GSA General Services Administration

GSA SMARTPAY SMART BULLETIN

U.S. GENERAL SERVICES ADMINISTRATION
FEDERAL ACQUISITION SERVICE
SMART BULLETIN NO. 027
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 GSA SmartPay– Identifying Cost Saving Opportunities in Purchase Card Spend

EFFECTIVE DATE: From issuance until superseded.

BUSINESS LINE(S) AFFECTED:
Purchase and Integrated (Purchase)

INTRODUCTION:

The purpose of this Smart Bulletin is to inform customer agencies of the recommendations from the Government Accountability Office's (GAO) recent report, *Government Purchase Cards: Opportunities Exist to Leverage Buying Power* (GAO-16-526). The report provides recommendations for agencies to develop guidance for the examination and sharing of purchase card spend patterns and, the identification of cost saving opportunities.

SUMMARY:

GAO's May 2016 report titled *Government Purchase Cards: Opportunities Exist to Leverage Buying Power (GAO-16-526)* concluded that of the agencies studied, many were not effectively leveraging their buying power when using purchase cards. GAO found agencies are not effectively identifying cost saving opportunities when using purchase cards and as such, GAO recommends agencies develop guidance to encourage local officials to examine purchase card spend patterns and share this information. Analysis of data can reveal spend patterns and show agencies where the use of Category Management and Strategic Sourcing can leverage buying power when using the purchase card. Purchase card program managers and cardholders should be aware of any agency-specific, multi-agency or government-wide contracts which may yield better pricing options when making purchases.

Along with data analysis, the tools and resources below may help increase agency awareness of pre-existing contracts available for use by purchase cardholders:

Category Management is the Federal Government's approach to buying smarter enabling the government to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs. The primary tool for delivering category management is the Acquisition Gateway. The Acquisition Gateway allows the government to act as one acquisition community. As a workspace, the Acquisition Gateway provides a setting where purchase cardholders can find government-wide solution comparisons and explore product and service category hallways.

Strategic Sourcing, a subset of Category Management, is the structured and collaborative process of critically analyzing an organization's spending to better leverage its purchasing power, reduce costs, and improve overall performance. The Federal Strategic Sourcing Initiative (FSSI) is the primary government-wide strategic sourcing program. FSSI offers a mean to identify trends; share best practice solutions, and access greater discounts with volume increases while fulfilling the Office of Management and Budget's (OMB) requirement for cross-government FSSI participation. Examples of FSSI solutions include Office Supplies 3 (OS3) Blanket Purchase Agreements (BPAs) and Domestic Delivery Service (DDS) BPAs.

RESOURCES:

[GAO Report to Congressional Requestors, Government Purchase Cards: Opportunities Exist to Leverage Buying Power dated May 2016 (GAO-16-526)](#)

[Smart Bulletin No. 011, GSA SmartPay - Purchase Card Enabled Federal Strategic Sourcing Initiatives (FSSI) (Updated) dated March 14, 2016](#)

[Acquisition Gateway](#)

GSA.gov Home Page for [Federal Strategic Sourcing Initiative](#) (FSSI)

ACTION: Agencies are strongly encouraged to review the GAO Report and consider implementing data analysis strategies in an effort to increase cost saving opportunities when purchase cards are used. Agencies may also want to implement policies and practices which include strategic sourcing options. These policies and practices may include:

- A thorough spend analysis, including contract data, delivery order data, and purchase card data;

- A balanced approach considering socio-economic goals and prioritized objectives, if applicable;
- Performance measures to assess progress toward achieving agency strategic sourcing goals;
- Establishment of key roles and responsibilities, including identification of the official responsible for achieving agency strategic sourcing goals; and
- Communications and training.

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If you have any questions or comments regarding this Smart Bulletin, please contact OCCM via email at: gsa_smartpay@gsa.gov.