

Why GAO Did This Study

Competition is the cornerstone of a sound acquisition process. In fiscal year 2013, DOD obligated over \$300 billion through contracts and orders, of which 57 percent was competed. DOD also obligates billions of dollars annually on contracts that are awarded using competitive procedures, but for which the government received only one offer. DOD implemented the Better Buying Power initiative in 2010, in part to increase competition. The conference report accompanying the National Defense Authorization Act for Fiscal Year 2012 mandated GAO to report on DOD's noncompetitive and one-offer awards.

GAO examined (1) the trends in DOD's use of competitive awards, (2) the extent to which justifications for exceptions to competitive procedures were adequate and reasons for exceptions, (3) how DOD's strategies aimed at promoting long-term competition are changing behavior, and (4) whether DOD's requirements address reasons only one offer was received for competitive solicitations. GAO analyzed federal procurement data for fiscal years 2009 through 2013; reviewed DOD policy and competition reports; examined two nongeneralizable samples of 14 and 15 awards, in part, based on dollar value; and interviewed DOD officials.

What GAO Recommends

DOD should ensure that existing acquisition planning guidance promotes early vendor engagement, and establish guidance for when contracting officers should assess the reasons only one offer was received on competitive awards. DOD concurred with these recommendations.

View [GAO-14-395](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

DEFENSE CONTRACTING

Early Attention in the Acquisition Process Needed to Enhance Competition

What GAO Found

The Department of Defense's (DOD) competition rate for all contract obligations declined over the past 5 fiscal years from 62 percent in fiscal year 2009 to 57 percent in fiscal year 2013, but remained flat for the past 2 years. In fiscal year 2013, the Army had the highest competition rate, 66 percent, while the Missile Defense Agency had the lowest competition rate, 29 percent. The 14 justifications for noncompetitive awards that GAO reviewed generally included the elements required by the Federal Acquisition Regulation such as the authority permitting other than full and open competition. The majority of DOD's noncompetitive contracts and task orders (including all in GAO's sample) were coded under the "only one responsible source" exception to competition requirements. Seven of the 14 justifications explained that the awards could not be competed due to a lack of technical data. In these cases, DOD did not purchase the necessary data rights with the initial award. In some cases the justifications provided insight into how a lack of data rights resulted in reliance on a single vendor over time.

DOD's focus on using open systems architecture and acquiring sufficient data rights—which DOD's Better Buying Power memo encourages—is influencing the way DOD acquires goods and services. Programs are trying to move away from dependency upon single suppliers for parts, maintenance or upgrades and are moving toward open systems architecture, which allows components to be modified, replaced or maintained by multiple suppliers. Some DOD programs have shown that using open systems architecture and obtaining data rights involves early consideration and extensive analysis of how each system can best use these approaches to maintain a competitive environment throughout a program's lifecycle. For example, an emphasis on open systems architecture and effective management of data rights resulted in increased competition for the Air Force's user equipment for the Global Positioning System and KC-46 Tanker Modernization programs.

In 2010, DOD introduced requirements for competitive solicitations that result in only one offer; however, these rules are focused late in the acquisition process and DOD has limited insight into the reasons only one offer is received. The 15 one-offer awards GAO reviewed generally satisfied DOD's rules, which require contracting officers to ensure adequate solicitation periods and conduct cost or price analysis. These rules were intended to help ensure more effective competition but may apply too late in the acquisition process. DOD contracting officials and vendors told GAO that engagement with vendors well before the 30 day solicitation period is key to ensuring vendors have adequate time to review draft requests for proposals, plan resources, provide feedback on potentially restrictive requirements, and determine whether to prepare proposals. Moreover, contracting officers for the contracts GAO reviewed seldom collected information about reasons only one offer was received, which could limit their ability to revise acquisition strategies appropriately or plan for future competitive acquisitions. DOD's one-offer rules do not require contracting officials to engage with the vendor community to learn why vendors chose not to submit offers. However, contracting officials chose to do so in two sample cases, and in one case, based on this information, changed the acquisition strategy to allow for recompetition sooner than planned.