



Highlights of [GAO-10-833](#), a report to the Committee on Oversight and Government Reform, House of Representatives

## Why GAO Did This Study

Competition is a critical tool for achieving the best return on the government's investment. While federal agencies are generally required to award contracts on the basis of full and open competition, they are permitted to award noncompetitive contracts in certain situations. Agencies are also required to establish competition advocates to promote competition. GAO assessed (1) trends in noncompetitive contracts and those receiving only one offer when competed; (2) exceptions to and factors affecting competition; (3) whether contracting approaches reflected sound procurement practices; and (4) how agencies are instituting the competition advocate role. GAO reviewed federal procurement data and 107 randomly selected contracts at the departments of Defense, Interior, and Homeland Security (which had among the highest noncompetitive obligations in fiscal year 2008) and interviewed contracting and program officials, competition advocates, and contractors.

## What GAO Recommends

GAO recommends that OFPP take actions regarding assessment of the reasons only one offer is received and issue guidance on competition advocate roles, including their direct involvement with program offices to seek opportunities for competition. OFPP agreed with the recommendations, and DOD generally agreed with our findings and recommendations. Other agencies provided technical comments.

View [GAO-10-833](#) or [key components](#). For more information, contact John P. Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

## FEDERAL CONTRACTING

### Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer Is Received

#### What GAO Found

From fiscal years 2005 to 2009, reported obligations for noncompetitive contracts decreased from about 36 to 31 percent of total obligations, while obligations under contracts competed with only one offer received were steady, at about 13 percent of the total in each year. In comparing the data in the federal procurement data system to the information in contract files, we found that about 18 percent of the contracts sampled were coded incorrectly—as either not competed when they had been, or as competed with one offer received when they had not been competed at all.

Agencies used a variety of exceptions to competition for the contracts and orders in our sample, with the two most common being “only one responsible source” and sole-source awards under the Small Business Administration's 8(a) business development program. For services supporting DOD weapons programs, the government's lack of access to proprietary technical data and decades-long reliance on specific contractors for expertise limit—or even preclude the possibility of—competition. In other cases, program offices may press for contracts to be awarded to the incumbent contractor without competition, largely due to their relationship and the contractor's understanding of program requirements. For competitive procurements where only one offer is received, factors include a strong incumbent, sometimes coupled with overly restrictive government requirements, or vendors forming large teams to submit one offer for broader government requirements, whereas previously several vendors may have competed.

Contracting approaches for nine contracts reviewed did not reflect sound procurement practices and in some instances sound management practices, in some cases not leveraging the effectiveness of the market place. These approaches included ambiguously written justifications for noncompetitive contracts, very limited documentation of the reasonableness of contractors' proposed prices, instances where the contract's cost grew significantly or where labor categories were improperly authorized, and undefinitized contract actions that did not meet definitization requirements.

Agencies have much discretion regarding where in the organization the competition advocates should be placed, who should be appointed to this position, and how they should carry out their responsibilities. As a result, agencies have taken a range of approaches regarding the placement of the competition advocates, their skills and expertise, and the methods they use to carry out their responsibilities. Some advocates cited their experience in program offices as helping them to question requirements that may be overly restrictive, while others had been contracting officers or procurement policy officials before assuming the position. Some agency officials said that regulations are vague regarding the role of the competition advocate, and that given the Office of Federal Procurement Policy's (OFPP) recent emphasis on competition, they would like to see more guidance on competition advocate roles and methods of implementing their duties.