

GAO Highlights

Highlights of [GAO-14-584](#), a report to congressional committees

Why GAO Did This Study

DOD obligated about \$310 billion in fiscal year 2013 for products and services needed to support its mission. To competitively acquire what is needed, DOD may use best value processes—including tradeoff and LPTA—to evaluate vendors' proposals. When using the tradeoff process, DOD weighs the relative importance of price against non-cost factors. By contrast, DOD may use the LPTA process and award the contract based on lowest price once technical requirements are met.

Congress mandated GAO to review DOD's use of best value processes. GAO identified, among other things, (1) the extent to which DOD used best value processes in fiscal year 2013, (2) the factors DOD considers when choosing a source selection process, and (3) training DOD provides to its acquisition personnel on source selection processes.

GAO identified and reviewed solicitations for a projectable sample of 183 contracts out of 2,851 new, competitively awarded contracts that DOD awarded in fiscal year 2013 with obligations over \$1 million. GAO also reviewed DOD and military departments' guidance regarding their use of the best value process. GAO selected 16 contracts for case studies based on military department, best value process used, and other factors. GAO reviewed contract documents and interviewed program and contracting officials for these case studies. GAO also reviewed DAU and military departments' training on source selection procedures.

DOD provided technical comments that GAO incorporated as appropriate.

View [GAO-14-584](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or tinapoli@gao.gov.

July 2014

DEFENSE CONTRACTING

Factors DOD Considers When Choosing Best Value Processes Are Consistent with Guidance for Selected Acquisitions

What GAO Found

The Department of Defense (DOD) used two best value processes—tradeoff and lowest price technically acceptable (LPTA)—for approximately 93 percent of the 2,851 new, competitively awarded contracts awarded in fiscal year 2013 with obligations greater than \$1 million. DOD used the tradeoff process most often in GAO's sample of contracts to acquire services, regardless of obligation value. For contracts with higher obligations, DOD used the LPTA process primarily to acquire commercial products, such as fuel. In contrast, for contracts in GAO's sample with lower obligations, DOD used the LPTA process to acquire both products and services. Several contracting and program officials said that their commands gave more attention to whether LPTA is an alternative option in light of declining budgets and efficiency initiatives. For contracts with obligations of \$25 million or more, GAO found that DOD increased its use of LPTA since GAO last reported on this issue in October 2010 using fiscal year 2009 data. GAO's prior report did not include contracts with lower obligations.

Estimated Source Selection Processes Used in Fiscal Years 2009 and 2013 for New, Competitively Awarded Contracts with Obligations of \$25 million or More^a

Source selection process	Fiscal year 2009 percent	Fiscal year 2013 percent	Statistically significant change ^a
Tradeoff	69	58	Yes
Lowest price technically acceptable	26	36	Yes
Other	5	6	No

Source: GAO analysis of DOD contract and solicitation documents. | GAO-14-584

^aThe 95 percent confidence intervals for estimates in this table are within +/- 8 percentage points of the estimates themselves.

DOD's ability to clearly define its requirements and its knowledge of potential vendors were key factors that underpinned decisions about whether to use tradeoff or LPTA in GAO's 16 case studies. In the eight case studies in which DOD used LPTA, contracting and program officials generally stated that they had sufficient knowledge of the requirements or vendors to feel confident that the lowest priced vendor, meeting DOD's technical requirements, could deliver the product or service. In contrast, in the eight tradeoff case studies, contracting and program officials were less certain about requirements, were looking for innovative solutions, or wanted to use non-cost factors to differentiate vendors. For example, the United States Army Corps of Engineers used technical non-cost factors to evaluate vendors' abilities to use robotics for explosives disposal. These factors are generally consistent with guidance in the Federal Acquisition Regulation and DOD's March 2011 source selection procedures.

DOD, through courses offered by the Defense Acquisition University (DAU) and the military departments, provides both classroom and online training related to source selection processes to its acquisition personnel. Both DAU and military department officials stressed, however, the importance of on-the-job training in preparing personnel to make informed source selection determinations. For example, Naval Facilities Engineering Command officials told GAO that determining when requirements are better suited for tradeoff or LPTA is learned through gaining experience from on-the-job training.