

GAO Highlights

Highlights of [GAO-17-329](#), a report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Over the past 5 years, the federal government obligated over a hundred billion dollars annually through the use of IDIQ contracts. IDIQ contracts are awarded to one or more contractors when the exact quantities and timing for products or services are not known at the time of award. DOD uses IDIQ contracts more than all other agencies combined. The FAR establishes a preference for awarding multiple-award IDIQ contracts under a single solicitation such that a number of contract holders compete for subsequent orders.

GAO was requested to examine federal agencies' use of IDIQ contracts. This report addresses (1) federal agencies' use of IDIQ contracts from fiscal years 2011 through 2015, the latest year for which complete data were available; (2) the role of competition when awarding selected IDIQ contracts and placing orders at DOD; and (3) when and how DOD contracting officers established prices for these contracts and orders. GAO analyzed Federal Procurement Data System-Next Generation data on civilian and DOD obligations for fiscal years 2011 through 2015; reviewed and analyzed a nongeneralizable sample of 31 IDIQ contracts and 76 IDIQ orders selected across four DOD components—Army, Navy, Air Force and Defense Logistics Agency; and interviewed DOD contracting and program officials.

What GAO Recommends

GAO is not making any recommendations at this time. DOD had no comments on a draft of this report.

View [GAO-17-329](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

April 2017

FEDERAL CONTRACTS

Agencies Widely Used Indefinite Contracts to Provide Flexibility to Meet Mission Needs

What GAO Found

From fiscal years 2011 through 2015, the proportion of spending by federal agencies on indefinite delivery/ indefinite quantity (IDIQ) contracts remained stable and accounted for about a third of total government contract obligations. Agencies obligated more than \$130 billion annually on these types of contracts, as shown in the figure.

Indefinite Delivery / Indefinite Quantity Obligations as a Percentage of Total Contract Obligations, Fiscal Years 2011-2015 (fiscal year 2015 dollars)



Source: GAO analysis of Federal Procurement Data System - Next Generation data. | GAO-17-329

Notes: Obligation amounts were adjusted for inflation using the Fiscal Year Gross Domestic Product Price Index.

The Departments of Defense (DOD), Homeland Security, Health and Human Services, and Veterans Affairs were the main users of IDIQ contracts, with DOD accounting for about 68 percent of all IDIQ obligations from 2011 through 2015. About two-thirds of government-wide IDIQ obligations were for services, with the remainder for products. Although the Federal Acquisition Regulation (FAR) states a preference for multiple-award IDIQs, the majority of dollars government-wide, approximately 60 percent, were obligated through single-award IDIQs. About 70 percent of single-award IDIQ obligations and more than 85 percent of order obligations under multiple-award contracts were competed. Contracting officials at DOD cited flexibility as the main advantage for using IDIQ contracts, noting that it was easier and faster to place an order under an existing IDIQ contract than to award a separate contract when a specific need arose.

Ten of the 18 single-award IDIQ contracts GAO reviewed at DOD were not competed, generally because only one contractor could meet the need. For the competed single-award contracts, contracting officials cited various reasons for choosing a single-award IDIQ approach, such as the need to build and maintain knowledge as orders were awarded over time. For about one-third of the multiple-award IDIQ orders GAO reviewed, DOD did not provide an opportunity for all contract holders to compete due to urgency or other reasons.

Prices on IDIQ contracts and orders at DOD were established at different points, depending on how well-defined the requirements were at the time of contract award. For example, for a Navy contract to buy commercial radios used in fixed-wing aircraft, the pricing was established upfront in the contract since the radios were defined products that have been used for many years. In contrast, for an Air Force contract to buy research and development services for cybersecurity and malware detection, all pricing was established at the order level since specific research needs were not known when the contract was awarded.