

GAO@100 Highlights

Highlights of [GAO-21-388](#), a report to congressional committees

Why GAO Did This Study

DOD spends billions of dollars each year on spare parts for planes, ships, and other equipment. While DLA buys the bulk of the spare parts, the military departments also acquire them to support specific weapon systems. DOD seeks to negotiate a reasonable price for these spare parts to award contracts in a timely manner. DOD uses data other than certified cost or pricing data if it determines certified cost or pricing data are not required to determine prices are reasonable.

The National Defense Authorization Act for Fiscal Year 2020 included a provision for GAO to review DOD's efforts to obtain contractor cost or pricing data. This report 1) describes how often DLA obtained cost or pricing data on sole-source contracts for spare parts; and 2) assesses the extent to which DOD tracks delays in obtaining these data and the reasons for those delays. GAO reviewed federal and DOD acquisition regulations and analyzed data for 136 DLA spare parts contracts awarded between fiscal years 2015 to 2019. For fiscal year 2019, GAO also selected 10 sole-source contracts awarded by DLA, Air Force, and the Navy, based on dollar value and other factors, to identify challenges in obtaining cost or pricing data. GAO also interviewed DOD and contractor officials.

What GAO Recommends

GAO recommends that DOD identify options for collecting information on the extent and nature of delays that contracting officers experience in obtaining cost or pricing data on sole-source contracts. DOD concurred with the recommendation.

View [GAO-21-388](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or DinapoliT@gao.gov.

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SPARE PARTS CONTRACTS

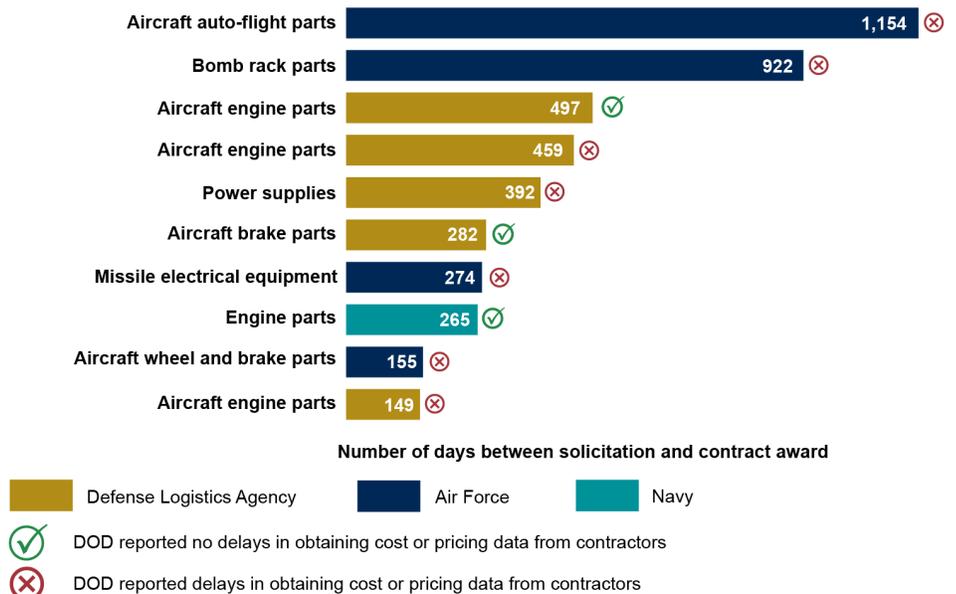
Collecting Additional Information Could Help DOD Address Delays in Obtaining Cost or Pricing Data

What GAO Found

When the Department of Defense (DOD) awards contracts without competition, contracting officers may rely on cost or pricing data that contractors certify as accurate, current, and complete to determine if the prices are reasonable. DOD uses data other than certified cost or pricing data when certified cost or pricing data are not required. GAO found that, during fiscal years 2015 to 2019, the Defense Logistics Agency (DLA) obtained data other than certified data for 77 of the 136 sole-source spare parts contracts it awarded. As the 77 contracts were for commercial items, statute prohibits contracting officers from requiring certified cost or pricing data. DLA also waived the requirement to obtain certified cost or pricing data in two cases, citing the exceptional need for the spare parts. DLA obtained certified cost or pricing data for the remaining sole-source contracts.

In March 2019, DOD issued a memorandum requiring defense agencies to report when contractors outright refuse to provide cost or pricing data, but it is not collecting data on the extent that delays in obtaining data affect the time that it takes to award contracts. DLA, Air Force, and Navy contracting officers said that while they were able to determine if prices were reasonable, delays in obtaining contractors' cost or pricing data contributed to the length of time needed to award seven of the 10 sole-source spare parts contracts GAO reviewed (see figure).

Length of Time to Award 10 Sole-Source Contracts in Fiscal Year 2019 That GAO Reviewed



Source: GAO analysis of Department of Defense (DOD) contract documents and interviews with agency officials. | GAO-21-388

DOD's March 2019 memorandum highlighted the need to understand, DOD-wide, the extent that contractors do not comply with contracting officer requests for data other than certified cost or pricing data. However, the focus was on outright refusals and not delays. Without a means to monitor or identify the nature and extent of delays, DOD is missing opportunities to develop approaches to effectively address these issues and potentially award contracts faster.