDS-NG data. OMB concurred, and in July 2008, GSA reported that more than 99 percent of the data in FPDS-NG were

[7] For example, Federal Business Opportunities (www.fedbizopps.gov) is the government's official Web site for posting proposed contract actions and solicitations. Contractors provide input to the Central Contractor Registration (www.bpn.gov/ccr), which is the government's primary registrant database through which prospective vendors must be registered prior to the award of a contract, basic agreement, basic ordering agreement, or blanket purchase agreement.

[8] See, e.g. GAO, *Reliability of Federal Procurement Data.* GAO-04-295R. (Washington, D.C.: Dec. 30, 2003).; GAO, *OMB and GSA: FPDS Improvements.* GAO/AIMD-94-178R. (Washington, D.C.: Aug. 19, 1994).; GAO, *The Federal Procurement Data System—Making It Work Better.* GAO/PSAD-80-33. (Washington, D.C.: Apr. 18, 1980). ; GAO, *The Federal Procurement Data System* Could Be an Effective Tool for Congressional Surveillance. GAO/PSAD-79-109. (Washington, D.C.: Oct. 12, 1979).

[9] GAO, *Improvements Needed to the Federal Procurement Data System-Next Generation,* GAO-05-960R (Washington, D.C.: September 27, 2005).

being submitted to the system electronically and that the agencies submitting the data had reviewed and verified the accuracy and completeness of their data for fiscal year 2007.[10] Submitting data electronically has improved the reliability of FPDS-NG, and while we have found some FPDS-NG data sufficiently reliable for specific reports since our last review of the system in 2005, recent GAO reports illustrate that the quality of some FPDS-NG data remains a concern. For example:

- In our May 2008 report on the Department of State's use of interagency contracting, we found that it was not always possible to identify interagency contracts in FPDS-NG because of how these contracts are coded.[11]
- In our June 2009 review of time-and-materials (T&M) contracts[12] for commercial services, we found issues with the quality of the data reported in FPDS-NG.[13] For instance, some contracts were incorrectly coded as T&M contracts while others were incorrectly coded as having acquired commercial services.

Data Submission

In other cases, rather than data being entered incorrectly, we found that required information was simply not entered at all. Specifically, our past work has found that agencies do not always fully document required information or input it into contracting data systems. For example:

- In our April 2008 review of complex service acquisitions at the Department of Homeland Security (DHS), we found that the FPDS-NG field identifying major programs was typically blank.[14] Thus, we were unable to use the system to identify contracts associated with major DHS investments.

[10] Information on the accuracy and completeness of FPDS-NG data is not readily available through the FPDS-NG website.

[11] GAO, *Interagency Contracting: Need for Improved Information and Policy Implementation at the Department of State*, GAO-08-578 (Washington, D.C.: May 8, 2008).

[12] Under time-and-materials contracts, payments to contractors are based on the number of labor hours billed at a fixed hourly rate—which includes wages, overhead, general and administrative expenses, and profit—and the cost of materials if applicable.

[13] GAO, *Contract Management: Minimal Compliance with New Safeguards for Time-and-Materials Contracts for Commercial Services and Safeguards Have Not Been Applied to GSA Schedules Program*, GAO-09-579 (Washington, D.C.: June 24, 2009).

[14] GAO, *Department of Homeland Security: Better Planning and Assessment Needed to Improve Outcomes for Complex Service Acquisitions*, GAO-08-263 (Washington, D.C.: April 22, 2008).

- In our October 2008 review of contracting in Iraq and Afghanistan, we could not rely solely on FPDS-NG as a primary source of data because not all contract actions were entered into the system.[15]
- In April 2009, we estimated that only 31 percent of eligible contracts for the agencies we reviewed had a documented performance assessment in PPIRS. Furthermore, information that could provide key insights into a contractor's performance, such as information on contract terminations for default, was not systematically documented by the agencies.[16]

With respect to PPIRS, we recommended in 2009 that OMB's Office of Federal Procurement Policy (OFPP), in conjunction with agency chief acquisition officers, establish governmentwide roles and responsibilities for managing PPIRS data and develop tools and metrics for agencies to manage and monitor the documentation of contractor performance. OFPP agreed and subsequently took steps to revise the Federal Acquisition Regulation (FAR) to require agencies to establish procedures for reporting past performance information, identify those responsible for preparing evaluations, and input past performance reports into PPIRS electronically.

System Capabilities

Technical limitations can reduce the effectiveness of a contracting data system. In 2005, we found that the data in EPLS may be insufficient to identify suspended or debarred contractors and recommended that GSA modify the EPLS database to require contractor identification numbers for all actions entered into the system.[17] GSA agreed with and implemented our recommendation. However, in 2009 we continued to find that system searches could fail to reveal a suspension or debarment action. For example, we identified agencies that conducted "exact name" EPLS searches but still awarded contracts to an excluded party. These agencies did not use correct spelling or punctuation in their searches. Unlike other search engines, an exact name search in EPLS must literally be exact in

[15] GAO, *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19 (Washington, D.C.: October 1, 2008).

[16] For example, a $280-million Army munitions contract was awarded to a contractor that had previously been terminated for default on several different contracts. The contracting officer told us that this information, if available, would have factored into the contract award decision. Subsequently, this contractor defaulted under the new contract. GAO, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, GAO-09-374 (Washington, D.C.: April 23, 2009).

[17] GAO, *Federal Procurement: Additional Data Reporting Could Improve the Suspension and Debarment Process*, GAO-05-479 (Washington, D.C.: July 29, 2005).

terms of spelling and punctuation or an excluded party will not be revealed. For example, a party listed as "Company XYZ, Inc." in EPLS would not be identified if an agency left out the comma in the name and instead conducted a search for "Company XYZ Inc." Other agencies we identified provided proof that they conducted searches by DUNS identification numbers[18] but their searches similarly did not reveal any exclusions, even though the companies the agencies were looking for were listed in EPLS with DUNS numbers.[19] We recommended that GSA strengthen the search capabilities of EPLS. As a result, GSA added a pop-up warning to its online EPLS search feature informing users of the search limitation GAO identified and requiring users to formally acknowledge the warning in order to use the "exact name" search function.

Concluding Observation

Complete, accurate, and timely government contracting information is essential for tracking how public funds are being spent governmentwide, as well as how well contractors are performing their responsibilities. As such, it is critical that the government's contracting data systems are responsive to the needs of the Congress, federal agencies, and public that use them. Agencies have made progress in improving the data in federal contracting data systems, but additional improvements can be made. We acknowledge that improving these systems is a challenging task. When considering improvements to government contracting data systems, it is important to note that many systems, including FPDS-NG, EPLS, and PPIRS, depend on the efforts of multiple agencies. In the case of PPIRS, for example, OFPP sets overall past performance policy; GSA is responsible for overseeing the system; and the DOD funds and manages the technical support of the system. The data contained in the system are the responsibility of each agency that provides input, which is submitted through one of at least five past performance information systems. It is therefore important not only to correctly diagnose the problems with contracting data systems, but also to develop solutions that can be implemented by the appropriate responsible agencies.

[18] A DUNS number is a unique nine-digit sequence used as a standard for identifying businesses.

[19] GAO, *Excluded Parties List System: Suspended and Debarred Businesses and Individuals Improperly Receive Federal Funds*, GAO-09-174 (Washington, D.C.: February 25, 2009).

Chairman McCaskill and Ranking Member Bennett, this concludes my prepared statement. I would be happy to respond to any questions you or other members of the subcommittee may have at this time.

GAO Contacts and Acknowledgement

For further information about this statement, please contact William T. Woods at (202) 512-4841 or woodsw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this statement include Katherine Trimble, Assistant Director; Marie P. Ahearn, Robert Swierczek; and E. Brandon Booth.

Testimony of Adam Hughes
Director of Federal Fiscal Policy

before the Senate Homeland Security and Governmental Affairs
Subcommittee on Contracting Oversight

on Problems with Federal Contracting Databases

September 29, 2009

Chairwoman McCaskill, Ranking Member Bennett, members of the subcommittee: My name is Adam Hughes and I am the Director of Federal Fiscal Policy at OMB Watch — an independent, nonpartisan watchdog organization. Thank you for inviting me to testify today on a technical but nonetheless important topic for government — current problems with existing federal contracting databases and ways to improve the accessibility and transparency of these systems.

OMB Watch was founded in 1983 to remove the veil of secrecy from the White House Office of Management and Budget and has spent over twenty-five years advocating for government accountability, transparency and access to government information, and citizen participation in governmental processes. OMB Watch believes citizens must take an active role in holding their government accountable and that the federal government, when supported by sensible fiscal policy, can develop the programs and safeguards that meet the public's needs.

This hearing is coming at a time when Congress and the executive branch are taking additional steps to reform the federal contracting process. At the same time the federal government is increasingly embracing technological advances that are drastically changing the ways government can conduct the people's business. My testimony will focus on some of these reforms and the technical changes being embraced by the federal government and how those experiences can inform and shape the development of a more cohesive, functional, and efficient government contracting data system.

While Congress and the executive branch have made admirable advances in the last three years to reform the bloated and wasteful federal contracting system, there are still significant advances needed before the proper tools and safeguards are in place to help spend taxpayer dollars wisely. Likewise, advances in technologies that allow data to be easily shared, manipulated, and analyzed between people, websites, and database systems have been embraced outside the federal government. These technologies allow a variety of audiences to easily access and work with data and information through machine-readable formats like RSS (Real Simple Syndicate), Atom, and APIs (Application Programming

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web: http://www.ombwatch.org

Interface). These new dissemination systems are slowly beginning to seep their way into the government sphere, and the government is positioning itself to take advantage of this type of data sharing, particularly with the launch of www.data.gov. This confluence of increased interest in contracting reform and technology innovation should result in developing a state of the art one-stop shop for contracting data and information.

OMB Watch's History: Making Government Data Accessible

OMB Watch has long believed that transparency and disclosure, both with regard to government information and decision-making processes, are essential characteristics to a properly functioning democracy. A fundamental aspect of any healthy democracy is an engaged and active citizenry. In order to allow citizens to participate in the political and policy process, they need accurate and timely information about the government. It is also important for elected officials, political appointees, and others who are operating the levers of power to know their actions and decisions will be tracked and evaluated, and that these tools can help them make improved decisions. Fulfilling the public's right to know engenders greater effort by agencies and officials for efficiency and effectiveness in government and creates a record of accountability.

RTK NET
OMB Watch has a long history of developing transparent, easily-accessible, and intuitive systems for promoting and disseminating government databases to the public. In 1989 OMB Watch created the Right-to-Know Network (RTK NET), a service that allowed users to dial into our computer and query environmental databases. The service transitioned into a free searchable website (www.rtknet.org) providing access to government data about toxic chemical releases and environmental health hazards. Starting with the Toxic Release Inventory, our project expanded to include almost a dozen environmental databases over the years. For each database, RTK NET allowed users to retrieve information for a facility by geographic area, chemical or industry. Moreover, all data elements for each database are accessible and downloadable. This makes RTK NET especially useful to activists, researchers, investigative journalists, and those who need detailed information. RTK NET staff also provided technical assistance to environmental groups, such as programming and running specialized searches. Recent upgrades of the site have provided greater use of maps and other graphs to provide the complex data in easier to understand formats, but the robust search function and access to raw data remain.

FedSpending.org
OMB Watch's experience with government databases extends beyond environmental data. For more than a decade, OMB Watch has called for improving access to information regarding federal spending. We have been concerned the government's public access vehicles to information about federal spending are either non-existent or extremely poor.[1] In early 2006, we began a project to make federal spending information more transparent and accessible to the public.

By October, 2006, we launched FedSpending.org, a free online searchable service that gives anyone easy access to federal financial assistance awards and federal contracts. The impact of the site has been significant and has demonstrated how the web can be used for greater accountability when data is made

[1] See, for example, Federal Times, "Contract database short on info, long on problems." August 1, 2006. Available at http://www.federaltimes.com/index.php?S=1985392.

available to the public. Over the last almost three years, the website has remained extremely popular, not only with the public, but with journalists, analysts, and even government employees. In 2008, FedSpending.org had more than 4.1 million visits, adding to the just over 6.8 million visits to the site since it launched in 2006. Those 4.1 million visits resulted in over 9 million searches by people, pushing the site total to 15.3 million since October, 2006. The site has also been referenced or cited in over 500 media reports and blogs around the country since its launch. FedSpending.org was also instrumental in the discovery and eventual removal of sensitive personal information in federal award identification numbers. It was learned this information had been published on the Internet for decades and was only discovered once the FedSpending.org database came online.[2]

In addition, the success of FedSpending.org allowed us to license the software for the website to the government in 2007 for its use to comply with the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act). This resulted in the creation of USAspending.gov, a government website that represents a significant step forward in the way government makes information available on the Internet.

All of these experiences have helped to prepare this testimony and inform our work analyzing other federal contracting databases.

Current Dismal State of Contracting Data Systems

Access to accurate and timely data about the federal contracting process is essential to efficient and effective implementation and oversight of federal contracting and it appears the time is ripe for a significant overhaul of federal contracting data systems. Legislative reforms in the 110th and 111th Congress, increased interest and actions from the Obama administration, and additional committees and commissions investigating federal contracting practices all point to significant changes on the horizon in the federal contracting process. It will be crucial for the government to have a streamlined, stable, easy to use, publicly-accessible contracting data system to implement and manage current reforms and eliminate repeated instances of waste, fraud, and abuse in federal contracting.

Unfortunately, current contracting databases are disjointed, antiquated, at times redundant, and extremely difficult to use. The menagerie of data systems do not deliver accurate, timely, and useful information and create significant obstacles for use by government contracting officials and watchdogs. There are significant problems with the current structure (or lack thereof) of federal contracting databases as well as with the data contained within those systems.

Generally, these databases were designed to allow for large inputs of contracting data from multiple sources, but hardly any time or resources were spent developing easy mechanisms for viewing, analyzing, exporting, or sharing data within those systems.

As a result, these disparate databases exist in a siloed manner within the federal government and create a significant barrier for government officials and the public to view and understand the universe of government data available about private contractors. Federal contract spending data contained within the

[2] More background information on this issue, a full timeline and description of the discovery of personally identifiable information in government data on FedSpending.org, the steps OMB Watch took during and after this discovery, and other related documents are available at http://www.fedspending.org/personalid_short.php.

Federal Procurement Data System (FPDS-NG), data on suspensions and debarments and contract termination initiated by the government contained within the Excluded Parties List System (EPLS), and contractor performance data that is spread across at least five distinct databases[3] create a disjointed system that requires significant time, knowledge, and effort to access the broad scope of government contracting data.

Even if those barriers to access are overcome, because the systems were developed independently, the information contained within them is often incompatible or difficult to link to data within other contracting systems.

Given the rapid rate of growth of federal contract spending and the increasing interest in the contracting process from Congress, the media, and outside watchdogs, it is more important than ever for the government to create a distributed data storehouse that contains quality, relevant and timely data about the entire contracting process as well as adequate analytical tools that meet the needs of the federal contracting workforce, oversight personnel, and the public.

Review of Current Contracting Databases

Federal Procurement Data System (FPDS)
The Federal Procurement Data System was implemented in 1978 and since 1982 has been administered by the General Services Administration. In April 2003, GSA awarded a five-year, $24.3 million contract to Global Computer Enterprises to replace the antiquated procurement data collection system. The new system, called FPDS-NG (NG is for Next Generation), seems to have its primary focus on providing an electronic vehicle for reporting and integrating with agency procurement systems. Its emphasis does not seem to be public access to the data.

On September 27, 2005, the Government Accountability Office sent the Office of Management and Budget a letter assessing FPDS-NG and describing fundamental improvements still needed. "Our review raised concerns regarding whether the FPDN-NG has achieved its intended improvements," GAO wrote. The letter continues to identify problems with "timeliness and accuracy of data" and "ease of use and access to data." This assessment did not sound much different than reports from 25 years ago. In two reports – one from 1979 and the other from 1980 – GAO criticized FPDS data on timeliness of reporting and accuracy of the information, and with future evaluations added on problems with accessing the data.

In OMB Watch's efforts to make the FPDS data publicly accessible at the beginning of our FedSpending.org project were met with each of the problems identified by GAO. For example, to download the data, FPDS-NG required a cumbersome system that necessitated a separate download of data for each agency. This was extremely time consuming and burdensome. Documentation on the structure of the database and definition of data fields was barely adequate. Even as we started to go through the difficult process of downloading the data, it turned out that there was a significant lag in

[3] The Department of Defense uses three separate databases for contractor performance data: the Architect-Engineer Contract Administration Support System (ACASS), the Contractor Performance Assessment Reporting System (CPARS), and the Construction Contractor Appraisal Support System (CCASS). In addition, NASA has its own database called the Past Performance Database (PPDB), and most other civilian departments use a system maintained by the National Institutes of Health called the Contractor Performance System (CPS).

availability of contracts data from the Department of Defense (DoD). In addition, there was no indication of this fact available through the FPDS-NG website.

After repeated inquiries of government officials, we were unable to tell when the DoD data would be added. In the end, we purchased the data from Eagle Eye Publishing, a private company that at the time Congress contracted with to provide it with federal spending information. Eagle Eye had merged records directly from internal DoD databases with the FPDS data in order to fill gaps, and had made other improvements to make the data more complete and more accurate. It was easier to obtain a more complete and accurate dataset from Eagle Eye for a fee, then it was to get it from the government agency in charge of maintaining the data.

Even if the data from FPDS-NG were complete and timely, the service is not designed for meaningful public access or analysis. Other than getting reports already developed by FPDS-NG, the next generation service is too difficult and confusing to use. The search function appeared to only search prepared reports, charts, tables and statistics rather than the database itself. After spending considerable time on the system, we still could not figure out how to obtain information about a particular company or a particular contract or if it was even possible to find such information in the system.

With the launch of USAspending.gov, which uses FPDS-NG as the data source for federal contracts, many of the problems of access and transparency of contracting spending data have been solved. Users can access summary profiles of all contracts to a particular contractor, of all contracts being performed in a specific congressional district or state, or all contracts being awarded from a particular federal agency. Information on extent of competition in contracting is easily available right on the contracts homepage of the site[4] and data on type of contract used and the product or service being procured is also readily available.

The site is intuitive and simple to use with many of the most popular searches and views pre-loaded into the navigation of the site (e.g., top 100 contractors for any given fiscal year). These simplified views help users to see the big picture of contracting data first and gives multiple ways to reach specific information on contracting spending data. In addition, all information within USAspending.gov is downloadable in multiple formats including ASCII and XML. (A big and important exception to this is that parent company identifiers are not publicly available through USAspending.gov – a topic discussed in depth later in this testimony.) The ability to show a simplified summary of data alongside the capability to accessing detailed contract spending data down to the transactional level for analysts familiar with contract spending data and other advanced users makes the site a powerful tool for public disclosure of federal contract spending information.

Because USAspending.gov is a superior service for data disclosure and analysis, the FPDS-NG website and other public facing parts of the FPDS-NG system should be shut down to save resources. The FPDS system should be retained for contracting data input only, which should then be displayed through the USAspending.gov website.

Excluded Parties List System

Unfortunately, USAspending.gov is the only contracting database that combines intuitive and robust search capabilities and data presentation with access to raw data. The next best system is the Excluded

[4] See http://www.USAspending.gov/fpds/

Parties List System (EPLS), the only other publicly available contracting database. One of the main drawbacks of the EPLS is that it does not, for the most part, list sufficient information about those individuals and firms that have been excluded by federal government agencies from receiving federal contracts or federally approved subcontracts.

Further, much of the data in EPLS lacks DUNS numbers[5] – the unique identifier supplied by the private company Dun and Bradstreet to identify businesses. Without a DUNS number – it is nearly impossible to combine data from EPLS with other government contracting databases. This also makes searching the EPLS system to verify whether or not a contractor is listed unnecessarily difficult. On the most elementary level, it requires contracting officers to perform two searches when checking the list for companies seeking contracts. In fact, the EPLS website says as much.[6]

In addition, all past exclusions within the EPLS database are listed in a separate section – the Advanced Archive Search – that requires an additional search. There is no reason the multiple searches are necessary. Users should be able to conduct a single search for a particular company or DUNS number and return all matching entries within the database, whether current or past.

In addition, the functionality of the website and search functions are clunky and difficult to learn and information is too often displayed in codes or references to other web pages. The database could be improved by eliminating additional clicks to obtain information in search results and rather displaying the data along with the search results. This includes expanding the cause and treatment (CT) codes section and the agency point of contact on the search results page – not linking to that information in a separate location.

Because this information in critical to review before the awarding of new contracts, the data from EPLS should be linked to current contract spending data on USAspending.gov. Giving access to this information directly by linking to it within the contractor profile pages on USAspending.gov would be a huge improvement.

Contractor Performance Databases

The least transparent and accessible contracting databases are the multiple contracting performance data systems and the amalgamation of those systems – the Past Performance Information Retrieval System (PPIRS). The multiple systems are spread across the federal government and to our knowledge, do not have the capability to share or link data between the databases.[7]

In 2002, the Office of Federal Procurement Policy attempted to alleviate some of the redundancy and confusion in federal contracting performance databases by funneling contractor performance information into one database, the PPIRS. As of July 1, 2002, all of the information contained within the

[5] DUNS stands for Data Universal Numbering System, the copyrighted, proprietary system created by the private company Dun and Bradstreet to identify businesses by location. This system is currently the sole identifier used by the U.S. federal government for all recipients of federal funds.

[6] See the Frequently Asked Questions section of the EPLS website: "It is important to note that all EPLS records identified as "Firms" may not provide a DUNS number. Therefore, the user should also perform a Name search to ascertain that the concerned Firm is not listed in the EPLS." Available within question #19, "What is the function of Advanced Search?" Accessed at https://www.epls.gov/epls/jsp/FAQ.jsp#19 on September 24, 2009.

[7] Because the public is restricted from accessing contractor performance databases, OMB Watch has not been able to do a first-hand review of their technical capabilities.

separate databases was supposed to be available through PPIRS. Unfortunately, because these systems were developed separately and used different rating systems and performance criteria, simply throwing all the information together into a central location only solves part of the problem.

In 2005, the Office of Federal Procurement Policy lead an interagency group tasked with generating pertinent and timely performance information. The recommendations of this group included standardizing the different contracting ratings used by various agencies; requiring more meaningful past performance information, including terminations for default; developing a centralized questionnaire system for sharing government-wide; and possibly eliminating multiple systems that feed performance information in PPIRS.

The Government Accountability Office criticized the lack of action on these recommendations in a recent GAO report,[8] but it appears there is slowly starting to be some progress. In April 2008, the FAR Councils issued a proposed rule[9] to the FAR that clarified requirements for documenting past performance, including making use of PPIRS mandatory and requiring agencies to identify employees who are responsible for preparing performance assessments. This rule was finalized on July 1, 2009, but unfortunately does not go nearly as far as the recommendations developed by the 2005 OFPP interagency task force and will not solve many of the problems with PPIRS and other contractor performance systems. Specifically, the rule does not call for standardizing the different contracting ratings used in the disparate databases and therefore will likely supply unbalanced data on contractor performance depending on which system is used as the entry point to submit data.

More disturbingly, it does not appear the FAR Councils or anyone else within government has a vision for creating one workable and useful distributed contracting performance database system. For example, on September 2, 2009, the FAR Councils issued a proposed rule[10] that would require information about defective cost or pricing data and terminations for cause or default to be reported to the PPIRS database. And on September 3, 2009, the FAR Councils issued a proposed rule[11] that would amend the FAR to implement the recently-passed Federal Awardee Performance and Integrity Information System (FAPIIS). This rule outlines the information required to appear in a new database required by the FY 2009 National Defense Authorization Act.[12]

OMB Watch is a strong supporter of the new contractor responsibility database, particularly the new information that will be made available, including administrative agreements. We worked hard for its adoption,[13] and believe the expanded scope of performance data mandated is a step forward. Despite this, we are more than a bit baffled by the implementation being proposed and must voice strong

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[8] GAO, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, GAO-09-374, April 23, 2009. http://www.gao.gov/new.items/d09374.pdf.

[9] See Federal Acquisition Regulation; FAR Case 2006-022, Contractor Performance Information (73 FR 17945). Available at http://www.regulations.gov/search/Regs/images/icon_pdf.gif.

[10] See Federal Acquisition Regulation; FAR Case 2008-016, Terminations for Default Reporting (74 FR 45394). Available at http://www.regulations.gov/search/Regs/contentStreamer?objectId=0900006480a1b4cb&disposition=attachment&contentType=pdf.

[11] See Federal Acquisition Regulation; FAR Case 2008-027, Federal Awardee Performance and Integrity Information System (74 FR 45579). Available at http://edocket.access.gpo.gov/2009/E9-21174.htm.

[12] Public Law 110-417, Sec. 872, October 14, 2008.

[13] See "POGO and Good Government and Openness Coalition Support Public Access to Government-Wide Contractor Responsibility Database." Accessed on September 24, 2009 at http://www.pogo.org/pogo-files/letters/contract-oversight/co-fcmd-20080519.html.

opposition to the structure the government is considering. Unfortunately, it appears some of the same mistakes made in the past with contracting databases are being made all over again.

After spending almost seven years attempting to consolidate and streamline the performance reporting system for federal government contracting to help increase its use among government contracting officers, the September 3 proposed rule creates yet another separate performance database that combines some new performance information and some information already available in other databases. In addition, the proposed rule creates another requirement that contracting officers and other government officials need to check the FAPIIS database in addition to PPIRS. The proposed rule from September 2 requires much needed information to appear in one database (PPIRS), but not the other (FAPIIS). This is further complicating the contractor performance database landscape and hoisting additional data management burdens on already overburdened federal contracting officials.

This is an ineffective, costly, and burdensome patchwork of requirements that will limit the ability of government employees and other oversight personnel to monitor and oversee the contracting process and be responsible stewards of taxpayer dollars.

Central Contractor Registration
The Central Contractor Registration (CCR) database is the primary registrant database for the U.S. Federal Government for all entities seeking government funding. The CCR is slightly beyond the scope of this testimony, since it is not a solely a contractor database. But there are still changes needed to improve the accessibility and transparency of information in the CCR.

While the public can search the CCR, as of July 30, 2008, registered vendors in the database can elect not to display their information in the public search section of the site. Federal government employees with a .mil, .gov, or .fed domain can still view the entire database, regardless of which vendors have elected not to be listed. This should be changed so all registrants are displayed through the public search option. Further, there is no ability to bulk download the data within the CCR. The public should have full and complete access to the CCR database, including the ability to download the entire database.

Finally, the registration process itself is in need of overhaul. In particular, the lack of ability of registrants to manage and track multiple DUNS numbers for branches or offices associated with a single entity causes significant problems for some registrants and also for outside users who want to accurately track government funds disbursed to larger entities.

A Better Solution: Distributed Databases of All Federal Contracting Data

As mentioned earlier, OMB Watch believes all federal contracting data needs to be stored in distributed databases that are linked together, web-accessible, fully searchable, have machine readable data, and are designed to meet the needs of contracting officials and oversight personnel while also providing public access to this information.

The best option for achieving this is to build out the USAspending.gov website interface to include other contracting data including all performance and evaluation data, suspension and debarment lists, and additional information related to the federal contracting process. USAspending.gov already has an open data architecture that allows for sharing and disseminating information in different formats, including

HTML, ASCII, and XML, which will allow for the development of new data analytic tools to be created, like the IT Dashboard.

While some of the information we are proposing to be included in USAspending.gov is not currently available to the public, it would be relatively easy to create a section for government employees to sign into that would give them access to all the data still restricted from public disclosure.

A distributed databases system would simplify the process of performance data collection and oversight during the contract award process for contracting officers by reducing the dozens of data sources, interfaces, and accounts they must manage in the course of their work to just a single interface and database. This one-stop shop for contracting data would streamline many parts of the data collection process, simplify the job of contracting officials and oversight personnel, reduce redundant data and government maintenance costs, and present a more cohesive, thorough picture of the federal contracting process to the public.

There is precedent for the breadth and scope of information accessible in this type of distributed system for federal contracting information, particularly from the authors of the legislation that created USAspending.gov. In follow-up legislation to the Transparency Act, then-Sen. Barack Obama (D-IL) and Sen. Tom Coburn (R-OK) called for USAspending.gov to included significant information about contractor performance, including

- information about the quality of work performed over the previous five years;
- data on federal audit disputes and resolutions, award terminations, and suspensions and debarments;
- information about civil, criminal, and administrative actions taken against the recipient by the federal or a state government for violation of federal or state laws or regulations related to the workplace, environmental protection, fraud, securities, and consumer protections; and
- information about compliance with federal tax laws and requirements.

In addition, other good government organizations have supported such a proposal, such as the Project on Government Oversight (POGO). POGO has extensive experience with overseeing the federal contracting process and has developed its own contractor performance database called the Federal Contractor Misconduct Database (FCMD). POGO recently suggested consolidating contracting information on USAspending.gov in testimony[14] before the House Committee on Oversight and Government Reform Subcommittee on Management, Organization, and Procurement:

> *USAspending.gov should become the one-stop shop for government officials and the public for all spending information, including actual copies of each contract, delivery or task order, modification, amendment, other transaction agreement, grant, and lease. Additionally, proposals, solicitations, award decisions and justifications (including all documents related to contracts awarded with less than full and open competition and single bid contract awards), audits, performance and responsibility data, and other related government reports should be incorporated in USAspending.gov.*

[14] Statement of Scott Amey, General Counsel, Project on Government Oversight before House Committee on Oversight and Government Reform Subcommittee on Management, Organization, and Procurement, pg 4, June 16, 2009. http://www.pogo.org/pogo-files/testimony/contract-oversight/co-cfc-20090616.html?print=t

Challenges to Creating a Distributed Contracting Database System

Although the model proposed in this testimony will likely be significantly more user friendly and effective than current systems, there are some challenges that will need to be addressed in order to make it a reality.

Standardized Performance System
While the technology exists to support such a solution, there would still need to be considerable effort to streamline the contractor performance reporting systems. Simply funneling performance data from multiple, disparate systems that use different metrics to evaluate contractor quality to a single location does not solve all the problems with contractor performance systems. A standardized and more robust contractor performance data collection system needs to be developed.

The pieces for such a system have been preliminarily assembled through the recommendations of the 2005 OFPP interagency task force, GAO recommendations, and suggestions from outside good government watchdog organizations, but have not been sufficiently implemented to result in a comprehensive system that meets the needs of the federal contracting workforce. Even if a better platform is developed to report and display performance information, the data itself will need extensive revision and standardization before it becomes more useful.

Lack of a Publicly-Available, Reliable Unique Identifier
Perhaps an even larger problem will be to establish a reliable, publicly-available unique identifier that can allow data from disparate databases to be easily combined and compared. The federal government currently contracts out the work of creating, assigning, and updating unique organizational identifiers to a private company called Dun and Bradstreet (D&B), which originally created the DUNS number system. The main service D&B provides is updating what they call "corporate family trees," or the relationships between parent companies and their subsidiaries. Because of acquisitions, mergers, and the sale of companies, these relationships are always in a state of flux.

Allowing a private company to provide such an important unique identifier for all entities receiving funds from the federal government is extremely problematic, as it subjects that identifier system to the policies of a private company and its business needs. While not necessarily malicious, this arrangement can cause government data to be presented in misleading or at times incorrect ways, or simply not made available to the public.

For example, shortly after the launch of USAspending.gov, we discovered the website was returning significantly more parent companies when a simple search was done for the company "Boeing." After raising this issue with the Office of Management and Budget, we learned in a meeting with D&B representatives that this was more than simply a data problem. Instead, D&B's policy was to update all historical relationships of companies when a subsidiary was either bought or sold. In other words, if a company sold a subsidiary in 2009, D&B would break the linkage of those two companies, and therefore

the accountability chain, for all previous fiscal years in the USAspending.gov database.[15]

Even more troubling, D&B restricts access to their corporate family tree information by redacting the parent company DUNS identifier currently used in USAspending.gov. Without public access to this identifier, it nearly impossible to easily combine contracts spending data with other government data sets, such as campaign finance and lobbying expenditures, environmental databases such at the Toxics Release Inventory, or the EDGAR database at the Securities and Exchange Commission, just to name a few. It will also make it very difficult to combine the separate contracting performance databases and match data about the same companies correctly on a continual basis.

The practice of outsourcing the creation of a unique identifier is significantly different from past government practices. Both Social Security numbers (SSN) and Employer Identification Numbers (EINs) are created and maintained by the federal government. There is no reason identifiers for entities receiving federal funds should be any different.

As the government progresses to adopt new and emerging information technologies, including working to link disparate data systems together, there must be reliable, publicly available identifiers. OMB should head up an interagency task force to develop the schema for such identifiers, starting with organizational identifiers and Congress should provide oversight to make sure this process proceeds expeditiously.

Leadership
It took almost four years for the government to begin implementing recommendations from an interagency task force headed up by OFPP, and even when that implementation did begin, only some of the recommendations were adopted by the FAR Councils. This is far, far too long. With the magnitude of problems in government contracting growing at an alarming pace, the speed reforms are instituted needs to keep up. In order for this to happen, there needs to be consistent involvement and leadership from both the executive and legislative branches.

Establishing a single entity with the responsibility and authority to develop the type of comprehensive system envisioned in this testimony is vital to its success.

Expanding Universe of and Access to Contractor Performance Information

Once a distributed contracting database system is developed, the government should work to expand the information included in a system in order to create a more effective tool for monitoring and oversight of the federal contracting process.

First and foremost, the government needs to amend the FAR to allow publishing of contractor performance information pursuant to applicable laws so that information about how contractors make use of federal resources is open to the public. FAR § 42.1503 requires that performance reviews "not be released to other than Government personnel and the contractor whose performance is being evaluated...." The rationale is that public release "of such information could cause harm both to the

[15] At this meeting, OMB requested that D&B change their practices of changing historical relationships of companies when updates to the corporate family free are necessary. OMB Watch has not done an analysis to determine if this D&B policy has changed.

commercial interest of the Government and to the competitive position of the contractor being evaluated as well as impede the efficiency of Government operations."[16]

There is no reason to withhold, wholesale, information about how federal contractors are performing from the public. In FY 2008 federal contractors received more than half of all discretionary spending and the public, as well as Congress, has a right to know which contractors are performing well and which are not. OMB Watch believes disclosure of contractor performance information – with pertinent safeguards to protect sensitive business information and within the scope of applicable laws – would foster better and more extensive competition because both contractors and contracting officers would become more responsive to increased public scrutiny of contracting decisions and processes. This would not only help develop better performance and behavior from contractors, but also help to foster better decisions and behavior from federal contracting officers.

More exposure of these decisions will further ensure the relationship between contractors and their lobbyists and federal employees does not violate federal ethics and conflict of interest regulations. Additionally, opening the procurement process in this way is likely to encourage other contractors to submit more bids if they feel the merits of a bid and past contractor performance, and not personal relationships or influence with contracting officials, determine the winner of a contract. Disclosure of this information will help to level the playing field in contract competitions by helping to ensure more contracts are competed and more contractors submit bids for those competitions.

Second, the government needs to expand the scope of agencies covered by the Federal Awardee Performance and Integrity Information System called for in the FY 2009 National Defense Authorization Act. The database authorized would catalog additional performance and conduct information about federal contractors, but it is circumscribed only to those contractors that receive a contract from the Department of Defense.

While the Defense Department is the largest contracting agency in the federal government, other large contracting agencies include the Departments of Homeland Security and Energy, and the National Aeronautics and Space Administration. It is reasonable to believe that contracting officials within those other agencies would benefit from access to a database of information on misdeeds and poor performance by any contractor that receives a government contract. Therefore, the government needs to expand the database to require information on all contractors across the federal government.

Third, the centralized performance database should be expanded to include additional information included in the Strengthening Transparency and Accountability in Federal Spending Act of 2008, as introduced by then Sen. Obama and Sen. Coburn (along with Sen. Carper (D-DE) and Sen. McCain (R-AZ)).

Finally, the government should explore ways to raise the bar for workers of federal contractors, a substantial portion of who receive poverty-level wages and receive few benefits, particularly in the

[16] FAR § 42.1503 Procedures. http://www.acquisition.gov/far/current/html/Subpart%2042_15.html#wp1075411.

service sector.[17]

Conclusion

Making government data and decision-making processes transparent and accessible to the public involves an inherent trust in the will and providence of the American public. This is certainly true in the realm of contractor databases and made all the more difficult by the high profile nature of the federal contracting process. Yet the importance and benefits of transparency and access to this information are no less important. While we may continue to move toward true transparency in the contracting process in only very small steps, we must keep moving in that direction.

Thank you for the opportunity to share my views with you here today. I look forward to your questions.

[17] For an overview of this issue, see the statement of Dr. David Madland, Director of the American Worker Project, Center for American Progress, before the House Committee on Armed Services Panel on Defense Acquisition Reform, September 17, 2009. http://armedservices.house.gov/pdfs/DAR091709/Madland_Testimony091709.pdf

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Testimony of

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on

"Improving Transparency and Accountability of Federal Contracting Databases"

Presented to the Subcommittee on Contracting Oversight of the Senate Homeland Security & Government Affairs Committee

September 29, 2009

Chairwoman McCaskill, Ranking Member Bennett and Members of the Subcommittee, I am Trey Hodgkins and I serve as Vice-President of National Security and Procurement Policy in the Public Sector Group at TechAmerica.[1] TechAmerica is the leading voice for the U.S. technology industry, which is the driving force behind productivity, growth and jobs creation in the United States, as well as the foundation of the global innovation economy. Representing approximately 1,500 member companies of all sizes, along with their millions of employees from the public and commercial sectors, TechAmerica is the industry's largest advocacy organization.

We are pleased to present to you today the technology and IT sector perspective on the various aspects of Federal contractor databases. TechAmerica shares with the panel Members here today the goal of improving contracting databases, and in particular the accountability and, with some qualification, the transparency and accessibility of those databases. In improving these databases, however, we feel that, as a preliminary matter, we must address the central question, "What is the data to be used for?" We believe the answer here is to inform acquisition workforce decisions regarding past performance and responsibility, to improve the efficacy of the acquisition process for the Federal government and the contractor community that serves the government's missions, and to help achieve best value for the taxpayer.

Among other things, my comments today will address questions posed by the Committee in preparation for this hearing, along with our concerns about certain aspects of various database proposals considered by Congress and the Administration, our experience with existing databases, and our recommendations for future efforts to improve the information available for contracting decisions.

Contractor Database Proposals

The prime fear in the minds of the contracting community about further development of government contractor databases is that information regarding the products or services companies may offer and how companies bring those products and services to market will be made public and that publication will cause them irreparable harm. Another equally important concern is that the databases will capture allegations, as opposed to final administrative or judicial determinations, of contractor wrongdoing

[1] TechAmerica is the leading voice for the U.S. technology industry, which is the driving force behind productivity growth and jobs creation in the United States and the foundation of the global innovation economy. Representing approximately 1,500 member companies of all sizes from the public and commercial sectors of the economy, it is the industry's largest advocacy organization and is dedicated to helping members' top and bottom lines. It is also the technology industry's only grassroots-to-global advocacy network, with offices in state capitals around the United States, Washington, D.C., Europe (Brussels) and Asia (Beijing). TechAmerica was formed by the merger of AeA (formerly the American Electronics Association), the Cyber Security Industry Alliance (CSIA), the Information Technology Association of America (ITAA) and the Government Electronics & Information Association (GEIA). Learn more at www.techamerica.org.

for application against contractors in the competitive procurement process. Legislative and Administrative proposals feed this fear by including a spectrum of options for the collection and dissemination of contractor information, up to and including publishing each contract on a public website and the collection and public disclosure of allegations of an administrative, civil, or criminal nature before they are finally adjudicated.

TechAmerica does not support most of these proposals and does not believe that any transparency initiatives that include unrestricted public disclosure of proprietary or sensitive contracting data meaningfully improves the acquisition process or informs the contracting workforce. Instead, such proposals risk a number of unintended and harmful consequences, including:

- The disclosure of source selection, intellectual property or proprietary data to global competitors and adversaries
- The direct or indirect exposure of national and homeland security information
- The use of information out of context in a way that negatively impacts the acquisition process and the competitive position of companies doing business in the public sector market.

The negative impact on the acquisition process includes a reduction in competition for government requirements, particularly for small businesses. This reduction would come either through exclusion of companies based on incomplete or inaccurate information or because companies choose not to enter or remain in the government market. Many companies offering the commercial or commercial-off-the-shelf (COTS) items that the government has so ubiquitously adopted would be unable or unwilling to accept such risks. Such a departure would reduce and limit government access to commercial market innovation that it currently enjoys.

It is worth noting that TechAmerica, and the contracting industry as a whole, did not oppose the amendment offered by the Chairwoman and adopted by the Senate last year as part of the FY09 National Defense Authorization Act. This amendment created a consolidated contractor database to be used to inform contracting decisions. We believed then, and continue to believe, that the final provision correctly struck a balance between sharing data, protecting proprietary information, and setting reasonable expectations about the use of such data by the contracting community.

I'd like to elaborate on our concerns about public disclosure and the collection and use of allegations in government contractor database. TechAmerica does not oppose public disclosure of contractor information or information about the acquisition process, as long as existing protections regarding such information remain in force and are used. These protections include those found in the Freedom of Information Act, the Trade Secrets Act, common law decisions regarding protection of sensitive information, privileges that would attach as part our judicial processes, and protections now afforded to proprietary, trade secret, and source selection

information. If these safeguards remain intact as we develop rules for the public disclosure aspect of transparency for contracting data, we believe that our concerns can be addressed. If such protections were to be waived, however, we believe that the Government would be harmed significantly.

For example, if disclosure included posting to a public website the unredacted contract, a number of critical elements would be exposed. Something as simple as identifying the location where work is to be performed could reveal the geographic location of crucial components of our National and Homeland Security apparatuses, thereby exposing them to attack, disruption or destruction. Similarly, if data about program capabilities were to be disclosed as part of the public disclosure of contracting actions, adversaries could evaluate the supply chain, identify critical production components and, by attacking that component, disrupt our security. Data aggregated from published contracting actions also would allow adversaries to discern and reverse-engineer our capabilities and identify our weaknesses.

From a corporate perspective, disclosure of data from a contracting action - particularly the publication of an unredacted contract – would expose intellectual property, corporate sensitive and technical data to industrial espionage and allow corporate competitors to aggregate data, such as pricing methods, and weaken the competitive posture of a company in the government and commercial markets.

On the issue of collection and use of allegations that are not finalized, a number of potential harmful and unintended consequences can occur. In addition to undercutting fundamental due process rights for contractors, such proposals contain the presumption that the contracting community would have complete knowledge of the situation to understand the legal and administrative issues in each allegation and to make an informed legal decision regarding the impact of those allegations on the contract offering at hand. There also would be the significant risk that negative decisions would be made based upon allegations that are later found to be without merit.

Existing Databases and Their Effectiveness

The government currently has an alphabet soup of databases capturing and tracking information about government contracting and the information in many of these databases support critical functions of government contracting like evaluating past performance and determining responsibility. These include the Past Performance Information Retrieval System (PPIRS), the Contractor Performance Assessment System (CPARS), the Contractor Performance System (CPS) at NIH, the Architect-Engineer Contract Administration Support System (ACASS), the Construction Contractor Appraisal Support System (CCASS), the Past Performance Database (PPDB) at NASA, as well as several of the agency contract-writing systems, to name a few. PPIRS serves as a warehouse for the data generated by these other systems

and, with the finalization of FAR Case 2006-022, its role as a primary source for contractor information was enhanced.

Generally speaking, contractors find that the existing databases are inconsistent in the data elements they capture and in the processes and rules that they employ, and that the databases too frequently contain outdated, incomplete, or inaccurate data. That perspective is not an indictment of an overwhelmed acquisition workforce responsible for the entry and maintenance of this data, but simply an observation of the reality that capturing this data competes with other high-priority functions and missions in different ways in different agencies.

A manifestation of this condition that our members are reporting is the recent uptick in report cards for periods of performance of more than one year ago. It appears that government workers are being required to go back and update data related to contracting actions that have long since passed. Contractors are concerned that they will not receive as accurate a report so long after the performance as they would at a time closer to contract performance, or even worse, this process will become merely a "check-the-box" exercise for the agency and/or a person with no knowledge of the contract performance will be assigned to complete the report card.

Unfortunately, the practical consequence of outdated, incomplete or inaccurate data is harm: Harm to the government from an unclear picture of bad actors in the contracting community, and harm to good contractors whose outstanding performance goes unnoticed in their evaluations for other government work.

Another concern expressed by companies about government contractor databases is that data is collected using inconsistent criteria, that the results are evaluated using inconsistent metrics, and that the scorecards use inconsistent measurements. Because of this inconsistency, it is not possible to compare data in one database on a contractor with data from another on the same contractor. The report card formats used in CPARS and CPS, and the instructional guidance material associated with each, are different so sufficiently as to preclude any presumption of a 'common' format or understanding of what and how contract specifics [*i.e.*, facts such as contract and task order numbers] and contract performance metrics are to be recorded and explained. The recent final rule on FAR Case 2006-022, published on July 1, 2009, requiring performance reports on task orders issued under the Federal Supply Schedule contracts or other IDIQ contract arrangements likely will increase further the disparities in how information is collected and reported.

Our perspective is that, because of these difficulties using the government contractor databases, many government agencies have abandoned their use for contracting actions, resorting instead to requirements that bidders pay for a past performance report from a third party commercial vendor. TechAmerica does not support this requirement and suggest to this Subcommittee that any effort to reform government contractor databases should include a prohibition on this practice.

Recommendations

TechAmerica commends current efforts to make information and tools for the government acquisition process more accessible and user friendly through the Integrated Acquisition Environment (IAE). The IAE outlines many of the same goals that contractors seek from government contractor databases, as well as the other tools and information sets that can inform the government acquisition process better than it is currently. One important goal is the consistency of data. IAE seeks to establish uniform standards for data that would allow greater interoperability of databases that exist currently. Another goal, evident by the array of resources available at the IAE website (www.acquisitions.gov), is the consolidation of data and data sources to create a central point of contact for data access and data entry.

A successful central point of contact, or dashboard, as the IT community would call it, however, will require greater emphasis on implementing applications and systems with the IAE standards. Processes and procedures also will need to be updated to find efficient ways for the workforce to keep the data current for the benefit of all users of the data, while preserving the contractors comment period to provide input regarding the past performance of a company.

Interoperability, consolidation, and uniformity of data are not technical problems, however, and the same challenges that exist in so many other government programs are inherent in the IAE effort, also. Those challenges are rooted in culture and policy and will require leadership and direction to incentivize change from the top down regarding the use of these and other acquisition tools, what the data will look like, how it is captured, and how it will be used.

Finally, we must ensure that in our effort to develop government contractor databases, we have a clear plan in mind about how to analyze and use the data we collect in a meaningful way. Just last week, before another HSGAC subcommittee, the Deputy Director of Management for the Office of Management and Budget noted that the government does not do a good job of using the data it already has by analyzing it to find ways to be more efficient and effective. We hope that as the Congress and the Administration deliberates this issue, any proposals will provide leadership and direction for data collection efforts that achieve the goal I identified at the beginning of my testimony: to inform the decisions that the acquisition workforce makes, improve the efficacy of the acquisition process for the Federal government and the contractor community, and to achieve best value for the taxpayer.

Thank you again for this opportunity to share our perspectives on government contracting databases.

STATEMENT OF VIVEK KUNDRA
FEDERAL CHIEF INFORMATION OFFICER,
ADMINISTRATOR FOR ELECTRONIC GOVERNMENT AND
INFORMATION TECHNOLOGY
OFFICE OF MANAGEMENT AND BUDGET

BEFORE THE
SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT

September 29, 2009

Improving Transparency and Accessibility of Federal Contracting Databases

Chairman McCaskill, Ranking Member Bennett, and members of the Subcommittee, I am pleased to appear before you today to discuss the Administration's commitment to improving our acquisition information systems and our plans to promote greater transparency in Federal contracting. These systems collect and provide information that support over $500 billion in annual contracting.

The Federal acquisition process is complex and involves many stakeholders with different needs. Through various focused efforts over the last decade, the acquisition community has led policy and system changes to centralize and standardize information collection and reporting.

Moving forward, the Obama Administration is committed to greater openness and transparency in the Federal government. Increasing the transparency of the government's contracting processes, reporting, and opportunities will attract new entrants into the federal market and improve competition; help the government buy more efficiently; and promote citizen engagement.

Let me describe how earlier efforts changed acquisition information management and served as the foundation for today's Integrated Acquisition Environment (IAE) and plans for the future.

The Journey

To understand the steps that the Office of Management and Budget (OMB) and the acquisition community have taken and will take to create a better future, it would be helpful to understand where this effort began and the changes made in a few key areas. Consider three basic questions the American people have the right to know:

- What federal contracting opportunities are available?
- What is the Federal government buying and how are they buying it?
- With whom is the Federal government doing business?

To address these questions, the Federal government has undertaken a decade-long journey.

Access to Federal Contracting Opportunities

When efforts to improve electronic contracting information began in the early 1990's, vendors who wanted to learn about federal contracting opportunities had to subscribe to the Commerce Business Daily, a daily print publication. Vendors manually scoured hundreds of listings daily to identify potential opportunities and slowly communicated this information throughout their companies. There was no way to easily search for relevant opportunities, identify teaming partners, or target scarce marketing resources. This was very inefficient for vendors and the government. Every contractor had to contact the contracting officer for each opportunity they were interested in, a significant effort given the thousands of contracting offices government wide - over 9,000 today. Only a synopsis of the procurement was provided, not the entire document. The contractor had to write to the contracting officer to show their intention to participate. The government spent hours assembling packages for mailing and was never sure of adequate competition until the proposals were received.

The acquisition community identified better access to Federal procurement opportunities as a critical business need. With leadership from the Office of Federal Procurement Policy (OFPP), support from the then-Procurement Executives Council, and input from industry, the Commerce Business Daily was retired in 2002 and FedBizOpps (www.fedbizopps.gov) became the central, government-wide point of entry. Today, over 100,000 vendors have subscribed to FedBizOpps to receive targeted procurement opportunity announcements. About 2,000 opportunities are posted daily on FedbizOpps.

Access to Procurement Data

Data about the products and services the government buys can help agencies plan more strategically and help stakeholders hold the government accountable for contracting actions. In the past, information about contracting actions was provided in the Federal Procurement Report that was published annually by the General Services Administration (GSA). The report generally was issued over six months after the end of the fiscal year – much too late to be of value to ongoing agency operations or future acquisition planning. More detailed data could be obtained from GSA on an ad hoc basis, but reports were created manually and were only as accurate as the data was timely.

The current Federal Procurement Data System (FPDS), established in 2003, captures up to 198 data elements per transaction, and last year over 8 million transactions were reported to FPDS. This information is entered directly by agencies within 72 hours after the transaction is completed. Anyone can review and analyze this information, which explains the extent to which agencies use competition, types of contracts used, types of goods and services acquired, money obligated, contractor information, and other critical data.

Expanding Access for Vendors

Before the Central Contractor Registration (CCR) was made mandatory in 2003, potential vendors mailed forms called the Standard Form 129, *Solicitation Mailing List Application,* to individual contracting offices to tell agencies about their capabilities and express interest in doing business with them. Agencies used this information to conduct market research. For example, if an agency needed graphics services, the contract specialist would manually review the forms received by the office. However, market and vendor information was incomplete and vendors used scarce resources to provide this information to agency buyers. Additionally, vendors were required to mail electronic funds transfer forms to individual government payment offices in order to be paid in accordance with the Debt Collection Improvement Act of 1996.

Today, every vendor who wants to contract with the Federal government is required to register in the Central Contractor Registration. It contains information on their principal industry areas, the socio-economic attributes of the company, and other information related to their ability to contract with the government. Nearly 600,000 vendors are registered and the government uses this information to pay vendors accurately and on time, to search for businesses in specific socio-economic categories or industries, and to conduct general research. Instead of separately contacting multiple government offices, potential and existing vendors can register once and their information is available to all agencies.

Due to the fragmented, ad hoc nature of procurement systems, cultural and process changes required in the agencies and other user communities, and resource constraints, these improvements did not occur overnight. For example, fully implementing FPDS at a single agency (Department of Defense) was a significant challenge that took about three years to complete.

The success of these and future efforts depends on leadership in the acquisition community – both at the Office of Management and Budget (OMB) and at the agencies. The Office of Federal Procurement Policy (OFPP) led these efforts to consolidate and standardize functions, streamline information, and institutionalize changes in the Federal Acquisition Regulation. They partnered with the then-Procurement Executives Council and established the Acquisition Committee for E-Gov (ACE). The ACE is comprised of agency senior representatives who provide input from users' and policy officials' perspectives. This collaborative governance model was critical to getting to where we are today and will be even more important as we move forward.

Consolidation

The Integrated Acquisition Environment (IAE), established in 2001, provides consistent Federal government-wide electronic acquisition capabilities. Prior to the introduction of the IAE, most agencies supported their acquisition processes with their own paper-based or unique systems. Over the nearly eight years that the IAE has been in existence, government-wide electronic acquisition tools were identified, developed, implemented, and made available to all agencies. Today, acquisition-related information is available online and searchable in real time or near

real time. Hundreds of standalone, paper-based, or agency-maintained systems and interfaces were replaced by eight government-wide systems[1] that support over 40,000 contracting professionals, 600,000 vendors, over $500 billion in annual procurement spending, and over eight million transactions per year.

Each of the eight IAE systems was originally developed independently, used different software, and operated on different hardware platforms run by different contractors. In this complex and stove-piped environment, it was difficult to respond to policy or technology changes in a timely manner. This limitation led the procurement community and GSA to explore an integrated approach to optimize the performance of the IAE as a whole. As a result, GSA is engaged in a rearchitecting and consolidation of IAE to develop the integrated procurement platform of the future.

Roles and Responsibilities

The E-Government Act of 2002 requires the OMB Administrator for E-Government and Information Technology and the Administrator for Federal Procurement Policy to work together to ensure effective implementation of electronic procurement initiatives.

OFPP establishes federal procurement policy and serves as the functional owner of the IAE systems. The Office of E-Government and Information Technology provides technical leadership and support for the information technology aspects of procurement initiatives through the enterprise architecture and capital planning and investment management processes.[2]

Together, OFPP and the Office of E-Government and Information Technology provide executive leadership and direction, supporting the government's policy goals and improving the transparency and accessibility of our acquisition processes.

GSA, as the IAE Managing Partner, is responsible for day-to-day operations and overall project management. As the initiative moves forward, the Office of E-Government and Information Technology will work closely with the Chief Information Officer and the Chief Enterprise Architect at GSA and the IAE team to apply federal enterprise architecture practices and to provide leadership and direction on IT investment management.

Future Vision

Moving from eight separate systems to an integrated platform for procurement will enable the Federal government to realize the President's vision of an open and transparent government in acquisition by:

- Improving data quality
- Simplifying access to acquisition data
- Improving usability of procurement systems

[1] Reference Attachment A for a list of the eight systems

[2] As outlined in OMB Circular A-11, Section 300 ("Planning, Budgeting, Acquisition, and Management of Capital Assets")

By executing the Integrated Acquisition Environment strategy, we will be able to provide more current and comprehensive acquisition data to the American people through publicly accessible websites. Agencies will also be able to use this information to strengthen their acquisition practices and improve how contracts are awarded and managed as envisioned in the President's Memorandum on Government Contracting dated March 4, 2009.

Conclusion

Despite previous efforts to migrate from hundreds of systems to the eight that currently comprise the IAE, much work remains. We must continue to focus on improving data quality, increasing transparency, and enhancing service delivery.

In moving to the future procurement platform, the American people will have unprecedented access into how their taxpayer dollars are spent and vendors will be able to compete more efficiently through a streamlined platform, and oversight organizations and public interest groups will have better and faster access to procurement data.

Thank you for the opportunity to discuss the important work that is underway now and the future plans to improve the transparency and accessibility of acquisition information systems. I look forward to your questions.

ATTACHMENT A (IAE SYSTEMS INVENTORY)

The Integrated Acquisition Environment consists of the following systems:

1) **FBO (FedBizOpps)** – The single government point-of-entry for posting solicitations over $25,000, allowing commercial business suppliers to search, monitor and retrieve opportunities in federal government markets.
2) **WDOL (Wage Determinations On-Line)** – This government-wide web site makes Service Contract Act (SCA) and Davis-Bacon (DBA) wage determinations easily accessible by the contracting community.
3) **CCR (Central Contractor Registration)** – Vendors wanting to do business with the government are required to register in CCR and revalidate annually. This provides payment information, validates Small Business Administration certifications for 8(a), or HUBZone businesses, calculates potential business size, and validates taxpayer IDs with IRS.
4) **ORCA (Online Representations and Certifications Application)** – This web-based application allows vendors to enter Representations and Certifications (such as Small Business Certification) once for use on all federal contracts. Vendors update these "reps and certs" annually.
5) **PPIRS (Past Performance Information Retrieval System)** – The federal acquisition community can access timely and pertinent contractor past performance information via this web-enabled, government-wide application.
6) **EPLS (Excluded Parties List System)** – Parties excluded from receiving federal contracts and certain subcontracts are identified on this web-based system. Also identified are individuals excluded from certain types of federal financial and non-financial assistance, including benefits.
7) **FPDS-NG (Federal Procurement Data System-Next Generation)** – This online repository provides data on all federal contract actions over $3,000. Standard and custom reports are easily accessible.
8) **eSRS (Electronic Subcontracting Reporting System)** – This system is designed for prime contractors to report accomplishments toward subcontracting goals required by their contract.

Post-Hearing Questions for the Record
Submitted to Mr. Vivek Kundra
From Senator McCaskill

"Improving Transparency and Accessibility of Federal Contracting Databases"
Tuesday, September 29, 2009, 10:00 A.M.

United States Senate, Subcommittee on Contracting Oversight,
Committee on Homeland Security and Governmental Affairs

1. Section 872 of the Duncan Hunter National Defense Authorization Act for FY 2009 requires the General Services Administration (GSA) to establish and maintain the data system containing specific information on the integrity and performance of Federal agency contractors and grantees. On September 3, 2009, a proposed rule was issued that would establish a new information database, known as the "Federal Awardee Performance and Integrity Information System," or FAPIIS, which would provide information useful to an awarding official trying to assess the integrity of contractors.

What is the plan and schedule to integrate FAPIIS into the Integrated Acquisition Environment (IAE)?

The Federal Awardee Performance and Integrity Information System (FAPIIS) is a web-based repository of grantee and contractor information being developed in accordance with Section 872 of the National Defense Authorization Act of 2009. Because FAPIIS leverages the Past Performance Information Retrieval System (PPIRS), which is managed by DoD on behalf of the IAE, DoD is leading the initial development effort for FAPIIS in coordination with GSA. Using DoD's existing system as the FAPIIS platform will allow the government to more easily meet the requirements of the statute. The Acquisition Committee for E-Gov (ACE) and the IAE program management office are working on a transition plan to migrate FAPIIS to the IAE.

Additionally, the FAR rule was published in the Federal Register on September 3, 2009, and public comments were due on November 5, 2009. Once the comments are resolved and the rule is approved, FAPIIS will be operational. The anticipated date is the second quarter of Fiscal Year 2010.

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