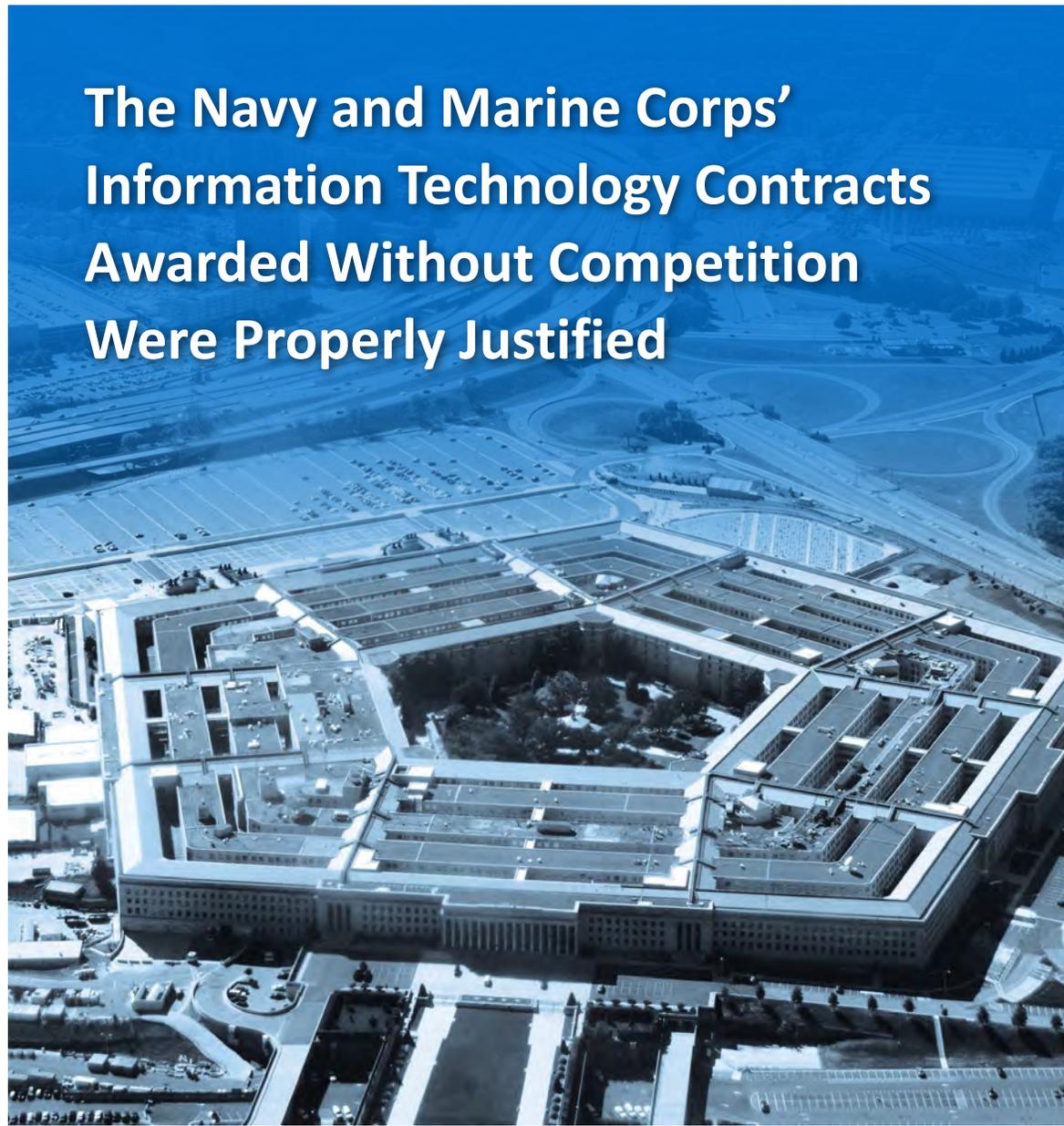




INSPECTOR GENERAL

U.S. Department of Defense

JANUARY 23, 2015



The Navy and Marine Corps' Information Technology Contracts Awarded Without Competition Were Properly Justified

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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Results in Brief

The Navy and Marine Corps' Information Technology Contracts Awarded Without Competition Were Properly Justified

January 23, 2015

Objective

Our objective was to determine whether the Navy and Marine Corps' information technology (IT) contracts issued without competition were properly justified.

We announced this audit in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act that requires the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source and to provide a briefing on the results to the House Armed Services Committee by March 1, 2015. This report is the first in a series of audit reports on DoD IT contracts awarded without competition.

Finding

Navy and Marine Corps contracting personnel justified the use of other than full and open competition for all 66 contracts reviewed, with a value (including options) of about \$218.4 million. For the 34 sole-source contracts with a value (including options) of about \$151.5 million, Navy and Marine Corps contracting personnel generally:

- complied with Federal Acquisition Regulation 6.303-2, "Content," requirements in the justification and approval for other than full and open competition;

Finding (cont'd)

- appropriately applied the authority cited;
- obtained approval from the proper personnel before contract award;
- documented compliance with Federal Acquisition Regulation Part 10, "Market Research;" and
- complied with synopsis requirements in Federal Acquisition Regulation Subpart 5.2, "Synopsis of Proposed Contract Actions" in the contract files to support sole-source determinations.

In addition, Navy and Marine Corps contracting personnel used a valid statutory requirement when awarding the other 32 contracts with a value (including options) of about \$66.9 million.

Management Comments

We provided a discussion draft to Navy and Marine Corps officials on December 1, 2014. We considered management comments on a discussion draft of this report when preparing the final report.

Recommendations Table

Management	Recommendations Requiring Comment
Department of the Navy	None



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

January 23, 2015

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
NAVAL INSPECTOR GENERAL**

SUBJECT: The Navy and Marine Corps' Information Technology Contracts Awarded Without Competition Were Properly Justified (Report No. DODIG-2015-071)

We are providing this report for your information and use. Navy and Marine Corps contracting personnel justified the use of other than full and open competition for all 66 contracts reviewed, with a value (including options) of about \$218.4 million. We announced this audit in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act that requires the DoD Inspector General to review DoD noncompetitive information technology contracts to determine whether they were properly justified as sole source, and to provide a briefing on the results to the House Armed Services Committee by March 1, 2015. We conducted this audit in accordance with generally accepted government auditing standards.

This report is the first in a series of audit reports on DoD information technology contracts awarded without competition. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form. We considered management comments on a discussion draft of this report when preparing the final report.

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

A handwritten signature in black ink, appearing to read "M. Roark", is positioned above the printed name.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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Introduction

Objective

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

Background

We announced this audit in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act that requires the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source, and to provide a briefing on the results to the House Armed Services Committee by March 1, 2015.

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

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 conform to policies and procedures in the Federal Acquisition Regulation (FAR). FAR Subpart 6.3, "Other Than Full and Open Competition," prescribes the policies and procedures for contracting without full and open competition. FAR Part 10, "Market Research," prescribes policies and procedures for conducting market research to arrive at the most suitable approach for acquiring, distributing, and supporting supplies and services. FAR Subpart 5.2, "Synopsis of Proposed Contract Actions," establishes policy to ensure agencies make notices of proposed contract actions available to the public.

Sole-Source IT Contracts Reviewed

Our Federal Procurement Data Systems–Next Generation (FPDS-NG) queries identified that Navy and Marine Corps contracting personnel awarded 98 IT contracts that received only one offer with an obligated value of about \$414 million from October 1, 2012, through April 10, 2014. When selecting contracts, we considered the total number of contracts issued, the corresponding total contract value (including options), and the proximity of the locations to one another. We selected and visited the following seven Navy and Marine Corps sites.

- Space and Naval Warfare Systems Command (SPAWAR), San Diego, California;¹
- Naval Supply Systems Command Fleet Logistics Center (NAVSUP FLC), San Diego, California;
- NAVSUP FLC, Norfolk, Virginia;
- Naval Facilities Engineering Command (NAVFAC), Norfolk, Virginia;
- NAVSUP FLC, Philadelphia, Pennsylvania;
- Naval Supply Systems Command Weapons Systems Support (NAVSUP WSS), Mechanicsburg, Pennsylvania; and
- Marine Corps, Quantico, Virginia.²

We reviewed 66 contracts with a value (including options) of about \$218.4 million. Of the 66 contracts reviewed, 32 were required by statute. For those 32, we limited our review to verifying whether the contracts contained a valid statutory requirement. The remaining 34 contracts were sole-source awards that required written justification in a justification and approval (J&A) for other than full and open competition before award. See Table 1 for the Navy and Marine Corps' locations we selected and the number of contracts at those locations. See Appendix C for the 34 sole-source IT contracts reviewed and Appendix D for the 32 8(a) sole-source IT contracts that were required by statute.

¹ Contracts for SPAWAR, San Diego, California, include contracts issued by the Space and Naval Warfare Systems Center Pacific (SSC Pacific), Echelon 3 Command under SPAWAR.

² Contracts for the Marine Corps, Quantico, Virginia, include contracts issued by the Marine Corps Systems Command (MCSC), Quantico, Virginia and the Commanding General, Regional Contracting Office–National Capital Region (RCO-NCR), Marine Corps Base, Quantico, Virginia.

Table 1. Navy and Marine Corps Contracts Reviewed

Site	Total	Contract Total Value (Including Options)	Sole-Source Award	Required by Statute
SPAWAR, San Diego	20	\$72,243,295	8	12
NAVSUP FLC, Philadelphia	12	40,246,914	7	5
NAVSUP WSS, Mechanicsburg	11	6,510,563	9	2
NAVSUP FLC, Norfolk	10	12,390,232	3	7
Marine Corps, Quantico	8	81,850,086	4	4
NAVSUP FLC, San Diego	3	3,160,388	2	1
NAVFAC, Norfolk	2	1,987,213	1	1
Total	66	\$218,388,690*	34	32

*Totals do not equal the actual sum because of rounding.

Review of Internal Controls

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

Finding

Navy and Marine Corps' IT Contract Awards Were Properly Justified As Sole Source

Navy and Marine Corps contracting personnel justified the use of other than full and open competition for all 66 IT contracts reviewed, with a value (including options) of about \$218.4 million. For the 34 sole-source contracts with a value (including options) of about \$151.5 million, Navy and Marine Corps contracting personnel generally:

- complied with FAR Subpart 6.303-2, "Content," requirements in the J&As;
- appropriately applied the authority cited;
- obtained approval from the proper personnel before contract award;
- documented compliance with FAR part 10; and
- complied with synopsis requirements in FAR subpart 5.2 in the contract files to support sole-source determinations.

In addition, Navy and Marine Corps contracting personnel used a valid statutory requirement when awarding the other 32 contracts with a value (including options) of about \$66.9 million.³

³ FAR 6.302-5, "Authorized or Required by Statute," allows for contracting officers to award contracts using procedures other than full and open competition when a statute expressly authorizes, or requires, that the acquisition be made through another agency or from a specified source.

Navy and Marine Corps Contracting Personnel Adequately Supported 34 Sole-Source Determinations

Navy and Marine Corps contracting personnel adequately supported the use of other than full and open competition on the J&As for all 34 IT contracts. Navy and Marine Corps contracting personnel generally documented the required elements of FAR 6.303-2 in the 34 J&As. Navy and Marine Corps contracting personnel obtained approval from the proper official for 33 J&As and 32 J&As were approved before contract award. FAR 6.302, "Circumstances Permitting Other Than Full and Open Competition," lists the seven exceptions permitting contracting without full and open competition. FAR 6.303-1(a) states that a contracting officer must not begin negotiations for or award a sole-source contract without providing full and open competition unless the contracting officer justifies the use of such action in writing, certifies the accuracy and completeness of the justification, and obtains approval of the justification.

Navy and Marine Corps contracting personnel appropriately documented the market research conducted or provided adequate justification in the contract file when market research was not conducted. Navy and Marine Corps contracting personnel performed market research techniques identified in FAR part 10, such as conducting Internet and database inquiries and contacting individuals in the industry.

Navy and Marine Corps Contracting Personnel Generally Complied With J&A Content Requirements

Navy and Marine Corps contracting personnel generally documented compliance with content requirements in the 34 J&As. Navy and Marine Corps contracting personnel included all the required elements as outlined in FAR 6.303-2 in 26 of the 34 J&As. The FAR identifies the minimum information that must be included in a J&A. In addition, it requires information such as a description of the supplies or services required to meet the agency's needs, the estimated value, and the statutory authority permitting other than full and open competition. Table 2 provides a list of the specific contracts that did not meet all J&A content requirements and whether additional information was in the contract file to address the missing information.

Table 2. J&As Missing FAR Content Requirements

Contract	"Publicizing Contract Actions," or the Exception Requirement	Market Research Requirements Not Fully Addressed	Additional Information to Address the Missing J&A Content
NAVSUP FLC, Philadelphia			
N00189-13-P-Z624	No	Description not included	Yes
N00189-13-P-Z469	No		Yes
NAVSUP FLC, Norfolk			
N00189-14-P-0347	No		No
N00189-14-P-0221	No		No
Marine Corps, Quantico			
M00264-13-C-0036*	No		Yes
M00264-13-C-0040	No		Yes
M00264-14-C-1004		Description not included	Yes
NAVSUP WSS, Mechanicsburg			
N00104-13-M-Q101		Description not included	Yes

*Contract M00264-13-C-0036 was missing various other J&A content requirements. See the discussion on contract M00264-13-C-0036 for the specific content requirements missing from the J&A.

Navy and Marine Corps Contracting Personnel Generally Met J&A Content Requirements With Minor Documentation Omissions

Navy and Marine Corps contracting personnel met all of the FAR 6.303-2 content requirements for 26 of 34 contracts. Navy and Marine Corps contracting personnel did not meet all of the content requirements for six contracts because they did not cite, as required by the FAR, the specific exception to publicizing the proposed contract action or whether a notice was, or will be, publicized as required in the J&A. Each of these six instances resulted from documentation omissions and did not result in inadequate noncompetitive awards; therefore, we are not making a recommendation.

FAR 6.303-2(b)(6) requires the J&A to include which exception under FAR 5.202, "Exceptions," applies when a contract notice is not publicized. NAVSUP FLC, Norfolk contracting personnel did not cite an exception from FAR 5.202 in the J&As for contracts N00189-14-P-0347 and N00189-14-P-0221; however, the J&As cited "unusual and compelling urgency" as the reason for awarding the contract using other than full and open competition. FAR 5.202(a)(2) is the exception that permits a proposed contract action under the authority of "unusual and compelling urgency" to be awarded without issuance of a synopsis. The support is present in the J&A for the exception to posting a synopsis even though the specific FAR 5.202 exception was not stated in the J&A; therefore, we are not making a recommendation.

Navy and Marine Corps contracting personnel did not always include the synopsis statements in the J&A as required by FAR subpart 5.2. Navy and Marine Corps contracting personnel did not state, as required by FAR 6.303-2(b)(6), whether a notice was or will be publicized as required by FAR subpart 5.2, in the J&A for four of the six contracts. Specifically, of the four contracts:

- 2 J&As cited FAR 6.302-1, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements;"
- 1 cited FAR Subpart 13.5, "Test Program for Certain Commercial Items;" and
- 1 did not cite an exception in the J&A.

Navy and Marine Corps contracting personnel provided evidence in the contract files that synopses for each of the four contracts were publicized, as required by FAR subpart 5.2. The support was present in the contract file that the four contract actions were publicized as required by the FAR even though it is not stated in the J&A; therefore, we are not making a recommendation.

In addition to not stating whether a notice was, or would be, publicized as required by FAR subpart 5.2 in the J&A for contract M00264-13-C-0036, RCO-NCR, Marine Corps Base, Quantico, contracting personnel did not include other required J&A content information. In the J&A, RCO-NCR, Marine Corps Base, Quantico, contracting personnel did not:

- identify the agency and the contracting activity;
- identify the document as a “justification for other than full and open competition;”
- identify the statutory authority to permit other than full and open competition; and
- include a determination by the contracting officer that the anticipated cost to the Government would be fair and reasonable.

The RCO-NCR, Marine Corps Base, Quantico, branch chief, explained the J&A used for this award was not in the correct format. The branch chief explained the concern has been addressed and they would ensure the proper procedures are adhered to in the future. Because the contractor was the sole manufacturer of the software and was the sole provider of the maintenance support for the products, this instance resulted from documentation omissions and did not result in inadequate sole-source determinations. RCO-NCR, Marine Corps Base, Quantico contracting officials adequately addressed our concerns during the audit; therefore, we are not making a recommendation.

Navy and Marine Corps Contracting Personnel Generally Met J&A Market Research Content Requirements

Navy and Marine Corps contracting personnel adequately documented market research in 31 J&As as required by FAR 6.303-2. Navy and Marine Corps contracting personnel partially documented market research in the J&A as required by the FAR for 3 of the 34 J&As; however, they included other information in the 3 contract files that adequately described the market research conducted. The FAR requires the J&A to include a description and the results of the market research conducted or, if market research was not conducted, a reason it was not conducted. Because Navy and Marine Corps contracting personnel provided additional support elsewhere in the contract file to support the market research for the three contracts, we are not making a recommendation to address the missing FAR 6.303-2 requirements.

Navy and Marine Corps Contracting Personnel Appropriately Applied the Sole-Source Authority Cited

Navy and Marine Corps contracting personnel appropriately applied the sole-source authority cited in 33 of the 34 J&As reviewed. Navy and Marine Corps contracting personnel awarded:

- 24 contracts that cited the authority of FAR 6.302-1;
- 5 contracts that cited the authority of FAR 6.302-2, “Unusual and Compelling Urgency;”
- 4 contracts that cited the authority of FAR Subpart 13.5, “Test Program for Certain Commercial Items;” and
- 1 contract that did not cite an authority.

Navy and Marine Corps Contracting Personnel Appropriately Applied FAR 6.302-1

For the 24 contracts that cited the authority of FAR 6.302-1, Navy and Marine Corps contracting personnel provided adequate rationale in the J&A as to why only one contractor could provide the required product or service and why only that product or service could meet the Government’s requirements. The FAR states that the authority may be appropriate when unique supplies or services are available from only one source or one supplier with unique capabilities.

For example, in the J&A for contract N66001-13-D-0005, SSC Pacific contracting personnel explained this contract award was needed because using any other source would cause an unacceptable delay in service which would significantly impact official Navy messaging and degrade the operational capability of the Navy communications infrastructure. SSC Pacific contracting personnel explained in the J&A that the contractor was the original developer and sole maintainer of the software for the last 18 years and had unique and detailed knowledge of architecture and software enhancement requirements. According to SSC Pacific contracting personnel, the contractor was the only responsible source that could perform life-cycle maintenance on the system without the Navy incurring substantial duplication of costs that could not be expected to be recovered through competition and unacceptable delays in satisfying the agency’s requirements. Therefore, Navy contracting personnel adequately justified the sole-source award of the contract in accordance with FAR 6.302-1.

Navy Contracting Personnel Appropriately Applied FAR 6.302-2

For the five contracts that cited the authority of FAR 6.302-2, Navy contracting personnel provided adequate rationale in the J&A that supported the unusual and compelling urgency of the acquisition. For example, in the J&A for contract N00189-13-C-Z006, NAVSUP FLC Philadelphia contracting personnel explained continued support was needed while the competitive follow-on action continued to be processed, and it was not considered to be in the best interest of the Government to award these services to any firm other than the current contractor. NAVSUP FLC Philadelphia, contracting personnel explained in the J&A that any potential degradation in service would have a very serious detrimental impact to the Office of Naval Intelligence's overall mission and readiness and could potentially place operational forces at risk.

Contracting personnel are required by FAR 6.302-2(d) to limit the period of performance of the contract to the time necessary to meet the unusual and compelling requirements and to enter into another contract using competitive procedures. NAVSUP FLC Philadelphia contracting personnel awarded contract N00189-13-C-Z006 for only 3 months to continue services while a competitive follow-on contract was competed. Therefore, Navy contracting personnel adequately justified the sole-source award of the contract in accordance with the FAR.

Navy Contracting Personnel Appropriately Applied FAR Subpart 13.5

Navy contracting personnel awarded four contracts that cited the authority of FAR subpart 13.5. For all four contracts, Navy contracting personnel provided adequate rationale in the J&A that supported using FAR subpart 13.5. The FAR allows for contracting officers to use simplified procedures for the acquisition of supplies and services in amounts greater than the simplified acquisition threshold but not exceeding \$6.5 million, including options, if the contracting officer reasonably expects that offers will include only commercial items. Navy contracting personnel awarded all four contracts for less than \$6.5 million. When using FAR subpart 13.5, contracting officers must prepare sole-source justifications using the format from FAR 6.303-2 modified to reflect an acquisition under the authority of the test program for commercial items (section 4202 of the Clinger-Cohen Act of 1996).

RCO-NCR, Marine Corps Base, Quantico Contract Awarded Without Citing a FAR Authority

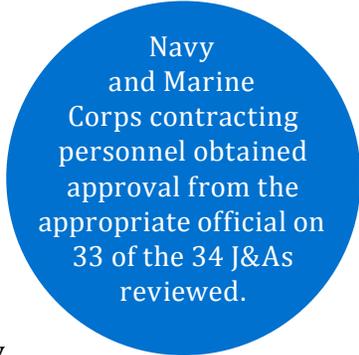
RCO-NCR, Marine Corps Base, Quantico contracting personnel awarded contract M00264-13-C-0036 without citing an authority permitting other than full and open competition. The RCO-NCR, Marine Corps Base, Quantico, branch chief, explained the J&A used for this award was not in the correct format. The branch chief explained the concern was addressed and they would follow proper procedures in the future. In the J&A, contracting personnel explained that the contractor was the sole manufacturer of the software and was the sole provider of the maintenance support for the products; therefore, the J&A should have cited FAR 6.302-1. This instance resulted from documentation omissions and did not result in inadequate sole-source determinations. RCO-NCR, Marine Corps Base, Quantico contracting officials adequately addressed our concerns during the audit; therefore, we are not making a recommendation.

Navy and Marine Corps Contracting Personnel Obtained Approval From the Proper Officials Before Awarding Sole-Source Contracts

Navy and Marine Corps contracting personnel obtained approval from the appropriate official on most J&As and before contract award as required by FAR subpart 6.3. Navy officials used an appropriate exception for J&As signed after contract award.

Navy and Marine Corps Contracting Personnel Obtained Approval From the Appropriate Officials

Navy and Marine Corps contracting personnel obtained approval from the appropriate official on 33 of the 34 J&As reviewed. FAR 6.304, "Approval of the Justification," defines the proper approval authority at various thresholds for the estimated dollar value of the contract including options. The procuring contracting officer is authorized by the FAR to provide the final approval for proposed contract actions up to \$650,000 and for the competition advocate of the procuring activity to provide the final approval for proposed contract actions of more than \$650,000 but not exceeding \$12.5 million.



Navy and Marine Corps contracting personnel obtained approval from the appropriate official on 33 of the 34 J&As reviewed.

The contracting officer appropriately approved 18 J&As with an estimated value of \$650,000 or less. The competition advocate, or an approving official above the competition advocate, appropriately approved 11 J&As valued at more than \$650,000 but not exceeding \$12.5 million. The head of the procuring activity, or a civilian in a position above GS-15, appropriately approved the remaining four J&As valued at more than \$12.5 million but not exceeding \$85.5 million.

The appropriate official did not approve contract M00264-13-C-0040. The estimated value on the J&A was \$784,500. According to FAR 6.304, a J&A at this dollar threshold should be approved by the competition advocate; however, the RCO-NCR, Marine Corps Base, Quantico contracting officer approved the J&A. The contracting officer who approved the J&A was no longer employed with RCO-NCR, Marine Corps Base, Quantico and, therefore, was not available to provide clarification needed to justify why she signed the J&A and not the competition advocate. The RCO-NCR, Marine Corps Base, Quantico, branch chief explained she would ensure that future J&A's valued over \$650,000, but not exceeding \$12.5 million, would be approved by the competition advocate for the procuring activity. Two of the three J&As at the RCO-NCR, Marine Corps Base, Quantico were approved by the proper official; therefore, we are not making a recommendation.

Navy and Marine Corps Contracting Officials Obtained Approval Before Contract Award When Required

The approving official signed the J&A before contract award for 32 of the 34 J&As as required by FAR 6.303, "Justifications." However, the FAR allows justifications for contracts awarded for unusual and compelling urgency to be prepared and approved within a reasonable time after contract award when preparation and approval before award would unreasonably delay the acquisitions. Navy contracting personnel awarded the following two contracts using the unusual and compelling urgency authority that did not have an approved J&A in place at the time of contract award.

- NAVSUP FLC, Philadelphia contracting personnel awarded contract N00189-13-C-Z006, and the appropriate official approved the J&A 97 days later.
- NAVSUP WSS, Mechanicsburg contracting personnel awarded contract N00104-13-M-Q377, and the appropriate official approved the J&A 17 days later.

Although Navy contracting personnel awarded these contracts before the designated official approved the J&As, they were in compliance with FAR 6.303.

Navy and Marine Corps Contracting Personnel Documented Compliance With FAR Part 10

Navy and Marine Corps contracting personnel appropriately documented the market research conducted or provided adequate justification in the contract file when market research was not conducted for the 34 contracts reviewed.⁴ Contracting personnel included documentation to show compliance with FAR part 10 in the contract file to support 28 of the 34 sole-source determinations and provided adequate rationale for not conducting market research for 6 of the 34 sole-source determinations. See Appendix E for a description of the market research conducted for each of the 34 sole-source awards.

Navy and Marine Corps Contracting Officials Appropriately Documented Market Research Conducted

Navy and Marine Corps contracting personnel performed market research techniques identified in the FAR for 28 contract awards that had adequate support documented in the contract file. FAR part 10 states that agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition. FAR 10.002, "Procedures," states the extent of market research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience. For example, Navy and Marine Corps contracting personnel conducted Internet inquiries, contacted knowledgeable individuals in industry, or reviewed past procurements for the 28 noncompetitive awards that had award values ranging from \$163,920 to \$66.4 million. Navy and Marine Corps contracting personnel documented the techniques performed and the subsequent results in each of the 28 contract files.

Navy and Marine Corps Contracting Personnel Provided Adequate Documentation When No Market Research Was Conducted

Navy and Marine Corps contracting personnel did not conduct market research in 6 of the 34 instances; however, contracting personnel provided adequate documentation in each of the 6 contract files to support those determinations. For example, RCO NCR, Marine Corps Base, Quantico contracting personnel did not conduct market research for contract M00264-13-C-0040 because Microsoft Corporation was the only capable source with access to Microsoft Operating System software codes proprietary to the Microsoft Corporation. Therefore, the contractor was the only company available to provide services for this contract action.

⁴ We considered documentation sufficient to meet FAR part 10 requirements if the specific steps taken to conduct market research and the subsequent results were documented or adequate rationale for not conducting market research was documented.

Navy and Marine Corps Contracting Personnel Complied With FAR Subpart 5.2 for Most Sole-Source Contracts

Of the 29 proposed contract actions that required a presolicitation notice, Navy and Marine Corps contracting personnel complied with a majority of FAR requirements when synopsisizing (summarizing) 26 of the 29 proposed contract actions. Navy and Marine Corps contracting personnel generally included adequate documentation to support that the proposed contract actions were properly synopsisized in the Government-wide Point of Entry, which was accessed at <https://www.fedbizopps.gov>. Of the 34 contracts, Navy contracting personnel awarded 5 using the unusual and compelling urgency authority from the FAR; therefore, they were exempt from issuing a presolicitation notice under FAR 5.202(a)(2).

Navy and Marine Corps Contracting Personnel Did Not Always Include Required Synopsis Statements

Navy and Marine Corps contracting personnel did not follow applicable guidance by not including one or both of the statements required by FAR 5.207 in the synopsis for 13 of the 26 noncompetitive contracts. FAR 5.207(c)(15), requires the issuance of synopsis of intended noncompetitive contract awards to identify the intended source and a statement of the reason justifying the lack of competition. FAR 5.207(c)(16)(ii) requires the synopsis of noncompetitive contract actions using FAR 6.302-1 as the authority cited to include a statement that “all responsible sources may submit a capability statement, proposal, or quotation, which shall be considered by the agency.” For proposed contract actions made under FAR 6.302-2 through 6.302-7, and 5.207(c)(16)(i), requires the synopsis to include the statement, “all responsible sources may submit a bid, proposal, or quotation which shall be considered by the agency.” We are not making a recommendation because Navy and Marine Corps contracting personnel included support within each of the 13 contract files to show that competition could not be reasonably anticipated.

Navy and Marine Corps Contracting Personnel Did Not Complete the Required Synopsis

In addition, Navy and Marine Corps contracting personnel could not locate the synopsis for three contracts. Navy and Marine Corps contracting personnel awarded 3 of the 29 contracts actions using the authority of FAR 6.302-1; however, they did not issue a presolicitation notice as required by FAR 5.201. For example, in the J&A for contract M00264-14-C-1004, RCO-NCR, Marine Corps Base, Quantico

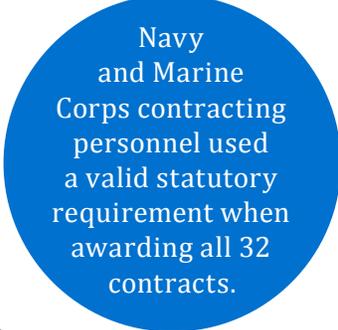
contracting personnel stated, “this effort will be synopsisized in Federal Business Opportunities in accordance with the requirements of FAR subpart 5.2.”

RCO-NCR, Marine Corps Base, Quantico contracting personnel could not provide evidence that a synopsis was posted. The contract specialist stated, “there was no synopsis posted; however, proper procedures in the posting of a synopsis prior to a J&A have been addressed and our office will ensure a synopsis is posted prior to the J&A from this point on.”

We are not making a recommendation on this issue because Navy and Marine Corps contracting personnel included support within each of the contract files to show that competition could not be reasonably anticipated.

Navy and Marine Corps Contracting Personnel Properly Awarded Contracts Required by Statute

Navy and Marine Corps contracting personnel used a valid statutory requirement when awarding all 32 contracts with a value (including options) of about \$66.9 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 (policy) authorizes or require that acquisitions be made from a specified source or through another agency such as the following.



Navy and Marine Corps contracting personnel used a valid statutory requirement when awarding all 32 contracts.

- Federal Prison Industries;
- Qualified Nonprofit Agencies for the Blind or other Severely Disabled;
- Government Printing and Binding;
- Sole-source awards under the 8(a);
- 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, Navy and Marine Corps contracting personnel awarded all 32 contracts in accordance with Section 8(a) of the Small Business Act program (section 637, title 15, United States Code). For verification purposes, we reviewed documentation such as the Small Business Administration Acceptance Letter and Small Business Administration Coordination Record.

Summary

Navy and Marine Corps contracting personnel justified the use of other than full and open competition for all 66 contracts reviewed, with a value (including options) of about \$218.4 million. For the 34 sole-source contracts with a value (including options) of about \$151.5 million, Navy and Marine Corps contracting personnel:

- generally complied with FAR 6.303-2;
- appropriately applied the authority cited;
- obtained approval from the proper personnel before contract award;
- documented compliance with FAR part 10; and
- complied with synopsis requirements in FAR subpart 5.2 in the contract files to support sole-source determinations.

In addition, Navy and Marine Corps contracting personnel used a valid statutory requirement when awarding the other 32 contracts with a value (including options) of about \$66.9 million.

Appendix A

Scope and Methodology

We conducted this performance audit, from April 2014 through January 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We plan to issue separate reports for each Service and one report to include the Defense Agencies. This is the first report in the planned series of reports and includes contracts issued by the Navy and Marine Corps at the seven sites visited. This audit was announced in anticipation of the pending Fiscal Year 2015 National Defense Authorization Act that requires the DoD Inspector General to review DoD noncompetitive IT contracts to determine whether they were properly justified as sole source.

Universe Selection

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

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

Our FPDS-NG query identified that Navy and Marine Corps contracting personnel awarded 98 IT contracts that received only one offer with a value, including base and option years, of about \$414 million from October 1, 2012, through April 10, 2014. When selecting locations, we considered the total number of contracts issued, the corresponding total contract value (including options), and

the proximity of the locations to one another. Of the locations we selected, we reviewed all 70 contracts with a value (including options) of about \$268.2 million. We excluded 4 contracts from the 70 contracts because:

- 2 of the contracts were competed;
- 1 contract was not IT related; and
- 1 contract was awarded outside of the scope of our audit.

After we excluded the 4 contracts, we reviewed 66 contracts with a value (including options) of about \$218.4 million. Of the 66 contracts, 32 were required by statute. For those 32, we limited our review to verifying whether the contracts contained a valid statutory requirement.

Review of Documentation and Interviews

We reviewed pertinent contract file documentation including:

- the Justification and Approval for Other than Full and Open Competition;
- records of market research;
- performance work statements;
- price negotiation memorandums;
- the synopsis submitted to the Government-wide Point of Entry; and
- other key decision making documents.

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

- Space and Naval Warfare Systems Command, San Diego, California;
- Naval Supply Systems Command Fleet Logistics Center, San Diego, California;⁵
- Naval Supply Systems Command Norfolk, Virginia;
- Naval Facilities Engineering Command, Norfolk, Virginia;
- Naval Supply Systems Command Fleet Logistics Center, Philadelphia, Pennsylvania;
- Naval Supply Systems Command Weapons Systems Support, Mechanicsburg, Pennsylvania; and
- Marine Corps, Quantico, Virginia.⁶

⁵ Contracts for the Space and Naval Warfare Systems Command, San Diego, California, include contracts issued by the Space and Naval Warfare Systems Center Pacific, Echelon 3 Command under the Space and Naval Warfare Systems Command.

⁶ Contracts for the Marine Corps, Quantico, Virginia, include contracts issued by the Marine Corps Systems Command, Quantico, Virginia and the Commanding General, Regional Contracting Office-National Capital Region, Marine Corps Base, Quantico, Virginia.

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

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

We evaluated contract documentation obtained against applicable criteria including:

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

Use of Computer-Processed Data

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

Use of Technical Assistance

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

Appendix B

Prior Coverage

During the last 5 years, GAO, DoD IG and Army Audit Agency issued 16 reports discussing contracts issued without competition. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. DoD IG reports can be accessed over the Internet at <http://www.dodig.mil/>. Army reports can be accessed from <https://www.aaa.army.mil/reports.htm>.

GAO

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

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

Report No. GAO-14-304, "Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight," March 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-2013-034, "Better Processes Needed to Appropriately Justify and Document NAVSUP WSS, Philadelphia Site Sole-Source Awards," December 21, 2012

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

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

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

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

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

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

Army

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

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

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

Appendix C. Noncompetitive IT Contracts Reviewed

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
1	N00039-13-P-0005	SPAWAR San Diego	High-speed, air-to-ground, mobile-broadband Internet service	9/16/2013	FFP	FAR 6.302-1	\$25,245
2	N00039-14-C-0036	SPAWAR San Diego	Navy enterprise networks support	1/27/2014	CPFF	FAR 6.302-1	12,502,113
3	N66001-14-P-8440	SSC Pacific	Microsoft premier support services	11/25/2013	FFP	FAR 6.302-1	163,920
4	N66001-13-P-8055	SSC Pacific	Quick terrain reinstatement fees and extended warranties	8/15/2013	FFP	FAR 6.302-1	184,554
5	N66001-13-C-0061	SSC Pacific	Engineering and technical support for space and naval warfare systems	9/19/2013	FFP	FAR 6.302-1	883,570
6	N66001-13-D-0042	SSC Pacific	Engineering services for chat technologies	8/21/2013	CPFF	FAR 6.302-1	599,851
7	N66001-13-C-0227	SSC Pacific	Test equipment for the waveform maintenance of the mobile user objective system	9/26/2013	FFP	FAR 6.302-1	2,186,571
8	N66001-13-D-0005	SSC Pacific	Life-cycle maintenance of necessary information assurance enhancements	1/4/2013	CPFF	FAR 6.302-1	4,683,836
SPAWAR, San Diego Subtotal							\$21,229,660
9	N00244-13-D-0021	NAVSUP FLC San Diego	Master antenna television services	8/1/2013	FFP	FAR 6.302-1	189,900
10	N00244-13-D-0027	NAVSUP FLC San Diego	Telecommunication services to include base telephone systems	9/30/2013	FFP	FAR subpart 13.5	929,381
NAVSUP FLC, San Diego Subtotal							\$1,119,281

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
11	N00189-14-P-0347	NAVSUP FLC Norfolk	Telecommunication services	3/1/2014	FFP	FAR 6.302-2	289,236
12	N00189-14-P-0221	NAVSUP FLC Norfolk	Telecommunication services	2/28/2014	FFP	FAR 6.302-2	416,433
13	N00189-13-P-1177	NAVSUP FLC Norfolk	Informatica professional services	11/11/2013	FFP	FAR subpart 13.5	433,142
NAVSUP FLC, Norfolk Subtotal							\$1,138,811
14	N62470-13-P-3018	NAVFAC Norfolk	Desktop Internet-based subscription	9/30/2013	FFP	FAR 6.302-1	1,807,384
NAVFAC, Norfolk Subtotal							\$1,807,384
15	N00189-13-P-Z624	NAVSUP FLC Philadelphia	Application and database software maintenance	10/1/2013	FFP	FAR subpart 13.5	60,367
16	N00189-13-C-Z006	NAVSUP FLC Philadelphia	Technical support of the maritime information dissemination system portal	10/31/2012	Cost	FAR 6.302-2	425,747
17	N00189-13-C-Z048	NAVSUP FLC Philadelphia	Internet connection service	7/1/2013	FFP	FAR subpart 13.5	157,000
18	N00189-13-C-Z083	NAVSUP FLC Philadelphia	Maintenance and operation of the purchase card on-line system	9/1/2013	FFP	FAR 6.302-1	594,222
19	N00189-13-C-Z007	NAVSUP FLC Philadelphia	Internet services for Naval War College	11/4/2012	FFP	FAR 6.302-1	278,650
20	N00189-13-P-Z469	NAVSUP FLC Philadelphia	Visual communications and television services	10/1/2013	FFP	FAR 6.302-1	756,669
21	N00189-14-C-Z004	NAVSUP FLC Philadelphia	IT support services	11/13/2013	FFP	FAR 6.302-1	13,012,227
NAVSUP FLC, Philadelphia Subtotal							\$15,284,882

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
22	M67854-13-D-4033	MCSC Quantico	Microsoft premier support services	9/26/2013	FFP	FAR 6.302-1	66,400,000
23	M00264-13-C-0036	RCO-NCR Quantico	Statistical package extremely large datasets	9/1/2013	FFP	None	116,301
24	M00264-14-C-1004	RCO-NCR Quantico	Technical instructional system design support	3/28/2014	FFP	FAR 6.302-1	648,043
25	M00264-13-C-0040	RCO-NCR Quantico	Microsoft technical expertise software support	9/30/2013	FFP	FAR 6.302-1	784,604
Marine Corps, Quantico Subtotal							\$67,948,948
26	N00189-14-C-Q027	NAVSUP WSS Mechanicsburg	Sustainment support of the U.S. Navy standard automated logistics tool set information system	4/27/2014	FFP	FAR 6.302-2	256,099
27	N00104-13-P-Q095	NAVSUP WSS Mechanicsburg	Account management support and assistance	12/20/2012	FFP	FAR 6.302-1	64,674
28	N00104-13-M-Q131	NAVSUP WSS Mechanicsburg	Hardware and software maintenance	1/30/2013	FFP	FAR 6.302-1	243,765
29	N00104-13-C-QA11	NAVSUP WSS Mechanicsburg	Computer supplies	5/6/2013	FFP	FAR 6.302-1	274,252
30	N00104-13-M-Q122	NAVSUP WSS Mechanicsburg	Hardware and software maintenance of Government owned equipment	12/21/2012	FFP	FAR 6.302-1	478,410
31	N00104-13-C-Q183	NAVSUP WSS Mechanicsburg	Ruggedized engineering systems support	2/22/2013	FFP	FAR 6.302-1	499,839
32	N00104-13-M-Q377	NAVSUP WSS Mechanicsburg	Sustainment and transition support for help desk	4/23/2013	FFP	FAR 6.302-2	540,180

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
33	N00104-13-M-Q101	NAVSUP WSS Mechanicsburg	Competency requirements management system	3/8/2013	FFP	FAR 6.302-1	236,760
34	N00104-13-C-QA10	NAVSUP WSS Mechanicsburg	Ruggedized engineering systems support	6/4/2013	FFP	FAR 6.302-1	1,120,068
NAVSUP WSS, Mechanicsburg Subtotal							\$3,714,047
Total Value of All Contracts							\$112,243,013*

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

LEGEND

CPFF	Cost-Plus-Fixed Fee	MCSC	Marine Corps Systems Command
Cost	Cost Reimbursement	NAVFAC	Naval Facilities Engineering Command
FAR 6.302-1	Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirement	NAVSUP FLC	Naval Supply Systems Command Fleet Logistics Center
FAR 6.302-2	Unusual and Compelling Urgency	NAVSUP WSS	Naval Supply Systems Command Weapons Systems Support
FAR subpart 13.5	Test Program for Certain Commercial Items	RCO-NCR	Regional Contracting Office - National Capital Region
FFP	Firm-Fixed Price	SPAWAR	Space and Naval Warfare Systems Command
IT	Information Technology	SSC Pacific	Space and Naval Warfare Systems Center Pacific

Appendix D. Noncompetitive 8(a) IT Contracts Reviewed

Noncompetitive 8(a) IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
1	N00039-13-C-0019	SPAWAR San Diego	Cisco hardware and software support	5/6/2013	FFP	8(a) Set Aside	\$397,841
2	N00039-13-C-0018	SPAWAR San Diego	Systems engineering, integration, and information assurance support	4/30/2013	CPFF	8(a) Set Aside	782,220
3	N00039-13-C-0042	SPAWAR San Diego	Hosted bridge conferencing services	9/18/2013	FFP	8(a) Set Aside	204,118
4	N00039-13-C-0029	SPAWAR San Diego	Joint air logistics information system software support	5/30/2013	FFP/CPFF	8(a) Set Aside	843,832
5	N00039-13-C-0006	SPAWAR San Diego	MyNavyPortal phase 2A design	12/6/2012	CPFF	8(a) Set Aside	3,435,420
6	N00039-14-C-0037	SPAWAR San Diego	IT logistics and training support for the Sea Warrior Program	1/10/2014	CPFF	8(a) Set Aside	924,915
7	N00039-13-C-0033	SPAWAR San Diego	Provide baseline assessment for IT system	7/1/2013	CPFF	8(a) Set Aside	375,876
8	N00039-13-D-0011	SPAWAR San Diego	Authoritative data enterprise support	3/6/2013	IDIQ (CPFF/FFP)	8(a) Set Aside	3,999,000
9	N00039-14-D-0005	SPAWAR San Diego	MyNavyPortal phase 2B development and sustainment	3/26/2014	FFP/CPFF	8(a) Set Aside	3,999,380
10	N00039-14-D-0006	SPAWAR San Diego	Risk management information engineering and support	4/1/2014	IDIQ (CPFF/FFP)	8(a) Set Aside	3,999,999
11	N66001-13-P-7796	SSC Pacific	Warranties and maintenance for computer network and communications equipment	4/26/2013	FFP	8(a) Set Aside	168,582

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

Noncompetitive 8(a) IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
12	N66001-14-P-8449	SSC Pacific	Communications network hardware and software maintenance	1/1/2014	FFP	8(a) Set Aside	699,106
SPAWAR, San Diego Subtotal							\$19,830,289
13	N00244-13-C-0025	NAVSUP FLC San Diego	Management information systems for finance support	9/27/2013	FFP	8(a) Set Aside	371,160
NAVSUP FLC, San Diego Subtotal							\$371,160
14	N00189-13-C-Z086	NAVSUP FLC Norfolk	IT support at fleet intelligence training center	9/25/2013	FFP	8(a) Set Aside	389,165
15	N00189-14-P-0192	NAVSUP FLC Norfolk	Data support and assistance for invoicing systems, and mail processing database	2/14/2014	FFP	8(a) Set Aside	219,248
16	N00189-13-C-0010	NAVSUP FLC Norfolk	Cyber security services	8/5/2013	FFP	8(a) Set Aside	230,359
17	N00189-13-P-1151	NAVSUP FLC Norfolk	Facts maintenance test module	9/23/2013	FFP	8(a) Set Aside	528,000
18	N00189-13-P-1267	NAVSUP FLC Norfolk	Business intelligence support services	9/30/2013	FFP	8(a) Set Aside	900,000
19	N00189-13-C-N001	NAVSUP FLC Norfolk	IT services	2/22/2013	FFP	8(a) Set Aside	596,363
20	N00189-13-P-0690	NAVSUP FLC Norfolk	Financial and Air Clearance Transportation System maintenance	7/1/2013	FFP	8(a) Set Aside	1,076,480
NAVSUP FLC, Norfolk Subtotal							\$3,939,615
21	N62470-13-P-6018	NAVFAC Norfolk	Telephone maintenance	9/12/2013	FFP	8(a) Set Aside	59,067
NAVFAC, Norfolk Subtotal							\$59,067

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

Noncompetitive 8(a) IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
22	N00189-13-C-2015	NAVSUP FLC Philadelphia	Ensure effectiveness and simplify web access/use for online test preparation program	1/4/2013	FFP	8(a) Set Aside	226,207
23	N00189-13-C-2059	NAVSUP FLC Philadelphia	Contractor manpower reporting support	7/1/2013	FFP	8(a) Set Aside	466,656
24	N00189-13-C-2045	NAVSUP FLC Philadelphia	IT help desk	5/20/2013	FFP	8(a) Set Aside	354,739
25	N00189-13-P-Z660	NAVSUP FLC Philadelphia	Accounting and reporting systems support	9/24/2013	FFP	8(a) Set Aside	614,809
26	N00189-13-C-2010	NAVSUP FLC Philadelphia	IT support services	12/1/2012	FFP	8(a) Set Aside	1,710,144
NAVSUP FLC, Philadelphia Subtotal							\$3,372,555
27	M67854-13-C-4844	MCSC Quantico	Manpower and reserve affairs IT execution	9/16/2013	FFP	8(a) Set Aside	2,000,000
28	M67854-13-C-4828	MCSC Quantico	Joint force requirements generator II modernization design	8/30/2013	FFP	8(a) Set Aside	3,898,000
29	M67854-13-C-4850	MCSC Quantico	Program analytical technical support	9/13/2013	FFP	8(a) Set Aside	3,940,992
30	M67854-13-C-4831	MCSC Quantico	Analysis of workforce and engineering change proposal estimates and research	9/13/2013	FFP	8(a) Set Aside	3,999,996
MCSC, Quantico Subtotal							\$13,838,988

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

Noncompetitive 8(a) IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Site Location	Description	Award Date	Contract Type	Authority Cited	Contract Value
31	N00104-13-M-Q108	NAVSUP WSS Mechanicsburg	Training modules for records management	6/24/2013	FFP	8(a) Set Aside	615,343
32	N00104-13-C-QA09	NAVSUP WSS Mechanicsburg	Non-personal consulting services	4/9/2013	FFP	8(a) Set Aside	1,904,642
NAVSUP WSS, Mechanicsburg Subtotal							\$2,519,985
Total Value of All 8(a) Contracts							\$43,931,659*

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

LEGEND

CPFF	Cost-Plus-Fixed Fee	NAVSUP FLC	Naval Supply Systems Command Fleet Logistics Center
FFP	Firm-Fixed Price	NAVSUP WSS	Naval Supply Systems Command Weapons Systems Support
IDIQ	Indefinite-Delivery, Indefinite-Quantity	SPAWAR	Space and Naval Warfare Systems Command
IT	Information Technology	SSC Pacific	Space and Naval Warfare Systems Center Pacific
MCSC	Marine Corps Systems Command		
NAVFAC	Naval Facilities Engineering Command		

Appendix E. Market Research Conducted

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
SPAWAR, San Diego						
1	N00039-13-P-0005	\$203,856	Synopsis of the proposed acquisition, advising industry of the pending acquisition, soliciting inquiries from interested parties, and searching the applicable website for an approved product.	The contractor is the only vendor that provides high-speed, air-to-ground, broadband Internet service with the required aircraft type.	J&A	Yes
2	N00039-14-C-0036	\$15,250,000	Market research was not conducted.	The contractor is the only source that can provide the continuity of service required.	J&A	Yes*
3	N66001-14-P-8440	\$163,920	Research was conducted for similar service agreements.	No other product is capable of meeting the Government's minimum needs for this requirement. The contractor is the only capable source with access to proprietary software codes.	J&A	Yes
4	N66001-13-P-8055	\$184,554	Internet search, using keywords "Quick Terrain Modeler."	The contractor is the sole distributor for the software.	J&A and Pre and Post Business Memorandum	Yes
5	N66001-13-C-0061	\$845,750	Market research was not conducted.	The contractor is the only resource that can provide the services because the level of expertise required to provide the support is not available through third party resellers.	J&A	Yes*

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
6	N66001-13-D-0042	\$1,200,000	Attendance at conferences and contacting known subject matter experts.	There is no comparable product and the contractor is the only contractor currently capable because of their complete current knowledge of all aspects of the architecture, components, tools and techniques used within the product.	J&A	Yes
7	N66001-13-C-0227	\$ 2,290,000	Advising industry of the pending acquisition and soliciting inquiries from interested parties.	The contractor is the only source that can provide the test equipment and technical support without substantial duplication of cost and unacceptable delays.	J&A	Yes
8	N66001-13-D-0005	\$23,700,000	Advising industry of the pending acquisition, and solicitation inquiries from interested parties.	The contractor is the original developer and sole maintainer of the software and has unique and detailed knowledge of the architecture and software enhancement requirements.	J&A	Yes
NAVSUP FLC, San Diego						
9	N00244-13-D-0021	\$755,000	Contacting individuals in Government and industry regarding market capabilities to meet requirements, reviewing results of recent market research undertaken to meet similar requirements, and querying Government databases that provide information relevant to agency acquisitions.	An immediate transition of contract services to another contractor would likely compromise the design and integrity of the entire Cable Television distribution network, as an alternate service provider.	J&A and Market Research Memorandum	Yes

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
10	N00244-13-D-0027	\$2,843,160	Contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements and reviewing the results of recent market research undertaken to meet similar requirements.	The Government can only acquire the services and maintenance from the contractor as they are the owners and operators of the existing system and its equipment.	J&A and Market Research Memorandum	Yes
NAVSUP FLC, Norfolk						
11	N00189-14-P-0347	\$385,000	Review of previous acquisitions for similar requirements, discussions with the requiring activity and potential service providers, and review of System for Award Management.	The contractor is the only company capable of providing the requested telecommunication services immediately as required.	J&A and Market Research Memorandum	Yes
12	N00189-14-P-0221	\$1,492,359	Contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements, reviewing results of previous market research undertaken; querying Government databases that provide information relevant to agency acquisitions; participating in on-line communication among industry, acquisition personnel, and customers; and reviewing generally available product literature published by manufacturers, distributors, and dealers.	There are no other known vendors that can immediately provide the urgent required services.	J&A and Market Research Memorandum	Yes

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

Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
13	N00189-13-P-1177	\$460,000	Internet searches and discussions with the requiring activity and potential service providers. The Department of the Navy Enterprise Licensing Agreements were screened.	The contractor is the only source that can provide the required services.	J&A and Market Research Memorandum	Yes
NAVFAC, Norfolk						
14	N62470-13-P-3018	\$2,000,000	Contact was made with knowledgeable individuals in Government regarding market capabilities to meet the requirements.	The contractor is the only source capable of providing the requested Internet subscription.	J&A and Market Research Memorandum	Yes
NAVSUP FLC, Philadelphia						
15	N00189-13-P-Z624	\$335,000	Review of existing contracts, previous acquisitions, and discussions with the requiring activity, and an Internet search.	It is not practicable, for any company other than the contractor to provide the required services.	J&A and Market Research Memorandum	Yes
16	N00189-13-C-Z006	\$567,663	Market research was not conducted.	It is not considered to be in the best interest of the Government to award these services to another firm, while the competitive follow-on action is processed, because the need for continued support in the short time frame required for maintaining coverage.	J&A	Yes*

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Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
17	N00189-13-C-Z048	\$488,360	Contacting knowledgeable individuals in Government and industry; reviewing results of market research to meet similar requirements; participating in interactive, on-line communication among industry, acquisition personnel, and customers; and generally available product literature published by manufacturers, distributors, and dealers.	The service is only available from the contractor in Maryland.	J&A and Market Research Memorandum	Yes
18	N00189-13-C-Z083	\$595,000	Contacting knowledgeable individuals in Government and industry; publishing requests for information in technical or scientific journals; querying Government databases; participating in interactive, on-line communication among industry, acquisition personnel, and customers; and conducting interchange meetings to involve potential offerors.	There is only one source available that can satisfy DoD requirements for a bridge contract to provide uninterrupted services.	J&A and Market Research Memorandum	Yes
19	N00189-13-C-Z007	\$2,121,250	Contacting knowledgeable individuals in the industry.	Only the contractor, can provide the services for institutions of higher education in the state.	J&A, Market Research Memorandum, and Acquisition Strategy for Services	Yes

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Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
20	N00189-13-P-Z469	\$4,014,080	Review of previous acquisitions for similar requirements, discussions with the requiring activity, potential service providers, and Internet searches including a review System for Award Management.	The contractor is the sole-source provider for support and services because they are the only registered partner properly trained certified and authorized to perform installations, support and services on behalf of the systems in the area.	J&A, and DoN Acquisition Strategy	Yes
21	N00189-14-C-Z004	\$25,200,000	Contacting knowledgeable individuals and industry regarding market capabilities to meet requirements and reviewing the results of recent market research undertaken to meet similar requirements.	While a follow-on contract is competed, the acquisition demands an award on a sole-source basis to the contractor since they are currently performing the same services at the same locations and have the qualified personnel in place to continue the required services.	J&A and Market Research Memorandum	Yes
Marine Corps, Quantico						
22	M67854-13-D-4033	\$66,400,000	Searching the Internet to verify the validity of the claims made by vendors' documentation in their respective responses to the request for information. Consulting technical databases and searched for scholarly journals.	The contractor has direct access across all software product groups, software developers, future source code, and cyber security databases to provide immediate and on-site critical support for network upgrades, transitions, outages and security concerns.	J&A and Market Research Memorandum	Yes
23	M00264-13-C-0036	\$140,000	Market research was not conducted.	The contractor is the sole manufacturer of the software and sole provider of the maintenance support for the products.	J&A	Yes*

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Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
24	M00264-14-C-1004	\$649,176	Researching on the Internet to identify companies capable of providing Electronic Courseware Development Services and General Services Administration Mission Oriented Business Integrated Services.	It is in the best interest of the Government to award a sole-source award for the term of the bridge contract while continuing to procure a full and open competitive requirement.	J&A and Acquisition Strategy/ Source selection Plan	Yes
25	M00264-13-C-0040	\$784,500	Market research was not conducted.	The contractor maintains legal licensing agreements and proprietary code no other vendor can legally manipulate.	J&A	Yes*
NAVSUP WSS, Mechanicsburg						
26	N00189-14-C-Q027	\$384,149	Market research was not conducted.	The process for the competitive renewal acquisition was started in August 2013, and was delayed because of the Government furlough and shutdown.	J&A	Yes*
27	N00104-13-P-Q095	\$213,934	Contacting the Army account manager via email and telephone, and researching online to determine availability from the General Services Administration.	The contractor is the only company authorized to perform system updates or changes to the systems.	J&A and Market Research Memorandum	Yes
28	N00104-13-M-Q131	\$309,698	Contacting knowledgeable individuals and industry regarding market capabilities; querying databases that provide information relevant to agency acquisitions; reviewing catalogs and literature published by manufacturers, distributors, and dealers.	The contractor is the only known source with overall system knowledge and technical expertise to ensure that the program can continue operations at the current level of functionality.	J&A and Market Research Memorandum	Yes

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Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
29	N00104-13-C-QA11	\$287,863	Contacting the contracting officer's representative and the requirements point of contact regarding current market capabilities.	The contractor is the only source capable of providing the integrated hardware by May 24, 2013.	J&A and Market Research Memorandum	Yes
30	N00104-13-M-Q122	\$478,410	Surveying in-house functional and technical experts and conducting an extensive independent review of current industry benchmarks for large and very large warehouses endorsing the Teradata solution.	The contractor is the sole vendor able to provide the required hardware and software maintenance and technical support for the systems, being the only vendor with access to proprietary knowledge.	J&A	Yes
31	N00104-13-C-Q183	\$499,839	Contacting the contracting officer's representative and the requirements point of contact regarding current market capabilities.	The contractor is the only source capable of providing the integrated hardware by May 24, 2013.	J&A	Yes
32	N00104-13-M-Q377	\$540,181	Review of the commercial marketplace for the instant, short-term sustainment and transition requirement and review of the commercial marketplace for the instant, long-term competitive requirement.	The contract will provide services until a competitive contract is awarded. The type of services is typically sold competitively in the commercial marketplace.	J&A	Yes

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Noncompetitive IT Contracts Awarded by the Navy and Marine Corps from October 1, 2012 through April 10, 2014 (cont'd)

	Contract Number	Estimated Value on the J&A	Specific Steps Performed	Results of Market Research or Justification for Not Conducting Market Research	Supporting Documentation	Market Research Considered Adequate
33	N00104-13-M-Q101	\$750,000	Contacting knowledgeable individuals in Government and industry and querying databases that provide information relevant to agency acquisitions.	The contractor is an approved Service-Disabled Veteran-Owned Small Business that has been a responsible contractor with respect to performance and there is not a reasonable expectation that offers would be received, based on the highly specialized nature of the technical requirements.	J&A and Market Research Memorandum	Yes
34	N00104-13-C-QA10	\$1,121,296	Contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements; reviewing catalogs and other available product literature published by manufacturers, distributors, and dealers or available on-line; and conducting interchange meetings or holding presolicitation conferences to involve potential offerors early in the acquisition process.	There are no contractors with the necessary hardware to support the Navy shipyards in the time necessary to meet ship's schedule. The contractor is the only source capable of providing the integrated hardware by June 27, 2013.	J&A and Market Research Memorandum	Yes

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

LEGEND

DON	Department of the Navy	NAVSUP WSS	Naval Supply Systems Command Weapons Systems Support
IT	Information Technology	SPAWAR	Space and Naval Warfare Systems Command
J&A	Justification and Approval	SSC Pacific	Space and Naval Warfare Systems Center Pacific
NAVFAC	Naval Facilities Engineering Command		
NAVSUP FLC	Naval Supply Systems Command Fleet Logistics Center		

Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System–Next Generation
IT	Information Technology
J&A	Justification and Approval
MCSC	Marine Corps Systems Command
NAVFAC	Naval Facilities Engineering Command
NAVSUP FLC	Naval Supply Systems Command Fleet Logistics Center
NAVSUP WSS	Naval Supply Systems Command Weapons Systems Support
RCO-NCR	Regional Contracting Office - National Capital Region
SPAWAR	Space and Naval Warfare Systems Command
SSC Pacific	Space and Naval Warfare Systems Center Pacific



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