

SELECTED AREAS OF COST

Chapter 29 – General Services Administration Schedule Contracts

Authoritative Sources

- [GSA Schedule](#)
- [FAR 8.4 Federal Supply Schedules](#)
- [FAR 9.6 Contractor Team Arrangements](#)

This chapter identifies key issues requiring audit attention related to orders placed under General Services Administration (GSA) Schedule contracts and provides auditors with procedures to follow when audit services for these orders are requested or when GSA Schedule contract orders are encountered in the annual audit of incurred costs.

This chapter addresses the following topics:

29-1 General Information

29-2 General Audit Guidelines

29-1 General Information

The GSA's Federal Supply Service (FSS) operates the GSA's Federal Supply Schedule program. Under this program, FSS awards indefinite-delivery-vehicle (IDV) contracts that result in published catalogs of goods and services for which US Government buyers can place orders directly with the contractor. A significant advantage is that the use of these "schedules" allows the buying agency to procure without meeting the procedural requirements under the various FAR acquisition methods such as sealed bidding or contracting by negotiation (i.e., adequate price competition, etc.), and to simply place orders against the schedule at the listed prices.

Most of these supply schedules are Multiple Award Schedules (MAS), wherein multiple contractors are awarded contracts to supply the listed products and services. In addition, two or more contractors may team up to provide schedule products and/or services under a Contractor Teaming Arrangement (CTA) when the individual companies lack the full capabilities required under the schedule. The arrangement and the company relationships must be fully disclosed either before the submission of an offer or, if the arrangement is entered into after submission of an offer, prior to the arrangement becoming effective ([FAR 9.603](#)).

It is important to note that [FAR 8.402\(f\)](#) allows items not on the Federal Supply Schedule to be included on an order:

“(f) For administrative convenience, an ordering activity contracting officer may add items not on the Federal Supply Schedule (also referred to as open market items) to a Federal Supply Schedule blanket purchase agreement (BPA) or an individual task or delivery order only if-

(1) All applicable acquisition regulations pertaining to the purchase of the items not on the Federal Supply Schedule have been followed (e.g., publicizing (part 5), competition requirements (part 6), acquisition of commercial items (part 12), contracting methods (parts 13, 14, and 15), and small business programs (part 19);

(2) The ordering activity contracting officer has determined the price for the items not on the Federal Supply Schedule is fair and reasonable;

(3) The items are clearly labeled on the order as items not on the Federal Supply Schedule and they conform to the rules for numbering line items at subpart 4.10, and;

(4) All clauses applicable to items not on the Federal Supply Schedule are included in the order.”

In effect, this allows for orders placed under GSA Schedule contracts to include both (1) items priced under the GSA Schedule which avoid the various acquisition regulations, and (2) cost reimbursable line items for material, travel, other direct costs, labor, etc. which must follow applicable acquisition regulations.

29-2 General Audit Guidelines

DCAA Field Audit Offices cognizant of contractors with significant dollar value orders placed under GSA Schedule contracts should verify that the contractor has adequate policies, procedures, and practices in place for the identification and inclusion of all “open market” (items not on the Federal Supply Schedule) cost reimbursable line items in the annual certified incurred cost submissions.

When requested to evaluate an order placed under a GSA Schedule Contract, the auditor should do the following:

1. Brief the order, including the Request for Quote. Determine whether a CTA or Prime/Subcontractor relationship exists. Verify that the order line items correctly correspond to the items available on the Schedule, and that any “open market items” (i.e., material, travel, and other direct cost (ODC) items) not included in the Schedule are appropriately identified as such.

2. Brief the GSA Schedule contract to determine the terms and conditions applicable to the Schedule items ordered. The GSA Solicitation is often incorporated into the final Schedule contract and should also be briefed to gain full understanding of the contract terms and conditions. Be aware that period of performance may not align between the

Schedule contract and the BPA/Order. This may require understanding how prices changed mid-period or in out periods.

3. Develop a matrix that breaks out the items ordered by Schedule and non-Schedule items. The matrix should identify the applicable contract terms and conditions for each item.

4. Confirm the matrix with the procuring office, thereby clearly establishing the contract terms and conditions applicable to the orders under review.

Once this matrix is complete, the auditor will have a clear understanding of the line items that should be reviewed under normal audit procedures within the scope of an incurred cost audit. When requested to assist the contracting officer in other aspects of orders issued under the GSA Schedule contracts (e.g., pricing, payment, etc.) the audit team should establish and document a mutual understanding as to the procedures to be performed.