

# A-GRAM



AIR FORCE CIVIL ENGINEER SUPPORT AGENCY

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## GAO REPORT ON A-76 STUDIES OVER THE PAST 5 YEARS

### SYNOPSIS:

In 1999, Congress required the Department of Defense (DOD) to report on all studies completed since 1995 under Office of Management and Budget (OMB) Circular A-76. Congress also required the General Accounting Office (GAO) to assess the report and the results of competitions. The December 2000 GAO report number GAO-01-20, *DOD Competitive Sourcing – Results of A-76 Studies Over the Past 5 Years*, questioned the accuracy of the DOD report.

### INFORMATION:

GAO concluded that the DOD report contained inaccurate information because of incomplete data submissions. The limitations in the baseline cost data used to calculate savings, study costs, and other factors used in the studies made it difficult to estimate savings. The DOD report showed that over the 5-year period 40 percent of cost comparisons resulted in conversion to contract. However, in FY99 only about 23 percent of cost comparisons resulted in conversion to contract, with the majority at Air Force units. This is significantly lower than in previous years where contractors won the majority of competitions.

Of the 286 studies reported by DOD for the period of 1995-2000, 138 were cost comparisons and 148 were direct conversions either to or from in-house. Of the 138 cost comparisons, 40 percent went contract. However, of the 148 direct conversions, all but 14 were converted to contract. GAO found that in FY99 the results of 53 studies were excluded from the report due to incomplete data at the

time the report was prepared. When GAO reviewed the current information on these 53 cost comparisons, it found that the percentage of studies resulting in contract performance only increased to 41 percent.

In previous reports, GAO identified the inaccuracies of data in the Commercial Activities Management Information System (CAMIS). In 1996, the Center for Naval Analysis (CNA) found that CAMIS data were inconsistent among the service components and recommended that DOD provide stringent data collection procedures to ensure consistency. In August 2000, GAO again addressed the issue of incomplete information.

Savings from a cost comparison or direct conversion are determined by taking the delta between pre-study estimated operating costs and estimated current costs of the function. This information is taken from the CAMIS database. DOD is in the process of improving CAMIS database reporting procedures and is developing other systems to better track costs and savings.

### CONCLUSION:

There appears to be a trend toward more cost comparisons being won by the in-house work force. However, with the problems in the current CAMIS report, obtaining accurate information is questionable. DOD is working to rectify discrepancies in the current system and to improve data accuracy for future cost comparisons.

Since DOD is refining the process for reporting cost comparison information, field units need to become familiar with the data required in the CAMIS report to ensure accurate data submissions. GAO report number GAO-01-20 can be found at [www.gao.gov](http://www.gao.gov).

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