



Free E-mail Newsletters | About Us | Contact Us | Index | Search | Advanced

- Home
- Pay & Benefits
- Management
- Homeland Security
- Defense
- E-Government
- Per Diems & Travel
- Jobs & Careers
- Procurement
- A-76 & Outsourcing
- Bill Tracker
- Events
- Calendar
- Subscribe

Daily Briefing

[E-mail this friend](#)

[Printer Friendly version](#)

January 22, 2003

GAO criticizes administration's proposed changes to A-76 process

By Amelia Gruber
agruber@govexec.com

Proposed revisions to an Office of Management and Budget circular on government outsourcing impose unreasonable time limits on competitions and don't provide agencies with enough guidance, according to the General Accounting Office.

A [Jan. 16 letter](#) from Comptroller General David Walker to OMB Director Mitch Daniels says revisions to OMB Circular A-76 should "promote sourcing decisions that reflect the best overall value to the agencies, rather than just the lowest cost" and should "result in greater accountability for performance, regardless of the service provider selected."

In early November, OMB outlined [its proposals to revise Circular A-76](#), which contains the policy that governs federal outsourcing. The revamped circular would help OMB achieve its goal of putting 425,000 federal jobs up for competition with the private sector by dramatically shortening the length of most competitions.

The revisions would limit most A-76 competitions to a year and would impose a four-month restriction on the source selection phase of the competition, where in-house employees and private firms develop their bids and the agency must choose a winner. Walker called this time frame "unrealistic," pointing to the Defense Department, which takes an average of more than two years to complete the cost comparison process, not including any appeals or protests. Source selection alone takes Defense more than six months.

Walker acknowledged the importance of speeding up the competition process, but suggested that a 15- to 18-month limit on the competition process would be more reasonable and would give agencies a better chance of complying with

[Jan. 16](#)
Comp
David
OMB
Danie

- Related**
- [OM new for outso](#) (11/14/02)
 - [New metho ready says C](#) (05/01/02)
 - [GA outso but un fight i](#)



the new A-76 requirements.

The proposed A-76 revisions also outline a “best value” competition process that allows noncost factors, such as technical performance and reputation, to be considered in procurement decisions. The new process pits companies and in-house employees against one another in a one-step, winner-take-all competition, meaning the in-house team could be eliminated before the final round of competition, a break from current practice.

OMB overhauled the original A-76 circular in response to the findings of the Commercial Activities Panel, a congressionally mandated organization that urged widespread changes to federal outsourcing policy in an [April 2002 report](#).

Walker, who chaired the panel, wrote that he is pleased that many of OMB’s proposed revisions adhere to the panel’s suggestions. For instance, as the April 2002 report recommended, the administration’s proposed revisions encourage agencies to use the Federal Acquisition Regulation (FAR) Act a framework for competitions. The FAR outlines how agencies should buy private sector services under the “best value” procurement standard.

Abiding by FAR principles should result in a “more transparent, expeditious, fair and consistently applied competitive process,” Walker wrote.

But he said the revisions would discourage public-private partnerships and fail to establish a clear link between competitive sourcing policy and agencies’ performance goals.

“[Competitive] Sourcing policy is not just about choosing among potential service providers,” he wrote in the letter. “Rather, an agency’s sourcing policy should be viewed as part of an overall strategy for how best to accomplish the mission of the agency, including how it conducts human capital planning.”

In addition, OMB needs to provide more extensive explanations of two directives in particular, so that agencies are clear on how to comply with them, Walker added. The circular requires agencies to report on the savings that result from A-76 competitions, but does not include any guidelines on how agencies should calculate savings.

Also, the circular instructs procurement staffers who do not

choose the lowest cost competitor to provide a “quantifiable rationale” for this decision. But the OMB revision does not define what would qualify as “quantifiable.” Since the FAR does not outline a similar requirement, agencies might have a hard time figuring out how to comply with this directive unless OMB provides further guidance, Walker wrote.



[[Home](#) | [Pay & Benefits](#) | [Management](#) | [Homeland Security](#) | [Defense](#) | [E-Government](#) | [Per Diems & Travel](#) | [Jobs & Careers](#) | [Procurement](#) | [A-76](#) &