

OIG Report Criticizes GSA's TDR Pilot Program

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On July 25, the GSA's Office of Inspector General ("OIG") published a [report](#) summarizing its audit of the GSA Transactional Data Reporting ("TDR") pilot program. That ongoing pilot program, which we have [covered](#) previously and have been tracking since the [beginning](#), allows participating Federal Supply Schedule ("FSS") contract-holders to report government-sales data each month, in exchange for relief from regulations that would require them to disclose their commercial sales practices. According to the OIG report, however, GSA cannot objectively measure whether the TDR program is working as intended, because the pilot lacks specific objectives and performance targets. Moreover, the data that GSA has collected from TDR participants is "not available for . . . evaluation of the pilot." Although the Federal Acquisition Service ("FAS") disagreed with some of the report's findings, the report suggests that the TDR program remains a work-in-progress.

What follows is a brief description of the TDR program, the OIG report, and the FAS response.

Introduction to the TDR Program and Evaluation Plan

The TDR program is intended to replace the Commercial Sales Practices ("CSP") form, which requires contractors to disclose data regarding their commercial sales, and the Price Reductions Clause ("PRC"), which requires contractors to provide price reductions in their FSS contracts when they provide better pricing to their basis-of-award customer. Under the TDR program, GSA relieves participating contractors from these "[cumbersome](#)" obligations, but requires them to submit monthly reports detailing all transactions made under the relevant GSA contract vehicles. Although the program was originally mandatory for Schedules in the pilot, GSA subsequently [changed its position](#), and allowed contractors to either opt-in to the program or otherwise abide by the CSP and PRC requirements.

Since March of 2017, the success of the program has been evaluated according to GSA's "TDR Pilot Evaluation Plan and Metrics" (the "Evaluation Plan"). The Evaluation Plan consists of eight "primary metrics" by which the program is measured, including "changes in contract-level pricing" and the "small business utilization rate." This Evaluation Plan was the subject of the OIG's audit.

OIG's Audit

The purpose of the OIG's audit was to determine whether the Evaluation Plan would "enable GSA to objectively measure and evaluate whether the TDR pilot is improving the value of the Schedules Program for GSA's customer agencies and the American taxpayer." According to the OIG, the current answer to that question is "no," for three primary reasons.

First, the OIG found that the objectives of the TDR pilot—changes in price, sales volume, small business participation, and the use of "[category management](#)" for better buying strategies—are "not specific or well-defined," such that there is no "clear measurement of success."

Second, the OIG found that seven of the eight Evaluation Plan metrics lack quantitative "performance targets." In addition, although GSA plans to measure overcharges, the GSA's metric did not establish whether the percentage of identified overcharges should increase or decrease. According to the OIG, this means any percentage change in overcharges could be portrayed as a positive: an increase in identified overcharges could allow GSA to claim that the TDR data made it easier to spot overcharges, and a decrease in overcharges could allow GSA to conclude that the TDR program discouraged contractors from overcharging the government. As such, the OIG found that GSA lacked the ability to "objectively evaluate" the TDR pilot.

Third, the OIG found that the large amount of data collected from TDR participants is not available to be used to assess the pilot's progress against the Evaluation Metrics. Instead, the data is only available to a FAS data analytics team and a select group of managers, neither of which are charged with evaluating the pilot.

The FAS Response

FAS responded to all three of the OIG's primary criticisms. First, it asserted that the objectives of the program were in fact well-defined, because each objective was associated with a measurable percentage metric. At the same time, FAS highlighted that an objective of the TDR program was to replace the PRC and CSP requirements, which were "burdensome" and outdated. Second, although FAS agreed that a "performance target should ultimately be set for each metric," FAS added that it is "necessary to first establish a baseline." FAS continued by explaining that baselines would be set for the majority of metrics through FY 2018. Last, FAS agreed with the OIG's third criticism, and explained that it would begin to utilize the TDR data for evaluation of the pilot.

Conclusion

The OIG's report is consistent with its [initial skepticism](#) regarding the TDR program. It remains to be seen whether that skepticism will ultimately prevail, and contribute to the discontinuation of the program, or whether FAS will continue to provide TDR as an option to the CSP/PRC regime.

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National Law Review, Volume VIII, Number 221

Source URL: <https://natlawreview.com/article/oig-report-criticizes-gsa-s-tdr-pilot-program>