



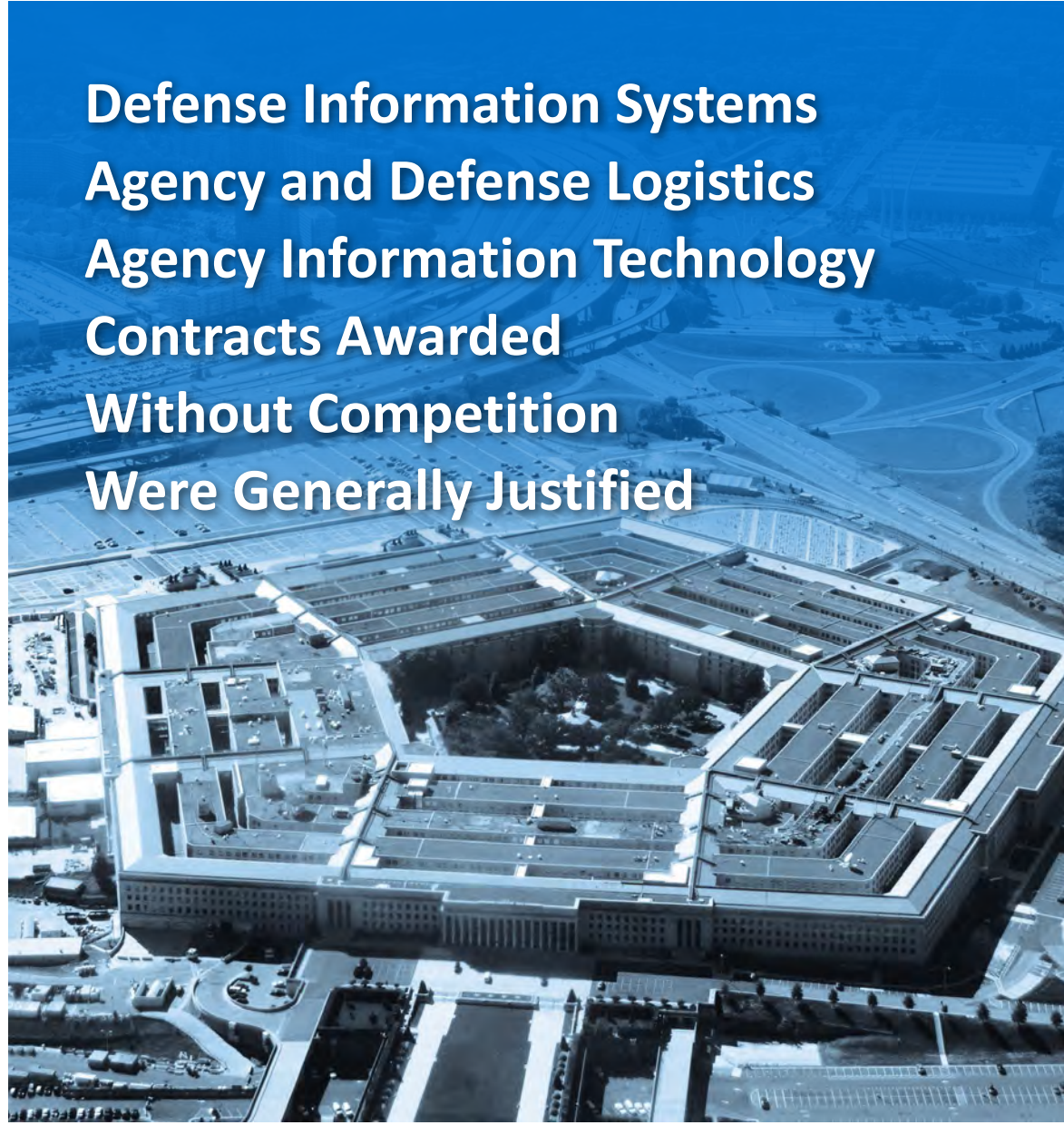
INSPECTOR GENERAL

U.S. Department of Defense

JULY 29, 2015



Defense Information Systems Agency and Defense Logistics Agency Information Technology Contracts Awarded Without Competition Were Generally Justified



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Results in Brief

Defense Information Systems Agency and Defense Logistics Agency Information Technology Contracts Awarded Without Competition Were Generally Justified

July 29, 2015

Objective

Our objective was to determine whether the Defense Information Systems Agency (DISA) and Defense Logistics Agency (DLA) information technology (IT) contracts issued without competition were properly justified. This report is the fourth in a series of audits on IT contracts issued without competition. We nonstatistically reviewed 55 contracts.¹

Finding

DLA, Contracting Services Office, Philadelphia, and DISA² contracting personnel justified the use of other than full and open competition for 21 of the 22 sole-source contracts with a value (including options) of about \$505.8 million. However, the DISA Defense Information Technology Contracting Organization, National Capital Region, (DITCO-NCR) contracting personnel did not properly justify the use of other than full and open competition for one sole-source contract, valued at about \$151 million. This occurred because the contracting officer inappropriately included equipment on a sole-source contract for the convenience of the customers. As a result, DITCO-NCR contracting personnel could have used full and open competition to save DoD funds.

¹ For 33 contracts, we limited our review to verifying whether the contracts contained a valid statutory requirement. The remaining 22 contracts required written justifications for other than full and open competition.

² DISA collectively refers to Defense Information Technology Contracting Organization (DITCO), Scott Air Force Base, Illinois, and DITCO-National Capital Region (NCR), Fort Meade, Maryland.

Finding (cont'd)

Additionally, DISA contracting personnel did not follow the Federal Acquisition Regulation when they synopsisized (summarized) 12 of 22 proposed contract actions. This occurred because DISA contracting personnel said they thought the correct exception was used, made mistakes when posting synopses, and could not find synopses or explain why they did not post synopses. As a result, for each of the proposed contract actions not properly synopsisized, contracting personnel potentially excluded sources.

Finally, DLA, Contracting Services Office, Philadelphia, and DISA contracting personnel used a valid statutory requirement when they awarded the other 33 contracts with a value (including options) of about \$82.1 million.

Recommendations

We recommend that the DISA Procurement Services Executive Chief, Defense Information Technology Contracting Organization, review the contracting practices at DITCO-NCR for the contract not properly justified and take action to remove the non-unique equipment and services as appropriate, require refresher training, and issue guidance that emphasizes Federal Acquisition Regulation Subpart 5.2, "Synopsis of Proposed Contract Actions."

Management Comments and Our Response

The DISA Procurement Services Executive Chief, Defense Information Technology Contracting Organization, agreed with the recommendations and provided a corrective action plan with an anticipated completion date. Comments from the DISA Procurement Services Executive 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
Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization		1.a, 1.b



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

July 29, 2015

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Defense Information Systems Agency and Defense Logistics Agency Information
Technology Contracts Awarded Without Competition Were Generally Justified
(Report No. DODIG-2015-152)

We are providing this report for your information and use. Defense Information Systems Agency and Defense Logistics Agency contracting personnel justified the use of other than full and open competition for 21 of the 22 sole-source contracts with a value (including options) of about \$505.8 million. However, Defense Information Systems Agency contracting personnel did not properly justify the use of other than full and open competition for one sole-source contract, valued at about \$151 million. We performed this audit in anticipation that the Fiscal Year 2015 National Defense Authorization Act would require the DoD Inspector General to review DoD noncompetitive information technology contracts to determine whether they were properly justified as sole source. We conducted this audit in accordance with generally accepted government auditing standards.

We considered the Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization, comments when preparing the final report. The Defense Information Systems Agency Procurement Services Executive agreed with our recommendations and provided a corrective action plan with an anticipated completion date. The comments conformed to the requirements of DoD Instruction 7650.03; 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. Roark", is positioned above the typed name.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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Introduction

Objective

Our objective was to determine whether the Defense Information Systems Agency (DISA) and Defense Logistics Agency (DLA) information technology (IT) contracts issued without competition were properly justified. This report is the fourth 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 related to the objective.

Background

We announced this audit as part of a series in anticipation that the FY 2015 National Defense Authorization Act would require the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source. The House report³ contained the requirement; however, the final legislation⁴ did not contain the requirement.

Guidance

Full and open competition is the preferred method for Federal agencies to award contracts. The United States Code⁵ (U.S.C.) requires contracting officers, with certain exceptions, to promote and provide for full and open competition when soliciting offers and awarding contracts. It also includes certain exceptions that authorize contracting without full and open competition.

Contracting officers may use procedures other than full and open competition under certain circumstances; however, each contract awarded without providing for full and open competition must follow the Federal Acquisition Regulation (FAR). FAR Subpart 6.3, "Other Than Full and Open Competition," sets the policies and procedures and identifies the statutory authorities for contracting without full and open competition. FAR Part 10, "Market Research," sets policies and procedures to conduct market research to arrive at the most suitable approach to acquiring, distributing, and supporting services. FAR Subpart 5.2, "Synopsis of Proposed Contract Actions," sets policies and procedures to post notices of proposed contract actions through the Government-wide Point of Entry, known as Federal Business Opportunities.

³ Report 113-446 "Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015" May 13, 2014.

⁴ Public Law 113-291 "Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015 – Legislative Text and Joint Explanatory Statement to Accompany H.R. 3979" December 2014.

⁵ Section 2304, title 10, United States Code (2011).

Defense Agencies

The DLA Contracting Services Office (DCSO) and DISA Defense Information Technology Contracting Organization (DITCO) issued noncompetitive IT contracts.

DLA is headquartered at Fort Belvoir, Virginia. According to DCSO, they provide enterprise-wide IT operation services to include enterprise contracts for software licensing and hardware. DCSO acquires IT services, supplies, equipment, training, and subscriptions for DLA. DCSO has five locations including DCSO, Philadelphia, Pennsylvania (DCSO-P).

According to DISA, one of their shared service units is the Procurement Directorate known as DITCO. The eight DITCO organizations include DITCO-National Capital Region (NCR), Fort Meade, Maryland, and DITCO-Scott, Scott Air Force Base, Illinois. DITCO-NCR procures global IT and capabilities and supports national defense mission partners in the Fort Meade/NCR area through contracting. DITCO-Scott manages acquisition planning, procurement, and contract administration of IT requirements including hardware, software, and technical support services for a variety of DISA and DoD mission partners.

DCSO-P and DISA Sole-Source Contracts Reviewed

Our queries from the Federal Procurement Data System–Next Generation (FPDS-NG) identified that the contracting personnel with Defense agencies awarded 199 IT contracts that received only one offer, with a value including base and option years of about \$2.075 billion from October 1, 2012, through April 10, 2014. When selecting the sites to visit, we considered the total number of contracts issued, the related total contract value (including options), and the proximity of the sites to each other. We nonstatistically selected the following three sites:

- DCSO-P,
- DITCO-NCR, and
- DITCO-Scott.

We nonstatistically selected a sample of 55 contracts to review, valued (including options) at about \$738.9 million. Of the 55 contracts, 33 of them—valued at about \$82.1 million—were required by statute⁶ under Section 8(a) of the Small Business Act program. For those 33 contracts, we limited our review to verifying whether the contracts contained a valid statutory requirement. The remaining 22 contracts were sole-source awards that required a written justification and approval (J&A) for other than full and open competition before contract award.

⁶ 10 U.S.C. 2304(c)(5).

Table 1 shows the Defense agency sites we selected and the number of contracts reviewed with their values. See Appendix C for the 22 sole-source IT contracts reviewed and Appendix D for the 33 IT contracts required by statute.

Table 1. Defense Agency Sites Selected and Contract Breakdown

Site	Total	Contract Total (Including Options)	Sole Source Award	Required by Statute
DCSO-P	11	\$27,570,758	1	10
DITCO-NCR	10	581,400,748	9	1
DITCO-Scott	34	129,926,959	12	22
Total	55	\$738,898,465	22	33

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. We identified internal control weaknesses related to DITCO-NCR personnel not properly justifying the use of other than full and open competition. Further, we identified weaknesses related to DISA⁷ implementing synopsis requirements.⁸ We will provide a copy of the report to the senior official responsible for internal controls at DISA.

⁷ We will refer to DITCO-NCR and DITCO-Scott collectively as DISA throughout this report when discussing both sites.

⁸ A synopsis is a document used in contracting to let the public know about the procurement or the potential procurement of supplies or services.

Finding

DCSO-P and DISA Contracting Personnel Generally Justified Contracts As Sole Source

DCSO-P and DISA contracting personnel justified the use of other than full and open competition for 21 of the 22 sole-source contracts with a value (including options) of about \$505.8 million. DCSO-P and DISA contracting personnel generally:

- complied with FAR 6.303-2, "Content," requirements in the J&As,
- appropriately applied the authority cited,
- obtained approval from the proper personnel before contract award, and
- documented compliance with FAR Part 10, "Market Research."

However, DITCO-NCR contracting personnel did not properly justify the use of other than full and open competition for 1 of the 22 sole-source contracts, valued at about \$151 million. This occurred because a DITCO-NCR contracting officer inappropriately included equipment on a sole-source contract for the convenience of the customers. As a result, DITCO-NCR contracting personnel could have used full and open competition to save DoD funds.

Additionally, DISA contracting personnel did not comply with FAR Subpart 5.2, "Synopsis of Proposed Contract Actions" when they synopsized 12 of 22 proposed contract actions. This occurred because DISA contracting personnel said they:

- thought the correct exception was used,
- mistakenly issued the "Request for Information" before issuing a synopsis,
- posted a synopsis after contract award,
- could not find or explain why they did not post the synopsis, or
- unintentionally did not fill out all the applicable data elements required.

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

Finally, DCSO-P and DISA contracting personnel supported 33 contracts required by statute, valued at about \$82.1 million, with documentation that showed a valid statutory requirement.

DCSO-P and DISA Contracting Personnel Generally Supported Sole-Source Determinations

DCSO-P and DISA contracting personnel generally documented the required elements of FAR 6.303-2, "Content"...

DCSO-P and DISA contracting personnel generally documented the required elements of FAR 6.303-2, "Content," and generally applied the correct sole-source authority cited in the J&As. Further, DCSO-P and DISA contracting personnel obtained approval from the proper official before contract award for all the J&As. Finally, DCSO-P and DISA contracting personnel appropriately documented the market research conducted for 21 of the 22 proposed contracts.

DCSO-P and DISA Contracting Personnel Generally Complied With J&A Content Requirements

DCSO-P and DISA contracting personnel generally documented the required J&A content in the 22 J&As reviewed. FAR 6.303-2 states the minimum information the contracting officer must include in each justification. Although contracting personnel generally documented the required content for 22 J&As, 6 were missing one content requirement, and 1 J&A was missing two content requirements. However, these omissions were not systemic problems, so we will not make any recommendations.

For example, DITCO-NCR technical or requirements personnel did not certify that two J&As were complete and accurate, as required by FAR 6.303-2(c). The FAR requires those personnel to certify each justification that contains any support data they are responsible for and that they formed a basis for in the justification. The DITCO-NCR technical or requirements personnel did not sign two J&As to certify that they were complete and accurate.

Table 2 summarizes the seven contracts by location that were missing required J&A content.

Table 2. Missing J&A Content Requirements

Contract	FAR 6.303 2(b)(5)*	FAR 6.303 2(b)(6)†	FAR 6.303 2(b)(8)‡	FAR 6.303 2(c)
DCSO-P				
SP4701-13-C-0004		✓	✓	
DITCO-NCR				
HC1047-14-P-0056		✓		
HC1047-13-C-4024		✓		
HC1047-13-C-4010				✓
HC1047-13-C-4009				✓
HC1047-13-D-4006	✓			
HC1047-14-C-4000		✓		
Total	1	4	1	2

* FAR 6.303-2(b)(5) requires the justification to show that the proposed contractor’s unique qualifications or the nature of the acquisition requires use of the authority cited. We discuss this in the “DITCO-NCR Contracting Personnel Awarded One Noncompetitive IT Contract Without Proper Justification” section of the report.

† FAR 6.303-2(b)(6) requires the justification to describe the efforts made to ensure offers are solicited from as many potential sources as is practicable, including whether a notice was or will be publicized as required by FAR Subpart 5.2, and if not, which exception under FAR 5.202 applies. We discuss this in the “DISA Contracting Personnel Need to Improve When Synopsizing Noncompetitive IT Contracts” section of the report.

‡ FAR 6.303-2(b)(8) requires the justification to describe the market research conducted and the results or a statement of the reason market research was not conducted. We discuss this in the “DISA Personnel Generally Documented the Market Research Efforts and the Results for Sole-Sole Contract Awards” section of the report.

DCSO-P and DISA Contracting Personnel Generally Appropriately Applied the Sole-Source Authority Cited

DCSO-P and DISA contracting personnel appropriately applied the sole-source authority cited in 20 of the 22 J&As reviewed,⁹ and provided enough information to justify allowing other than full and open competition in 21 of the 22 J&As reviewed.¹⁰ DCSO-P and DISA contracting personnel awarded all 22 contracts citing FAR 6.302-1, “Only One Responsible Source and No Other Supplies or

⁹ DISA contracting personnel did not appropriately apply the sole-source authority for contract HC1047-13-D-4006 and HC1028-13-P-0245 but DITCO-Scott contracting and program personnel provided adequate support that contract HC1028-13-P-0245 had only one source to meet the Government requirement. We discuss contract HC1028-13-P-0245 in this report section.

¹⁰ We discuss contract HC1047-13-D-4006 in the “DITCO-NCR Contracting Personnel Awarded One Noncompetitive IT Contract Without Proper Justification” section of the report.

Services Will Satisfy Agency Requirements [only one responsible source].”

For 21 of the 22 contracts citing the FAR 6.302-1 authority, DCSO-P and DISA contracting personnel adequately explained in the J&As why only one contractor could provide the required product or service and why only that product or service could meet the Government’s requirements.

For example, a DITCO-Scott contracting officer appropriately applied the FAR 6.302-1 authority for Ku-Band service subscriptions on one follow-on contract,¹¹ valued at about \$7.4 million. The contracting officer said in the J&A that:

- the contractor used proprietary hardware and communications that operated only with the subscription services so only that contractor could provide the service and hardware,
- the contractor was the only provider that could meet the data rate requirements with worldwide coverage, and
- if another contractor was selected, the hardware may also have to undergo supplemental type certification that could take an added 4 to 6 months and cost up to \$4.1 million.

The supplemental type certification would cause an unreasonable delay to fulfill the agency’s requirement and substantial duplication of costs not expected to be recovered through competition as outlined in FAR 6.302-1(a)(2)(iii).

For another contract,¹² DITCO-Scott contracting personnel did not appropriately apply the FAR 6.302-1 authority. The FAR allows the application of the authority when it is likely that an award to any other source would result in substantial duplication of costs to the Government that is not expected to be recovered through competition or unacceptable delays in fulfilling the agency’s requirements. However, the DITCO-Scott contracting officer did not discuss either as the reason for the authority cited in the J&A. The DITCO-Scott contract specialist later said she misinterpreted the FAR and agreed the FAR required this omitted information. Although the contract specialist omitted the FAR-required language, the contracting and program personnel provided adequate support that this contract had only one source to meet the Government requirements.

Additionally, for this DITCO-Scott contract, the market research report stated the other potential source was only capable of providing competency management, which was only a part of the requirement. The market research report stated the proposed contractor was the only source that could meet the requirement and there was no other known source that could fulfill the requirement. Also, the

¹¹ HC1013-13-C-0003.

¹² HC1028-13-P-0245.

J&A stated that although other companies could provide competency management resources, they could not work with and make updates to the current proposed contractor's proprietary system. Therefore, the market research report and other information in the J&A showed that the contract specialist omitting the reason for the FAR 6.302-1 authority cited did not result in an inappropriate sole-source award.

DCSO-P and DISA Personnel Obtained Approval From the Proper Officials for All Sole-Source Contract Awards

DCSO-P and DISA contracting personnel obtained approval from the proper official before contract award for all 22 J&As. FAR 6.304, "Approval of the Justification," states that the justification for other than full and open competition shall be approved in writing. The FAR defines the proper approval authority at various thresholds for the estimated dollar value, including options. The approval authority for a proposed contract is the:

- **contracting officer** for contracts up to \$650,000,
- **competition advocate for the procuring activity** for contracts over \$650,000 but not exceeding \$12.5 million,
- **head of the procuring activity** who is a general officer in the armed forces or above a GS-15 for contracts over \$12.5 million, but not exceeding \$85.5 million, and
- **senior procurement executive of the agency** for contracts over \$85.5 million.

Of the 22 J&As, a contracting officer appropriately approved 4 J&As; a competition advocate for the procuring activity appropriately approved 7 J&As; the head of the procuring activity appropriately approved 1 J&A; and the senior procurement executive of the agency appropriately approved 10 J&As. The proper designated officials also approved all 22 J&As before contract award as required by FAR 6.303-1(a).

DISA Personnel Generally Documented the Market Research Efforts and the Results for Sole-Source Contract Awards

DISA personnel adequately documented the market research conducted and the results for 21 of the 22 noncompetitive IT contracts;¹³ however, DCSO-P contracting personnel did not document the market research conducted for one contract, valued at about \$10.7 million. FAR part 10 states that agencies should document the results of market research in the manner appropriate to the size

¹³ We accepted documentation as sufficient to meet FAR part 10 requirements if the specific steps taken to conduct market research and the market research results were documented.

and complexity of the acquisition. FAR 10.002, "Procedures," states the extent of market research will vary, depending on factors such as urgency, estimated dollar value, complexity, and past experience.

DISA personnel performed the market research techniques identified in FAR part 10 for 21 of the 22 sole-source awards that had values ranging from \$230,500 to \$400 million. For example, DISA contracting and program personnel interviewed knowledgeable Government and industry personnel, reviewed acquisition history, searched the Small Business Administration Dynamic Small Business Database, participated in industry conferences, reviewed professional journals and catalogs, and issued requests for information.

For the remaining contract,¹⁴ DCSO-P contracting and program personnel did not document the market research performed. The J&A and acquisition plan documented the market research results; however, it did not discuss the market research techniques conducted that were specific to the procurement. The DCSO-P contracting officer explained he did not document the market research in one specific document but said market research information could be found in the pre-solicitation clearance. However, the pre-solicitation clearance was not in the contract file and the DCSO-P contracting officer could not provide it. Although DCSO-P personnel did not identify the market research techniques, the market research results identified only one contractor that provided the required software and maintenance. The lack of market research did not result in an inadequate sole-source determination, so we will not make a recommendation.

DITCO-NCR Contracting Personnel Awarded One Noncompetitive IT Contract Without Proper Justification

DITCO-NCR contracting personnel did not properly justify the use of other than full and open competition for 1 of the 22 sole-source contracts, valued at about \$151 million. DITCO-NCR contracting personnel did not appropriately apply the authority under FAR 6.302-1, only one responsible source. This occurred because the contracting officer inappropriately included some equipment on the sole-source contract for the convenience of the customers when the equipment was available from other sources. As a result, DITCO-NCR contracting personnel could have used full and open competition to save DoD funds.

...the contracting officer inappropriately included some equipment on the sole-source contract for the convenience of the customers when the equipment was available from other sources.

¹⁴ SP4701-13-C-0004.

DITCO-NCR Contracting Personnel Incorrectly Awarded One Sole-Source Contract

A DITCO-NCR contracting officer did not appropriately apply the sole-source authority cited for a contract¹⁵ valued at about \$151 million. The contracting officer cited 10 U.S.C. § 2304 (c)(1) (2011) as implemented by FAR 6.302-1, only one responsible source, in the J&A. The FAR states that this authority may be used when there is a reasonable basis to conclude that the agency's minimum needs can only be satisfied by unique supplies or services available from only one or a limited number of sources or from only one or a limited number of suppliers with unique capabilities.

The contracting officer said in the J&A that the contract was for equipment, repair services, service activation, records management, and customer support services for the DoD and other Government users who access a particular satellite constellation. The minimum Government requirements were for a secure module,¹⁶ satellite phone, and proprietary software for the satellite phone. The contracting officer said at least half of the equipment on the contract was used for the secure module. However, the contract also included line items for non-unique equipment items such as shipping, electrical tape, the satellite telephone user's guide, and a leather holster for the phone. These non-unique equipment items were available from other sources. Further, the contract included help desk services. Finally, the DISA Procurement Services Executive Chief, Defense Information Technology Contracting Organization, stated he performed his own research on the equipment items on the contract and also concluded these items could have been obtained from other sources.

The contracting officer said in the J&A that the program office and contracting officer evaluated the potential for acquiring the services by creating two contracts. One contract would be sole-source to the current contractor to provide service activation, customer support, and the secure module because of proprietary information and security requirements. A second contract that provided only equipment would present many logistical challenges because the customers would have multiple points of contact for equipment order status, help desk support, and activation services. The contracting officer said this approach was not considered feasible as it would introduce an unacceptable level of risk into the program. There is nothing further in the J&A that discusses the contracting officer's concern on the unacceptable level of risk.

¹⁵ HC1047-13-D-4006.

¹⁶ The secure module provides secure satellite phone to satellite phone communications.

The contracting officer said in the J&A that:

DoD customers currently have a “one-stop shop” that provides both initial service with customer equipment orders, as well as service activation, and follow-on customer support. A change to the current contracting strategy would require customers to place calls to multiple organizations (e.g., equipment manufacturers, service activation Contractor, etc.). [The contractor] acquires equipment from the many equipment suppliers and consolidates service activation and customer support for this equipment.

Therefore, the program office and contracting officer were aware of the non-unique equipment items and non-unique help desk services, included for the convenience of the customers, sole-sourced to the contractor. The FAR does not include “convenience” as a reason to allow other than full and open competition; therefore, some of the equipment items and non-unique help desk services should not have been included on the sole-source contract. The DISA Procurement Services Executive Chief, Defense Information Technology Contracting Organization, should review the contracting practices for this contract and take action to remove the non-unique equipment and services from the contract.

DITCO-NCR Could Have Saved DoD Funds

DITCO-NCR contracting personnel could have saved DoD funds. For the IT services and equipment procured, DITCO-NCR contracting personnel did not obtain the benefits of competition. Without competition, contracting personnel may have excluded potential capable sources and paid more for the services and equipment procured.

DISA Contracting Personnel Need to Improve When Synopsizing Noncompetitive IT Contracts

DISA contracting personnel did not follow synopsis requirements for 12 of the 22 proposed contract actions. FAR subpart 5.2 requires contracting officers to send a notice to Federal Business Opportunities for each proposed contract action expected to exceed \$25,000 unless a FAR 5.202 exception applies. The notice is intended to improve small business access to acquisition information and enhance competition by identifying contracting and subcontracting opportunities. However, DISA contracting personnel did not:

- post the required synopsis for seven proposed contracts, or
- include applicable FAR data element requirements in the synopses for five proposed contracts.

For each of the actions that were not properly synopsisized, contracting personnel reduced the opportunities for potential contractors to express their interest in competing for these contracts.

DISA contracting personnel generally met synopsis time requirements when applicable. See Appendix F for more information on the 12 synopses that did not adequately meet FAR requirements.

DISA Contracting Personnel Did Not Post the Required Synopsis

DISA contracting personnel did not post the required synopsis for seven contracts. DISA contracting personnel did not include the synopsis in the contract file and could not provide a copy for those proposed contracts. DISA contracting personnel:

- stated they thought the correct exception was used for two contracts,
- mistakenly issued a “Request for Information” without issuing a synopsis for one contract,
- posted a synopsis 9 months after contract award for one contract, and
- could not find a synopsis in the contract files for three contracts.

DISA contracting personnel cited exceptions to posting a synopsis for two proposed contracts; however, contracting personnel inappropriately applied the cited exceptions. The contracting officer cited the FAR 5.202(a)(10) exception for both contracts. The FAR states the contracting officer does not need to submit the required notice when the contracting officer decides the proposed contract action is made under conditions described in 6.302-3, 6.302-5, or 6.302-7. The J&As for these contracts both cited FAR 6.302-1, only one responsible source. The synopsis posting exception cited for these contracts was not applicable because the procurements were not issued under FAR 6.302-3, 6.302-5, or 6.302-7. For both of the proposed contracts, contracting personnel agreed the exception used was not applicable, and a synopsis should have been posted.

For one contract, DITCO-Scott contracting personnel mistakenly issued the request for information without issuing a synopsis first. The contracting officer said they discovered, shortly before contract award, that the contract specialist mistakenly issued the request for information without issuing a synopsis first. The contracting officer found that it would not be useful to issue a synopsis after the request for information was already sent. For another contract, DITCO-NCR contracting personnel posted a synopsis 9 months after contract award. The contracting officer did not have any records and could not provide any information about the synopsis for this contract.

Finally, DITCO-NCR contracting personnel could not find the synopsis for three contracts. For one contract, the preaward contract file was missing. The Procuring Activity Competition Advocate for this contract said the awarding contracting officer left for a new position and they did not know what happened to the file after she left. For another contract, the contracting personnel stated a synopsis was not in the contract file and could not provide the rationale for not posting the synopsis. For the remaining contract, the contracting personnel could not explain why they did not post a synopsis. DISA contracting personnel said the contracting officer's work products and emails were deleted when she went overseas and the contract specialist no longer worked at DISA.

Synopsis Missing Data Element Requirements

DISA contracting personnel did not include applicable FAR data element requirements in the synopsis for five contracts,¹⁷ because contracting personnel unintentionally did not include all of the required information. FAR 5.207(a) "Content," provides a list of data elements that must be included in a synopsis, as applicable. DISA contracting personnel did not include content requirements from FAR 5.207(a) for five synopses:

- one synopsis did not include the response date,
- two synopses did not include the place of contract performance,
- one synopsis did not include the proposed solicitation number,
- two synopses did not state the contracting office ZIP code and contracting office address, and
- four synopses did not state the set-aside status.

DISA personnel stated the contracting officer did not include the place of performance on one synopsis because the location was classified; however, we did not find any documentation in the contract file stating the place of performance was classified. The contract stated the primary place of performance would be the contractor's facility. The DISA Procurement Services Executive Chief, Defense Information Technology Contracting Organization, should require refresher training and issue guidance providing special emphasis on FAR Subpart 5.2 "Synopses of Proposed Contract Actions."

DISA Contracting Personnel Generally Complied With Synopsis Time Requirements

DISA contracting personnel generally complied with the applicable timeframes established in FAR subpart 5.2 for 15 contracts. FAR 5.203(a) states that the notice must be published at least 15 days before issuance of a solicitation or a

¹⁷ A synopsis is only counted once even when contracting personnel did not include multiple content requirements.

proposed contract action the Government intends to solicit and negotiate with only one source, except for acquisitions of commercial items that may have a shorter time period or use a combined synopsis and solicitation procedure.

The 15-day timeframe did not apply to 11 proposed contract actions for commercial items. For the remaining contract actions, DITCO-NCR contracting personnel:

- met the required timeframe for three proposed contracts, and
- did not meet the required timeframe for one proposed contract.

For the one contract, DITCO-NCR contracting personnel could not provide any information about the timeframe because the contracting officer and contracting specialist no longer worked at DITCO-NCR. However, this was not a systemic problem, so we will not make a recommendation.

DISA May Have Excluded Potential Sources

For each of the proposed contract actions not properly synopsisized, DISA contracting personnel potentially excluded sources. DISA personnel reduced potential contractors' awareness of the available contracting opportunities by not posting a synopsis. This limited the possibility that contractors could respond to show they were capable of providing the needed services for current or future contracts with similar requirements. Interested contractors could have submitted a capability statement and potentially competed for seven contract awards if the contracting office personnel synopsisized the requirement.

DCSO-P and DISA Contracting Personnel Properly Awarded Contracts Required by Statute

DCSO-P and DISA contracting personnel used a valid statutory requirement when awarding all 33 contracts with a value (including options) of about \$82.1 million. FAR 6.302-5 allows for contracting officers to award contracts using procedures other than full and open competition when a statute expressly authorizes, or requires, the acquisition be made through another agency or from a specified source. Contracting officers may use this authority when statutes authorize¹⁸ or require that acquisitions be made from a specified source or through another agency such as:

- Federal Prison Industries,
- Qualified Nonprofit Agencies for the Blind or other Severely Disabled,
- Government Printing and Binding,
- Sole-source awards under the 8(a),

¹⁸ 10 U.S.C. 2304 (c)(5).

- 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 FAR 6.302-5, Defense contracting personnel awarded all 33 contracts in accordance with Section 8(a) of the Small Business Act program. For verification purposes, we reviewed documentation such as the Small Business Administration Acceptance Letter and Small Business Coordination Record.

Conclusion

For the J&As reviewed, DCSO-P and DISA contracting personnel generally complied with content requirements, cited the proper authority, and obtained approval from the proper personnel. Further, personnel generally complied with market research requirements. However, DITCO-NCR contracting personnel did not properly justify the use of other than full and open competition for 1 of the 22 sole-source contracts, valued at about \$151 million. Additionally, DISA personnel need to improve completion of the synopsis requirements so all contractors have the opportunity to learn about potential contract awards.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization:

- Review the contracting practices at Defense Information Systems Agency, Defense Information Technology Contracting Organization, Fort Meade, Maryland, for contract HC1047-13-D-4006 and take action to remove the non-unique equipment and services as appropriate.**

Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization

The Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization, agreed, stating that the Procurement Services Directorate will compete a new contract to procure the non-unique equipment and services by the end of the first quarter of FY 2016. The Defense Information Systems Agency Procurement Services Executive stated the non-unique equipment and services will be removed from the current contract at that time.

Our Response

Comments from the Defense Information Systems Agency Procurement Services Executive addressed all specifics of the recommendation, and no further comments are required.

- b. Require refresher training and issue guidance that provides special emphasis on Federal Acquisition Regulation Subpart 5.2, “Synopsis of Proposed Contract Actions.”**

Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization

The Defense Information Systems Agency Procurement Services Executive Chief, Defense Information Technology Contracting Organization, agreed, stating the Procurement Services Directorate issued a notice to the workforce reiterating the need to include the FAR Subpart 5.2 required information in the synopsis, and tasked the Procurement Services Directorate Chiefs of the Contracting Offices to monitor the synopses issued and report the results to him on a quarterly basis.

Our Response

Comments from the Defense Information Systems Agency Procurement Services Executive 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 February 2015, we announced this project, “Audit of the Defense Agencies Information Technology Contracts Issued Without Competition” (Project No. D2015-D000CG-0121.000) specifically for the Defense agencies contracts. We conducted this performance audit from February 2015 through June 2015 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We issued separate reports for the Services. This is the fourth report in the series and includes contracts issued by Defense agencies at three sites. We announced this audit as part of a series in anticipation that the FY 2015 National Defense Authorization Act would require the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source. The House report contained the requirement; however, the final legislation did not.

Universe and Sample Information

To address our audit objective, we queried FPDS-NG to determine the contract universe. We created an FPDS-NG ad hoc query to pull relevant fields and filtered the data to populate the Product Service Codes that began with “IT” and contracts issued from October 1, 2012, through April 10, 2014. We excluded contract actions:

- with two or more offers received,
- valued below the simplified acquisition threshold (\$150,000), and
- that used General Services Administration contracts or other interagency contracts.

Our FPDS-NG queries identified that Defense agency contracting personnel awarded 199 IT contracts that received only one offer with a value including base and option years of about \$2.075 billion. When selecting sites to visit, we considered the

total number of contracts issued, the corresponding total contract value (including options), and the proximity of the sites to each another. We nonstatistically selected a sample of contracts to review at:

- DCSO-P,
- DISA DITCO-NCR, and
- DISA DITCO-Scott.

Of the sites we selected, the initial data we obtained from FPDS-NG resulted in a contract universe of 113 contracts with a value of about \$1.29 billion. We excluded 58 of the 113 contracts because:

- 7 contracts were General Services Administration contracts,
- 6 contracts were Blanket Purchase Agreements under General Services Administration contracts,
- 21 contracts were competed,
- 4 contracts were “F”¹⁹ type contracts,
- 17 contracts were usage reports,²⁰
- 1 contract was for a Foreign Military Sale, and
- 2 contracts were under the simplified acquisition threshold (\$150,000).

We reviewed the remaining 55 contracts that were nonstatistically selected with a value of about \$731.1 million in FPDS-NG. Of those 55 contracts, 33 were authorized or required to be made from a specified source by statute. For those 33 contracts, we limited our review to verifying whether the contracts contained a valid statutory requirement.

Review of Documentation and Interviews

We reviewed pertinent documentation including the contracts, J&As for Other than Full and Open Competition, records of market research, performance work statements, the Federal Business Opportunities synopses, and other key

¹⁹ In accordance with Defense FAR Supplement (DFARS) 204.7003(a)(3)(vi), we excluded “F” type contracts or calls against blanket purchase agreements and orders under contracts (including Federal Supply Schedules, Government-wide acquisition contracts, and multi-agency contracts) and basic ordering agreements issued by departments or agencies outside DoD.

²⁰ Based on our meetings with DITCO-Scott personnel, we excluded “M” contracts, 6000 series because according to DITCO-Scott personnel, they were usage reports rather than actual contracts. Usage reports are phone long-distance services that DITCO-Scott personnel roll up into one contract action report in FPDS-NG twice a year to report the dollar value.

decision-making documents. To obtain this documentation, we used Electronic Document Access systems, DCSO-P hard-copy contract files, and DITCO-Scott and DITCO-NCR electronic contract files.

We evaluated the documentation obtained against applicable criteria including:

- FAR Part 5, “Publicizing Contract Actions,”
- FAR Subpart 6.3, “Other Than Full and Open Competition,”
- FAR Part 10, “Market Research,”
- Defense FAR Supplement Part 206, “Competition Requirements,”
- Defense FAR Supplement Part 210, “Market Research,”
- DISA Acquisition Regulation Supplement, and
- DLA Directive Part 10, “Market Research.”

Contracting personnel completed acquisitions through specified sources as required by statute using 8(a) awards as authorized by FAR 6.302-5(b)(4). 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 DD Form 2579, “Small Business Coordination Record” and Small Business Administration Acceptance Letter.

We interviewed contracting officers and specialists responsible for the contracts to discuss noncompetitive IT contract awards and to obtain more information about the noncompetitive contract files identified in our sample, specifically about the justification and approval for other than full and open competition and market research. We also interviewed the competition advocates at each agency to understand the competition advocates’ responsibilities and role in noncompetitive contract awards.

Use of Computer-Processed Data

We did not rely on computer-processed data to perform this audit that supported our findings, conclusions, and recommendations.

Use of Technical Assistance

We received assistance from the Quantitative Methods Division at the DoD Office of Inspector General for determining a sample of contracts to review.

Appendix B

Prior Coverage

During the last 5 years, the Government Accountability Office, DoD IG, and the Army Audit Agency issued 19 reports discussing contracts issued without competition. Unrestricted Government Accountability Office 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/>.

Government Accountability Office

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-2015-110, "The Air Force's Information Technology Contracts Awarded Without Competition Were Generally Justified," April 24, 2015

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 Audit Agency

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

This appendix lists the 22 DCSO-P and DISA sole-source contracts issued from October 1, 2012, through April 10, 2014, that we reviewed.

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
DCSO-P						
1	SP4701-13-C-0004	Obtained non-cloud software maintenance on existing software licenses that consisted of 24/7 technical support and software updates	11/30/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	\$10,650,804.00
Subtotal						\$10,650,804.00
DITCO-NCR						
2	HC1047-14-P-0056	Annual Software Maintenance	2/12/2014	FFP	10 U.S.C. 2304(c)(1) (2011), FAR 6.302-1(c), Only One Responsible Source (Brand Name)	\$230,503.10
3	HC1047-13-C-4024	Two Direct L-Band Converters	8/9/2013	FFP	10 U.S.C. 2304(c)(1) (2011), FAR 6.302-1(c), Only One Responsible Source (Brand Name)	500,000.00
4	HC1047-13-C-4010	Provided technical and engineering support	3/6/2013	Cost	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	940,850.47
5	HC1047-13-C-4023	Acquired the Compliant Data Discovery tool suite	9/25/2013	FFP and Cost	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	4,115,856.58

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
6	HC1047-13-C-4009	Provided operational engineering and maintenance support expertise, and oversight	2/28/2013	FFP, Cost and Cost-Plus-Fixed-Fee	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	4,995,290.34
7	HC1047-13-C-4032	Completed migration from Assured Sharing Framework to Defense Operations Platform	8/23/2013	FFP, Cost and Cost-Plus-Fixed-Fee	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	6,247,725.67
8	HC1047-14-D-0001	Provided continued maintenance, engineering, and program management support for the Crisis Management System	3/31/2014	FFP, Cost and Cost-Plus-Fixed-Fee	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	12,000,000.00
9	HC1047-13-D-4006	Provided equipment deliveries, repair services, provisioning, invoicing, record management, and customer care services	5/22/2013	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	151,000,000.00
10	HC1047-14-C-4000	Global satellite communication services	10/18/2013	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	400,000,000.00
Subtotal						\$580,030,226.16
DITCO-Scott						
11	HC1013-13-C-0003	Provide Ku-Band service subscriptions	9/9/2013	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	\$7,363,550.00
12	HC1013-13-D-0001	Provided, operated, and maintained a High Altitude Electromagnetic Pulse protected system	9/27/2013	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	1,718,212.80

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
13	HC1013-13-M-2007	Provided service for the GEP	11/5/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	588,216.00
14	HC1013-13-M-2008	Provided service for the GEP	11/5/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	588,216.00
15	HC1013-13-M-2018	Provided uninterrupted service at Dual GEP	12/18/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	343,126.00
16	HC1013-13-M-2020	Provided uninterrupted service at GEP	12/18/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	343,126.00
17	HC1013-13-M-2021	Provided uninterrupted service at Dual GEP	12/18/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	343,126.00
18	HC1013-13-M-2025	Provided uninterrupted service at Dual GEP	12/18/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	343,126.00
19	HC1013-13-M-2031	Provided uninterrupted service at Dual GEP	12/18/2012	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	326,326.00
20	HC1028-13-P-0245	Tailored the existing DTMS program	9/25/2013	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	430,500.00
21	HC1028-14-P-0037	Provided services in support of the Data Mining Application	2/28/2014	FFP	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	594,221.82

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
22	HC1013-14-C-0001	Communication services and operations, engineering and planning, implementation and integration, administration, maintenance, and provisioning support	4/1/2014	FFP and Cost	10 U.S.C. 2304(c)(1) (2011) and FAR 6.302-1, Only One Responsible Source	53,115,501.48
Subtotal						\$66,097,248.10
Total						\$656,778,278.26

LEGEND

DCSO-P	Defense Logistics Agency Contracting Services Office, Philadelphia
DITCO	Defense Information Technology Contracting Organization
DTMS	DISA Talent Management System
FAR	Federal Acquisition Regulation
FAR 6.302-1	Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements
FAR 6.302-1(c)	Brand Name
FFP	Firm Fixed Price
GEP	Ground Entry Point
NCR	National Capital Region
U.S.C.	United States Code

Appendix D

Noncompetitive 8(a) IT Contracts Reviewed

This appendix lists the 33 DCSO-P and DISA sole-source contracts issued from October 1, 2012, through April 10, 2014, we reviewed for verification.

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
DCSO-P						
1	SP4701-13-C-0003	Maintained current IT support services through Tier 1 Help Desk Services	11/28/2012	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	\$743,696.00
2	SP4701-13-C-0007	Provided technical expert advice, alternatives, and recommendations in the area of IT acquisition	12/20/2012	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	326,622.08
3	SP4701-13-C-0008	Provided technical support and plan, analyze, design, build, test, and deploy/migrate/upgrade DLA's existing exchange	1/10/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,138,450.76
4	SP4701-13-C-0013	Telecommunications installation and support and cabling support and maintenance	4/1/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	958,889.20
5	SP4701-13-C-0015	Information Assurance and Security Operations support	4/23/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,532,659.31
6	SP4701-13-C-0016	Maintenance and support of the current legacy application	5/10/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,898,411.24
7	SP4701-13-C-0020	Technical support, enterprise design capability, and consulting and installation of new equipment	10/3/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,122,167.00

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive 8(a) IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
8	SP4701-13-C-1023	Program support and development/implementation efforts of two individual system components	7/8/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	4,041,287.98
9	SP4701-13-C-1025	Maintained current IT support services through Tier 1 Help Desk Services	7/16/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	158,281.16
10	SP4701-13-C-1053	Furnished dedicated resources to create, review, execute, report defects, and document results of unit and integration test cases	9/30/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	999,489.00
Subtotal						\$16,919,953.73
DITCO-NCR						
11	HC1047-13-C-4036	To provide project management and functional/analytical support as well as financial management and reconciliation support	9/24/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	\$1,370,521.60
Subtotal						\$1,370,521.60
DITCO-Scott						
12	HC1028-13-C-0004	Provided service maintenance for Government-owned VTC equipment and associated equipment	10/31/2012	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	\$161,739.06
13	HC1028-13-C-0013	Provided security administration technical support	12/27/2012	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	1,462,032.80
14	HC1028-13-P-0054	Provided services that maintain design, quality assurance, deployment, and sustainment	3/19/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	452,835.88

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive 8(a) IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
15	HC1028-13-P-0082	Provided Qualified Security Assessor services	5/21/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	422,953.18
16	HC1028-13-P-0079	Upgraded the current network and associated hardware	5/2/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	826,470.12
17	HC1013-13-P-0002	Provided a 1-year subscription on a part and provided development services, support, training, and consulting services	6/28/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	589,736.10
18	HC1013-13-P-0003	Provided DISA mobility gateway equipment	9/25/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	427,418.76
19	HC1028-13-P-0205	Provided hardware, software upgrades, and shipping items	8/26/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	713,727.29
20	HC1028-14-P-0027	Provided clerical and administrative services	2/3/2014	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	824,453.40
21	HC1028-14-P-0043	Provided release management and technical support	3/20/2014	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	1,222,677.28
22	HC1028-13-P-0251	Service contract for upgrades	9/26/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	1,706,504.46
23	HC1028-13-P-0173	System administration technical support	9/25/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,163,332.00
24	HC1028-13-C-0010	Technical expertise and engineering support	12/18/2012	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	3,770,414.36
25	HC1028-13-C-0039	Advisory services and support for acquisition program management	9/27/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	16,536,175.00
26	HC1028-13-P-0125	Software maintenance renewal with equipment list	6/26/2013	FFP	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,475,775.21
27	HC1028-13-P-0170	Facility and operational technical support	8/22/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,524,243.20

Acronyms used throughout this Appendix are defined on the final page.

Noncompetitive 8(a) IT Contracts Reviewed (cont'd)

	Contract Number	Description	Contract Award Date	Contract Type	Authority Cited	Contract Value (including options)
28	HC1028-14-P-0022	System administrator functions for servers	1/29/2014	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,635,059.28
29	HC1028-13-P-0050	Database administration and management support services	5/9/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	6,075,525.20
30	HC1028-13-P-0055	Established a help desk and provided administrative, use, and sustainment support	3/13/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,754,943.75
31	HC1028-13-P-0073	Supported services for specific technical expertise and support for various systems, operating systems and software applications	4/22/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	5,709,203.74
32	HC1028-14-C-0002	System security administration and database administration/application support tasks	1/24/2014	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	7,645,296.00
33	HC1028-13-P-0226	Asset management support services	9/17/2013	FFP and Cost	10 U.S.C. 2304(c)(5) (2011) and FAR 6.302-5(b)(4)	2,729,195.00
Subtotal						\$63,829,711.07
Total						\$82,120,186.40

LEGEND

DCSO-P	Defense Logistics Agency Contracting Services Office, Philadelphia
DISA	Defense Information Systems Agency
DITCO	Defense Information Technology Contracting Organization
DLA	Defense Logistics Agency
FAR	Federal Acquisition Regulation
FAR 6.302-5(b)(4)	Authorized or Required by Statute under the 8(a) program
FFP	Firm Fixed Price
IT	Information Technology
NCR	National Capital Region
U.S.C.	United States Code
VTC	Video Conferencing

Appendix E

Market Research Conducted

This appendix lists the market research performed by DCSO-P and DISA personnel.

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
DCSO-P						
1	SP4701-13-C-0004	\$10,650,804.00	None Identified	No other sources demonstrated the capability necessary to provide the maintenance support.	J&A and Acquisition Plan	No
Subtotal		\$10,650,804.00				
DITCO-NCR						
2	HC1047-14-P-0056	\$230,503.10	Interviewed knowledgeable Government and industry personnel; and reviewed historical data from previous purchase	Recommended the requirement to be sole-sourced to the awarded contractor.	J&A and MRR	Yes
3	HC1047-13-C-4024	500,000.00	Interviewed knowledgeable Government and industry personnel, reviewed professional catalogs, searched SBA Dynamic Small Business Database, and sent an RFQ to product manufacturer	No other equipment met the design specifications.	J&A and MRR	Yes
4	HC1047-13-C-4010	940,850.47	Reviewed acquisition history, interviewed knowledgeable industry personnel, participated in industry conferences, and reviewed professional journals/catalogs	Contractor's level of expertise was still needed to satisfy program requirements; although there were vendors with similar skills, the awarded contractor was the only available vendor to meet the requirement.	J&A and MRR	Yes

Acronyms used throughout this Appendix are defined on the final page.

Market Research Conducted (cont'd)

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
5	HC1047-13-C-4023	4,115,856.58	Interviewed knowledgeable industry personnel, participated in industry conference, reviewed professional journals and DISA source lists, posted a sources-sought notice/RFI and reviewed 12 capability statements in response to RFI, and searched SBA Dynamic Small Business Database	While companies were qualified in various aspects of the requirement, no other company could support all aspects of the requirement.	J&A and MRR	Yes
6	HC1047-13-C-4009	4,995,290.34	Reviewed acquisition history, posted RFI and reviewed capability statements submitted, and searched SBA Dynamic Small Business	There was no qualified and capable small business identified in response to the RFI posting. Two contractors were already performing part of this requirement under their respective task orders, but the awarded contractor was the only source available for this effort without duplication of cost or unacceptable delays.	J&A and MRR	Yes
7	HC1047-13-C-4032	6,247,725.67	Reviewed acquisition history and other recent research; interviewed knowledgeable Government and industry personnel; participated in tradeshow and industry conferences; reviewed professional journals, catalogs, and DISA source list	The awarded contractor was the only known source that could fulfill this requirement.	J&A and MRR	Yes

Acronyms used throughout this Appendix are defined on the final page.

Market Research Conducted (cont'd)

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
8	HC1047-14-D-0001	12,000,000.00	Posted an RFI; surveyed the community of interest; searched the AbilityOne procurement list; searched active DISA and other Government contracts; posted draft solicitation on NSA ASC and provided a question and answer matrix template to interested parties; reviewed questions and comments	The awarded contractor had the knowledge and access to CMS site capabilities, location, and personnel to perform the required tasks.	J&A and MRR	Yes
9	HC1047-13-D-4006	151,000,000.00	Reviewed acquisition history and professional journals and catalogs and interviewed knowledgeable Government and industry personnel	Only the awarded contractor could provide end-to-end one-stop service and support this requirement.	J&A and MRR	Yes
10	HC1047-14-C-4000	400,000,000.00	Reviewed acquisition history, interviewed knowledgeable industry and Government personnel and reviewed existing DISA-wide and DoD multiple-award contract vehicles and other GWACs, issued RFI, and evaluated GSA and small business opportunities websites	No other contractor besides the awarded contractor could provide the service.	J&A and MRR	Yes
Subtotal		\$580,030,226.16				
DITCO-Scott						
11	HC1013-13-C-0003	7,363,550.00	Reviewed existing DISA-wide and DoD Multiple-Award Vehicles and other GWACs and mandatory FSS, reviewed DISA source lists, posted a sources sought notice: RFI, searched SAM database, and attended industry days	Only the awarded contractor could provide the required services.	J&A and MRR	Yes

Acronyms used throughout this Appendix are defined on the final page.

Market Research Conducted (cont'd)

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
12	HC1013-13-D-0001	1,718,212.80	Issued two RFI and reviewed contract history	Some vendors expressed interest but the base did not have the capacity at this time, and additional vendors for this specific requirement were not identified.	J&A and MRR	Yes
13	HC1013-13-M-2007	588,216.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks does not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes
14	HC1013-13-M-2008	588,216.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary to create and maintain it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes
15	HC1013-13-M-2018	343,126.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes

Acronyms used throughout this Appendix are defined on the final page.

Market Research Conducted (cont'd)

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
16	HC1013-13-M-2020	343,126.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes
17	HC1013-13-M-2021	343,126.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes
18	HC1013-13-M-2025	343,126.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes
19	HC1013-13-M-2031	326,326.00	Conducted a market survey and posted a synopsis	There was no response to the synopsis posted. The current availability of other ground-based networks did not exist because of the massive expense necessary for creating and maintaining it, as it was created over the years and proprietary nature of the design, equipment, and software.	J&A	Yes

Acronyms used throughout this Appendix are defined on the final page.

Market Research Conducted (cont'd)

	Contract Number	Contract Value (including options)	Specific Steps Performed	Market Research Results	Supporting Documentation	Market Research Considered Adequate
20	HC1028-13-P-0245	430,500.00	Analyzed information from the current competency system, performed Internet searches, and reviewed current curriculum of another potential source	Market research yielded two potential sources that had capabilities but the awarded contractor was the only source that could meet the full requirement.	J&A and MRR	Yes
21	HC1028-14-P-0037	594,221.82	Reviewed acquisition history, interviewed knowledgeable industry personnel, reviewed existing contracts, posted RFI, conducted a webinar, and searched priority sources	It would be helpful to the Government to issue a full and open FFP contract.	J&A and MRR	Yes
22	HC1013-14-C-0001	53,115,501.48	Issued two RFI and considered responses received, and reviewed procurement	Only the three previous contractors could provide the required services.	J&A and MRR	Yes
Subtotal		\$66,097,248.10				
Total		\$656,778,278.26				

LEGEND

ARC	Acquisition Resource Center	GWACS	Government-wide Acquisition Contracts
CMS	Crisis Management System	J&A	Justification and Approval
DCSO-P	Defense Logistics Agency Contracting Services Office, Philadelphia	MRR	Market Research Report
DISA	Defense Information Systems Agency	NCR	National Capital Region
DITCO	Defense Information Technology Contracting Organization	NSA	National Security Agency
FFP	Firm Fixed Price	RFI	Request for Information
FSS	Federal Supply Schedule	RFQ	Request for Quote
GSA	General Services Administration	SBA	Small Business Administration
		SAM	System for Award Management

Appendix F

Synopses Needed Improvements

This appendix lists the synopsis requirements not met.

	Contract Number	Synopsis Not Posted	Synopsis Did Not Meet Timeframe Requirements	Synopsis Did Not Contain All Applicable FAR 5.207(a) Content Requirements
DCSO-P				
1	SP4701-13-C-0004			✓ ¹
DITCO-NCR				
2	HC1047-14-P-0056	✓ ²		
3	HC1047-13-C-4024	✓		
4	HC1047-13-C-4010	✓ ³		
5	HC1047-13-C-4023			✓ ^{1,4}
6	HC1047-13-C-4009		✓	✓ ^{1,4,5}
7	HC1047-14-D-0001			✓ ⁶
8	HC1047-13-D-4006	✓		
9	HC1047-14-C-4000	✓		
DITCO-Scott				
10	HC1028-13-P-0245	✓ ²		
11	HC1028-14-P-0037			✓ ^{1,6,7}
12	HC1013-14-C-0001	✓		
Total		7	1	5

¹ Set-aside status was not included.

² Inappropriately applied an exception.

³ Synopsis posted 9 months after contract award.

⁴ Contracting office ZIP code and contracting office address were not included.

⁵ Closing response date was not included.

⁶ Place of contract performance was not included.

⁷ Proposed solicitation number was not included.

LEGEND

DCSO-P Defense Logistics Agency Contracting Services Office, Philadelphia

DITCO Defense Information Technology Contracting Organization

FAR Federal Acquisition Regulation

NCR National Capital Region

Management Comments

Defense Information Systems Agency, Defense Information Technology Contracting Organization



DEFENSE INFORMATION SYSTEMS AGENCY
P. O. BOX 549
FORT MEADE, MARYLAND 20755-0549

JUL 15 2015

MEMORANDUM FOR DISA Office of the Inspector General (OIG)

SUBJECT: *DRAFT* DoD IG Report "DISA and DLA Information Technology Contracts
Awarded Without Competition Were Generally Justified" (Project D2015CG-0121)

In response to the subject draft report, I concur with the two recommendations included in the draft audit report. The PSD response is included in the attached document as requested by your office. The PSD point of contact regarding this matter is [REDACTED], who can be reached at [REDACTED].

A handwritten signature in black ink that reads "Packard".

DOUGLAS W. PACKARD
Procurement Services Executive
Chief, Defense Information Technology
Contracting Organization

1 Attachment a/s

Defense Information Systems Agency, Defense Information Technology Contracting Organization (cont'd)

**DOD IG DRAFT REPORT DATED JUNE 23, 2015
(PROJECT NO. D2015-D000CG-0121.000)**

**“DEFENSE INFORMATION SYSTEMS AGENCY AND DEFENSE LOGISTICS
AGENCY INFORMATION TECHNOLOGY CONTRACTS AWARDED WITHOUT
COMPETITION WERE GENERALLY JUSTIFIED”**

**DEFENSE INFORMATION SYSTEMS AGENCY COMMENTS
TO DOD IG RECOMMENDATION**

RECOMMENDATION 1: DoD IG recommends that the Defense Information Systems Agency, Procurement Services Executive:

1.a: Review the contracting practices at Defense Information Systems Agency, Defense Information Technology Contracting Organization, Fort Meade, Maryland for contract HC1047-13-D4006 and take action to remove the non-unique equipment and services as appropriate.

DISA RESPONSE: Concur. The Procurement Services Directorate (PSD) has reviewed the subject contract for non-unique equipment and services. We plan to compete a new contract vehicle to procure the equipment and services. We estimate an award by the end of the first quarter of fiscal year (FY) 2016. At that time, the equipment and services will be removed from the current contract.

1.b: Require refresher training and issue guidance that provides special emphasis on Federal Acquisition Regulation Subpart 5.2, “Synopsis of Proposed Contract Actions.”

DISA RESPONSE: Concur. PSD has taken a multi-pronged approach to address the finding. PSD has issued a notice to the workforce on the requirements of Federal Acquisition Regulation (FAR) Part 5.2 (e.g., “Issuing a Synopsis Notice” to reiterate the need to include all required information in the synopsis). We have added this topic to our 1102 training sessions. Further, the four PSD Chiefs of the Contracting Offices have been tasked to conduct a quarterly random sampling to ensure contracting officers are issuing synopses in accordance with FAR 5.2 and to report the results to the Procurement Services Executive / Head of the Contracting Activity quarterly.

Acronyms and Abbreviations

DCSO	Defense Logistics Agency, Contracting Services Office
DCSO-P	Defense Logistics Agency, Contracting Services Office, Philadelphia
DISA	Defense Information Systems Agency
DITCO	Defense Information Technology Contracting Organization
DLA	Defense Logistics Agency
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
IT	Information Technology
J&A	Justification and Approval
NCR	National Capital Region
U.S.C.	United States Code



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

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