

CONTRACT MANAGEMENT

Government Faces Challenges in Gathering Socioeconomic Data on Purchase Card Merchants

Why GAO Did This Study

Government purchase cards have streamlined the process of acquiring goods and services by allowing employees to purchase directly from merchants rather than going through the regular procurement process. The government spent \$13.8 billion using purchase cards in fiscal year 2001. However, the government does not know how purchase card spending impacts small businesses and other socio-economic categories, such as woman-owned small businesses, and small disadvantaged businesses. Because of these uncertainties, the General Services Administration (GSA), which administers the purchase card program, has begun to collect socioeconomic data on merchants doing business with the federal government through purchase cards. This report assesses GSA's efforts and identifies the challenges to collecting and reporting this data.

What GAO Recommends

We recommend that the Administrator of GSA (1) clarify the socioeconomic information requested from banks and payment card associations and ensure the data is consistent, and (2) specify a disciplined approach for identifying sources of socioeconomic data. GSA agreed with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-56.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Dave Cooper at (202) 512-4841 or cooperd@gao.gov.

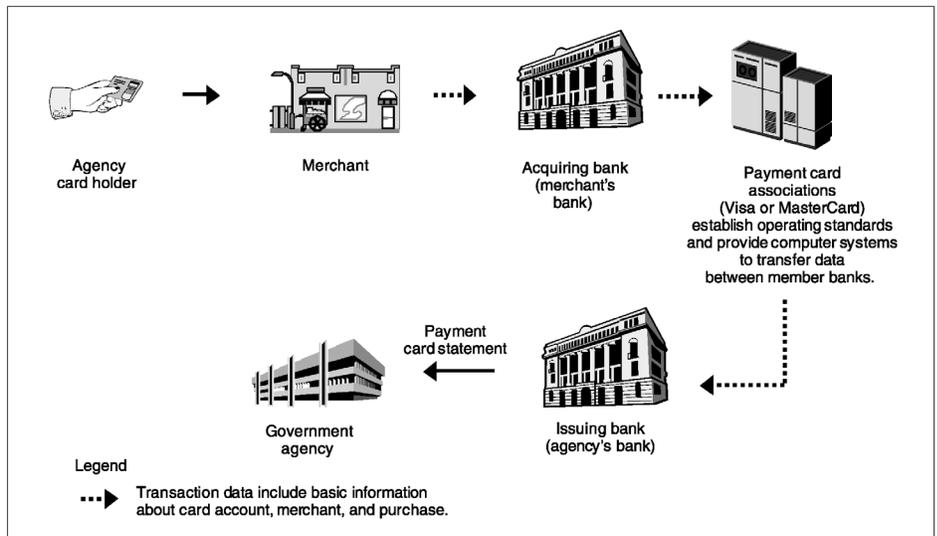
What GAO Found

GSA's effort to collect socioeconomic data in fiscal year 2001 was ineffective because of incomplete, inconsistent, and, therefore, unreliable data gathered by banks and payment card associations on behalf of GSA. The data were inconsistent primarily because GSA did not precisely define criteria for the information it was seeking from the banks. Therefore, no meaningful conclusions can be drawn at this time about where agencies spend purchase card dollars or the effect of purchase cards on small businesses. Nevertheless, GSA has been working with the Small Business Administration, the Department of Defense, and the private sector to develop strategies to improve the data's reliability. By building on the lessons learned in its initial attempt to collect the data, GSA hopes to produce more reliable socioeconomic data for future fiscal years.

We identified several challenges that prevent GSA from gathering data on 100 percent of the merchants doing business with the federal government. These challenges stem from the nature of the purchase card transaction processing system, which focuses on the data needed to ensure that the merchant is paid and the cardholder's account is charged. It is not designed to collect socioeconomic data for the government.

Despite the challenges that prevent the collection of socioeconomic data on all purchase card merchants, well-defined criteria and consistent use of available data sources would provide decisionmakers with a clearer picture of the extent to which small businesses are receiving federal dollars through purchase cards.

Overview of the Purchase Card Transaction Data Flow



Source: GAO analysis.