



Highlights of [GAO-06-995](#), a report to Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

The Department of Defense (DOD) has been urged by commissions, legislation, and a panel to make increased use of commercial acquisition to achieve certain benefits. To help ensure the increased use of commercial acquisition, the Office of the Secretary of Defense (OSD) established and the Air Force implemented two commercial acquisition goals to be achieved by the end of fiscal year 2005. In setting these goals, OSD expected that the increased use of commercial acquisition would provide DOD with greater access to commercial markets (products and service types) with increased competition, better prices, and new market entrants and/or technologies. The committee asked GAO to identify (1) the extent to which the Air Force has increased its use of commercial acquisition to obtain expected benefits and (2) the risks that are associated with this use.

What GAO Recommends

GAO recommends that the Air Force collect information to be able to measure the benefits expected from commercial acquisition and, to reduce the potential for risk, limit sole-source acquisition of commercial products and services in concert with DOD guidance. In written comments, DOD agreed with the recommendations, in principle, and identified actions to address them.

www.gao.gov/cgi-bin/getrpt?GAO-06-995.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Schinasi at (202) 512-4841 or schinasi@gao.gov.

DOD CONTRACTING

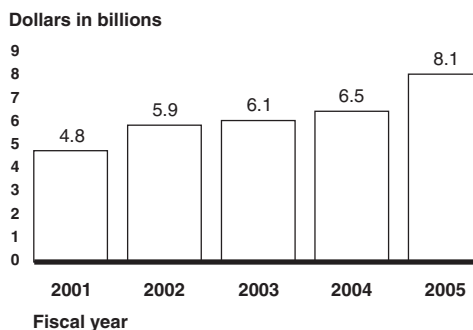
Efforts Needed to Address Air Force Commercial Acquisition Risk

What GAO Found

From 2001 to 2005, the Air Force increased spending using commercial acquisition from \$4.8 billion to over \$8 billion in an effort to provide greater access to commercial markets to increase competition, obtain better prices, and attract new market entrants (nontraditional contractors) and/or technologies (see fig. below). Even though the Air Force has significantly increased this spending, it has not measured the extent to which this increased use resulted in the benefits that were expected. For example, our analysis shows that for at least one of the expected benefits, attracting new market entrants, the expected benefit has not materialized. For the most part, traditional defense contractors received these contracts.

Government contracting officials face risks in using commercial acquisition. For example, improperly classifying an acquisition as a commercial acquisition can leave the Air Force vulnerable to accepting prices that may not be the best value for the department. A high-ranking DOD acquisition official testified that he is concerned about items and services being identified as commercial that are not sold in an existing marketplace because under these circumstances, the government lacks assurances that the price is reasonable. At times, Air Force officials have disagreed about the classification of some acquisitions as commercial. The Air Force's use of commercial acquisition has also been accompanied by an increased amount of dollars being awarded for sole-source contracts. Despite DOD policy to avoid sole-source commercial acquisitions because of increased risk, sole-source commercial acquisition dollars awarded by the Air Force have more than doubled from 2000 to 2005. Further, of the 20 larger Air Force commercial product awards in 2004, half were awarded as sole-source.

Air Force Increases in Commercial Acquisition Spending, Fiscal Years 2001-2005



Source: Air Force.