

Highlights of [GAO-04-874](#), a report to congressional committees

# CONTRACT MANAGEMENT

## Guidance Needed to Promote Competition for Defense Task Orders

### Why GAO Did This Study

The Department of Defense (DOD) spends billions of dollars each year acquiring services through task orders issued under multiple-award contracts or the General Services Administration's federal supply schedule program. However, previous GAO and DOD Inspector General reports found that DOD was not obtaining the level of competition on these task orders that Congress had envisioned. Congress responded by enacting section 803 of the National Defense Authorization Act for Fiscal Year 2002, which requires procedures to promote competition and provides when waivers of competition are allowed.

In response to a congressional mandate, GAO identified the extent to which selected DOD buying organizations waived the competition requirements of section 803 and determined the level of competition on orders available for competition. For this review, GAO randomly selected 74 orders at five DOD buying organizations.

### What GAO Recommends

GAO is making recommendations to the Secretary of Defense to develop guidance on the conditions under which a waiver of competition may be used, require detailed documentation to support waivers, and establish approval authority above the contracting officer level based on the value of the order. DOD concurred with these recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-04-874](http://www.gao.gov/cgi-bin/getrpt?GAO-04-874).

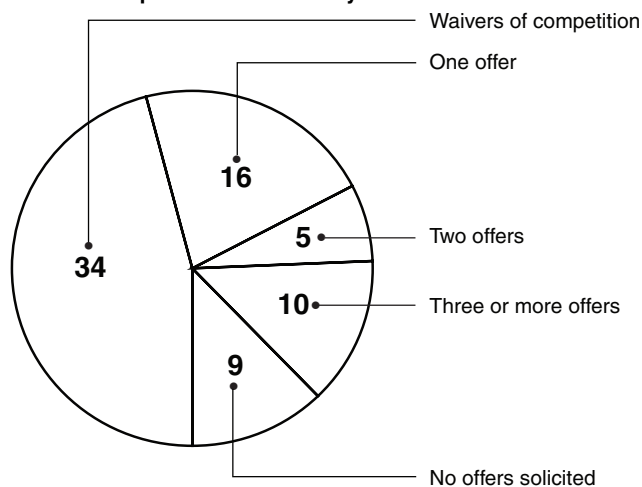
To view the full product, including the scope and methodology, click on the link above. For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

### What GAO Found

Competition requirements were waived for nearly half (34 of 74) of the multiple-award contract and federal supply schedule orders GAO reviewed. Often, contracting officers waived competition based on requests from the program offices to retain the services of contractors currently performing the work. In addressing these requests, safeguards to ensure that waivers were granted only under appropriate circumstances were lacking. Specifically, guidance for granting waivers did not sufficiently describe the circumstances under which a waiver of competition could be used. In addition, the requirements for documenting the basis for waivers were not specific, and there was no requirement that waivers be approved above the level of the contracting officer.

Competition was limited on the 40 orders available for competition. For 16 orders, only one offer was received in response to agency solicitations. For 15 orders, the buying organizations received two or more offers. For nine orders, contracting officials did not solicit competitive offers on individual orders. Instead, the nine orders were awarded based on data previously submitted to the government. The figure below shows the level of competition on the orders that we reviewed.

**Level of Competition on Randomly Selected DOD Task Orders**



Sources: DOD (data); GAO (analysis).

Striking the right balance between achieving the benefits of competition and retaining contractors that are satisfying customer needs is a challenge for DOD. The frequent use of waivers to competition may be hindering DOD's ability to obtain innovative solutions to problems, and the best value for the taxpayer. On the other hand, requests by program offices to waive competition to retain the services of incumbent contractors are strong indications that contractors are satisfying customer needs.