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Evaluating Federal Contractors Under a Blanket Purchase Agreement

Minimizing the Administrative Burden
and Reducing Agency Risk

Agencies can minimize their administrative burden and lower their risk by adopting best practices in cost control, ordering and protest avoidance.

Challenges Facing Agencies Using Multi-Award Contracts

Federal agencies are adopting approaches that increase the value they receive from awarding Blanket Purchase Agreements (BPA) to multiple contractors who have similar capabilities and can provide a discrete set of services. These approaches have arisen to minimize the administrative burden and risk associated with these types of contract vehicles. Furthermore, recent initiatives from the current administration are pushing agencies more than ever to improve government acquisition by seeking greater efficiencies in their processes and moving away from higher-risk contracting authorities. In the memoranda M-09-25, the Office of Management and Budget suggests that agencies can review their existing contracts and acquisition practices to look for improvements and, in the process, can reduce the amount of contract actions that are awarded using “high-risk contracting authorities”.ⁱ OMB provided more detailed guidelines in its October 27, 2009 memo on *Increasing Competition and Structuring Contracts for Best Results*.ⁱⁱ

If done properly, an agency’s approach to administrative management of a BPA can improve the business outcomes of the contract and prevent potential issues when scoping the orders under the BPA. Agencies can minimize their administrative burden and subsequently lower their risk by adopting best practices in three key areas:

- **Cost Control** - improving an agency’s acquisition process by not only adopting practices that improve business-based outcomes but also by providing incentives to contractors to control their costs.
- **Ordering** – leveraging proven approaches that expedite ordering within the BPA
- **Protest Avoidance** – focusing on meaningful discriminators and simplifying the selection process at the order level

By actively managing these three areas, agencies that are using multi-award contracts can enjoy the benefits of MACs and streamline the ordering process with consistency and uniformity.

Providing a Direct Incentive to the Contractor for Cost Control

One of the most effective ways to control costs, minimize BPA administrative burden and lower an agency’s risks is to avoid high risk contract authorities. High risk contract authorities include cost reimbursement contracts that do not provide direct incentive to the contractor for cost control. Recently, OMB noted that contract type is one of the “hot topics in acquisition.”ⁱⁱⁱ In its October 27 memo, OMB stated “government contracts should be structured to ‘minimize risk and maximize value’ for the taxpayer. In most cases, fixed-price contracts will be best suited for achieving this goal because they provide the contractor with the greatest incentive for efficient and economical performance.”

A Firm-Fixed Price contract provides the maximum incentive for contractors to control costs

As noted in the Federal Acquisition Regulation (FAR), a firm-fixed-price contract “places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss.” Furthermore, the FAR illustrates that these contract types provide the “maximum incentive” for contractors to control costs during the life of the contract.^{iv}

Within a BPA’s task orders, an agency can directly manage its own administrative costs and indirectly manage the contractor’s costs by using firm-fixed-price contract types and at the same fulfill the administration’s goals of using contract type selection to manage risk.

Streamlining the Ordering Process

Another way to manage the administrative burden and the various risks associated with a BPA is to streamline the service ordering process. The following table highlights ways to streamline the task order process:

FIGURE 1

Applying principles that streamline the service ordering process saves time and money.

Streamlining the Task Order Process	
Approaches to Streamlining Service Ordering	
Approaches	Relative Value
Pre-Negotiate Terms and Conditions	Saves time and money during ordering by establishing pre-negotiated terms and conditions that were evaluated during the BPA award process
Use Fixed Price Ordering	Places a majority of the delivery risk on the contractor, providing them incentive to control costs and meet schedule performance requirements
Minimize Submission Requirements	Reduces the time required for an agency to evaluate proposals
Limit the number of Evaluation Factors	Leverages the fact that BPA awardees are qualified, capable service providers and minimizes the time required to conduct reviews outside of the proposals themselves (i.e. past performance questionnaires)
Provide Consistency & Uniformity	Reduces the time to scope each required service or set of services and document those requirements in a statement of work, thereby reducing the amount of administrative activity required to place an order for services
Eliminate Redundant Evaluations (i.e. Past Performance)	Leverages evaluations completed for the BPA and avoids reviewing duplicative or similar past performance information from contractors

Avoiding Protests

The FAR allows for task order protests, although they are limited to orders “valued in excess of \$10 million.” Protests are always a risk and an agency must take this risk seriously. Several recent protests involving past performance further provide a caution that protests can significantly affect an agency’s timeline. The Federal Acquisition Service (FAS) within the General Services Administration recently promoted several approaches that limit the risk of protest that should be taken into account by every agency.


The following table highlights these approaches:

FIGURE 2

Limiting submission requirements and evaluation factors will allow agencies to focus on a small set of discriminators.

Reducing Agency Risk	
Approaches to Avoiding Protests	
Approach	Description
Minimize the Submission Requirements	Minimizing the requirements for submission is easier at the order level within a BPA because so much has already been submitted to be awarded the BPA
Limit the Number of Evaluation Factors	Assessing fewer evaluation factors allows an agency to focus on a smaller set of discriminators that are more meaningful to the business of the agency
List Evaluation Criteria	Using relative importance in a list of evaluation criteria identifies what is most important and what will be judged within a contractor’s proposal
Use Oral Presentations	When applicable, using oral presentations may augment written information contained in the proposal and allow a stronger evaluation
Allow Sufficient Time for Evaluation and Award	Allowing sufficient time reduces the pressures associated with evaluation and award and reduces the risk that the process won’t be followed as outlined in the evaluation criteria

Conclusions



Agencies awarding BPAs to multiple contractors can streamline processes at the ordering level to not only reduce the agency's administrative burden but also to avoid potential protests. The combination of firm-fixed-price contracts, improved administrative processes, and a well-executed evaluation of task order proposals within a BPA can move an agency further away from high-risk contracting authorities and translate to services that more adequately meet expected outcomes.

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ⁱ *Improving Government Acquisition*, Office of Management and Budget, July 29, 2009,

ⁱⁱ *Increasing Competition and Structuring Contracts for the Best Results*, Office of Management and Budget, October 27, 2009

ⁱⁱⁱ *What's Hot in Acquisition*, June 2009, <http://expo.gsa.gov/training/ppt/Hot%20Topics%20in%20Acquisition%20-%20NNV.ppsx>

^{iv} Federal Acquisition Regulation, 16.202-1