



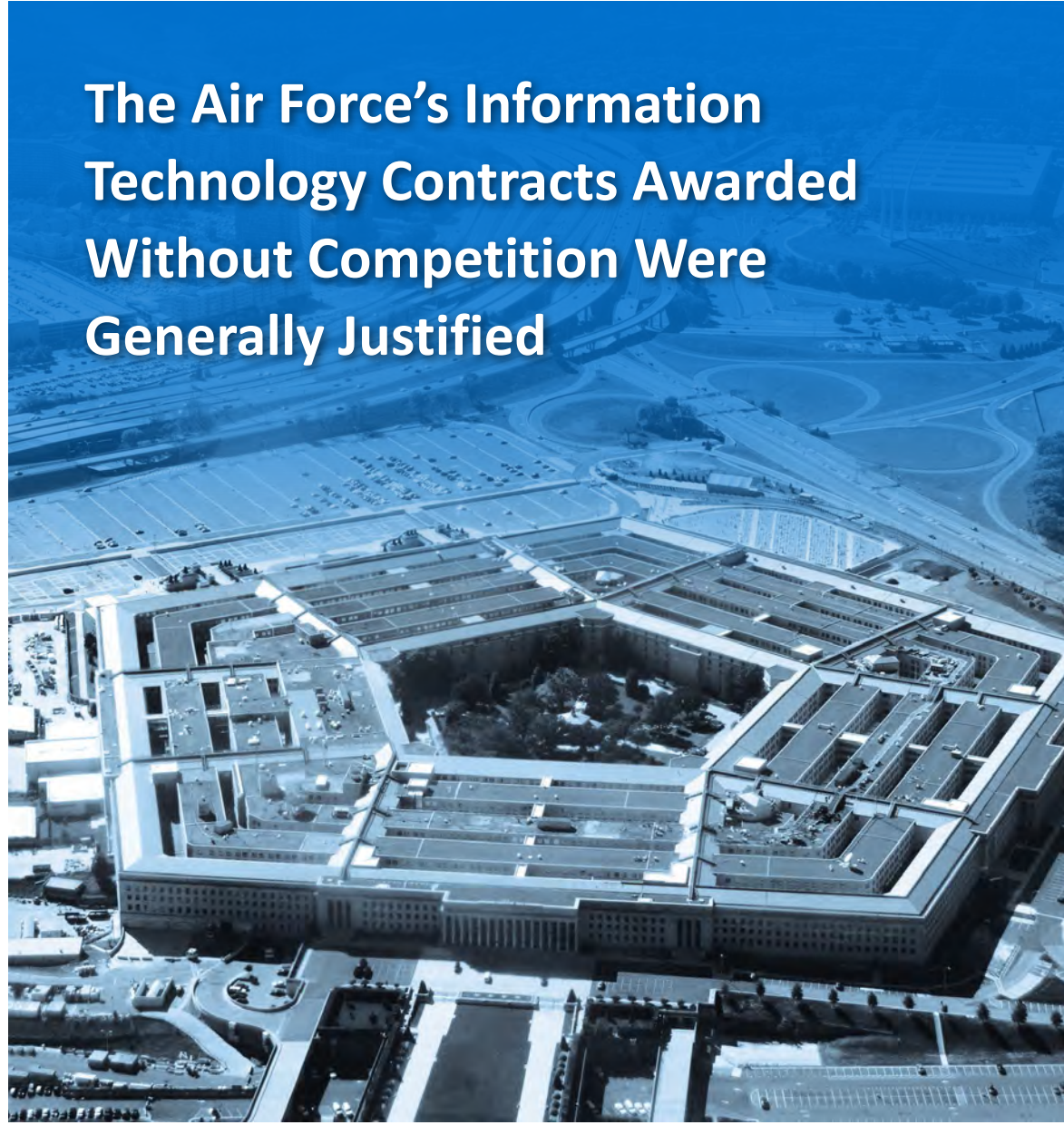
INSPECTOR GENERAL

U.S. Department of Defense

APRIL 24, 2015



The Air Force's Information Technology Contracts Awarded Without Competition Were Generally Justified



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Results in Brief

The Air Force's Information Technology Contracts Awarded Without Competition Were Generally Justified

April 24, 2015

Objective

Our objective was to determine whether the Air Force's information technology (IT) contracts issued without competition were properly justified. This report is the third in a series of reports on DoD IT contracts awarded without competition. We nonstatistically reviewed 58 contracts.¹

We announced this audit in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act. The Act would have required the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source. The House version contained the requirement; however, the final legislation did not.

Finding

Air Force contracting personnel properly justified the use of other than full and open competition for all 58 IT contracts reviewed with a value (including options) of about \$154.3 million; however, some contract files did not contain documentation required by the Federal Acquisition Regulation (FAR) for noncompetitive awards. Air Force contracting personnel used a valid statutory requirement when awarding 38 of the 58 contracts with a value (including options) of about \$73.6 million. For the 20 contracts, with a value (including options) of about \$80.7 million, that required additional planning, approval, and market research to issue a sole-source award, Air Force contracting personnel:

- complied with FAR requirements of the Justification and Approval content for 19 contracts;

¹ For 38 contracts, we limited our review to verify whether the contracts contained a valid statutory requirement. The remaining 20 contracts required written justification for other than full and open competition.

Finding (cont'd)

- appropriately applied the authority cited for 17 contracts;
- obtained approval from the proper personnel before contract award for 18 contracts;
- documented compliance with market research for all 20 contracts; and
- complied with synopsis requirements for 10 contracts.

Air Force contracting personnel stated they did not meet the FAR requirements because of a lack of training. As a result, for each of the proposed contract actions not properly synopsized, contracting personnel potentially excluded sources.

Recommendations

We recommend the Commander, 502nd Contracting Squadron provide training on selecting the appropriate authority to issue sole-source contracts and retaining contract documentation. We recommend that the Deputy Assistant Secretary of the Air Force (Contracting) provide contracting personnel training, or issue a memorandum on including the statements required for the synopsis of contract actions made using other than full and open competition.

Management Comments and Our Response

The Commander, 502nd Contracting Squadron, and the Deputy Assistant Secretary of the Air Force (Contracting), agreed with the recommendations and provided corrective actions with an anticipated completion date. Comments from the Commander and the Deputy Assistant Secretary addressed all specifics of the recommendations, and no further comments are required. Please see the Recommendations Table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, 502nd Contracting Squadron	None	1
Deputy Assistant Secretary of the Air Force (Contracting)	None	2



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

April 24, 2015

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
TECHNOLOGY, AND LOGISTICS
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)**

**SUBJECT: The Air Force's Information Technology Contracts Awarded Without Competition
Were Generally Justified (Report No. DODIG-2015-110)**

We are providing this report for your information and use. Air Force contracting personnel properly justified the use of other than full and open competition for all 58 information technology contracts reviewed, with a value (including options) of about \$154.3 million; however, some contract files did not contain documentation required by the Federal Acquisition Regulation for noncompetitive awards. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. Comments from the Commander, 502nd Contracting Squadron, and the Deputy Assistant Secretary of the Air Force (Contracting), conformed to the requirements of DoD Directive 7650.3; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

A handwritten signature in blue ink, appearing to read "M.J.R.", is positioned above the typed name of the signatory.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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Introduction

Objective

Our objective was to determine whether the Air Force's information technology (IT) contracts issued without competition were properly justified. This report is the third in a series of reports on DoD IT contracts awarded without competition. See Appendix A for the scope and methodology and Appendix B for prior coverage.

Background

We announced this audit in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act. The Act would have required the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source. The House version contained the requirement; however, the final legislation did not.

Full and open competition is the preferred method for Federal agencies to award contracts. Section 2304, title 10, United States Code, "Contracts: Competition Requirements," and section 253, title 41, United States Code, "Public Contracts: Competition Requirements," require contracting officers to promote and provide for full and open competition when conducting a procurement for goods or services. According to the Government Accountability Office, promoting competition in Federal contracting presents the opportunity for significant cost savings and can help improve contractor performance, reduce fraud, and promote accountability.

Contracting officers may use procedures other than full and open competition under certain circumstances; however, each contract awarded that does not provide full and open competition must conform to policies and procedures in the Federal Acquisition Regulation (FAR). FAR Subpart 6.3, "Other Than Full and Open Competition," prescribes the policies and procedures for contracting without full and open competition. FAR Part 10, "Market Research," prescribes policies and procedures for conducting market research for the most suitable approach for acquiring, distributing, and supporting supplies and services. FAR Subpart 5.2, "Synopsis of Proposed Contract Actions," establishes policy to ensure agencies make notices of proposed contract actions available to the public.

Air Force Sole-Source IT Contracts Reviewed

Our Federal Procurement Data Systems–Next Generation (FPDS-NG) queries identified that Air Force contracting personnel awarded 106 IT contracts that received only one offer with a value (including options) of about \$238 million from October 1, 2012, through April 10, 2014. When selecting contracts, we considered the total number of contracts issued, the corresponding total contract value (including options), and the proximity of the locations to one another. We nonstatistically selected and visited the following five Air Force sites.²

- Joint Base San Antonio, Lackland, Texas³
- Maxwell Gunter Annex, Montgomery, Alabama
- Wright Patterson Air Force Base (AFB), Ohio
- Hill AFB, Utah
- Joint Base Andrews, Maryland

We nonstatistically reviewed 58 contracts with a value (including options) of about \$154.3 million. Of the 58 contracts reviewed, 38 were authorized by statute (law). For those 38, we limited our review to verify whether the contracts contained a valid statutory requirement. The remaining 20 contracts were sole-source awards that required written justification in a justification and approval (J&A) for other than full and open competition before award.

See the following Table for the number of contracts we selected at each location visited. See Appendix C for the 20 sole-source IT contracts reviewed and Appendix D for the 38 contracts authorized by statute reviewed.

Table. Air Force Contracts Reviewed

Site	Total	Contract Total (Including Options)	Sole-Source Award	Required by Statute
Joint Base San Antonio	17	\$20,582,199	7	10
Maxwell Gunter Annex	14	55,655,785	2	12
Wright Patterson AFB	12	21,726,840	2	10
Hill AFB	11	53,817,909	6	5
Joint Base Andrews	4	2,501,286	3	1
Total	58	\$154,284,019	20	38

² See Appendix A for additional information on contracting offices included in each location reviewed.

³ Contracts for Joint Base San Antonio, Lackland, Texas, included one contract issued by Wright Patterson AFB, Ohio. Although the contract was awarded at Wright Patterson AFB, the contract was under the cognizance of the Joint Base San Antonio contracting personnel and located accordingly.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. The Air Forces’ internal controls over its processes to issue sole-source IT contract awards reviewed were effective as they applied to the audit objective.

Finding

Air Force Contracting Personnel Properly Justified Sole-Source IT Contracts

Air Force contracting personnel properly justified the use of other than full and open competition for all 58 IT contracts reviewed, with a value (including options) of about \$154.3 million; however, some contract files did not contain documentation required by the FAR for noncompetitive awards. Air Force contracting personnel used a valid statutory requirement when they awarded 38 of the 58 contracts with a value (including options) of about \$73.6 million. For the 20 contracts, with a value (including options) of about \$80.7 million, that required additional planning, approval, and market research to issue a sole-source award, Air Force contracting personnel:

- complied with FAR 6.303-2, "Content," requirements in the J&A for 19 contracts;
- appropriately applied the authority cited for 17 contracts;
- obtained approval from the proper personnel before contract award for 18 contracts;
- documented compliance with FAR Part 10, "Market Research," for all 20 contracts; and
- complied with synopsis requirements in FAR Subpart 5.2, "Synopses of Proposed Contract Actions" for 10 contracts.

Air Force contracting personnel stated they did not meet the FAR requirements because of a lack of training.

As a result, for each of the proposed contract actions not properly synopsized (summarized), contracting personnel potentially excluded sources.

Air Force Contracting Personnel Generally Supported Sole-Source Determinations

Air Force contracting personnel properly complied with FAR requirements for 10 of the 20 contracts valued at \$25 million. For the remaining 10 contracts, Air Force contracting personnel did not fully meet all FAR requirements that include publicizing the synopsis after contract award, not specifically stating that the award was issued on a sole-source basis, or did not allow potential contractors the opportunity to submit their capabilities on why they should be considered for the contract.

Air Force contracting personnel generally documented the required content elements of the FAR and generally applied the correct sole-source authority cited in the J&As. Further, Air Force contracting personnel obtained approval from the proper official for all the J&As and generally obtained approval before contract award. Finally, Air Force contracting personnel generally documented the market research conducted or provided adequate justification in the contract file when market research was not conducted for all the J&As.

Air Force Contracting Personnel Generally Complied With J&A Content Requirements

Air Force contracting personnel generally documented compliance with content requirements in 19 of the 20 J&As. Air Force contracting personnel did not include all the required elements as outlined in the FAR for one of the J&As. Additionally, one of the J&As properly used the simplified acquisition procedures authorized by FAR Part 13, "Simplified Acquisition Procedures," rather than FAR 6.303-2.

The FAR identifies the minimum information that must be included in a J&A. In addition, it requires information such as a description of the supplies or services required to meet the agency's needs, the estimated value, and the statutory authority that permit other than full and open competition. The contracting officer at the 802nd Contracting Squadron⁴ did not include the following two required content elements from the FAR in the J&A for contract FA3047-13-P-0125.

FAR 6.303-2(b)(11)-A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required.

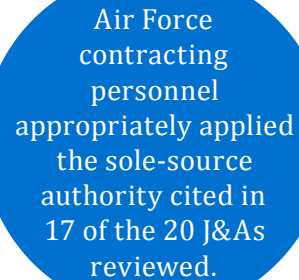
FAR 6.303-2(c)-Evidence that any supporting data that is the responsibility of technical or requirements personnel and which form a basis for the justification have been certified as complete and accurate by the technical or requirements personnel.

According to the flight chief at the 802nd Contracting Squadron, personnel required additional training to plan, synopsise, and approve sole-source contracts. Because this instance resulted from documentation omissions and did not result in inadequate sole-source determinations, we are not making a recommendation.

⁴ U.S. Air Force 802nd Contracting Squadron located at Joint Base San Antonio.

Air Force Contracting Personnel Generally Appropriately Applied the Sole-Source Authority Cited

Air Force contracting personnel appropriately applied the sole-source authority cited in 17 of the 20 J&As reviewed. In addition, contracting personnel provided enough information in 17 of 20 J&As to justify their use of other than full and open competition. Air Force contracting personnel awarded:



Air Force contracting personnel appropriately applied the sole-source authority cited in 17 of the 20 J&As reviewed.

- 15 of 20 contracts citing the authority of FAR 6.302-1, “Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements;”
- 1 of 20 contracts citing the authority of FAR 6.302-2, “Unusual and Compelling Urgency;”
- 1 of the 20 using FAR Part 13, “Simplified Acquisition Procedures;” and
- 3 of the 20 using various, but incorrect, FAR citations.

Air Force Contracting Personnel Appropriately Applied the Correct Authority for Only One Responsible Source

For the 15 contracts that cited the FAR authority of “only one responsible source and no other supplies or services will satisfy agency requirements,” Air Force contracting personnel provided adequate rationale in the J&A as to why only one contractor could provide the required product or service and why only that product or service could meet the Government’s requirements. The FAR states that the authority may be appropriate when unique supplies or services are available from only one source or one supplier with unique capabilities.

For example, in the J&A for contract FA8224-13-C-0011 at Hill AFB contracting personnel explained this contract award was needed because using any other source would result in substantial duplication of cost to the Government that was not expected to be recovered through competition in fulfilling Air Force requirements. Air Force contracting personnel explained in the J&A that the contractor was the single producer of the system and was the only contractor in possession of the technical data, documentation, and detailed knowledge of the software needed to successfully provide the infrastructure support for the acquired system.

According to Air Force contracting personnel the contractor was the only responsible source capable to provide the supplies and services needed by the Air Force without the Air Force experiencing substantial duplication of services. Therefore, Air Force contracting personnel adequately justified the sole-source award of the contract in accordance with the requirements for only one responsible source.

Air Force Contracting Personnel Appropriately Justified Unusual and Compelling Urgency

For contract FA8204-13-M-0011 at Hill AFB contracting personnel provided adequate rationale in the J&A that supported the FAR authority for “unusual and compelling urgency.” In the J&A for the contract, contracting personnel explained that the contractor was the original equipment manufacturer of the product and has proprietary rights; therefore, the Government could not provide drawings to other sources. In addition, the contracting official stated in the J&A it was imperative to award this contract as soon as possible to avoid significant impact to the launch capability of the Intercontinental Ballistic Missile weapon system and to ensure the weapon system availability was maintained as mandated by Air Force levels. Therefore, the contracting personnel adequately justified the urgent and compelling nature of the contract in accordance with the FAR.

Joint Base San Antonio Appropriately Applied the Correct Authority for Contracts Under the Simplified Acquisition Threshold

502nd Contracting Squadron personnel at Joint Base San Antonio used simplified acquisition procedures to award contract FA3016-13-P-0110. FAR 13.106-1(b)(1) states, “For purchases not exceeding the simplified acquisition threshold, contracting officers may solicit from one source.” FAR 13.003, “Policy,” states that agencies shall use simplified acquisition procedures when possible for contracts with anticipated values between \$3,000 and \$150,000.

On the J&A, contracting personal estimated the value for the contract was \$130,200; however, contracting personal awarded the contract for \$160,900. The contracting officer used simplified acquisition procedures to issue the award, rather than follow the criteria in FAR Part 6 “Competition Requirements.” The contracting officer did not follow the FAR competition requirements based on the actual value of the contract but properly followed procedures for a contract anticipated to be below the simplified acquisition threshold.

Although the contracting officer did not follow the specific sections of the FAR that we used to assess the contracts reviewed, they did follow FAR requirements based on the information known to them during the award process. Therefore, we considered this contract compliant with the FAR based on the anticipated value even though it did not specifically meet the FAR competition requirements.

Joint Base San Antonio Cited Incorrect FAR Authority

802nd Contracting Squadron personnel at Joint Base San Antonio cited incorrect statutory authorities for issuing three bridge contracts. Contracting personnel issued the three bridge contracts to the initial contract FA3047-10-F-0016, which they awarded under the 8(a) STARS II Government-Wide Acquisition Contract. They issued the contracts to avoid a break in service while contracting officials were waiting for the requirements package from the client.

Each of the three bridge contracts continued service for a 2-month period. However, contracting personnel cited a statutory authority that was different and incorrect for issuing the following three follow-on 8(a) contracts noncompetitively.

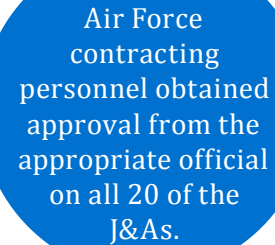
- Contract FA3047-13-P-0125 cited FAR 6.302-1, “Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements;”
- Contract FA3047-13-P-0208 cited FAR 6.302-2, “Unusual and Compelling Urgency;” and
- Contract FA3047-13-P-0263, cited FAR 13.501(a), “Sole Source Acquisitions.”

According to the flight chief, because of a lack of training in the contracting office, the contracting personnel were not aware they could have issued the contract under the 8(a) STARS II Government-Wide Acquisition Contract program. During the contract award review process for the third-bridge contract, legal counsel advised contracting personnel not to issue the contract under “unusual and compelling urgency” or “only one responsible source and no other supplies or services will satisfy agency requirements.” Also, Air Force personnel could not provide the complete contract files for two of the bridge contracts.

We obtained the contracts’ J&A documents because they were included in the contract file for the third bridge contract, but no other documents for these contracts were provided. The Commander, Joint Base San Antonio should provide training to contracting personnel on selecting the appropriate authority to issue sole-source contracts and retaining contract documentation.

Air Force Contracting Personnel Obtained Approval From the Proper Officials for Most Sole-Source Contract Awards

Air Force contracting personnel obtained approval from the appropriate official on all 20 of the J&As and the appropriate official approved the J&A before contract award for 18 of the 20 J&As. Air Force contracting personnel used an appropriate exception for the two J&As signed after contract award.



Air Force contracting personnel obtained approval from the appropriate official on all 20 of the J&As.

Air Force Contracting Personnel Obtained Approval From the Appropriate Officials

Air Force contracting personnel obtained approval from the appropriate official on all 20 of the J&As reviewed. The FAR⁵ defines the proper approval authority at various thresholds for the estimated dollar value of the contract including options. The procuring contracting officer is authorized by the FAR to provide the final approval for proposed contract actions up to \$650,000. The FAR also authorizes the competition advocate of the procuring activity to provide the final approval for proposed contract actions of more than \$650,000 but not exceeding \$12.5 million.

The contracting officer appropriately approved 10 J&As with an estimated value of \$650,000 or less. The competition advocate, or an approving official above the competition advocate, appropriately approved seven J&As valued at more than \$650,000 but not exceeding \$12.5 million. The head of the procuring activity, or a civilian in a position above GS-15, appropriately approved the remaining three J&As valued at more than \$12.5 million but not exceeding \$85.5 million.

Air Force Contracting Personnel Obtained Approval of the J&A Before Contract Award When Required

The approving official signed the J&A before contract award for 18 of the 20 J&As as required by FAR 6.303, "Justifications." However, the FAR allows justifications for contracts awarded for unusual and compelling urgency to be prepared and approved within a reasonable time after contract award when preparation and approval before award would unreasonably delay the acquisitions. Air Force officials acted appropriately for 2 of 20 J&As signed after contract award.

⁵ FAR 6.304, "Approval of the Justification."

For contract FA3047-13-P-0208, the appropriate official approved a J&A 10 days after contract award. Although the J&A was not approved before contract award it cited the FAR authority of “Unusual and Compelling Urgency,” which permits the J&A to be approved within a reasonable time after contract award. The appropriate official approved the J&A for contract FA8204-13-M-0011 before award, but the contracting officer prepared an amended J&A, which caused the J&A to appear to be signed after award. The contracting officer amended and approved the J&A in March 2014, which was over a year after the contract awarded in February 2013.

The amended J&A did not indicate that it was an amendment or that the document was originally approved before contract issuance. Contracting personnel provided the original J&A at our request. Although the FAR does not require approval to modify sole-source contracts, the contracting officer documented the changes and attempted to demonstrate approval. Consequently, by amending the J&A, the contracting officer made it appear that the contract was not approved before award. The contracting officer was proactive in amending the J&A even though the updates resulted in an apparent action that did not meet FAR requirements. Contracting personnel provided us documentation that the contract was approved before award; therefore, we determined that the contracting personnel acted appropriately and did not have a recommendation regarding this contract.

Air Force Contracting Personnel Documented the Market Research Efforts

Air Force contracting personnel appropriately documented the market research conducted, or provided adequate justification in the contract file when market research was not conducted, for the 20 contracts reviewed.⁶ Contracting personnel included documentation to show compliance with FAR part 10 in the contract file to support 17 of the 20 sole-source determinations. They provided adequate rationale for not conducting market research for 3 of the 20 sole-source determinations. See Appendix E for a description of the market research conducted for each of the 20 sole-source awards.

⁶ We considered documentation sufficient to meet FAR part 10 requirements if the specific steps taken to conduct market research and the subsequent results were documented or adequate rationale for not conducting market research was documented.

Air Force Contracting Officials Appropriately Documented Market Research Conducted

Air Force contracting personnel performed market research techniques identified in the FAR for 17 contract awards that had adequate support documented in the contract file. FAR part 10 states that agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition. FAR 10.002, "Procedures," states the extent of market research will vary depending on such factors as urgency, estimated dollar value, complexity, and past experience. For example, Air Force contracting personnel conducted Internet searches, contacted knowledgeable individuals in industry, or reviewed past procurements for the 17 noncompetitive awards that had award values ranging from \$160,900 to \$35.9 million. Air Force contracting personnel documented the techniques performed and the subsequent results in each of the 17 contract files.

Air Force Contracting Personnel Provided Adequate Documentation When No Market Research Was Conducted

Air Force contracting personnel did not conduct market research in 3 of the 20 instances; however, contracting personnel provided adequate documentation in each of the three contract files to support those determinations. For example, Air Force contracting personnel did not conduct market research for contract FA8052-13-P-0012 because the contractor was the only company with proprietary rights to provide the required sustainment and maintenance support for the Defense web technologies. Therefore, the contractor was the only company available to provide services for this contract action.

Air Force Contracting Personnel Need to Improve Compliance with FAR Subpart 5.2 for Noncompetitive IT Contracts

Air Force contracting personnel did not comply with FAR requirements when synopsising 10 of 16 contract actions that required a pre-solicitation notice. For two contracts, the contracting officer did not complete the required synopsis at all. In the other eight cases, contracting officers completed a synopsis that was only deficient in a minor area that had little effect on the contract award. Air Force contracting personnel generally included adequate documentation to support that the proposed contract actions were properly synopsised in the Government-Wide Point of Entry, which was accessed at <https://www.fedbizopps.gov>.

Of the 20 contracts reviewed, 4 did not require a synopsis. Air Force contracting personnel used the “unusual and compelling urgency” authority from the FAR to award two contracts; therefore, they were exempt from issuing a pre-solicitation notice under FAR 5.202(a)(2). Contract FA7037-13-C-0003 was issued citing only one responsible source; however, the contracting officer provided a memorandum to explain the contract was exempt from issuing a pre-solicitation notice under FAR 5.202(a)(1) because such disclosure would compromise national security. Contract FA3016-13-P-0110 was anticipated to be valued under the simplified acquisition threshold required under FAR 5.202(a)(13)(i), “Exceptions;” therefore, contracting personnel were exempt from issuing a pre-solicitation notice under the FAR.

Air Force Contracting Personnel Did Not Complete the Required Synopsis

Air Force contracting personnel did not complete a synopsis for 2 of the 16 contracts that required the synopsis according to FAR Subpart 5.2, “Synopses of Proposed Contract Actions.” FAR 5.201, “General,” requires contract actions to be synopsisized and posted to the Government-Wide Point of Entry, commonly known as the website www.fedbizopps.gov, unless certain exceptions exist. For contract FA3047-13-P-0125, the synopsis was not completed, but as noted previously, the contract should have been issued under the 8(a) STARS II Government-wide Acquisition Contract program, which would have eliminated the synopsis requirement. Additionally, the J&A for using other than full and open competition on this contract noted that the synopsis would be completed even though it was not done.

For example, for contract FA8771-13-C-0004, Air Force personnel at the Gunther Annex did not provide evidence that a synopsis was posted. Personnel from the Policy and Pricing Support Office, with endorsement from the Chief of Contracting, stated that they provided training regarding synopses to about 70 contracting personnel after we briefed them regarding our on-site review. Gunther Annex personnel adequately addressed our concerns during the audit; therefore, we are not making a recommendation.

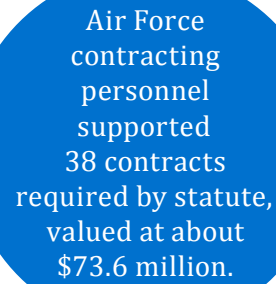
Air Force Contracting Personnel Did Not Always Include Required Synopsis Statements

Air Force contracting personnel did not follow applicable guidance by not including one or both of the statements required by FAR 5.207 “Preparation and Transmittal of Synopses,” in the synopsis for 8 of the 14 completed synopses. FAR 5.207(c)(15), requires the issuance of synopsis of intended noncompetitive contract awards to identify the intended source and a statement of the reason justifying the lack of

competition. FAR 5.207(c)(16)(ii) requires the synopsis of noncompetitive contract actions using “only one source” as the authority cited to include a statement that “all responsible sources may submit a capability statement, proposal, or quotation, which shall be considered by the agency.” For proposed contract actions made under the remaining FAR 6.3 authorities, FAR 5.207(c)(16)(i), requires the synopsis to include the statement, “all responsible sources may submit a bid, proposal, or quotation which shall be considered by the agency.” The Deputy Assistant Secretary of the Air Force (Contracting) should provide contracting personnel training, or issue a memorandum, on completing required synopsis and including the statements required by FAR 5.207.

Air Force Contracting Personnel Properly Awarded Contracts Required by Statute

Air Force contracting personnel supported 38 contracts required by statute, valued at about \$73.6 million, with documentation showing a valid statutory requirement. Air Force contracting personnel awarded the 38 contracts under the 8(a) Program or other specified source. FAR 6.302-5, “Authorized or Required by Statute,” permits the use of other than full and open competition for awards under these programs. Contracting officers may use this authority when statutes authorize or require that acquisitions be made from a specified source or through another agency such as the following.



Air Force contracting personnel supported 38 contracts required by statute, valued at about \$73.6 million.

- Federal Prison Industries;
- Qualified Nonprofit Agencies for the Blind or other Severely Disabled;
- Government Printing and Binding;
- Sole-source awards under the 8(a) program;
- Sole-source awards under the Historically Underutilized Business Zones Act of 1997; or
- Sole-source awards under the Veterans Benefits Act of 2003.

In accordance with the FAR, Air Force contracting personnel awarded all 38 contracts in accordance with Section 8(a) of the Small Business Act program⁷ and other specified programs. For verification purposes, we reviewed documentation such as the Small Business Administration Acceptance Letter and Small Business Administration Coordination Record.

⁷ Section 637, title 15, United States Code (2011).

Conclusion

Air Force contracting personnel properly justified the use of other than full and open competition for all 58 IT contracts reviewed, with a value (including options) of about \$154.3 million; however, some contract files did not contain documentation required by the FAR for noncompetitive awards. For 20 contracts issued that required additional planning, approval, and market research to issue a sole-source award, Air Force contracting personnel did not always include adequate content in the J&A or properly synopsise the contract as required by the FAR. Air Force contracting personnel used a valid statutory requirement when awarding the other 38 contracts with a value (including options) of about \$73.6 million. By implementing our recommendations, the Air Force will increase awareness of contracting opportunities so that future awards may be issued without the need to award contracts as sole source.

Recommendations, Management Comments, and Our Response

Redirected Comments

As a result of management comments, we redirected Recommendation 1 to the Commander, 502nd Contracting Squadron, because the Commander, Joint Base San Antonio is not responsible for each of the wings that issued the Joint Base San Antonio contracts. The 802nd Contracting Squadron awarded the three contracts that prompted the Recommendation. The 502nd Contracting Squadron is now responsible for the 802nd Contracting Squadron; therefore, the Commander, 502nd Contracting Squadron, is the appropriate person to respond to the Recommendation.

Recommendation 1

We recommend the Commander, Joint Base San Antonio provide training on selecting the appropriate authority to issue sole-source contracts and retaining contract documentation.

Commander, 502nd Contracting Squadron Comments

The Commander, 502nd Contracting Squadron, agreed, stating that he will provide training on sole-source acquisitions and contract documentation retention and disposition timelines. He stated that the sole-source training will include selecting the appropriate authority to issue sole-source contracts and synopsis requirements and would be completed by June 30, 2015.

Our Response

Comments from the Commander, 502nd Contracting Squadron addressed all specifics of the recommendation, and no further comments are required.

Recommendation 2

We recommend that the Deputy Assistant Secretary of the Air Force (Contracting) provide contracting personnel training or issue a memorandum on completing required synopsis and including the statements required by Federal Acquisition Regulation 5.207, "Preparation and Transmittal of Synopses," in the synopsis of contract actions made under Federal Acquisition Regulation 6.302, "Circumstances Permitting Other Than Full and Open Competition."

Deputy Assistant Secretary of the Air Force (Contracting) Comments

The Deputy Assistant Secretary of the Air Force (Contracting), agreed, stating that by May 29, 2015, he will issue a memorandum to the Air Force Contracting Community reiterating the requirements of Federal Acquisition Regulation 5.207(c)(15), Federal Acquisition Regulation 5.207(c)(16)(i), and Federal Acquisition Regulation 5.207(c)(16)(ii).

Our Response

Comments from the Deputy Assistant Secretary of the Air Force (Contracting) addressed all specifics of the recommendation, and no further comments are required.

Appendix A

Scope and Methodology

We completed work for this report from April 2014 through August 2014 under the “Audit of DoD Information Technology Contracts Issued Without Competition” (Project No. D2014-D000CG-0171.000). In August 2014, we decided to issue multiple reports as a result of those efforts. In October 2014, we announced this project, “Audit of Air Force Information Technology Contracts Issued Without Competition” (Project No. D2015-D000CG-0009.000) specifically for the Air Force contracts. We conducted this performance audit from October 2014 through April 2015. We completed both projects in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We will issue separate reports for each Service and one report for the Defense agencies. This is the third report in the planned series of reports and includes contracts issued by the Air Force at the five sites visited. This audit was announced in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act that requires the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source. The House version contained the requirement; however, the final legislation did not.

Universe Selection

To address our audit objective, we queried FPDS-NG to determine the contract universe and obtain relevant fields. We then filtered the data to populate the D300 Product Service Codes, “IT and Telecom” and contracts issued from October 1, 2012, through April 10, 2014. We excluded contract actions that had:

- two or more offers received;
- contract actions valued below the simplified acquisition threshold (\$150,000); and
- contract actions using General Services Administration contracts or other interagency contracts.

We identified that Air Force contracting personnel awarded 106 IT contracts that received only one offer with a value, including base and option years, of about \$238 million from October 2012 through April 2014. When selecting locations, we

considered the total number of contracts issued, the corresponding total contract value (including options), and the proximity of the locations to one another. Of the locations selected, we nonstatistically reviewed 58 contracts with a value (including options) of about \$154.3 million. We excluded 3 contracts from our originally identified 61 contracts for review because:

- 1 contract was competed;
- 1 contract was not IT related; and
- 1 contract was classified.

Of the 58 contracts, 38 were required by statute. Of those 38, we limited our review to verify whether the contracts contained a valid statutory requirement. See Appendix C for the 20 sole-source IT contracts reviewed and Appendix D for the 38 contracts authorized by statute reviewed.

Review of Documentation and Interviews

We reviewed pertinent contract file documentation including:

- the Justification and Approval for Other than Full and Open Competition;
- records of market research;
- performance work statements; and
- the synopsis submitted to the Government-Wide Point of Entry.

We obtained the contract file documentation by copying documentation during each of our site visits to:

- Maxwell Gunter Air Force Base (AFB), Montgomery Alabama;⁸
- Joint Base San Antonio, Lackland, Texas;⁹
- Wright Patterson AFB, Ohio;¹⁰
- Hill AFB, Utah;¹¹ and

⁸ Contracts for the U.S. Air Force Life Cycle Management Center, Maxwell Gunter Annex, Montgomery, Alabama, include one contract issued by the 42nd Contracting Squadron Maxwell AFB, Alabama.

⁹ Contracts for Joint Base San Antonio, include contracts issued by Air Education and Training Command, Randolph AFB, Texas; 338th Specialized Contracting Squadron, Joint Base San Antonio-Randolph, Texas; 802nd Contracting Squadron Joint Base San Antonio, Lackland, Texas; 902nd Contracting Squadron, Randolph AFB, Texas; Air Force Intelligence Surveillance and Recognizance Agency, San Antonio, Texas; 773rd Enterprise Sourcing Squadron, San Antonio, Texas; Air Force Life Cycle Management Center, Cryptologic Systems Contracting Division, San Antonio, Texas; 502nd Contracting Squadron, Joint Base Fort Sam Houston, Texas; and 773rd Enterprise Sourcing Squadron, Wright Patterson AFB, Ohio.

¹⁰ Contracts for Wright Patterson AFB, Ohio, include contracts issued by the Air Force Life Cycle Management Center, Wright Patterson AFB, Ohio.

¹¹ Contracts for Hill AFB, Utah, include contracts issued by Air Force Nuclear Weapons Center, Hill AFB, Utah; Air Force Life Cycle Management Center, Hill AFB, Utah; and Air Force Sustainment Center, Hill AFB, Utah.

- Joint Base Andrews, Maryland.¹²

The acquisitions set aside for 8(a) awards were authorized by FAR 6.302-5 “Authorized or Required by Statute.” As discussed with the House Armed Services Committee staff, we did not complete a full review of the 8(a) contracts. For verification purposes, we reviewed documentation such as the Small Business Administration Acceptance Letter and the DD Form 2579, “Small Business Administration Coordination Record.”

We obtained additional information from contracting personnel responsible for contracts that were missing information from the files specifically about the J&A and market research. We also interviewed competition advocates to understand the competition advocates’ responsibilities and role in noncompetitive contract awards.

We evaluated contract documentation obtained against applicable criteria including:

- FAR Part 5, “Publicizing Contract Actions;”
- FAR Subpart 6.3, “Other Than Full and Open Competition;” and
- FAR Part 10, “Market Research.”

Use of Computer-Processed Data

We did not rely on computer-processed data to support our findings or conclusions.

Use of Technical Assistance

We received technical assistance from the Department of Defense Office of Inspector General’s Quantitative Methods and Analysis Division. We determined that we would use FPDS-NG data to select contracting activities to review. During our site visits, we worked with Air Force contracting personnel to verify that the selected contracts met the scope limitations of our review.

¹² Contracts for Joint Base Andrews, Maryland, include contracts issued by Air Force District of Washington, Joint Base Andrews, Maryland.

Appendix B

Prior Coverage

During the last 5 years, GAO, DoD IG and Army Audit Agency issued 18 reports discussing contracts issued without competition. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. DoD IG reports can be accessed over the Internet at <http://www.dodig.mil/>. Army reports can be accessed from <https://www.aaa.army.mil/reports.htm>.

GAO

Report No. GAO-14-721R, "Contract Management: DoD's Implementation of Justifications for 8(a) Sole-Source Contracts," September 9, 2014

Report No. GAO-14-427R, "Defense Contracting: DoD's Use of Class Justifications for Sole-Source Contracts," April 16, 2014

Report No. GAO-14-304, "Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight," March 26, 2014

Report No. GAO-13-325, "Defense Contracting: Actions Needed to Increase Competition," March 28, 2013

Report No. GAO-12-263, "Defense Contracting: Improved Policies and Tools Could Help Increase Competition on DoD's National Security Exception Procurements," January 13, 2012

Report No. GAO-10-833, "Federal Contracting: Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer is Received," July 26, 2010

DoD IG

Report No. DODIG-2015-096, "The Army's Information Technology Contracts Awarded Without Competition Were Generally Justified," March 25, 2015

Report No. DODIG-2015-071, "The Navy and Marine Corps' Information Technology Contracts Awarded Without Competition Were Properly Justified," January 23, 2015

Report No. DODIG-2013-034, "Better Processes Needed to Appropriately Justify and Document NAVSUP WSS, Philadelphia Site Sole-Source Awards," December 21, 2012

Report No. DODIG-2013-003, "Army Contracting Command - Aberdeen Proving Ground Contracting Center's Management of Noncompetitive Awards Was Generally Justified," October 19, 2012

Report No. DODIG-2012-084, "Air Force Aeronautical Systems Center Contracts Awarded Without Competition Were Properly Justified," May 10, 2012

Report No. DODIG-2012-077, "Naval Surface Warfare Center Crane Contracts Awarded Without Competition Were Adequately Justified," April 24, 2012

Report No. DODIG-2012-076, "Army Contracting Command - Rock Island Contracts Awarded Without Competition Were Properly Justified," April 19, 2012

Report No. DODIG-2012-073, "Natick Contracting Division's Management of Noncompetitive Awards Was Generally Justified," April 10, 2012

Report No. DODIG-2012-042, "Naval Air Systems Command Lakehurst Contracts Awarded Without Competition Were Properly Justified," January 20, 2012

Army

Report No. A-2012-0018-IET, "Information Technology Service Contract: Program Executive Office Simulation, Training, and Instrumentation," November 21, 2011

Report No. A-2011-0002-ALC, "Extent of Competition in Army Contracting," October 12, 2010

Report No. A-2010-0115-FFI, "Synchronizing Installation Information Technology Requirements, Office of the Chief Information Officer/G-6," June 28, 2010

Appendix C. Noncompetitive IT Contracts Reviewed

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
1	FA8771-13-C-0004	Maxwell Gunter AFB	Microsoft Consultant Services	8/1/2013	FFP	FAR 6.302-1	\$2,720,280
2	FA8771-13-C-0005	Maxwell Gunter AFB	Services to increase operational efficiency, and maximize uptime for the Air Force Network enterprise	6/30/2013	FFP	FAR 6.302-1	5,098,066
Maxwell Gunter AFB Subtotal							\$7,818,346
3	FA3047-13-P-0263	Joint Base San Antonio	Contractor Personnel for IT management	8/1/2013	FFP	FAR 13.501	457,232
4	FA3047-13-P-0125	Joint Base San Antonio	IT management services for south campus of San Antonio military medical center	4/1/2013	FFP	FAR 6.302-1	479,005
5	FA3047-13-P-0208	Joint Base San Antonio	Contractor Personnel for IT management for treatment facilities	6/3/2013	FFP	FAR 6.302-2	479,005
6	FA7037-13-C-0003	Joint Base San Antonio	Inner view license and software services	9/26/2013	FFP plus cost	FAR 6.302-1	2,019,223
7	FA8052-13-P-0012	Joint Base San Antonio	Xtendable server core security updates subscription and server maintenance	6/30/2013	FFP	FAR 6.302-1	50,000

Acronyms used throughout Appendix C are defined on the final page of Appendix C.

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
8	FA8307-14-C-0002	Joint Base San Antonio	Design and develop a computation module to the Cryptologic Depot Accountability System	1/14/2014	FFP	FAR 6.302-1	893,857
9	FA3016-13-P-0110	Joint Base San Antonio	GeoElement bundle plus advanced viewing capabilities	9/6/2013	FFP	FAR 13.106	100,000
Joint Base San Antonio Subtotal							\$4,478,322
10	FA8770-13-C-0519	Wright Patterson AFB	System operations and sustainment	9/21/2013	FFP	FAR 6.302-1	2,903,716
11	FA8770-14-C-0518	Wright Patterson AFB	System maintenance, testing, and related services for the decision support system	1/14/2014	FFP	FAR 6.302-1	502,501
Wright Patterson AFB Subtotal							\$3,406,217
12	FA8204-13-M-0011	Hill AFB	Engineering, design and testing for a software upgrade	2/12/2013	FFP	FAR 6.302-2	238,395
13	FA8210-13-C-0002	Hill AFB	Software support management	9/26/2013	FFP plus cost	FAR 6.302-1	2,917,028
14	FA8224-13-C-0041	Hill AFB	Computer software configuration item support	4/19/2013	CPFF	FAR 6.302-1	1,665,021
15	FA8224-14-C-0037	Hill AFB	Maintenance release of two virtualized help desk services	3/31/2014	FFP	FAR 6.302-1	218,905

Acronyms used throughout Appendix C are defined on the final page of Appendix C.

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
16	FA8224-13-C-0039	Hill AFB	Software engineering and development	6/1/2013	CPFF	FAR 6.302-1	999,999
17	FA8224-13-C-0011	Hill AFB	Software licenses and engineering support	10/15/2012	FFP plus cost	FAR 6.302-1	3,000,000
Hill AFB Subtotal							\$9,039,348
18	FA7014-13-C-3010	Joint Base Andrews	Cell phone services	6/26/2013	FFP	FAR 6.302-1	184,930
19	FA7014-13-P-3012	Joint Base Andrews	Computer software license	7/24/2013	FFP	FAR 6.302-1	66,692
20	FA7014-13-C-5001	Joint Base Andrews	Comprehensive information technology and configuration management support	4/30/2013	FFP	FAR 6.302-1	821,488
Joint Base Andrews Subtotal							\$1,073,110
Total Value of All Contracts							\$25,815,343*

* The contract value was for the base year only.

LEGEND

AFB	Air Force Base
CPFF	Cost-Plus-Fixed Fee
COST	Cost Reimbursement
FAR 6.302-1	Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirement
FAR 6.302-2	Unusual and Compelling Urgency
FAR 13.106	Simplified Acquisition Procedures
FAR 13.501	Test Program for Certain Commercial Items
FFP	Firm-Fixed Price
IT	Information Technology

Appendix D. Noncompetitive Statutorily Required IT Contracts Reviewed

Noncompetitive Statutorily Required IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
1	FA8771-13-M-0002	Maxwell Gunter AFB	Deliberate crisis action planning and execution segment	10/18/2012	FFP	8(a) Set Aside	\$168,500
2	FA8771-13-C-0035	Maxwell Gunter AFB	Nonpersonal system sustainment services	9/1/2013	FFP	8(a) Set Aside	413,990
3	FA8771-13-C-0007	Maxwell Gunter AFB	Information transport node and domain name service replacement project	8/20/2013	FFP	8(a) Set Aside	750,000
4	FA8771-13-C-0006	Maxwell Gunter AFB	Non-personal information technology services	7/30/2013	FFP	8(a) Set Aside	861,519
5	FA8771-13-M-0004	Maxwell Gunter AFB	High Availability Software for Network Control Center	11/20/2012	FFP	8(a) Set Aside	315,652
6	FA8771-13-C-0009	Maxwell Gunter AFB	Technical and functional resources for Cargo movement operations system	9/30/2013	CPFF	8(a) Set Aside	2,830,782
7	FA8771-13-C-0033	Maxwell Gunter AFB	Non-personal system sustainment support services	9/1/2013	FFP	8(a) Set Aside	1,143,560
8	FA8772-14-C-0001	Maxwell Gunter AFB	Non-personal technical expertise for personnel and pay system development	2/5/2014	FFP	8(a) Set Aside	674,131
9	FA8772-13-M-0003	Maxwell Gunter AFB	Support and maintenance of Cisco Renewal in support of the Capabilities Integration Environment	10/1/2013	FFP	8(a) Set Aside	279,084
10	FA8772-14-M-0001	Maxwell Gunter AFB	Hardware and software maintenance and subscription services renewal	1/1/2014	FFP	8(a) Set Aside	2,007,171

Acronyms used throughout Appendix D are defined on the final page of Appendix D.

Noncompetitive Statutorily Required IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
11	FA8772-13-M-0001	Maxwell Gunter AFB	Hardware and software maintenance and subscription service for previously acquired systems	1/1/2013	FFP	8(a) Set Aside	2,212,101
12	FA3300-13-C-0018	Maxwell Gunter AFB	IT service to build, maintain, and deliver curriculum technologies for Educational Instructions	9/30/2013	FFP	8(a) Set Aside	471,594
Maxwell Gunter AFB Subtotal							\$12,128,084
13	FA3002-13-C-0001	Joint Base San Antonio	Video teleconferencing maintenance, and support for Air Force Training Command	10/1/2012	FFP	8(a) Set Aside	213,761
14	FA3002-14-C-0008	Joint Base San Antonio	Two NIPRnet/SIPRnet system technician	3/12/2014	FFP	8(a) Set Aside	228,082
15	FA3002-14-D-0001	Joint Base San Antonio	Desktop support and network/server administration	10/29/2013	FFP plus cost	8(a) Set Aside	971,520
16	FA3047-13-P-0418	Joint Base San Antonio	IT services	9/29/2013	FFP	8(a) Set Aside	463,569
17	FA3089-13-P-0005	Joint Base San Antonio	Systems administration and computer support to medical group	10/1/2012	FFP	8(a) Set Aside	115,373
18	FA3089-13-C-0001	Joint Base San Antonio	Data extraction of recruiting information system for migration to new platforms	10/1/2012	FFP	8(a) Set Aside	1,635,120
19	FA3089-14-P-0013	Joint Base San Antonio	Data extraction of recruiting information system for migration to new platforms	10/1/2013	FFP	8(a) Set Aside	2,428,360
20	FA7037-13-C-8000	Joint Base San Antonio	Microsoft Consulting Services	11/29/2012	FFP plus cost	8(a) Set Aside	521,635

Acronyms used throughout Appendix D are defined on the final page of Appendix D.

Noncompetitive Statutorily Required IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
21	FA8052-14-C-0004	Joint Base San Antonio	IT-based portfolio management solution and advisory services	11/21/2013	FFP plus cost	8(a) Set Aside	482,765
22	FA8053-13-C-0001	Joint Base San Antonio	Information management and web database sustainment at the Medical Commodity Council	3/15/2013	FFP	8(a) Set Aside	188,168
Joint Base San Antonio Subtotal							\$7,248,353
23	FA8604-13-C-7010	Wright Patterson AFB	IT support services for the Aeronautical Systems Center	9/1/2013	FFP	8(a) Set Aside	875,710
24	FA8604-13-C-7013	Wright Patterson AFB	Depot Maintenance Accounting and Production Systems/ IT Independent Testing and Configuration	9/24/2013	FFP	8(a) Set Aside	504,647
25	FA8630-13-M-5023	Wright Patterson AFB	Disaster recovery study and implementation	9/25/2013	FFP	8(a) Set Aside	580,151
26	FA8630-14-M5025	Wright Patterson AFB	Case management control system security layer automation services	11/25/2013	FFP	8(a) Set Aside	165,274
27	FA8770-14-C-0507	Wright Patterson AFB	IT services, life-cycle support, and baseline change request	3/12/2014	CPFF	8(a) Set Aside	1,701,795
28	FA8770-13-C-0514	Wright Patterson AFB	Enterprise IT Data Repository Maintenance	8/1/2013	CPFF	8(a) Set Aside	1,619,391
29	FA8770-13-C-0512	Wright Patterson AFB	Evaluation Management System Sustainment and Maintenance	3/18/2013	FFP	8(a) Set Aside	1,922,453
30	FA8770-13-C-0526	Wright Patterson AFB	Acquisition support and test services including subject matter expert	9/25/2013	CPFF	8(a) Set Aside	1,169,996

Acronyms used throughout Appendix D are defined on the final page of Appendix D.

Noncompetitive Statutorily Required IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
31	FA8770-13-C-0509	Wright Patterson AFB	Managerial and technical support activities for the Scientific and Technical Enterprise System	2/1/2013	FFP	8(a) Set Aside	838,941
32	FA8770-14-C-0004	Wright Patterson AFB	System maintenance and surveillance for management control system	12/27/2013	FFP	8(a) Set Aside	1,187,665
Wright Patterson AFB Subtotal							\$10,566,023
33	FA8201-13-C-0122	Hill AFB	Oracle and SQL database administrators	9/20/2013	FFP	8(a) Set Aside	310,951
34	FA8201-14-D-0004	Hill AFB	System administration and software development	1/15/2014	FFP	8(a) Set Aside	4,000,000
35	FA8224-13-C-0021	Hill AFB	Software maintenance services	2/28/2013	FFP plus cost	8(a) Set Aside	492,441
36	FA8224-14-C-0013	Hill AFB	Publishing a periodic magazine in hard copy and electronic formats	11/13/2013	FFP	8(a) Set Aside	29,650
37	FA8224-13-D-0007	Hill AFB	Labor to support theater battle management core system	1/24/2013	CPFF	8(a) Set Aside	4,574,145
Hill AFB Subtotal							\$9,407,187
38	FA7014-13-F-3000	Joint Base Andrews	Telephone operator service	12/1/2012	FFP	FAR 6.302-5	458,344
Joint Base Andrews Subtotal							\$458,344
Total Value of All Statutorily Required Contracts							\$39,807,991*

* The contract value is the base value excluding options of the maximum ceiling price at award.

LEGEND

AFB	Air Force Base
CPFF	Cost-Plus-Fixed Fee
COST	Cost Reimbursement
FAR 6.302-5	Authorized or Required by Statute
FFP	Firm-Fixed Price
IT	Information Technology

Appendix E. Market Research Conducted

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
Maxwell Gunter AFB						
1	FA8771-13-C-0004	\$25,800,000	Internet searches including GSA website and a search of previous solicitations.	The contractor was the only known source with required technical competencies.	J&A and Market Research Report	Yes
2	FA8771-13-C-0005	\$37,300,000	Internet searches and GSA review of current and past contracts, vendor day events, questionnaires sent to vendors, and emails and discussions.	The contractor was the only source that could provide the requirement.	J&A and Market Research Report	Yes
Joint Base San Antonio						
3	FA3047-13-P-0263	\$457,232	Researched the industry in an attempt to identify vendors that could provide this requirement.	No other business could meet criteria outlined in requirement.	J&A	Yes
4	FA3047-13-P-0125	\$489,892	Researched the industry in an attempt to identify vendors that could provide this requirement.	No other business could meet criteria outlined in requirement.	J&A	Yes
5	FA3047-13-P-0208	\$479,005	Researched the industry in an attempt to identify vendors that could provide this requirement.	No other business could meet criteria outlined in requirement.	J&A	Yes

Footnotes and acronyms used throughout Appendix E are defined on the final page of Appendix E.

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
6	FA7037-13-C-0003	\$3,570,582	Review on FedBizOpps was completed. Additionally, an email was sent to verify if any other vendors were available.	The contractor was the only source that could provide the services.	J&A and Market Research Report	Yes
7	FA8052-13-P-0012	\$200,000	Market research was not conducted, and a reason was provided.	The licensing for the service was not offered by any other vendor.	J&A	Yes*
8	FA8307-14-C-0002	\$800,000	Sources sought posted on FedBizOpps.	No response was received. Intellectual property not available from other sources.	J&A and Market Research Memo	Yes
9	FA3016-13-P-0110	\$130,200	Analysis of potential Industry and searched the internet using North American Industry Classification System code.	The contractor was the only producer and seller of the software.	J&A and Market Research Report	Yes
Wright Patterson AFB						
10	FA8770-13-C-0519	\$6,800,000	Director of Engineering conducted a study to determine the extent the contract could be competed.	There was no licensing agreement in place for outside vendors to use proprietary software embedded.	J&A and Market Research Report	Yes

Footnotes and acronyms used throughout Appendix E are defined on the final page of Appendix E.

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
11	FA8770-14-C-0518	\$414,000,000	Market research was not conducted, and a reason was provided.	No time available to prevent break in service. Market Research was being conducted for follow-on contract.	J&A	Yes*
Hill AFB						
12	FA8204-13-M-0011	\$300,000	Market research was not conducted, and a reason was provided.	No other company had the data rights and technical expertise necessary to complete the work.	J&A	Yes*
13	FA8210-13-C-0002	\$2,983,892	Researched the ability to support the software and posted a synopsis of the proposed acquisition.	Due to proprietary nature of the software no other source was available.	J&A and Market Research Report	Yes
14	FA8224-13-C-0041	\$5,100,000	Internet searches and synopsis posted in FedBizOpps.	The contractor was the only source that could meet all acquisition requirements.	J&A and Market Research Document	Yes
15	FA8224-14-C-0037	\$223,333	Issued a pre-solicitation notice of award and received input from knowledgeable individuals.	The contractor was the only source deemed capable.	J&A and Market Research Document	Yes

Footnotes and acronyms used throughout Appendix E are defined on the final page of Appendix E.

Noncompetitive IT Contracts Awarded by the Air Force from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
16	FA8224-13-C-0039	\$9,975,976	Posted sources sought synopsis, communicated with interested parties.	The contractor was the only company capable that could perform the requirements.	J&A and Market Research Report	Yes
17	FA8224-13-C-0011	\$14,860,210	Internet searches and published a sources sought notification in FedBizOpps.	No other sources could meet Air Force requirements.	J&A and Market Research Memorandum	Yes
Joint Base Andrews						
18	FA7014-13-C-3010	\$196,112	Review of vendor price lists from the blanket purchase agreement.	No time available to solicit available sources without a break in service.	J&A	Yes
19	FA7014-13-P-3012	\$257,968	Posted request for information in FedBizOpps, internet inquiries, previous acquisitions, review catalogs and other generally available product literature.	The contractor was the only source that could meet the minimum qualifications to fulfill requirements.	J&A	Yes
20	FA7014-13-C-5001	\$1,330,222	Identified and contacted four firms that could have potentially performed the work.	The contractor was the only source that could provide the services in the timeframe available.	J&A and Market Research Report	Yes

* Although market research was not conducted, the rationale provided for not conducting research was considered appropriate.

LEGEND

AFB Air Force Base
 GSA General Services Administration
 IT Information Technology
 J&A Justification and Approval

Management Comments

502nd Contracting Squadron



DEPARTMENT OF THE AIR FORCE
502D AIR BASE WING
JOINT BASE SAN ANTONIO

MEMORANDUM FOR DoD INSPECTOR GENERAL
[REDACTED]

08 APR 2015

FROM: 502 CONS/CC
1655 Selfridge, Bldg 5450
JBSA-Lackland, TX 78236-5253

SUBJECT: Commander, 502d Contracting Squadron Response to Draft Audit Report DoDIG
Project D2015-D000CG-0009,000, The Air Force's Information Technology
Contract Awarded Without Competition Were Generally Justified

1. I concur with the audit results and recommendation as presented to me in the referenced draft report of audit. Below reflects the actions being taken in response to the recommendation for the Commander, 502d Contracting Squadron.

Recommendation 1. We recommend the *Commander, 502d Contracting Squadron provide training on selecting the appropriate authority to issue sole-source contracts and retaining contract documentation.*

Response: Concur. The Commander, 502d Contracting Squadron will provide comprehensive squadron training which will be conducted during recurring weekly squadron training on sole-source acquisitions and contract documentation retention and disposition timelines. Sole-source training will include selecting the appropriate authority to issue sole-source contracts and synopsis requirements. **Action Open, Completion Date: 30 Jun 15, OPR: 502 CONS.**

2. Please direct questions to me at [REDACTED] or [REDACTED].


THOMAS E. HOSKINS, Lt Col, USAF
Commander, 502d Contracting Squadron

Deputy Assistant Secretary of the Air Force (Contracting)



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

08 APR 2015

MEMORANDUM FOR DoD INSPECTOR GENERAL

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: SAF/AQC Responses to DoD IG Report "The Air Force's Information
Technology Contracts Awarded Without Competition Were Generally Justified"

1. The Department of Defense Inspector General (DoD IG) released a draft report titled "The Air Force's Information Technology Contracts Awarded Without Competition Were Generally Justified". The report provides the Air Force with two recommendations, one of which is addressed to Deputy Assistant Secretary of the Air Force (Contracting) (SAF/AQC). The following is the DoD IG recommendation to SAF/AQC, and SAF/AQC's response:

Recommendation: *The Deputy Assistant Secretary of the Air Force (Contracting) should provide contracting personnel training, or issue a memorandum, on completing required synopsis and including the statements required by FAR 5.207.*

Response: Concur. SAF/AQC will issue a memorandum to the Air Force Contracting Community reiterating the requirements of FAR 5.207(c)(15), FAR 5.207(c)(16)(i), and FAR 5.207(c)(16)(ii). Estimated issuance date is 29 May 2015.

2. Please direct questions to [REDACTED] at [REDACTED] or [REDACTED].

JOHN M. LYLE, SES, USAF
Associate Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Acronyms and Abbreviations

- AFB** Air Force Base
- FAR** Federal Acquisition Regulation
- FPDS-NG** Federal Procurement Data System – Next Generation
- IT** Information Technology
- J&A** Justification and Approval

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