DEFENSE CONTRACTS

Recent Legislation and DOD Actions Related to Commercial Item Acquisitions

What GAO Found

Data from the Federal Procurement Data System-Next Generation (FPDS-NG) show that as a proportion of the Department of Defense’s (DOD) total contracting obligations, contracts awarded using commercial item procedures have gradually declined in a narrow range from fiscal years 2007 to 2016 (see figure). These numbers, however, do not reflect the full extent to which DOD acquires commercial items because FPDS-NG only captures information on whether or not commercial item acquisition procedures were used to acquire the product or service, and not whether items purchased are commercial or not commercial.

In addition, GAO found that for fiscal year 2016:

- 54 percent of DOD’s spending using commercial item procedures was on products, with the highest category being sustainment supplies and equipment;
- 46 percent of the remaining spending was for services, with knowledge-based services such as engineering and technical support accounting for the highest obligations; and
- 68 percent of DOD’s commercial spending was competitive, slightly higher than DOD’s past competition rate for overall contract spending.

Recent legislation from Congress includes a number of provisions related to commercial item acquisitions, including provisions intended to ensure contracting officers are negotiating fair and reasonable prices for commercial items. DOD has taken a number of actions to address this legislation, including updating its Guidebook for Acquiring Commercial Items and proposing Defense Federal Acquisition Regulation Supplement rules. When implemented, these rules will promote consistency in making commercial item determinations, among other things. Additionally, DOD has created six Commercial Item Centers of Excellence—a cadre of experts within DOD to provide advice to the acquisition workforce with regard to commercial item authorities.