



GAO Latest to Criticize Government Services Contracts

Chandler Harris - January 31, 2012

With government service contracts accounting for more than half of all federal contracts - due to a 44 percent increase over the past five years - the Government Accountability Office (GAO) warned these contracts could be problematic.

Since many of these contracts support inherently government functions, contracting agencies could potentially influence government decisions, according to a new report by the GAO.

"Many of these services increase the risk that contractors may inappropriately influence the government's authority, control, and accountability for inherently governmental decisions," the GAO report states.

The GAO reviewed five government agencies - the Departments of Homeland Security, Transportation, and Housing and Urban Development, the United States Agency for International Development and the National Science Foundation. It found that more than half of the 230 service contracts for these agencies were for duties that closely support inherently governmental functions.

The GAO reviewed 12 contracts and found that few department officials considered the functions inherently governmental. In some instances, officials said they became concerned that contractors might perform inherently governmental functions or that government employees lacked expertise to oversee contracted work.

When the reviewed agencies awarded professional management-support contracts, "they really didn't consider the extent to which they might be asking the contractor to actually perform some sensitive duties," said John Hutton, the director of acquisition and sourcing management issues at GAO. "And, if they were to do so, OMB's longstanding guidance suggests they consider any risks associated with asking them to do those duties, and then to take appropriate management steps to better protect the government's interests."

The GAO recommended that the OMB establish a deadline for its recent requirement for government agencies to develop procedures for services, including those that closely support inherently governmental functions. Also, for the OMB to include two FPDS-NG codes to guide agencies' use of service contracts and in the cost savings initiative for management support services.