



Report in Brief

February 26, 2018

Background

A blanket purchase agreement (BPA) is an agreement that is used by government agencies to pay for supplies and services that are purchased from qualified sources on a repetitive basis. BPAs are not contracts since they do not obligate agencies to purchase a minimum quantity or dollar amount of a good or service until they place—and the contractor accepts—an order. When an order is issued under the BPA, and the BPA-holder agrees to provide the service, that individual order becomes a binding contract between the parties, and both parties are then bound to all the terms and conditions in the BPA for that order. Thus, a BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

The National Oceanic and Atmospheric Administration (NOAA) uses two types of BPAs: (1) General Services Administration (GSA) Schedule agreements, which incorporate the terms and conditions of an underlying GSA contract, and (2) NOAA-established agreements.

Why We Did This Review

Our objective was to determine whether NOAA established and administered BPAs in accordance with laws, regulations, and agency guidance. We reviewed a total of 30 BPAs—17 GSA Schedule BPAs and 13 NOAA-established BPAs.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

NOAA Could Improve Monitoring of Blanket Purchase Agreements by Complying with Key Federal Acquisition Regulation and Administration Requirements

OIG-18-014-A

WHAT WE FOUND

We found that NOAA did not properly establish or administer all 30 BPAs because they did not comply with at least one or more of the key Federal Acquisition Regulation (FAR) and NOAA requirements. Based on our review, the total estimated ceiling price of BPAs that did not fully comply with these key requirements was approximately \$215.1 million. Specifically, we found contracting officials did not consistently

- maximize competition because they established single-award rather than multiple-award BPAs;
- seek vendor price discounts;
- perform required annual reviews or maintain documentation supporting that the reviews were performed; and
- maintain BPA files to provide a complete history of the acquisitions.

Consequently, NOAA is missing potential cost savings on BPAs by issuing single-award agreements without sufficient competition, not consistently requesting price discounts, and not conducting annual reviews.

By properly conducting and documenting annual reviews for 23 BPAs, NOAA could potentially put up to a maximum of \$73 million in expected funds to better use for these BPAs.

WHAT WE RECOMMEND

We recommend that NOAA’s Deputy Under Secretary for Operations and Director of Acquisition and Grants Office do the following:

1. Require contracting officials to: (a) assess the multiple factors outlined in the FAR when determining how many multiple-award BPAs to establish or that a single-award BPA is appropriate; and (b) properly document the decision in the acquisition plan or BPA contract file.
2. Require contracting officers to request vendor price discounts on all orders or BPAs exceeding the simplified acquisition threshold at any time (a) before placing an order; (b) before establishing a BPA; or (c) in conjunction with the annual review.
3. Require contracting officers to perform annual BPA reviews, properly document the results of the reviews, and maintain documentation of the reviews in the BPA file.
4. Improve controls to properly maintain and safeguard contracts.
5. Ensure training is provided for contracting personnel to correct identified deficiencies.