



TECHNICAL BRIEF · BASED ON GAO-26-107530 · GOVERNMENT-WIDE, GSA

17 OF 24 AGENCIES STRUGGLE TO CONTROL CLOUD COSTS

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CFO ACT AGENCIES THAT SAID CONTROLLING CLOUD COSTS REQUIRED CHANGES IN IT MANAGEMENT

In June 2026, GAO reported that 17 of 24 CFO Act agencies said controlling cloud costs required changes in how they manage IT. GAO told GSA to require FinOps practices across government-wide IT contracts, and that recommendation is open.

THE FINDING

In June 2026, GAO published [Cloud Computing: Federal Government Needs to Address Procurement Challenges](#) (GAO-26-107530). It interviewed senior CIO and procurement officials at all 24 CFO Act agencies about buying cloud services.

Cost control topped the list. Officials at 17 of the 24 agencies said controlling cloud costs required changes in their IT management approaches. Officials at 22 of the 24 said they rely primarily on historical procurement data to make cloud decisions.

GAO made three recommendations. The one about cost went to GSA, as the executive agent for government-wide IT acquisition contracts: require agencies to use FinOps practices and report the extent of the benefits. GAO's status note says it will update the recommendation once it confirms what GSA has done.

WHY IT KEEPS HAPPENING

Cloud bills work differently from the contracts agencies grew up on. GAO describes the model plainly: providers generally bill for actual usage of storage, computing power, backup, and applications. A budget built from last year's obligations doesn't predict next month's consumption, and spend can grow without a new purchase decision.

The data problem is older than this report. In 2019, GAO's [GAO-19-58](#) found agencies lacked consistent processes for tracking cloud spending and savings. GAO told 16 agencies to set up a consistent and repeatable mechanism to track savings and cost avoidance from cloud. Fourteen of those recommendations are now closed as implemented.

DoW (formerly DoD) disagreed and said it would not act; DOT told GAO in December 2025 that it expected to finalize its procedure by the end of fiscal 2026.

The government-wide piece never landed. GAO also asked OMB to require agencies to report cloud savings and cost avoidance at least quarterly. In March 2024, an OMB official said OMB did not intend to act, and GAO lists no further update as of November 2025.

WHY IT MATTERS TO YOUR BID

Cloud hosting, migration, and O&M task orders all carry consumption costs, and GAO has now named FinOps as the practice it wants required. If GSA acts on the recommendation, the requirement would reach orders placed through government-wide contracts. Until then, evaluators can still read the report and ask an offeror how it will keep consumption inside obligated funds.

That question lands in three places. A technical volume needs a way to attribute spend to programs and systems, because untagged spend can't be managed or reported. In the cost volume, evaluators look for a defensible consumption baseline rather than a guess. And the management volume needs a reporting rhythm the CIO's office can use in data calls.

Recompetes raise the stakes. An incoming contractor inherits the incumbent's accounts, commitments, and waste. An offeror that can baseline 12 to 24 months of billing data early in transition gives the agency a fixed number to measure the new contract against.

TECHNICAL APPROACH

The method below comes from Avalon's [FinOps service](#), delivered under the FinOps Foundation Framework. It describes how the work is done, at the methodology level, with read-only access.

- 1. Baseline from the bill, not the budget.** Pull 12 to 24 months of native billing data (the AWS Cost and Usage Report, Azure Cost Management exports, or the GCP BigQuery billing export), normalize it to the FOCUS specification, and reconcile it against the reseller's or vehicle's invoices. The output is one agreed spend baseline.
- 2. Measure allocation, then fix it.** Report what share of spend is attributable to a program or system today, and write the tagging and account-structure standard that closes the gap. Where the platform allows, enforce it as policy-as-code, such as service control policies or Azure Policy, so the standard holds after handoff.
- 3. Find waste, rate, and billing gaps.** Query for idle and orphaned resources, oversized compute, and non-production environments running around the clock. Check Reserved Instance and Savings Plan coverage, expiring commitments, storage-class placement, and data transfer. Compare reseller markup and enterprise-agreement commitments against actual consumption. Walk every rightsizing or termination finding with the owning engineers before it goes in the report.
- 4. Track savings the way GAO asked.** Keep a findings register that separates identified savings from realized savings, updated in a monthly cycle, with cost allocation that maps to Technology Business Management towers for IT investment data calls.
- 5. Tie guardrails to obligations.** Set budget alerts against obligation levels and size commitment purchases to appropriated funding and option-year realities, briefed to the budget office in its terms.

The agency, or the prime's engineering team, executes terminations and re-architecture. This work identifies and tracks savings; it doesn't guarantee them, and it is not a financial audit or attestation.

WHAT "FIXED" LOOKS LIKE

GAO has published closure evidence for its 2019 savings-tracking recommendation. DHS closed it with a May 2022 methodology memo that used IT costs allocated to Technology Business Management towers, plus a spreadsheet tracking actual and planned savings for each investment moved to cloud. GSA closed it with February 2021 data collection guidance and a spreadsheet tracking savings for each cloud project as part of annual budget formulation.

For the open FinOps recommendation, these are targets:

- Spend attributed to programs and systems through an enforced tagging standard.
- Savings tracked per investment, identified versus realized, on a set cycle.
- Budget alerts tied to obligated funds.

STATUS CHECK

OPEN GAO-26-107530's recommendation to GSA was open as of the report's June 2026 publication, with no agency action confirmed yet. GAO-19-58's savings-tracking recommendations remain open at DoW and DOT, and the OMB reporting recommendation showed no action as of GAO's November 2025 update.

TEAMING FIT

NAICS	541519, 541512
AVALON'S SUB ROLE	Billing-data baseline, tagging and allocation standard, waste and rate analysis, and a savings-tracking register under the prime's cloud hosting or O&M task order
SMALL-BUSINESS STATUS	Small business; HUBZone (in progress)
LIKELY VEHICLES	GSA MAS (SIN 518210C Cloud Computing and Cloud Related IT Professional Services); GSA MAS (SIN 54151S IT Professional Services); GSA Alliant 3

If cloud hosting, migration, or O&M work is in your capture plan, Avalon teams as the sub that turns the agency's billing data into an allocated baseline, a tracked savings register, and guardrails tied to obligated funds.

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This brief analyzes publicly released oversight reports. It does not describe work Avalon performed for any agency named.