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Is the Government Gaming the System (e.g., Preparing Their Own Report Card)

The Office of Management and Budget established a quota for the use of performance-based contracting of 40 percent. Recent data gathered by the Service Acquisition Reform Act Advisory Committee was presented on Thursday, June 29, 2006. Eighty high-value contracts or task orders from 10 agencies were randomly selected from those transactions identified in the Federal Procurement Data System as performance-based.

Their findings indicated that the various agencies included in the findings either did not understand performance-based contracting or were "gaming the system". The Committee received only 48 valid responses and found that 38 percent correctly applied performance-based contracting methodologies, 23 percent included some aspects of the methodology but showed serious flaws in application, and approximately 40 percent were completely without performance based characteristics. Of the 40 percent of transactions that showed no performance-based characteristics there was an admission that they were mislabeled, agencies declined to provide any information or the Committee was asked if another contract could be substituted.

The Committee identified three common problems:

- (1) the agencies ability to define appropriate performance standards and metrics to assess contractor performance;
- (2) failure to link those metrics to desired contract outcomes; and
- (3) confusion in assuring and monitoring quality.