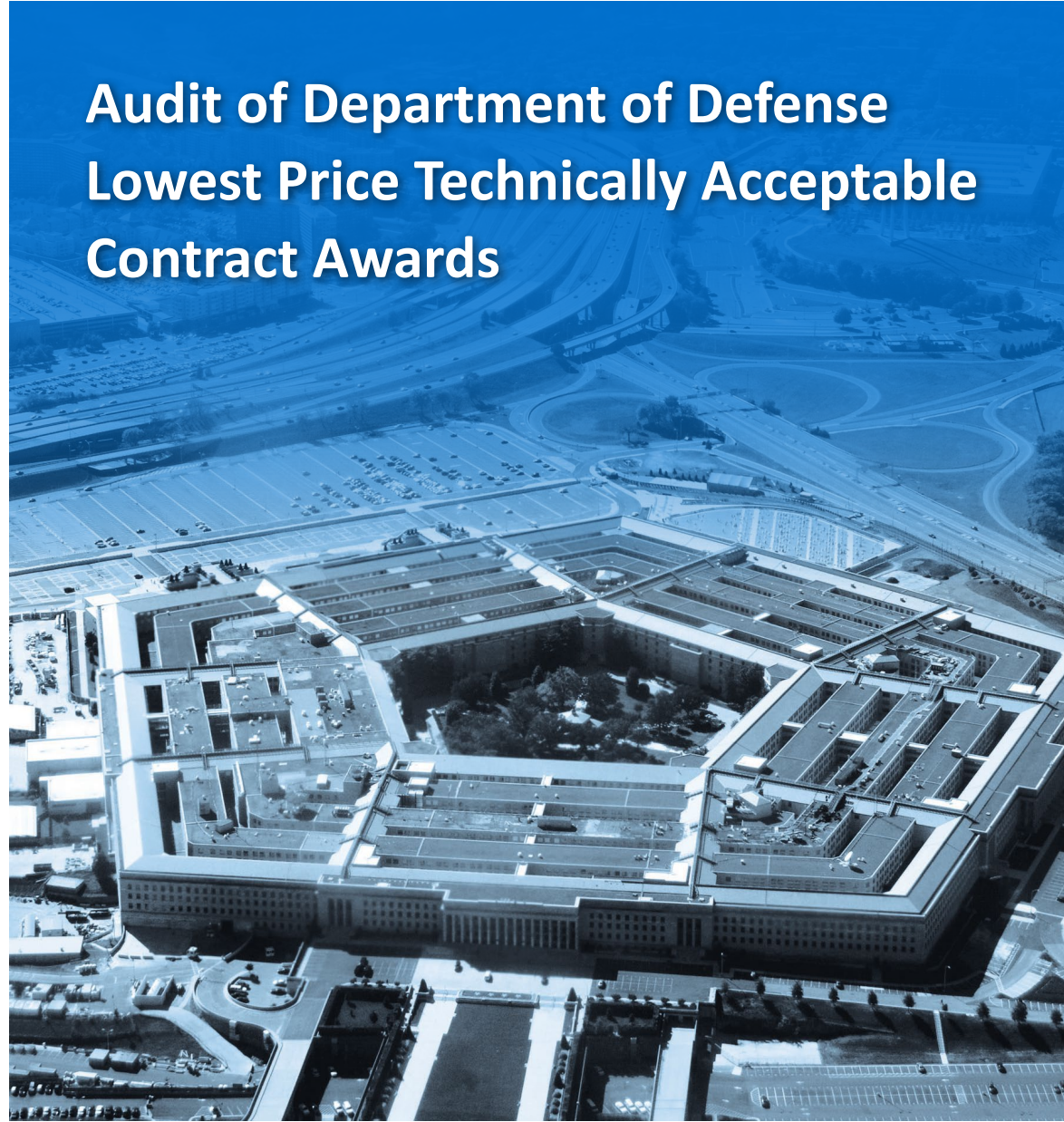




INSPECTOR GENERAL

U.S. Department of Defense

APRIL 10, 2025



Audit of Department of Defense Lowest Price Technically Acceptable Contract Awards

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





Results in Brief

Audit of Department of Defense Lowest Price Technically Acceptable Contract Awards

April 10, 2025

Objective

The objective of this audit is to determine whether DoD contracting officials awarded lowest price technically acceptable (LPTA) contracts in accordance with Federal laws and DoD policies and regulations.

Background

LPTA is a source selection process that is appropriate when best value is expected by selecting the technically acceptable proposal with the lowest price. The Defense Federal Acquisition Regulation Supplement (DFARS) and Public Laws list requirements for situations LPTA can be used, areas to avoid, and prohibited LPTA procurements.

Findings

DoD contracting personnel did not consistently award contracts using LPTA source selection procedures in accordance with the DFARS. For 9 of the 29, or just less than one-third of the contract actions we reviewed, contracting personnel did not include in the contract file required justifications to support the decision to use LPTA source selection procedures. Contracting personnel awarded four contracts using LPTA source selection procedures that should not have been awarded as LPTA based on the DFARS. Contracting personnel could not always explain the reason for noncompliance with LPTA source selection requirements and some contracting personnel responsible for awarding the contracts no longer worked for the organizations included in our audit.

Findings (cont'd)

In addition, this noncompliance occurred because contracting personnel did not understand or did not know the LPTA requirements or time constraints. As a result, contracting personnel may not have used the appropriate source selection process to ensure the best value for the Government, potentially sacrificing long-term value for short-term savings.

Additionally, the DoD cannot accurately account for the use of LPTA contract awards. Although reported as LPTA awards in the Federal Procurement Data System (FPDS), 24 (31 percent) of the 78 of the contract actions we sampled were not awarded using LPTA. This occurred because contracting personnel erroneously entered LPTA data into FPDS even though the contracts used other selection methods. As a result, the DoD does not have accurate information on the use of LPTA awards.

Recommendations

We made 10 recommendations, including to establish additional training, policies, and best practices; implement additional controls to ensure contracting personnel enter accurate information into FPDS; require contracting personnel to add an LPTA justification to the contract file for contracts that did not include one; review contracts inappropriately awarded as LPTA and determine the best way forward; and require contracting personnel to review LPTA contract actions in FPDS and correct contract actions incorrectly labeled as LPTA.

Management Comments and Our Response

The Washington Headquarters Services Acquisition Directorate Director agreed to and took action sufficient to address the recommendation; therefore, we consider the recommendation closed. The Defense Pricing, Contracting, and Acquisition Policy Principal Director; Office of the Deputy Assistant Secretary of the Army (Procurement)



Results in Brief

Audit of Department of Defense Lowest Price Technically Acceptable Contract Awards

Management Comments (cont'd)

Contracting Director, responding for the Deputy Assistant Secretary of the Army (Procurement); Deputy Assistant Secretary of Navy (Procurement) Executive Director, responding for the Assistant Secretary of the Navy (Research, Development, and Acquisition); and the Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy, responding for the Deputy Assistant Secretary of the Air Force (Contracting), agreed to address the recommendations presented in the report; therefore, we consider the recommendations resolved and open. We will close the recommendations when we verify that management has implemented corrective actions. The Defense Health Agency Contracting Activity Director did not provide a response to the report. Therefore, we request comments within 30 days in response to the final report. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Principal Director, Defense Pricing, Contracting, and Acquisition Policy	None	A.1, B.1.a, B.1.b	None
Deputy Assistant Secretary of the Army (Procurement)	None	A.2	None
Assistant Secretary of the Navy (Research, Development, and Acquisition)	None	A.3.a, A.3.b	None
Deputy Assistant Secretary of the Air Force (Contracting)	None	A.4.a, A.4.b	None
Director, Defense Health Agency Contracting Activity	A.5	None	None
Director, Washington Headquarters Services Acquisition Directorate	None	None	A.6

Please provide Management Comments by May 9, 2025.

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – The DoD OIG verified that the agreed upon corrective actions were implemented.





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

April 10, 2025

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE
DIRECTOR, DEFENSE HEALTH AGENCY
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Audit of DoD Lowest Price Technically Acceptable Contracts
(Report No. DODIG-2025-083)

This report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

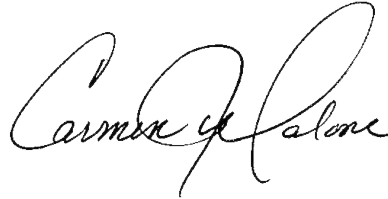
The Washington Headquarters Services Acquisition Directorate Director agreed to address the recommendation presented in the report. Management took action sufficient to address the recommendation, and we consider the recommendation closed.

The Defense Pricing, Contracting, and Acquisition Policy Principal Director; Office of the Deputy Assistant Secretary of the Army (Procurement) Contracting Director, responding for the Deputy Assistant Secretary of the Army (Procurement); Deputy Assistant Secretary of Navy (Procurement) Executive Director, responding for the Assistant Secretary of the Navy (Research, Development, and Acquisition); and the Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy, responding for the Deputy Assistant Secretary of the Air Force (Contracting), agreed to address all the recommendations presented in the report; therefore, we consider the recommendations resolved and open. We will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, within 90 days please provide us your response concerning specific actions in process or completed on the recommendations. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

This report contains recommendations that are considered unresolved because the Defense Health Agency Contracting Activity Director did not provide a response to the report. Therefore, the recommendations remain open. We will track the recommendations until management has agreed to take actions that we determine to be sufficient to meet the intent of the recommendations and management officials submit adequate documentation showing that all agreed-upon actions are completed.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, within 30 days please provide us your response concerning specific actions in process or alternative corrective actions proposed on the recommendations. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

We appreciate the cooperation and assistance received during the audit. If you have any questions, please contact me at [REDACTED].

A handwritten signature in black ink, reading "Carmen J. Malone". The signature is fluid and cursive, with the first name "Carmen" and last name "Malone" clearly legible.

Carmen J. Malone
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

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Introduction

Objective

The objective of this audit is to determine whether DoD contracting officials awarded lowest price technically acceptable (LPTA) contracts in accordance with Federal laws and DoD policies and regulations.

Background

LPTA is a source selection process that is appropriate when best value is expected by selecting the technically acceptable proposal with the lowest price. Under LPTA, all factors other than price are evaluated on an acceptable or unacceptable basis without consideration given to higher levels of quality. The benefits of using LPTA may include potential cost savings, accelerated acquisition time frames, and fewer bid protests.

In recent years, the DoD has faced criticism for using LPTA instead of a tradeoff process in certain acquisitions.¹ Congress has expressed concern regarding the perceived inappropriate use of LPTA and passed legislation limiting the DoD's use of LPTA awards. The Congressional Research Service reported that Congressional concerns included that the DoD may be reducing prices paid to the exclusion of other factors, which could result in the DoD buying low-cost products that have the potential to negatively impact the safety of Service members.²

According to the Congressional Research Service, observers have also drawn attention to the perceived correlation between increased use of LPTA and budget constraints. In FY 2023, the DoD awarded 561,448 LPTA contract actions with a total contract base and all options value of \$7.85 trillion, according to the System for Award Management (SAM).

Lowest Price Technically Acceptable Requirements

In accordance with Public Law 114-328, amended by Public Law 115-91, the Defense Federal Acquisition Regulation Supplement (DFARS) requires contracting personnel to only use LPTA in situations in which:

- the DoD is able to comprehensively and clearly describe the minimum requirements expressed in terms of performance objectives, measures, and standards that will be used to determine acceptability of offers;

¹ The tradeoff process is generally used when cost is only one factor to be considered in awarding a contract.

² Congressional Research Service Report, "Defense Primer: Lowest Price Technically Acceptable Contracts," updated August 15, 2024.

- the DoD would realize no, or minimal value, from a contract proposal exceeding the minimum technical or performance requirements set forth in the request for proposal;
- the proposed technical approaches will require no, or minimal, subjective judgment by the source selection authority as to the desirability of one offeror's proposal versus a competing proposal;
- the source selection authority has a high degree of confidence that a review of technical proposals of all offerors would not result in the identification of factors that could provide value or benefit to the DoD;
- no, or minimal, additional innovation or future technological advantage will be realized by using a different source selection process;
- goods to be procured are predominantly expendable in nature, are nontechnical, or have a short life expectancy or short shelf life;
- the contracting officer has included a justification for the use of an LPTA evaluation methodology in the contract file; and
- the DoD has determined that the lowest price reflects the full life-cycle costs.³

DFARS 215.101-2-70 and Public Law 114-328, amended by Public Law 115-91, also establish criteria by which contracting personnel should avoid using LPTA source selection procedures, including:

- information technology services, cybersecurity services, systems engineering and technical assistance services, advanced electronic testing, or other knowledge-based professional services;
- personal protective equipment; or
- knowledge-based training or logistics services in contingency operations or other operations outside the United States, including Afghanistan or Iraq.⁴

In addition, DFARS prohibits contracting officers from using LPTA source selection to procure:

- items designated by the requiring activity as personal protective equipment or aviation critical safety items when the level of quality or failure of the equipment or item could result in combat casualties;
- engineering and manufacturing development for a major defense acquisition program for which budgetary authority is requested beginning in fiscal year 2019; and
- auditing contracts.

³ DFARS 215.101-2-70, "Limitations and prohibitions."

⁴ DFARS 215.101-2-70, "Limitations and prohibitions."

Public Law 116-92 requires collection of complete, timely, and reliable data on the source selection processes used by Federal agencies for the contract actions being reported in the Federal Procurement Data System (FPDS), including the use of LPTA contracting methods.⁵ Contracting personnel input data into FPDS either through their contract writing system or directly through the FPDS web portal.

Defense Pricing, Contracting, and Acquisition Policy

Defense Pricing, Contracting, and Acquisition Policy (DPCAP) is responsible for pricing and contracting policy matters in the DoD. The DPCAP executes statute, executive order, and policy through updates to the Federal Acquisition Regulation (FAR) and DFARS and issuance of memorandums and guidance.

LPTA Contracts Reviewed

According to SAM, the DoD awarded 561,448 LPTA contract actions with a total contract base and all options value of \$7.85 trillion in FY 2023. However, we identified errors in the accuracy of the source selection data. Therefore, to verify the accuracy of the source selection process reported in SAM, we selected 78 contract actions that were identified as LPTA, with a base and all options value of \$49.7 billion.

In addition, to determine whether DoD contracting officials awarded LPTA contracts in accordance with Federal laws and DoD policies and regulations, we reviewed a sample of 30 contracts, with a base and all options value of \$47.8 billion, selected from the contract actions we verified as LPTA awards.⁶ We pulled our non-statistical sample from an auditor generated universe of data from SAM. The SAM website compiles reports that provide detailed information on awarded contracts using data from FPDS. The FPDS is an automated system used to collect and report on Federal procurement spending and is the single authoritative repository for Federal procurement award data. See the Appendix for the full methodology on our sample selection.

⁵ Public Law 116-92, "National Defense Authorization Act For Fiscal Year 2020."

⁶ Our sample included 30 contracts verified by our points of contact as LPTA awards; however, toward the end of our fieldwork, we determined that one sample item, valued at \$4.5 million, did not use LPTA source selection procedures as stated during initial verification. Therefore, we removed it from the sample we discussed in Finding A. That contract is included in the counts in Finding B.

Of the \$47.8 billion total value of our sample, one contract had a base and all options potential value of \$46 billion. That value was a ceiling estimate for a multiple-award, Indefinite-delivery, Indefinite Quantity contract vehicle.

Finding A

DoD Contracting Personnel Did Not Consistently Award LPTA Contracts As Required

DoD contracting personnel did not consistently award contracts using LPTA source selection procedures in accordance with the DFARS. Of the 29 contract actions we reviewed, with a base and all options value of \$47.8 billion, contracting officials did not include required justification to support the decision to use LPTA source selection procedures in the contract file for 9 contracts (31 percent) valued at \$455 million. Further, contracting personnel awarded 4 (14 percent) of 29 contracts valued at \$46.4 billion using LPTA source selection procedures that, based on requirements and limitations outlined in the DFARS, should not have been awarded as LPTA.⁷

Contracting personnel could not always explain the reason for noncompliance with LPTA source selection requirements due to a lack of documentation to justify the use of LPTA in the contract files and some contracting personnel responsible for awarding the contracts no longer worked for the organizations included in our audit. In addition, this noncompliance occurred because DoD contracting personnel did not understand or did not know the LPTA requirements or time restraints.

As a result, contracting personnel may not have used the appropriate source selection process to ensure the best value for the Government, potentially sacrificing long-term value for short-term savings. Until the DoD improves the process for using LPTA awards, the DoD is at risk for buying low-cost products and services that may have the potential to negatively impact its operations and the safety of Service members.

Contract Files Did Not Include Justification for Use of the LPTA Source Selection Process

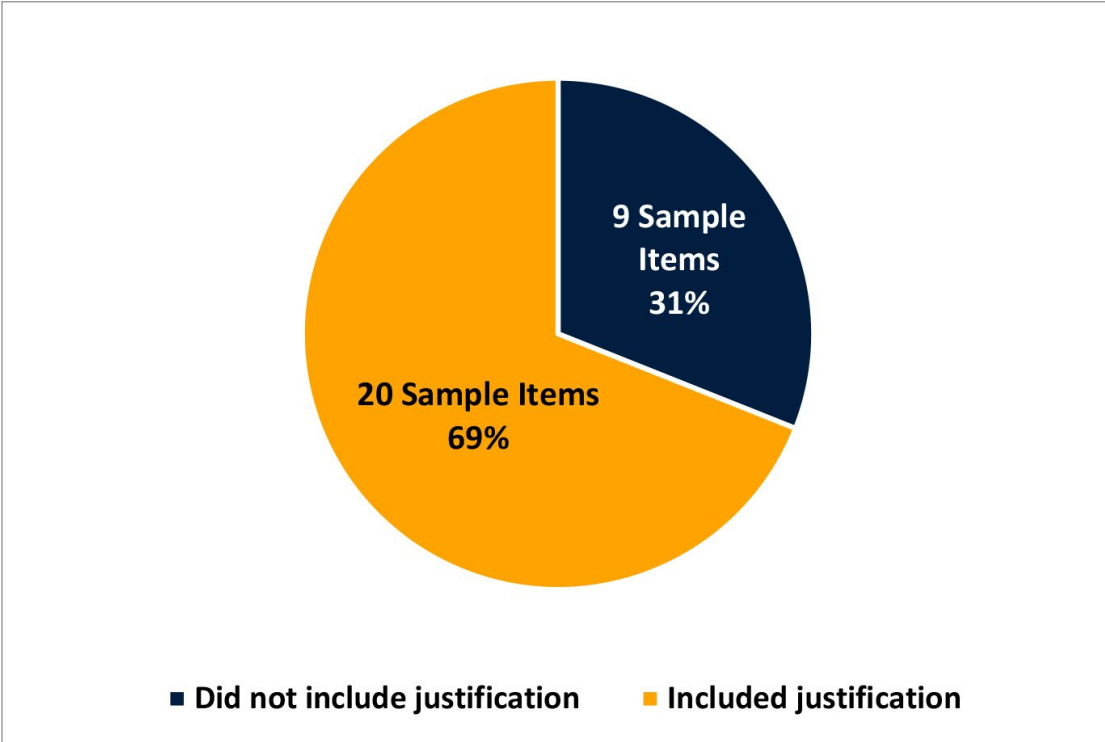
DoD contracting officials did not consistently include justification to support the decision to use the LPTA source selection process, as required by DoD regulation. According to DFARS 215.101-2-70, the DoD can use LPTA source selection process only if the contracting officer documents in the contract file the circumstances justifying its use.⁸

⁷ The numbers in the finding may overlap and some contracts both did not include the required justification and should not have been awarded as an LPTA contract.

⁸ DFARS 215.101-2-70, "Limitations and prohibitions."

Of the 29 contracts we reviewed, contracting officials did not document the required justification in the contract files for the use of the LPTA source selection procedures for 9 contracts, valued at \$455 million. See Figure 1 for the percentage of contracts in our review that did not include the required LPTA justification.

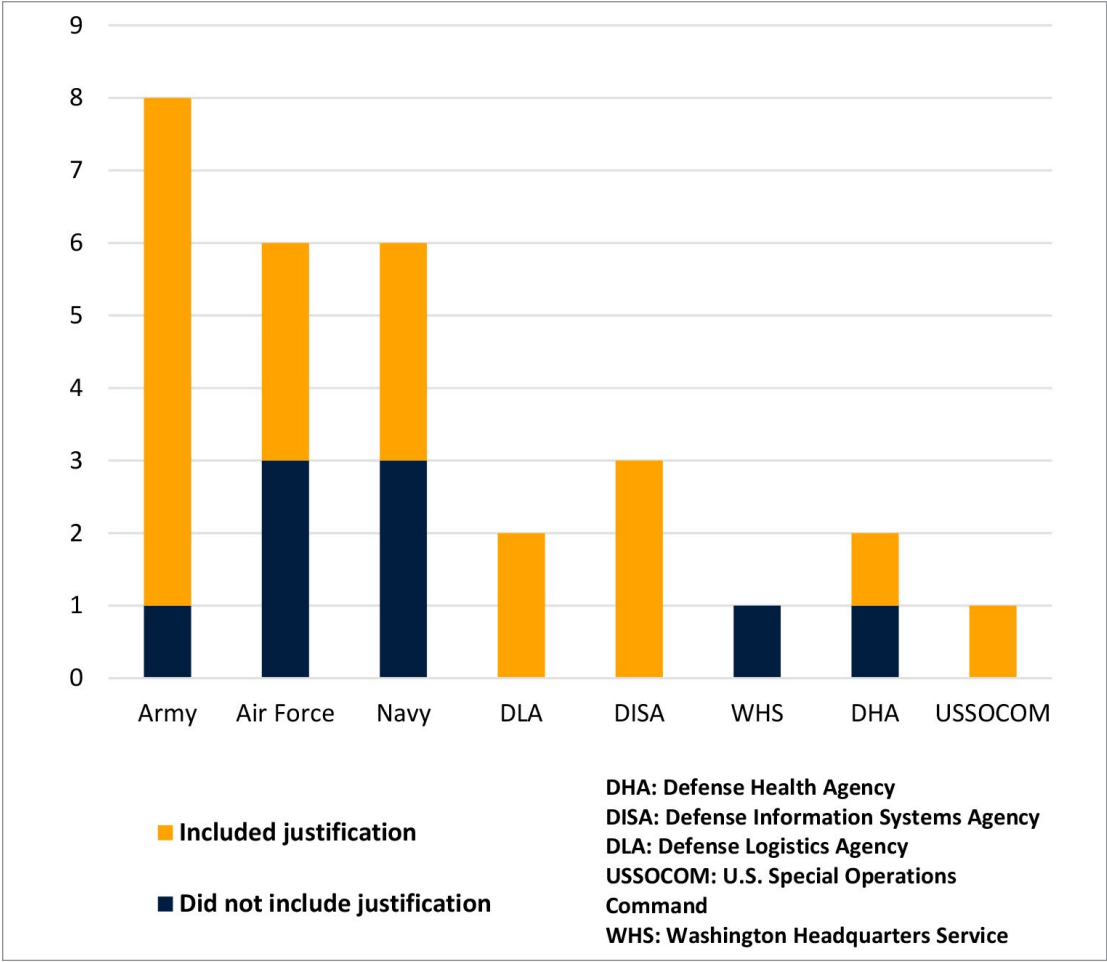
Figure 1. Percentage of Sample Contracts with Required Justifications According to DFARS 215.101-2-70



Source: The DoD OIG.

The majority of the Services and Defense agencies in our sample had contracts that did not include a justification in the file. See figure 2 for the number of contracts that did not include a justification by Military Service and Defense agency.

Figure 2. Number of Sample Contracts with Required Justifications by Military Service and Defense Agency



Source: The DoD OIG.

For example, a Defense Health Agency award for implementation and sustainment of a case management tool valued at \$1.1 million did not include a justification for the use of LPTA source selection procedures in the contract file. Contractor personnel stated that they prepared determinations and findings for performance based service acquisitions for LPTA awards on an individual basis. Contracting personnel stated this requirement was performance-based; however, they received only one proposal and did not conduct a normal source selection. Therefore, contracting personnel did not prepare a justification for this contract. While contracting personnel stated they did not have a justification due to the number of proposals received, contracting personnel should prepare a justification before issuing a request for proposal or solicitation.

Further, an Air Force task order award for construction, valued at \$20.1 million, did not include a justification for the use of LPTA source selection procedures in the contract file. The contracting officer stated that they did not include

the justifications in the task order file and that those would be included in the base contract file. However, the base contract file also did not include an LPTA justification. The Statement of Work in the base contract file stated that evaluations would be conducted on an LPTA or tradeoff basis and that the type of evaluation criteria would normally relate to the complexity of the requirement and be at the sole discretion of the contracting officer. Therefore, each task order could be awarded using either LPTA or tradeoff source selection procedures and contracting personnel should have included the justification in the task order file.

Contracts Improperly Awarded Using LPTA Procedures

DoD contracting personnel improperly awarded 4 of 29 contracts, valued at \$46.4 billion, in our sample using LPTA source selection procedures that, based on requirements and limitations outlined in the DFARS, should not have been awarded using LPTA. Specifically, the DFARS contains a series of limitations and prohibitions on the use of LPTA source selection procedures and also outlines several requirements that must be met in order to use LPTA source selection procedures. However, contracting personnel did not consistently comply with the DFARS requirements.

Contracts Awarded for Services Prohibited by the DFARS

DFARS 215.101-2-70(b)(3) prohibits the DoD from using the LPTA source selection process for auditing contracts. However, Army contracting personnel awarded a contract for \$1.3 million for medical coding support, where the contractor will provide two full time medical records coding auditors and one full time coding technician. Specifically, the contractor would provide auditing for outpatient, inpatient, and ambulatory coding, as well as audits of data quality errors, medical records, and other DoD medical treatment facility needs.

The contract file included an LPTA justification that stated the contract was not prohibited as an auditing contract. However, when asked why the justification stated it was not a prohibited auditing contract when it included the use of two auditors for auditing services, the contracting officer could not state why this contract was awarded using LPTA source selection

When asked why the justification stated it was not a prohibited auditing contract when it included the use of two auditors for auditing services, the contracting officer could not state why this contract was awarded using LPTA source selection procedures.

procedures. The contracting officer stated they did not award the contract but thought contracting personnel did not pay attention to the inclusion of auditors in the coding support services. Therefore, the primary purpose of the contract,

the contract records, and statements from the contracting officer did not provide any evidence that this contract was properly awarded using LPTA source selection procedures. The contract and supporting documentation indicated that the contract was primarily an auditing contract for which the use of LPTA procedures is prohibited by the DFARS.⁹

Contracts Awarded That Did Not Comply with the LPTA Requirements in DFARS

The DFARS outlines several requirements that contracting personnel must meet before awarding a contract using LPTA source selection procedures. However, contracting personnel did not consistently comply with those requirements for 3 contracts. Specifically, the Navy awarded a contract, valued at \$295 million, for various ship repairs and alteration tasks using LPTA source selection procedures. The contract file did not contain a justification documenting the rationale for the use of LPTA procedures, without which we could not verify whether all regulatory requirements for the use of LPTA outlined in DFARS 215.101-2-70 were considered.

DFARS 215.101-2-70(a) states that LPTA source selection procedures should be used only when minimum requirements can be described clearly and comprehensively and expressed in terms of performance objectives, measures, and standards that will be used to determine the acceptability of offers. However, contracting personnel stated that there were numerous issues with contractor performance for this \$295 million contract, highlighting that the project was significantly undermanned, which directly affected the project's key events and milestones. Contracting personnel also stated that there have been a total of 41 modifications

This contract necessitated numerous modifications to account for work that was not defined at the time of award, which impacted the scope of work and increased the overall cost of the contract.

to the contract, 10 of which expanded the scope of work beyond what was accounted for in the initial award. This contract necessitated numerous modifications to account for work that was not defined at the time of award, which impacted the scope of work and increased the overall cost of the contract.

Based on the lack of defined requirements and changes in scope, we determined that the procurement did not meet the DFARS 215.101-2-70(a)(1) requirement. Further, email coordination in the contract file stated that contracting personnel initially planned to use best value tradeoff source selection procedures for this

⁹ DFARS 215.101-2-70, "Limitations and prohibitions."

Contracting personnel stated that the customer chose not to exercise the option on this contract and the contract ended in July 2024. Therefore, we did not make a recommendation for this contract.

award, but later switched to LPTA procedures, citing physical docking limitations, timeliness, and reduced risk of protest as support for this decision. These are not acceptable reasons to use LPTA source selection procedures if the contract does not meet the other LPTA requirements. The email coordination also noted that another contract, awarded under the same acquisition plan and around the same time, to acquire similar services in support of a different ship, used best value tradeoff source selection procedures and not LPTA procedures.

The contract's acquisition plan stated that the Navy intended to primarily use best value tradeoff source selection procedures for its procurements. Therefore, based on the lack of an LPTA justification and well defined requirements, and since the acquisition plan stated these types of contracts are typically awarded using tradeoff procedures, we determined that contract should not have been awarded using LPTA source selection procedures.

Based on the lack of an LPTA justification and well defined requirements, and since the acquisition plan stated these types of contracts are typically awarded using tradeoff procedures, we determined that contract should not have been awarded using LPTA source selection procedures.

In addition, the Navy awarded a contract valued at \$59 million for labor and facilities to accomplish various ship repair, maintenance, and modernization tasks. DFARS 215.101-2-70(a)(1) states that contracting personnel may only use LPTA source selection procedures if no, or minimal, value will be realized from a proposal that exceeds the minimum technical or performance requirements. The acquisition plan for this procurement stated, in part, that a best value process for this procurement is in the Government's best interest given that while the requirements are well defined, the ability of an offeror to exceed minimum technical requirements will further support the Navy's mission of maintaining critical submarine repair and modernization schedules. However, the acquisition plan further states that the Navy will make a best value decision using an LPTA approach, in direct conflict with the DFARS.

Contracting personnel could not explain the rationale behind the contradictory statements included in the acquisition plan, as they were not the awarding contracting officer. Contracting personnel further stated that in their experience, maintenance contracts similar to the \$59 million contract are often awarded using the best value tradeoff source selection procedures. Therefore, since the information documented in the acquisition plan was not in accordance with the DFARS for using LPTA source selection procedures, and statements from

Navy contracting personnel indicated that these types of contracts are typically awarded using tradeoff source selection procedures, this contract should not have been awarded using LPTA source selection procedures.

Finally, the Air Force awarded a contract with a total contract maximum of \$46 billion for rapid development of novel weapons capabilities technologies and lifecycle phases of weapons development including weapons concepts, concept development, concept demonstrations, weapons system procurement, production, fielding, operations, and sustainment.¹⁰ DFARS 215.101-2-70(a)(1) states that contracting personnel can only use the LPTA source selection process if the contract file contains a determination that the lowest price reflects full life-cycle costs of the products or services being acquired. The contracting officer stated that at the time of the award they were unable to estimate the full life-cycle costs due to the setup of the contract.

In addition to not evaluating full life-cycle costs, the solicitation for this contract stated that each offeror's proposed price must equal \$1,000. Therefore, the contracting officer required all contractors to submit the same exact price for their proposals. However, the value in using the LPTA source selection process is selecting the technically acceptable proposal with the lowest price but contracting

The value in using the LPTA source selection process is selecting the technically acceptable proposal with the lowest price but contracting personnel provided the price and did not evaluate price as part of the award.

personnel provided the price and did not evaluate price as part of the award.

The minimum order guarantee for this multiple award contract was \$1,000. According to the contracting officer, LPTA source selection was the best way to ensure that each contractor at the indefinite-delivery, indefinite-quantity level met the minimum award guarantee.

The contracting officer also explained

that providing the required proposal amount prevents contracting personnel from having to invest a lot of time satisfying the fair and reasonable price assessment requirement each time they select a group of contractors for award under a single solicitation.

Based on the contract file not containing a determination that the lowest price reflects the full life cycle costs, contracting personnel stating they could not determine lifecycle costs and the solicitation providing the \$1,000 price instead of each contractor submitting a price for lowest price evaluation purposes, contracting personnel should not have awarded this contract using LPTA source selection procedures.

¹⁰ The maximum dollar value for all contracts combined for this multiple award contract vehicle is \$46 billion.

Additional Controls Needed to Ensure Compliance with LPTA Requirements

DoD contracting personnel did not comply with the LPTA requirements for several different reasons. In some examples, contracting personnel could not explain the reason for noncompliance because contracting personnel did not maintain documentation in the contract files to justify the use of LPTA and some contracting personnel responsible for awarding the contracts no longer worked for the organizations included in our audit. For task orders or delivery orders, contracting personnel did not understand or did not know the requirements and whether the justification was in the base file or the order file, when neither included a justification. In another example, contracting personnel awarded the contract using LPTA procedures due to time constraints or to reduce the risk of protest, which is not an allowable reason to award a contract using LPTA source selection procedures if the contract does not meet the other LPTA requirements.

DFARS Procedures, Guidance and Information 215.3 states that LPTA is the appropriate source selection process to apply when the product or service to be acquired has well-defined requirements, minimal risk of unsuccessful contract performance, price has a dominant role in source selection, and there is no value, need or interest to pay for higher performance.¹¹ According to a Congressional Research Report, LPTA contracts are not always the most effective or efficient approach to ensuring quality and performance in the long term and the use of LPTA may sacrifice long-term value for short-term savings. Therefore, contracting personnel must ensure the contract meets the DFARS requirements to use LPTA source selection procedures. Otherwise, contracting personnel cannot ensure the use of LPTA procedures provided the best value to the government.

Conclusion

DoD contracting officials did not properly award LPTA contracts in accordance with the DFARS requirements. The DFARS describes specific requirements that contracting personnel must ensure are met to use LPTA source selection procedures and ensure the Government receives the best value. If contracting personnel do not follow the LPTA requirements to ensure LPTA source selection procedures are appropriate for the acquisition, the Government may not be getting the best quality or price for the product or service being acquired. Until the DoD improves the process for using LPTA awards, the DoD is potentially at risk for buying low-cost products and services that may have the potential to negatively impact to its operations and the safety of Service members.

¹¹ DFARS PGI 215.3, "Source Selection."

Recommendations, Management Comments, and Our Response

Recommendation A.1

We recommend that the Principal Director, Defense Pricing, Contracting, and Acquisition Policy, establish and implement additional training on awarding lowest price technically acceptable contracts or clarify best practices for lowest price technically acceptable awards to ensure contracting personnel understand and follow the Defense Federal Acquisition Regulation Supplement requirements.

Defense Pricing, Contracting, and Acquisition Policy Comments

The DPCAP Principal Director agreed with the recommendation, stating that DPCAP will coordinate with Defense Acquisition University to augment the existing source selection curriculum to specifically address properly awarding LPTA contracts. The Principal Director also stated that DPCAP will direct Services and other Defense agency contracting activities to review existing component level training and supplement it as appropriate to enhance contracting personnel awareness and understanding of DFARS LPTA limitations and documentation requirements.

Our Response

Comments from the Principal Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the augmented training specifically addresses properly awarding LPTA contracts in accordance with DFARS requirements and verify that DPCAP directed the Services and other Defense agencies to review and supplement component level training as appropriate.

Recommendation A.2

We recommend that the Deputy Assistant Secretary of the Army (Procurement), require contracting personnel to review the file for the contract that did not include a lowest price technically acceptable justification, and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.

Office of the Deputy Assistant Secretary of the Army (Procurement) Comments

The Office of the Deputy Assistant Secretary of the Army (Procurement) Contracting Director, responding for the Deputy Assistant Secretary of the Army (Procurement), agreed with the recommendation, stating that the Army will ensure that contracting officers document the contract file with LPTA justification as required by the Army Federal Acquisition Regulation Supplement.

Our Response

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the LPTA justification documented in the contract file meets the DFARS requirements.

Recommendation A.3

We recommend that the Assistant Secretary of the Navy (Research, Development, and Acquisition):

- a. Require contracting personnel to review the file for the three contracts that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.**
- b. Require contracting personnel to review the two contracts awarded as lowest price technically acceptable awards that may have been more appropriate using a different source selection process and require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.**

Deputy Assistant Secretary of the Navy (Procurement) Comments

The Deputy Assistant Secretary of the Navy (Procurement) Executive Director, responding for the Assistant Secretary of the Navy (Research, Development, and Acquisition), agreed with the recommendations, stating that the Department of the Navy will review the subject contracts, take appropriate action as required, and submit a closure request memorandum when the appropriate action has been taken.

Our Response

Comments from the Executive Director addressed the specifics of the recommendations; therefore, the recommendations are resolved but will remain open. We will close the recommendations once the Department of the Navy provides the closure request memorandum and we verify that contracting personnel reviewed the contract files and took appropriate action based on that review.

Recommendation A.4

We recommend that the Deputy Assistant Secretary of the Air Force (Contracting):

- a. Require contracting personnel to review the file for the three contracts that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recomplete the contract.**

Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy Comments

The Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy, responding for the Deputy Assistant Secretary of the Air Force (Contracting), agreed with the recommendation, stating that the Deputy Assistant Secretary of the Air Force (Contracting) reviewed the three contracts that did not include LPTA justification and contracting officers confirmed that LPTA was the appropriate source selection procedure. The Military Deputy also stated that contracting officers documented the justification required by DFARS in the contract file.

Our Response

Comments from the Military Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the LPTA justifications documented in the contract files meets the DFARS requirements.

- b. Require contracting personnel to review the contract awarded as a lowest price technically acceptable award that may have been more appropriate using a different source selection process and require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recomplete the contract.**

Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy Comments

The Office of the Assistant Secretary of the Air Force (Acquisition, Technology & Logistics) Military Deputy, responding for the Deputy Assistant Secretary of the Air Force (Contracting), agreed with the recommendation, stating that the Deputy Assistant Secretary of the Air Force (Contracting) reviewed the contract and the contracting officer confirmed that LPTA was the appropriate source selection procedures. The contracting officer documented the contract file with justification required by DFARS and the action will continue with the existing contract.

Our Response

Comments from the Military Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the LPTA justification documented in the contract file meets the DFARS requirements.

Recommendation A.5

We recommend that the Director, Defense Health Agency Contracting Activity require contracting personnel to review the file for the contract that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recomplete the contract.

Management Comments Required

The Director, Defense Health Agency Contracting Activity, did not respond to the recommendation in the report. Therefore, the recommendation is unresolved. We request that the Director provide comments on the final report.

Recommendation A.6

We recommend that the Director, Washington Headquarters Services Acquisition Directorate require contracting personnel to review the file for the contract that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompile the contract.

Washington Headquarters Services Acquisition Directorate Director Comments

The Director, Washington Headquarters Services Acquisition Directorate, agreed with the recommendation, stating that the Washington Headquarters Services Acquisition Directorate updated the determination for the use of the Streamlined Acquisition Strategy Summary document inclusive of an LPTA justification.

Our Response

Comments from the Director addressed the specifics of the recommendation and we verified that the updated document included an LPTA justification. Therefore, we consider the recommendation closed.

Finding B

Tracking Lowest Price Technically Acceptable Awards

The DoD could not accurately account for its use of LPTA contract awards. Although reported as LPTA awards in FPDS, 24 (31 percent) of the 78 contract actions we sampled, with a base and all options value of \$785 million, were not awarded using LPTA. This occurred because contracting personnel did not understand reporting requirements and entered erroneous contract data into FPDS.

As a result, the DoD does not have accurate information on the use of LPTA awards to ensure the DoD is using the LPTA source selection process as appropriate, and not buying low-cost products in areas to avoid or prohibited areas that have the potential to negatively impact the safety of Service members, such as personal protective equipment or an aviation critical safety items, among others.

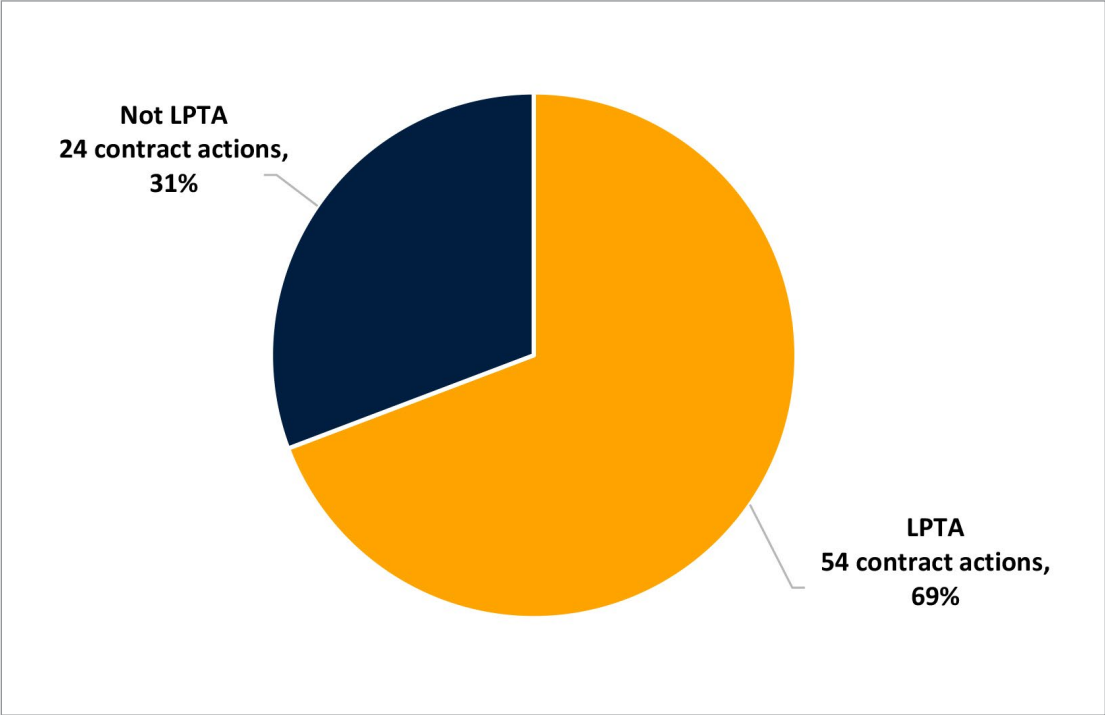
Inaccurate Source Selection Data in FPDS

The DoD could not accurately account for LPTA contract awards. Public Law 116-92, Section 806, requires revisions to FPDS to facilitate the collection of complete, timely, and reliable data on the source selection processes used by Federal agencies for the contract actions being reported in the system.¹² The law requires the General Services Administration to ensure that data are collected on the use of the lowest price technically acceptable contracting methods and best value contracting methods process.

In June 2020, the General Services Administration implemented the changes and added a field to FPDS for contracting personnel to input the source selection process as “best value trade off,” “LPTA,” or “other” for each contract award. However, the information reported was not consistently accurate, and several contract actions reported as LPTA were not LPTA awards. After we selected our initial 10 LPTA sample items, contracting personnel stated that 4 of those 10 were not LPTA awards. Before replacing the four sample items, we selected solicitations for multiple contract actions listed as LPTA awards in SAM to ensure the replacements we selected were LPTA, and we found several others listed as LPTA awards in SAM that were not. Since the information in FPDS was not accurate, we sent a list of contract actions to contracting personnel to verify whether the action was awarded using LPTA before selecting the remainder of our sample. In total, 24 of 78 contract actions, valued at \$785 million, were not LPTA awards. See Figure 3 for a percentage of LPTA awards that were reported incorrectly.

¹² Public Law 116-92, “National Defense Authorization Act for Fiscal Year 2020.”

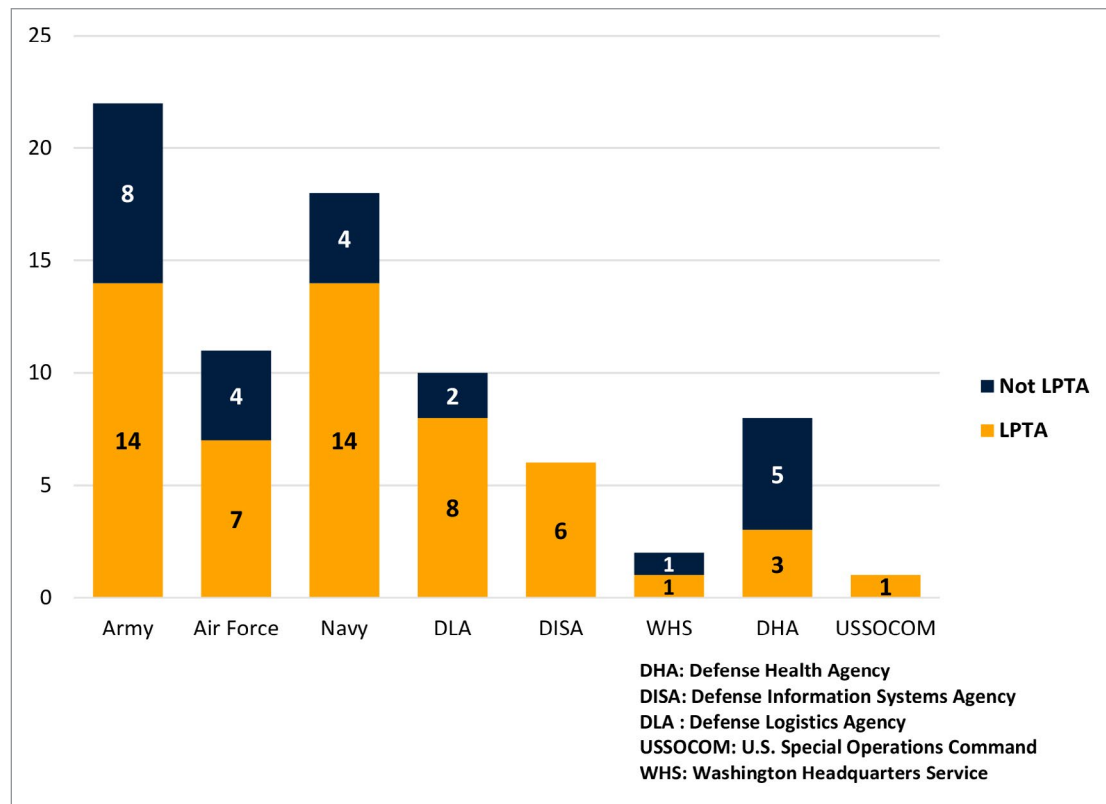
Figure 3. Percentage of LPTA Awards That the DoD Reported Incorrectly



Source: The DoD OIG.

Based on the 78 contract actions reviewed we determined that the Army, Navy, Air Force, and some Defense agencies reported inaccurate source selection data in FPDS. See Figure 4 for a list of contract actions that were incorrectly reported as LPTA by Military Service and Defense agency.

Figure 4. Verification of LPTA Awards Reported in FPDS by Military Service and Defense Agencies



Source: The DoD OIG.

We conducted this audit based on the data reported in FPDS showing the volume and dollar value of actions coded as LPTA, as well as contracts that appeared to be for awards in areas to avoid or prohibited by the DFARS when using LPTA source selection procedures. However, many of these contract actions, including the contracts that appeared to be for critical safety items, were actually miscoded and awarded using other source selection procedures. Contracting personnel input the data into FPDS and that data is transmitted to SAM. Contracting personnel stated that the data in FPDS was incorrect due to errors populating the information or errors because the base contract was awarded LPTA but the task order was not. Some contracting officials stated that they would correct the contract action report for each miscoded contract action.

We reviewed contract action reports for each of the contract actions that the contracting personnel identified as miscoded in FPDS. Of the 24 miscoded contract actions, contracting personnel corrected 9 contract actions, and those actions were no longer reported in FPDS as LPTA awards. However, contracting personnel did not correct the other 15 contract actions and as of September 2024, they remained improperly coded as awards using LPTA source selection procedures.

Conclusion

The DoD cannot accurately account for LPTA awards. Of the LPTA actions in our sample, 24 (31 percent) of the 78 awards reported as LPTA in FPDS, were not actually LPTA awards. Based on the concern regarding the perceived inappropriate use of LPTA, Congress passed legislation limiting use of LPTA source selection procedures. Public Law 116-92 then required revision to FPDS to facilitate the collection of complete, timely, and reliable data on the source selection process, to include at a minimum, LPTA and best value contracting methods. If contracting personnel do not report complete, timely, and reliable information on the use of LPTA contract awards, the DoD cannot accurately determine what type of products and services the DoD is acquiring using LPTA and whether the source selection type was appropriate to ensure the best value to the Government and the safety of Service members.

Recommendations, Management Comments, and Our Response

Recommendation B.1

We recommend that the Principal Director, Defense Pricing, Contracting, and Acquisition Policy:

- a. Assess the deficiencies identified in this report and develop and implement processes, procedures, and guidance sufficient to ensure the data contracting personnel enter into the Federal Procurement Data System is accurate through either additional training, data entry controls, or oversight of the data.**

Defense Pricing, Contracting, and Acquisition Policy Comments

The DPCAP Principal Director agreed with the recommendation. The Principal Director stated that DPCAP will update subpart 204.606 of the DFARS Procedures, Guidance, and Information to address proper coding of the Contract Action Report when selecting LPTA awards in the Source Selection process field and send a reminder to contracting officers of their responsibilities for Contract Action Report submissions and appropriate coding of LPTA. The Principal Director also stated that the DoD will assess if additional compliance measures need to be included in the DoD FY 2025 Procurement Data Improvement and Compliance Plan.

Our Response

Comments from the Principal Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that DPCAP updated the DFARS PGI regarding LPTA award coding and reminded the contracting officers of their responsibilities for appropriate coding of LPTA awards.

- b. Direct the Services and other Defense agencies to require contracting personnel to review and correct contract actions that were incorrectly labeled as lowest price technically acceptable awards in the Federal Procurement Data System.**

Defense Pricing, Contracting, and Acquisition Policy Comments

The DPCAP Principal Director agreed with the recommendation. The Principal Director stated that DPCAP will direct Services and other Defense agencies to review and correct FPDS Contract Action Reports improperly coded as LPTA awards and generate FPDS reports to provide component leads to better assist with the identification and correction of the contract action report.

Our Response

Comments from the Principal Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that DPCAP directed the Services and other Defense agencies to review and correct improperly coded FPDS Contract Action Reports and provided FPDS reports to the component leads.

Appendix

Scope and Methodology

We conducted this performance audit from December 2023 through February 2025 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.

Sample Selection

When selecting a sample to review from our universe of data, we considered several factors. We considered the Service or Defense agency and contracting office that issued the contract action, the amount obligated to the contract action, and whether the contract action was used to acquire products or services that, per DoD guidance, should be avoided when using LPTA source selection procedures.

We first generated a universe of contract actions awarded using LPTA source selection procedures in FY 2023 using SAM.gov. The total universe included 561,448 LPTA contract actions with a total contract base and all options value of \$7.85 trillion. We selected a nonstatistical sample of contract actions in three phases, with an overall total of 30 contracts. Despite generating the data using “LPTA” as a constraint in the “Source Selection Process Code” field, after coordinating with relevant Service and Defense agency points of contact during the first phase, we found that 4 of the 10 total contract actions selected that were coded as LPTA were not actually awarded using LPTA source selection procedures.

To increase the efficiency of our sample selection, we sent a selection of 64 additional contract actions to the Services and Defense agencies to request verification of the LPTA coding in FPDS before our second and third phases of sample item selection. Once the Services and Defense agencies verified those contract actions, we selected our sample from actions confirmed as having been awarded using LPTA source selection procedures.

In total, we sent a nonstatistical sample of 78 contract actions for contracting personnel to verify the source selection procedures. Of those 78 contract actions, contracting personnel verified that 54 contract actions were LPTA awards. From those 54, we selected a nonstatistical sample of 30 contract actions for review, from seven Services and Defense agencies, with a base and all options value of \$47.8 billion. The results cannot be projected to the universe because this was a nonstatistical sample. Specifically, of the 30 contract actions, we selected:

- 9 Army contract actions with a total value of \$327 million,¹³
- 6 Air Force contract actions with a total value of \$46.2 billion,
- 6 Navy contract actions with a total value of \$885.4 million,
- 2 Defense Logistics Agency contract actions with a total value of \$291.3 million,
- 3 Defense Information Systems Agency contract actions with a total value of \$80.4 million,
- 2 Defense Health Agency contracts with a total base and all options value of \$1.2 million,
- 1 U.S. Special Operations Command contract action with a total base and all options value of \$47,501, and
- 1 Washington Headquarters Services contract action with a total base and all options value of \$1.4 million.

Review of LPTA Guidance and Contract Documentation

For each of our sample items, we performed an in-depth review to determine whether the DoD awarded LPTA contracts in accordance with applicable Federal laws and DoD regulations. Specifically, we reviewed Federal laws and DoD regulations to identify requirements for using LPTA source selection procedures. We then reviewed the contracting files for each of our sample items to determine if the action was solicited and awarded in accordance with the requirements. Additionally, we interviewed or sent questions to contracting personnel for each of our sample items to discuss the use of the LPTA source selection process.

We reviewed the following Federal and DoD criteria.

- Public Law 114-328, “National Defense Authorization Act For Fiscal Year 2017”
- Public Law 115-91, “National Defense Authorization Act For Fiscal Year 2018”

¹³ 13 Army contract actions include awards from Army Contracting Command totaling \$65.9 million, U.S. Army Corps of Engineers totaling \$243.6 million, and Army Medical Command totaling \$17.5 million.

- Public Law 116-92, “National Defense Authorization Act For Fiscal Year 2020”
- Federal Acquisition Regulation 15.101-2, “Lowest Price Technically Acceptable Source Selection Process”
- DFARS 215.101-2-70, “Limitations and Prohibitions”
- DFARS Procedures, Guidance, and Information (PGI) 215.1, “Source Selection Processes and Techniques”

Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the components of internal controls, including control activities and information and communication. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Use of Computer-Processed Data

We used computer-processed data to perform this audit, but we did not rely on that data. To obtain our universe, we used data from FPDS. We only used the data to obtain our universe and select a sample. We based the findings in Finding A of our report on a review of the contract files and not the data. We validated the LPTA information from the data for a select number of contract actions to ensure our sample items were LPTA awards. We found that the data were consistently inaccurate, and our findings on the data are included in Finding B.

Prior Coverage

During the last 5 years, the DoD Office of Inspector General (OIG) issued 1 report discussing the use of LPTA source selection.

DoD OIG

Report No. DODIG-2021-129, “Audit of Defense Logistics Agency Award and Management of Bulk Fuel Contracts in Areas of Contingency Operations,”
September 23, 2021

The DoD OIG determined that Defense Logistics Agency Energy contracting officials complied with the FAR and DoD guidance and generally met bulk fuel requirements, valued at \$212.9 million, in Afghanistan, Bahrain, Iraq, Jordan, Kuwait, the Philippines, Turkey, Qatar, and the United Arab Emirates. Defense Logistics Agency Energy officials ensured contractors fulfilled bulk

fuel requirements for 164 of the 180 orders reviewed. The DoD OIG also determined that Defense Logistics Agency Energy had an adequate system in place to ensure its fuel contractors met contractual obligations and abided by anticorruption practices. Although Defense Logistics Agency Energy contracting officers generally met bulk fuel requirements, contracting officers can use various source selection methods to obtain fuel in areas of contingency operations. The lowest price technically acceptable source selection process is appropriate when the expectation is the best value. However, in areas of contingency operations, the best value may require an evaluation of factors other than lowest price and technically acceptable.

Management Comments

Defense Pricing, Contracting, and Acquisition Policy



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION, CONTRACTING, AND
SUSTAINMENT DIRECTORATE, OFFICE OF THE
INSPECTOR GENERAL

SUBJECT: Response to the Department of Defense Inspector General Draft Report, "Audit of
the Department of Defense Lowest Price Technically Acceptable Contract Awards"
dated February 5, 2025 (Project No. D2024-D000AX-0042.000)

As requested, I am providing responses to the general content and recommendations
contained in the subject report. Department of Defense Inspector General (DoDIG) indicates the
final report issued from the draft report will not contain Controlled Unclassified Information
(CUI). I have identified no specific information in this response contains CUI.

General Content: As the report itself notes, the sample used in the analysis was a non-
statistical sample. This review looked at 29 contracts of the reported 561,448 actions for the
specified period. While the Department appreciates the deficiencies that were found and will
take action to address the recommendations provided, the Department notes that findings from a
<1% sample of actions are not statistically significant and may not be representative of broader
trends.

Recommendation A.1: We recommend that the Principal Director, Defense Pricing and
Contracting, and Acquisition Policy (DPCAP):

- Establish and implement additional training on awarding the lowest price technically
acceptable (LPTA) contracts or clarify best practices for the lowest price technically
acceptable awards to ensure contracting personnel understand and follow the Defense
Federal Acquisition Regulation Supplement (DFARS) requirements.

Response: Concur. DPCAP will coordinate with Defense Acquisition University to
augment existing source selection curriculum to specifically address properly awarding
LPTA contracts. In addition, DPCAP will direct Services and other Defense Agency
contracting activities to review existing component level training and supplement as
appropriate to enhance contracting personnel awareness and understanding of DFARS
215 LPTA limitations and documentation requirements.

Recommendation B.1: We recommend that the Principal Director, DPCAP:

- a. Assess the deficiencies identified in this report and develop and implement processes,
procedures, and guidance sufficient to ensure the data contracting personnel entered into
the Federal Procurement Data System (FPDS) is accurate through either additional
training, data entry controls, or oversight of the data.

Defense Pricing, Contracting, and Acquisition Policy (cont'd)

Response: Concur. DPCAP will update subpart 204.606 of the DFARS Procedures, Guidance, and Information (PGI) to address proper coding of the Contract Action Report (CAR) when selecting Lowest Price Technically Acceptable (LPTA) awards in the Source Selection Process field (Data Dictionary Element 10Z). A reminder will be sent to contracting officers of their responsibilities for CAR submissions and appropriate coding of LPTA, as provided in Section 4.12.3 of the Federal Procurement Data System (FPDS) Data Dictionary. Department of Defense (DoD) will also assess if additional compliance measures need to be included in the DoD FY 2025 Procurement Data Improvement and Compliance Plan.

- b. Direct the Services and other Defense Agencies to require contracting personnel to review and correct contract actions that were incorrectly labeled as lowest price technically acceptable awards in the FPDS.

Response: Concur. DPCAP will direct Services and other Defense Agencies to review and correct FPDS CARS, improperly coded as LPTA awards in the Source Selection Process field (Data Dictionary Element 10Z). DPCAP will generate FPDS reports and provide to component leads to better assist them with the identification and correction of the CAR.

Please contact [REDACTED]@mail.mil, if additional information is required.

TENAGLIA.JOHN.M. Digitally signed by
TENAGLIA.JOHN.M. [REDACTED]
Date: 2025.03.13 17:45:29 -04'00'

John M. Tenaglia
Principal Director,
Defense Pricing, Contracting, and
Acquisition Policy

Department of the Army



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

SAAL-ZP

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR
GENERAL, 4800 MARK CENTER DRIVE, ALEXANDRIA, VA 22350-5000

SUBJECT: DRAFT Report No. D2024AX-0042, DoD Lowest Price Technical
Acceptable Contract Awards, Official Army Position (OAP)

1. In accordance with Army Regulation 36-2, Audit Services in the Department of the Army, Section II, paragraphs 1-9 (f.), I am providing the OAP for recommendation A.2 in the subject report. In accordance with the attached enclosure, the Army agrees with the recommendation; however, comments are provided for your consideration.
2. Please contact Ms. [REDACTED], if there are any questions/concerns.

Enclosure

AUSTIN.DAPHNE.HO
WARD [REDACTED]
Daphne H. Austin
COL, SC
Director of Contracting
Office of the Deputy Assistant
Secretary of the Army (Procurement)

Digitally signed by
AUSTIN.DAPHNE.HOWARD
Date: 2025.03.03 12:58:23 -05'00'

Department of the Army (cont'd)

Office of the Deputy Assistant Secretary of the Army (Procurement) (ODASA(P))

**Response to Department of Defense Inspector General Report No. D2024AX - 0042
DRAFT Report (CUI): DOD Lowest Price Technically Acceptable Contract Awards**

Recommendation A.2:

We recommend that the Deputy Assistant Secretary of the Army (Procurement) require contracting personnel to review the file for the contract that did not include a lowest price technically acceptable justification, and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.

Response: The Army concurs with comments. The Army Federal Acquisition Regulation Supplement (AFARS) requires Contracting Officers to document the contract file with the lowest technically acceptable justification. In terms of the contracts referenced in the audit report, W900KK-23-F-5001 and W911S0-18-D-000, the Army will ensure that they are documented as required by the AFARS. Additionally, request DoDIG change the recommendation verbiage by deleting "Commander".

Estimated Completion Date: 3QFY25

Department of the Navy



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

From: Deputy Assistant Secretary of the Navy (Procurement)
To: U.S. Department of Defense Inspector General (DODIG)

Subj: DEPARTMENT OF THE NAVY COMMENTS FOR THE AUDIT OF DEPARTMENT
OF DEFENSE LOWEST PRICE TECHNICALLY ACCEPTABLE CONTRACT
AWARDS (PROJECT NO. D2024-D0000AX-0042.000).

1. The Department of the Navy (DON) appreciates the opportunity to provide comments to the subject audit report. The DON's comments to the DODIG's findings are provided below.

Recommendation A.3

We recommend that the Commander, Assistant Secretary of the Navy (Research, Development, and Acquisition):

- a. Require contracting personnel to review the file for the three contracts that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.
- b. Require contracting personnel to review the two contracts awarded as lowest price technically acceptable awards that may have been more appropriate using a different source selection process and require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.

Recommendation A.3.a (Agree): The Department of the Navy (DON) will review subject contracts and take appropriate action as required by the recommendation. The DON will submit a closure request memorandum to the DODIG when appropriate action has been taken.

Estimated Completion Date: June 30, 2025

Recommendation A.3.b (Agree): The DON will review subject contracts and take appropriate action as required by the recommendation. The DON will submit a closure request memorandum to the DODIG when appropriate action has been taken.

Estimated Completion Date: June 30, 2025

Department of the Navy (cont'd)

Subj: DEPARTMENT OF THE NAVY COMMENTS FOR THE AUDIT OF DEPARTMENT OF DEFENSE LOWEST PRICE TECHNICALLY ACCEPTABLE CONTRACT AWARDS (PROJECT NO. D2024-D0000AX-0042.000).

2. If you have any questions on the above, my point of contact for this engagement is Mr. [REDACTED] or [REDACTED].

BROWN.MICHA
EL.L. [REDACTED]

Digitally signed by
BROWN.MICHAEL L. [REDACTED]
Date: 2025.03.05 15:15:52 -05'00'

Michael L. Brown
Deputy Assistant Secretary of the Navy
(Procurement)
Executive Director

Department of the Air Force



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

MAR 11 2025

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: SAF/AQ
1120 Air Force Pentagon Suite 1060
Washington, DC 20330

SUBJECT: Department of the Air Force Response to DoD Office of Inspector General Draft Report, Project D2024-D000AX-0042.000, Audit of Department of Defense Lowest Price Technically Acceptable Contract

1. SAF/AQ concurs with the audit results and recommendations for the DoDIG Draft Report Audit of Department of Defense Lowest Price Technically Acceptable Contract. Specific management comments in response to the audit recommendation are attached.

2. If you have any questions or concerns with our comments, please contact [REDACTED] or [REDACTED]

A handwritten signature in dark ink, appearing to read "Dale R. White".

DALE R. WHITE, Lt Gen, USAF
Military Deputy, Office of the Assistant Secretary of
the Air Force (Acquisition, Technology & Logistics)

Attachment:
Management Comments

Department of the Air Force (cont'd)

**Department of Defense Inspector General
Audit of Department of Defense Lowest
Price Technically Acceptable Contract
Awards (Project D2024-D000AX-0042.000)**

RECOMMENDATION A.4.a: Require contracting personnel to review the file for the three contracts that did not include a Lowest Price Technically Acceptable (LPTA) justification and if an LPTA source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a LPTA source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recompet the contract.

DEPARTMENT OF THE AIR FORCE RESPONSE: Concur.

SAF/AQ RESPONSE: SAF/AQC reviewed the three contracts that did not include any justification for using LPTA source selection procedures. All three contracting officers confirmed LPTA was the appropriate source selection procedure and have now documented the contract file with the justification required by the Defense Federal Acquisition Regulation Supplement. In addition, the Air Force provides regular source selection training emphasizing source selection documentation that the contracting officer must document the file justifying the use of LPTA, tools and various resources on Air Force Contracting Central that provides a multitude of resources to include DoD Source Selection Procedures, SAF/AQCP Source Selection Training, templates, and other regulatory guidance. (Closed 13 Feb 2025)

Actual Completion Date: Completed 13 Feb 2025

Total Actual/Estimated Monetary Benefits Realized: N/A.

RECOMMENDATION A.4.b: Require contracting personnel to review the one contract awarded as an LPTA award that may have been more appropriate using a different source selection process and require contracting personnel to determine the appropriate action to continue with the existing contract or terminate and recompet the contract.

DEPARTMENT OF THE AIR FORCE RESPONSE: Concur.

SAF/AQ RESPONSE: SAF/AQC reviewed the one contract that did not include any justification for using LPTA source selection procedures. The contracting officer confirmed LPTA was the appropriate source selection procedure and has documented the contract file with the justification required by the Defense Federal Acquisition Regulation Supplement. This action will continue with the existing contract. (Closed 13 Feb 2025)

Actual Completion Date: Completed 13 Feb 2025

Total Actual/Estimated Monetary Benefits Realized: N/A.

Washington Headquarters Services



ACQUISITION DIRECTORATE

DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155



March 17, 2025

Department of Defense
Office of Inspector General
4800 Mark Center Drive
Alexandria, Virginia 22350-1500
ATTN: [Redacted]
Via email [Redacted]

Subject: Response to Draft of a Proposed Report Project No. D2024-D000AX-0042.000, Audit of Department of Defense Lowest Price Technically Acceptable Contract Awards

Dear Ms. [Redacted]

Washington Headquarters Services, Acquisition Directorate (WHS/AD) receives the Department of Defense Office of Inspector General's (DoD OIG's) Draft Report No. Project No. D2024-D000AX-0042.000 entitled "Audit of Department of Defense Lowest Price Technically Acceptable Contract Awards," dated February 5, 2025. WHS/AD appreciates the opportunity to address and recommend closeout on the requested recommendations identified under A.6 in the referenced report.

Recommendation	Description/Issue DoD IG	Page	AD Response
A.6	We recommend that the Director, Washington Headquarters Services Acquisition Directorate require contracting personnel to review the file for the contract that did not include a lowest price technically acceptable justification and if a lowest price technically acceptable source selection was appropriate, add a justification to the file, as required by the Defense Federal Acquisition Regulation Supplement. If a lowest price technically acceptable source selection was not appropriate, require contracting personnel to determine the appropriate action to continue with the existing contract, or terminate and recomplete the contract.	17	<ul style="list-style-type: none">Agreed. Contract data for HQ003420F0484- The CO indicated it was an error. The contract data element was corrected on April 5, 2024.Agreed. WHS/AD updated the determination for the use of the Streamlined Acquisition Strategy Summary (SASS) document inclusive of an LPTA justification on March 10, 2025. (See attachment)

Washington Headquarters Services (cont'd)

Thank you for the opportunity to respond to the draft report recommendations. WHS/AD is committed to complying with all statutes, and regulations and strengthening its internal controls to ensure full compliance with the OIG's recommendations. In addition, we are requesting the attached comments be considered for the final report. The assigned point of contact for this topic is [REDACTED], Division Director, Enterprise Acquisition Policy, and Strategic Initiative. [REDACTED] can be reached at [REDACTED]@mail.mil or by cell phone at [REDACTED].

SANDERS.DAVID.DE [REDACTED] Digitally signed by
LANO [REDACTED] SANDERS.DAVID.DELANO [REDACTED]
[REDACTED] 2025.03.17 14:55:56 -04'00'

David D. Sanders
Director

Attached:
Memorandum to File
Project PELE TRISO Transportation Services
Dated March 10, 2025

Acronyms and Abbreviations

- DPCAP** Defense Pricing, Contracting, and Acquisition Policy
- DFARS** Defense Federal Acquisition Regulation Supplement
 - FAR** Federal Acquisition Regulation
- FPDS** Federal Procurement Data System
- LPTA** Lowest Price Technically Acceptable
 - PGI** Procedures, Guidance, and Information
- SAM** System for Award Management

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