

GAO Highlights

Highlights of [GAO-17-645](#), a report to the Chairman, Committee on Armed Services, House of Representatives

Why GAO Did This Study

DOD purchases commercial items—generally defined as products and services readily available in the commercial marketplace—to meet many of its requirements. Relying on the commercial marketplace, when appropriate, enables DOD to take advantage of market innovations and reduce acquisition costs. Since 2013, Congress has enacted changes in the way DOD is to purchase commercial items.

GAO was asked to review the acquisition of commercial items by DOD. This report describes (1) what federal procurement data indicate about trends in DOD’s acquisition of commercial items; and (2) recent legislative changes in the National Defense Authorization Acts (NDAA’s) from fiscal years 2013 to 2017 related to the procurement of commercial items and DOD’s actions in response to this legislation.

To obtain a longer term view, GAO analyzed data from FPDS-NG—the government’s procurement database—for contracts awarded from fiscal years 2007 through 2016, reviewed applicable legislation and regulations, and interviewed DOD officials.

What GAO Recommends

GAO is not making recommendations in this report. The Department of Defense had no comments on a draft of this report.

View [GAO-17-645](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

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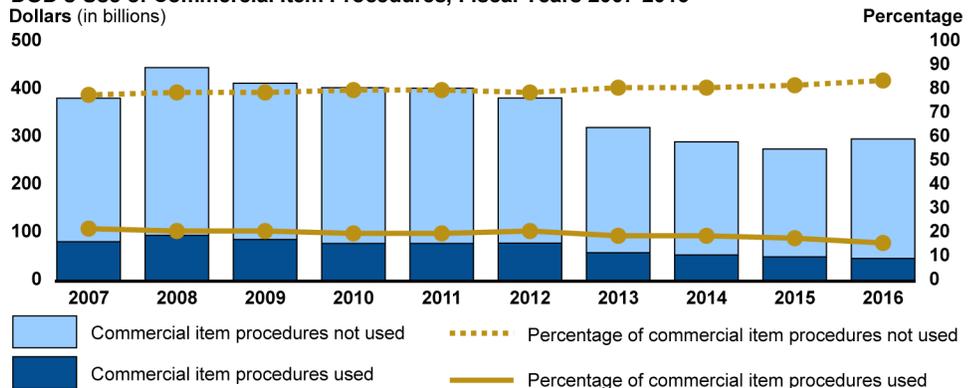
DEFENSE CONTRACTS

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.

DOD’s Use of Commercial Item Procedures, Fiscal Years 2007-2016



Source: GAO analysis of Federal Procurement Data System-Next Generation data for fiscal years 2007 to 2016. | GAO-17-645

Note: Obligation amounts obtained from FPDS-NG were adjusted for inflation using the Fiscal Year Gross Domestic Product price index.

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.