



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

IMPLEMENTATION REVIEW OF CORRECTIVE ACTION PLAN

**Opportunities to Improve the
Federal Acquisition Service's
City Pair Program Through Data Analysis,
Report Number A110065/Q/9/P12002
Dated January 20, 2012**

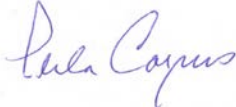
*Assignment Number A130078
July 2, 2013*



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

DATE: *July 2, 2013*

TO: Thomas A. Sharpe, Jr.
Commissioner, Federal Acquisition Service (Q)

FROM: 
Perla Corpus
Audit Manager
Pacific Rim Field Audit Office (JA-9)

SUBJECT: Implementation Review of Corrective Action Plan: Opportunities to Improve the Federal Acquisition Service's City Pair Program Through Data Analysis, Report Number A110065/Q/9/P12002
Dated January 20, 2012

Assignment Number A130078

We have completed an implementation review of Federal Acquisition Service (FAS) management's actions taken in response to recommendations contained in the subject audit report, dated January 20, 2012 (See **Appendix A**). The objective of our review was to determine whether FAS has taken corrective actions, as outlined in its Action Plan. To accomplish our objective we:

- Reviewed FAS's Action Plan, dated March 7, 2012, and related documentation submitted in support of the action plan; and
- Requested and obtained additional supporting documentation and data from the Director of the City Pair Program.

Our implementation review determined that FAS addressed the audit report recommendations.

If you have any questions regarding this report, please contact Eric Madariaga, Auditor-in-Charge, at (415) 522-2730/eric.madariaga@gsaig.gov or me at (415) 522-2733/perla.corpus@gsaig.gov.

On behalf of the audit team, I would like to thank you and your staff for your assistance in this implementation review.

Background

On January 20, 2012, we issued audit report, *Opportunities to Improve the Federal Acquisition Service's City Pair Program Through Data Analysis* to FAS. In the report, we noted that FAS manages the Government's City Pair Program, which provides discounted air transportation services to federal travelers. Total air travel expenditures, for all agencies in fiscal year 2011, were nearly \$3 billion. Under the City Pair Program, FAS awards competitive contracts for air transportation services between specified destinations (called City Pairs or markets) based on the best overall value to the Government. The number of City Pairs has grown from 11 in 1980 to over 5,000 in 2013. The objective of our audit was to determine whether FAS is missing opportunities to improve the City Pair Program.

Our audit uncovered several improvement opportunities that could potentially save the Government \$35.2 million, including:

- Obtaining and analyzing comprehensive government-wide travel data;
- Performing in-depth analyses of travel benefits;
- Eliminating the traveler's option of choosing between dual fares when lower contract fares are available;
- Increasing competition among airlines;
- Including baggage fees in the bid evaluation process; and
- Revising benchmarks for measuring program value.

For FAS to achieve such savings, we recommended that the FAS Commissioner:

1. Identify and overcome the limitations of the data sources and analyze available data to better manage the City Pair Program.
2. Clarify benefits of last seat availability in the City Pair Program materials to overcome the confusion that exists among federal travelers.
3. Perform cost benefit analyses to determine the savings associated with the stated City Pair Program benefits and whether the savings warrant their continued emphasis as benefits to the program.
4. Modify the E-Gov Travel System so that the option to choose the higher priced contract fare is eliminated when a lower priced contract fare (known as a _CA fare) is available.
5. Address how FAS will increase competition in monopoly markets and how FAS will encourage more bid participation from airlines.
6. Implement baggage expenses as a technical factor in bid evaluation or provide justification/analysis for not including baggage in the evaluation.
7. Revise the current method of determining benchmarking data for purposes of evaluating the City Pair Program with regards to program savings and price negotiation.

While the FAS Commissioner reserved comment on the audit report recommendations, he indicated that FAS would develop action plans to address each of them.

Results

Our implementation review determined that FAS has taken appropriate and corrective actions to address the seven recommendations. Therefore, no further action is required.

Appendix A – Action Plan for Report Number A110065/Q/9/P12002

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	1	January 15, 2013

Recommendation

Identify and overcome the limitations of the data sources and analyze available data to better manage the CPP

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to BEI	Documentation will be sent by (date)
1	Obtain Airline Reporting Corporation FY11 government travel market data (including DoD data)	FY11 ARC data	April 15, 2012
2	Analyze additional, primary data sources to identify improvements in government data strategies	Assessment Summary	July 15, 2012
3	Based on Step2, if feasible, implement appropriate improvements to the data strategy	Summary of the new data management plan	January 15, 2013

Appendix A – Action Plan for Report Number A110065/Q/9/P12002 (cont.)

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	2	July 15, 2012

Recommendation

Clarify benefits of last seat availability in the CPP materials to overcome the confusion that exists among federal travelers.

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to BEI.	Documentation will be sent by (date)
1	Review current CPP materials and implement revisions to clarify benefits of last seat availability	Updated CPP materials	July 15, 2012

OIG Statement: "If, on a particular flight, seats in YCA inventory are sold out, the federal traveler will not be ticketed even though seats may be available in other sections of the airplane. To ensure that federal travelers have a better understanding of last seat availability, FAS should clarify the benefits in its program material."

Clarification: If a seat in Y inventory is left to be sold, YCA is available for reservation and ticketing; as stated above, FAS will update materials to clarify this.

Appendix A – Action Plan for Report Number A110065/Q/9/P12002 (cont.)

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	3	October 15, 2012

Recommendation

Perform cost benefit analyses to determine the savings associated with the state CPP benefits and whether the savings warrant their continued emphasis as benefits of the program.

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be Sent to BEI.</u>	<u>Documentation will be sent by (date)</u>
1	Determine cost benefits for those attributes that are warranted such as no change fees, no cancelation penalties, total refundability, last seat availability	Benefits that are feasible	August 15, 2012
2	Completing the cost benefit analysis (for those that are feasible)	Summary of Cost Benefit Analysis and Findings	October 15, 2012

Appendix A – Action Plan for Report Number A110065/Q/9/P12002 (cont.)

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	4	October 15, 2012

Recommendation

Modify ETS so that the option to choose the higher priced contract fare is eliminated when the _CA fare is available

<u>Step</u>	<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be Sent to BEI.</u>	<u>Documentation will be sent by (date)</u>
1	Assess and work with ETS vendors to determine the configurability and commercial capability to prioritize the lower fare in order to achieve resulting savings	Summary of ETS vendor reconfigurations	October 15, 2012

Appendix A – Action Plan for Report Number A110065/Q/9/P12002 (cont.)

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	5	October 15, 2012

Recommendation

Address how FAS will increase competition in monopoly markets and how FAS will encourage more bid participation from airlines

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to BEI.	Documentation will be sent by (date)
1	Assess % of monopoly markets and associated risks as part of the FY13 procurement	% of monopoly markets and risks for FY13	August 15, 2012
2	Determine whether impacts are meaningful and recommend tactics for more bid participation in future procurements	Summary of recommended tactics	October 15, 2012

Management Decision Record – Item 5

FAS disagrees with the monetary savings of \$11 million as the determination did not take into consideration minimum requirements of participating carriers, and whether the secondary carrier bid on the market. FAS Action Plan will provide further documentation when completed.

Appendix A – Action Plan for Report Number A110065/Q/9/P12002 (cont.)

ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	6	October 15, 2012

Recommendation

Implement baggage expenses as a technical factor in bid evaluation or provide justification/analysis for not including baggage in the evaluation

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to BEI.	Documentation will be sent by (date)
1	Conduct data driven, statistically validated analysis and research commercial tactics (and applicability to government) on changing baggage fee requirements	Summary of analysis	October 15, 2012

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ACTION PLAN

Contact Person: Jerome Bristow, Director CPP Program
 Telephone: 703-605-2925
 Date: March 7, 2012

Audit Report Number/Title	Recommendation Number	Completion Date
A110065/Q/9/P12002	7	October 15, 2012

Recommendation

Revise the current method of determining benchmarking data for purposes of evaluating the CPP with regards to program savings and price negotiation

Step	Action to be Taken Step by Step	Supporting Documentation to be Sent to BEI.	Documentation will be sent by (date)
1	Determine most appropriate commercial benchmarks and their applicability to the government market	Summary of appropriate commercial benchmarks	October 15, 2012

Appendix B – Report Distribution

Commissioner, Federal Acquisition Service (Q)

Acting Deputy Commissioner, Federal Acquisition Service (Q)

Federal Acquisition Service Chief of Staff (Q)

Federal Acquisition Service Controller (BF)

Assistant Commissioner, Office of Travel, Motor Vehicles, and Card Services (QM)

Director, Travel and Transportation Services (QMC)

Division Director, GAO/IG Audit Response Division (H1C)

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Director, Audit Planning, Policy, and Operations Staff (JAO)