

Why GAO Did This Study

In 2015, Congress granted DOD permanent authority to use agreements known as other transactions to acquire prototype projects that, among other things, demonstrate whether technologies and products can be adapted for DOD's use. This contracting approach can help DOD attract companies that do not typically do business with DOD—such as commercial science and technology firms. This is because other transactions are not subject to certain federal contract laws and requirements.

GAO was asked to review DOD's use of other transactions for prototype projects. For the purposes of this report, GAO refers to these instruments as prototype other transactions. This report examines, among other issues, (1) DOD's use of prototype other transactions for fiscal years 2016 through 2018 and (2) the extent to which agreements officers followed established review processes before awarding selected transactions.

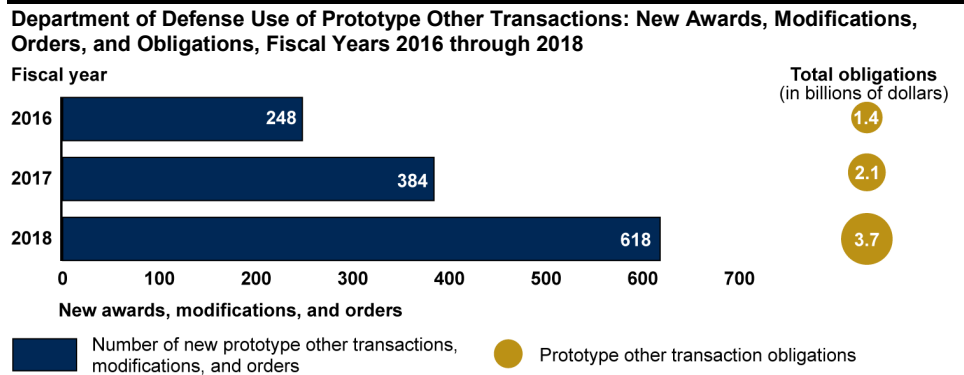
GAO analyzed Federal Procurement Data System-Next Generation data and examined relevant documents from a non-generalizable sample of 11 prototype other transactions. These transactions represented various dollar values from the four DOD components that had the highest obligations through prototype other transactions in fiscal year 2018. GAO also examined DOD and component policies and interviewed DOD officials.

DEFENSE ACQUISITIONS

DOD's Use of Other Transactions for Prototype Projects Has Increased

What GAO Found

The Department of Defense (DOD) significantly increased its use of agreements known as other transactions for prototype projects from fiscal years 2016 through 2018 (see figure).



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-84

DOD data shows that companies that typically did not do business with DOD participated to a significant extent on 88 percent of the transactions awarded during this time. The Army awarded the most transactions; some of which were on the behalf of other DOD components that wanted to leverage transactions the Army previously awarded to meet their own components' needs.

In nine of the 11 prototype other transactions GAO reviewed, DOD contracting officials, known as agreements officers, followed their components' established review policies before awarding the transactions. Agreements officers did not obtain higher level reviews on the two remaining transactions. In both cases, agency officials reviewed the transactions after GAO brought these situations to their attention and found no issues with the awarded transactions.

- A Defense Advanced Research Projects Agency agreements officer did not have a higher level review of a \$7.8 million transaction before it was awarded, as required.
- An Army Contracting Command-New Jersey Center Director served as the agreements officer on a \$10 million transaction. The Director, who would typically review transactions of this value, had his Branch Chief review this transaction prior to award.

The Defense Advanced Research Projects Agency also plans to complete an internal file review of awarded transactions to check compliance with its review policy in fiscal year 2020 and take corrective actions, if necessary. The Army Contracting Command-New Jersey plans to clarify who should review transactions in such situations. GAO is not making recommendations based on the stated intent of senior contracting officials to address these issues.