

# Inspector General

United States  
Department of Defense



Naval Air Systems Command Lakehurst Contracts  
Awarded Without Competition Were Properly Justified

## Report Documentation Page

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## Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System – Next Generation
J&A	Justification and Approval
NAVAIR	Naval Air Systems Command
NAVAIRINST	Naval Air Systems Command Instruction
NMCARS	Navy Marine Corps Acquisition Regulation Supplement



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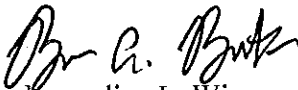
January 20, 2012

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

SUBJECT: Naval Air Systems Command Lakehurst Contracts Awarded Without  
Competition Were Properly Justified (Report No. DODIG-2012-042)

We are providing this report for your information and use. This report is the first in a series of audit reports on DoD contracts awarded without competition. Naval Air Systems Command Lakehurst personnel generally prepared and approved adequate sole-source justifications and approvals for other than full and open competition and generally documented compliance with additional Federal requirements to support those sole-source determinations. We are publishing this report in final form because no written response to this report was required, and none was received.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9077 (DSN 664-9077).

  
for Jacqueline L. Wicecarver  
Assistant Inspector General  
Acquisition and Contract Management





# Results in Brief: Naval Air Systems Command Lakehurst Contracts Awarded Without Competition Were Properly Justified

## What We Did

Our audit objective was to determine whether DoD noncompetitive contract awards were properly justified as sole source. This report is the first in a series of reports on DoD contracts awarded without competition and includes contracts issued by the Naval Air Systems Command (NAVAIR) Lakehurst. We reviewed 23 noncompetitive contracts with a combined base contract value of about \$50.1 million that NAVAIR Lakehurst contracting personnel awarded in FY 2009 and FY 2010.

Full and open competition is the preferred method for Federal agencies to award contracts. Section 2304, title 10, United States Code, and Section 253, title 41, United States Code require contracting officers to promote and provide for full and open competition when soliciting offers and awarding contracts. 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 Federal Acquisition Regulation (FAR) Subpart 6.3, "Other Than Full and Open Competition."

## What We Found

NAVAIR Lakehurst personnel generally prepared and approved adequate sole-source justifications and approvals (J&As) for other than full and open competition and generally documented compliance with additional FAR requirements to support those sole-source determinations for 23 contracts.

NAVAIR Lakehurst personnel:

- generally included all required data elements in the J&As;
- appropriately applied the cited authority permitting other than full and open competition in the J&As;
- obtained proper approval to issue noncompetitive contract awards;
- documented compliance with FAR Part 10, "Market Research," in the contract file; and
- complied with FAR Subpart 5.2 "Synopsis of Proposed Contract Actions," when synopsis actions that required a presolicitation notice, with the exception of including all required language in the presolicitation notice.

## Management Comments

We do not require a written response to this report. Please see the recommendations table on the back of this page.

## Recommendations Table

<b>Management</b>	<b>Recommendations Requiring Comment</b>
NAVAIR Lakehurst Site Integrator	None

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# Introduction

## Objective

Our objective was to determine whether noncompetitive contract awards were properly justified as sole source at Naval Air Systems Command (NAVAIR) Lakehurst, New Jersey. This report is the first in a series of reports on DoD contracts awarded without competition. See Appendix A for the scope and methodology and prior coverage related to the objectives.

## Background

Section 2304, title 10, United States Code, and Section 253, title 41, United States Code require contracting officers to promote and provide for full and open competition when soliciting offers and awarding contracts. Promoting competition in Federal contracting presents the opportunity for significant cost savings. In addition, competitive contracts can help improve contractor performance, prevent 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 Federal Acquisition Regulation (FAR) Subpart 6.3, “Other Than Full and Open Competition.”

FAR subpart 6.3 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. Appendix B provides additional explanation on FAR subpart 6.3, FAR part 10, and FAR subpart 5.2 requirements.

## Naval Air Systems Command Lakehurst

NAVAIR’s Naval Air Warfare Center Aircraft Division conducts research, development, test, evaluation, and engineering and fleet support of Navy and Marine Corps manned and unmanned air systems, engines, avionics, surveillance systems, launch and recovery mechanisms, and air traffic control and communications systems. The Naval Air Warfare Center Aircraft Division is at three Navy sites. Naval Air Warfare Center Aircraft Division Lakehurst (NAVAIR Lakehurst) is the Navy’s engineering support activity for Aircraft Launch and Recovery Equipment and Naval Aviation Support Equipment. NAVAIR Lakehurst is responsible for maintaining fleet support and integrating modern technology for the equipment needed to launch, land, and maintain aircraft from ships at sea. NAVAIR Lakehurst is the world’s only provider of full spectrum support for aircraft launch, recovery, and support equipment systems for U.S. and Allied Naval Aviation Forces at sea and Marine Corps Expeditionary Aviation Forces ashore. According to the NAVAIR Lakehurst Site Integrator, NAVAIR Lakehurst assures that aircraft operate safely and effectively from aircraft carriers, air-capable ships, and expeditionary airfields worldwide.

## **Contracts Reviewed at NAVAIR Lakehurst**

Based on our Federal Procurement Data System - Next Generation queries, NAVAIR Lakehurst contracting personnel awarded 1,026 C and D type contracts<sup>1</sup> with an obligated value<sup>2</sup> of \$1.2 billion during FY 2009 and FY 2010. Of the 1,026 contract awards, NAVAIR Lakehurst contracting personnel awarded 120 noncompetitive contracts, with an obligated value of \$286.8 million, that met the scope<sup>3</sup> of our review. We selected a nonstatistical sample of 30 noncompetitive contracts with an obligated value of \$73.4 million to review. We excluded seven contracts from our initial sample because they were outside the scope of our audit: four contained foreign military sales requirements, one was improperly coded in the Federal Procurement Data System - Next Generation as a noncompetitive contract, another was partially competed, and the last contract award was exempt from competition under the small business 8(a) program. In total, we reviewed 23 contracts with an obligated value of about \$42 million (the combined base award, excluding options, was valued at approximately \$50.1 million). See Appendix C for specific noncompetitive contract awards reviewed.

## **Review of Internal Controls at NAVAIR Lakehurst**

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, 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. NAVAIR Lakehurst’s internal controls over their processes for issuing noncompetitive contract awards were effective as they applied to the audit objectives.

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<sup>1</sup> Defense Federal Acquisition Regulation Supplement 204.7003, “Basic PII Number,” defines C type contracts as “Contracts of all types except indefinite delivery contracts, sales contracts, and contracts placed with or through other Government departments or agencies or against contracts placed by such departments or agencies outside the DoD,” and D type contracts as “Indefinite delivery contracts.”

<sup>2</sup> Data obtained in Federal Procurement Data System - Next Generation is reported on an individual action basis (that is, single modification). As a result, we combined all actions identified for a given contract to determine the number of contracts awarded during FY 2009 and FY 2010 and their respective obligated amounts.

<sup>3</sup> Our scope was limited to actions issued on contracts that were awarded during FY 2009 and FY 2010. Actions were coded as either a “noncompetitive delivery order” or “not competed” Federal Procurement Data System - Next Generation and did not receive more than one offer as identified in Federal Procurement Data System - Next Generation.

## **NAVAIR Lakehurst Contract Awards Were Properly Justified As Sole Source**

NAVAIR Lakehurst personnel adequately justified the use of other than full and open competition on the justifications and approvals (J&As) for other than full and open competition for all 23 contracts reviewed, valued at about \$50.1 million. NAVAIR Lakehurst personnel generally complied with FAR 6.303-2, "Content," requirements in the J&As, and for all 23 J&As, appropriately applied the authority cited and obtained approval from the proper personnel before contract award. Further, NAVAIR Lakehurst contracting personnel generally documented compliance with FAR part 10 and FAR subpart 5.2 in the contract files to support sole-source determinations.

## **NAVAIR Lakehurst Adequately Supported Sole-Source Determinations**

NAVAIR Lakehurst personnel adequately supported the use of other than full and open competition on the J&As for 23 contracts. NAVAIR Lakehurst personnel did not always document all the required elements of FAR 6.303-2 in the J&As; however, personnel provided enough information in the J&As to justify permitting other than full and open competition. NAVAIR Lakehurst contracting personnel obtained approval from the proper personnel for each of the 23 J&As 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. 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.

## ***NAVAIR J&A Preparation Processes***

NAVAIR Instruction (NAVAIRINST) 4200.31E, "Justifications and Approvals/Determinations and Findings for Procurement Actions Utilizing Other Than Full and Open Competition," July 24, 2006, establishes policies, procedures, and responsibilities for preparing written J&As when a procurement is to be made using other than full and open competition. The J&A must contain sufficient information to act as a stand-alone document. Personnel from both the program and contracting office prepare the J&As to include all requirements as outlined in the FAR and the Navy Marine Corps Acquisition Regulation Supplement (NMCARS). Program office personnel are responsible for:

- completing the technical portion of the J&A, which includes the market research performed and the rationale of the sole-source authority cited and
- providing and certifying all necessary data required to satisfy and support their recommendation to proceed with a procurement using other than full and open competition.

The contract specialist is responsible for:

- reviewing the technical portion to ensure the J&A contains sufficient facts and rationale to justify the use of the specific authority cited;
- preparing the contracting portion, which includes administrative information, such as the issuing activity, status of the synopsis, and the contracting officer’s statement that the procurement’s estimated cost will be fair and reasonable; and
- forwarding both portions of the J&A to the procuring contracting officer for signature and further processing, as required.

NAVAIRINST 4200.31E did not impose any further restrictions on the approval-level thresholds for the 23 contracts reviewed, as established in FAR 6.304, “Approval of the Justification.”

### ***NAVAIR Lakehurst Generally Complied With J&A Content Requirements***

NAVAIR Lakehurst personnel generally documented compliance with content requirements for the 23 J&As. Both FAR 6.303-2 and NMCARS 5206.303-2, “Content,” identify the minimum information that must be included in a J&A. NMCARS requires that the period of performance for the proposed acquisition, the total estimated dollar value identified by fiscal year and appropriation, and an explanation of actions attempted to make the immediate acquisition competitive and the cost/benefit analysis associated with obtaining competition. NAVAIR Lakehurst program personnel included these required elements in the technical portion of all 23 J&As. NAVAIR Lakehurst personnel included all the required elements as outlined in FAR 6.303-2 in the J&As, with the exception of 7 of the 23 J&As reviewed. NAVAIR Lakehurst personnel provided enough information in each of the seven J&As to justify permitting other than full and open competition, even though all of the FAR content requirements were not met. See Table 1 for the specific contracts that did not fully meet the J&A content requirements.

**Table 1. J&As Missing FAR Content Requirements**

<b>Contract</b>	<b>Contracts Portion of J&amp;A Missing</b>	<b>FAR Subpart 5.202 Exception Not Cited</b>	<b>Market Research Requirements Not Fully Addressed</b>
N68335-09-C-0398	Yes		
N68335-09-C-0463	Yes		
N68335-10-C-0111		Yes	
N68335-10-C-0386		Yes	
N68335-10-C-0269			Description not included
N68335-09-C-0080			Description not included
N68335-09-D-0088			Results not included

## **NAVAIR Lakehurst Officials Generally Met J&A Content Requirements With Minor Documentation Omissions**

NAVAIR Lakehurst personnel generally met all of the FAR 6.303-2 content requirements. NAVAIR Lakehurst personnel did not meet all of the content requirements for four contracts due to minor documentation omissions. For two J&As, NAVAIR Lakehurst personnel could not locate one page of the J&A, the contracting portion that documents administrative FAR 6.303-2 content requirements. NAVAIR Lakehurst contracting personnel did not cite, as required by FAR 6.303-2, the specific exception to publicizing the proposed contract action on the J&A for two additional contracts reviewed. FAR 6.303-2(b)(6) requires the J&A to include which exception under FAR Subpart 5.202, "Exceptions," applies when a contract notice is not publicized. Neither J&A cited an exception from FAR subpart 5.202; however, each cited FAR 6.302-2, "Unusual and Compelling Urgency," as the reason why a synopsis was not released. FAR 5.202(a)(2) is the exception that permits a proposed contract action under the authority of FAR 6.302-2 to be awarded without issuance of a synopsis. We consider this to be a documentation omission because 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. Each of these four instances resulted from documentation omissions and did not result in inadequate sole-source determinations; therefore, we do not consider these problems to be material and are not making a recommendation to address these problems.

## **NAVAIR Lakehurst Officials Generally Met J&A Market Research Content Requirements**

NAVAIR Lakehurst personnel adequately documented market research in 20 J&As, as required by FAR 6.303-2. NAVAIR Lakehurst personnel partially documented market research in the J&A as required by FAR 6.303-2 for 3 of the 23 J&As. FAR 6.303-2 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. NAVAIR Lakehurst program personnel prepared and contracting personnel approved three J&As that did not document either a description of the market research conducted or the subsequent results of the market research, as required by FAR 6.303-2. However, for each of the three contracts, the J&As explained that the Government did not own adequate data rights to compete the procurement, and the contractors were unwilling to sell the rights. NAVAIR Lakehurst contracting personnel adequately justified permitting other than full and open competition for these three contracts; therefore, we do not consider the problem material and are not making a recommendation to address the missing information that would fully satisfy FAR 6.303-2 requirements. See Appendix D for additional information on justifications and J&A content and approvals.

## ***NAVAIR Lakehurst Appropriately Applied the Sole-Source Authority Cited***

NAVAIR Lakehurst personnel appropriately applied the cited authority permitting other than full and open competition in each of the 23 J&As reviewed. Contracting personnel awarded 20 contracts that cited the authority of FAR 6.302-1, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements." For each

of the 20 contracts, NAVAIR Lakehurst program 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. NAVAIR Lakehurst contracting personnel awarded 16 of the 23 contracts for support equipment or services that the Government did not own the proprietary data or rights to compete the procurement.

NAVAIR Lakehurst contracting personnel awarded three contracts that cited the authority of FAR 6.302-2, "Unusual and Compelling Urgency." For each of the three contracts, NAVAIR Lakehurst program personnel provided adequate rationale in the J&A that supported the unusual and compelling urgency of the acquisition. For contract N68335-10-C-0111, the J&A explained that due to failing equipment, x-ray film processors were needed to ensure the x-rays used to identify cracks and other flight safety problems could be processed at 15 sites currently without the ability to process the x-ray film. FAR 6.302-2(c) and (d) impose further limitations on contract awards citing this authority. Contracting personnel are required by FAR 6.302-2(c) to request offers from as many potential sources as practicable. For each of the three contracts, NAVAIR Lakehurst program personnel provided adequate rationale in the J&A that supported why only one contractor and one product or service could have met the Government's requirements. For contract N68335-10-C-0111, the J&A explained that repair parts were not available for the existing film processors, the units being purchased can work with all the existing equipment, and the contractor was the only source that could meet the time frames required to meet the Navy's urgent requirement. Contracting personnel are required by FAR 6.302-2(d) to limit the period of performance of the contract. NAVAIR Lakehurst personnel listed in the J&As a total period of performance that did not exceed the time limitations established in the FAR for each of the three contracts. See Appendix D for additional information on justifications and J&A content and approvals.

### ***NAVAIR Lakehurst Officials Obtained Approval From the Proper Officials for Sole-Source Contract Awards***

NAVAIR Lakehurst contracting personnel obtained approval from the proper officials for all 23 J&As reviewed. FAR 6.304 and NAVAIRINST 4200.31E defines the proper approval authority at various thresholds for the estimated dollar value including options. NAVAIRINST 4200.31E did not impose any restrictions on the approval-level thresholds beyond those in the FAR. For FY 2009 and 2010, the FAR and local guidance authorized the procuring contracting officer to provide the final approval for proposed contract actions up to \$550,000 and for the competition advocate of the procuring activity to provide the final approval for proposed contract actions of more than \$550,000 but not exceeding \$11.5 million. In addition to the contracting officer's approval, the Competition Advocate at NAVAIR Lakehurst approved all J&As for proposed contract actions below \$550,000, which is an approval level higher than what is required in both FAR 6.304 and NAVAIRINST 4200.31E. The NAVAIR Lakehurst Competition Advocate approved 22 of the 23 J&As that were issued for a proposed contract action of up to but not exceeding \$11.5 million. The Anti-Submarine Warfare, Special Mission

Aircraft Department Head appropriately approved the remaining J&A with a proposed contract action of \$16 million, as required by FAR 6.304. NAVAIR Lakehurst contracting personnel received Legal Counsel's approval before submitting the J&A to the approval authority for each of the 23 J&As reviewed, as required by NAVAIRINST 4200.31E. See Appendix D for additional information on justifications and J&A content and approvals.

## **NAVAIR Lakehurst Personnel Complied With Additional Regulations That Supported Sole-Source Determinations**

NAVAIR Lakehurst personnel generally documented the market research efforts and included adequate documentation in the contract files to support FAR part 10 and FAR subpart 5.2 requirements. NAVAIR Lakehurst contracting personnel provided sufficient information in the contract files to determine the specific steps NAVAIR Lakehurst personnel took to conduct market research and the results. In addition, NAVAIR Lakehurst contracting personnel included adequate documentation to support that the proposed contract actions were properly synopsisized in the Governmentwide Point of Entry, which is accessed on the Internet at <https://www.fedbizops.gov>, with the exception of including the required language outlined in FAR 5.207(c)(15)<sup>4</sup> in the synopses. As a result, NAVAIR Lakehurst contracting personnel generally complied with FAR part 10 and FAR subpart 5.2 requirements to support NAVAIR Lakehurst sole-source determinations.

### ***NAVAIR Lakehurst Appropriately Documented the Market Research Efforts and the Results***

NAVAIR Lakehurst personnel appropriately documented the market research conducted or provided adequate justification in the contract file when market research was not conducted for 22 of the 23 contracts reviewed. Contracting personnel included documentation to show compliance with FAR part 10 in the contract file<sup>5</sup> to support 22 of the 23 sole-source determinations. 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 factors such as urgency, estimated dollar value, complexity, and past experience. NAVAIR Lakehurst personnel performed market research techniques identified in FAR part 10 for 16 of the 22 contract awards that had adequate support documented in the contract file. For example, NAVAIR Lakehurst personnel conducted internet and database inquiries, contacted knowledgeable individuals in Government and

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<sup>4</sup> Effective May 31, 2011, the Federal Acquisition Regulation Circular contained updates that moved the requirements in FAR 5.207(c)(15) to FAR 5.207(c)(16).

<sup>5</sup> 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.



industry, or reviewed past procurements for the 16 sole-source awards that had estimated values ranging from \$104,000 to \$16 million. NAVAIR Lakehurst contracting personnel documented the techniques performed and the subsequent results in each of the 16 contract files.

NAVAIR Lakehurst personnel did not conduct market research in 6 of the 22 instances; however, contracting personnel provided adequate documentation in the contract file to support those determinations. For example, NAVAIR Lakehurst personnel did not conduct market research for contract N68335-09-C-0077 because procuring an additional eight water chiller units from any other company would result in fielding two different configurations. According to the Navy, fielding multiple configurations involves extensive amounts of changes to fleet logistics and engineering data that would cost more than \$250,000. NAVAIR Lakehurst program personnel stated in the J&A that it would not be cost-effective for the Government to maintain multiple configurations for a final buy estimated at \$400,000. NAVAIR Lakehurst contracting personnel did not include documentation to show compliance with FAR part 10 in the contract file to support 1 of the 23 sole-source determinations, specifically contract N68335-09-C-0056.

### **Contract N68335-09-C-0056**

NAVAIR Lakehurst personnel conducted market research according to the J&A, but contracting personnel did not include adequate documentation in the contract file for contract N68335-09-C-0056 to support FAR part 10 requirements. NAVAIR Lakehurst program personnel included a discussion of the market research conducted in the J&A, but the discussion did not identify the types of internet searches conducted or what internet sites were searched to determine that only one contractor could meet the Government's requirements. NAVAIR Lakehurst contracting personnel did not include any additional information on market research in the contract file. Although NAVAIR Lakehurst contracting personnel did not document compliance with FAR part 10 in the contract file for contract N68335-09-C-0056, the exception cited for other than full and open competition was supported. NAVAIR Lakehurst contracting personnel awarded the acquisition citing the exception of "only one responsible source and no other supplies or services will satisfy agency requirements." The cited exception was appropriate because the acquisition was for technical data to support V-22 MV and CV squadrons scheduled for deployment. Only the original equipment manufacturer would be able to provide the proprietary data required to operate and maintain the fleet when deployed. This instance resulted from documentation omissions and did not result in inadequate sole-source determinations; therefore, we do not consider the problem to be material and are not making a recommendation.

### **Processes at NAVAIR Lakehurst Facilitate Market Research Efforts**

NAVAIR Lakehurst officials have processes in place to help ensure that market research is conducted. According to the NAVAIR Lakehurst Small Business Specialist, the Small Business Office conducted market research training once a quarter to help ensure that adequate market research was performed. Training covered multiple areas, such as who was responsible for conducting market research, when market research should be conducted, and identified common techniques used. However, not all processes to

promote adequate market research were documented or required. NAVAIR Lakehurst contracting personnel documented the steps taken and the results of market research on a checklist in the contract files for 10 of the 23 contracts reviewed. The checklist documented the overall steps that were conducted as well as the results. For example, the checklist identified if Government and industry experts were contacted and, in some cases, provided the individual's contact information, what databases were queried, and what trade journals were researched and the results. However, NAVAIR Lakehurst officials did not require contracting personnel to include a dated market research checklist in the contract files to help ensure that the market research performed was current and relevant to the procurement. In general, adequate market research promotes increased competition and lower costs to fill warfighters' needs for a given program. See Appendix E for additional information on the market research NAVAIR Lakehurst personnel conducted.

### ***NAVAIR Lakehurst Generally Complied With Synopsis Requirements***

NAVAIR Lakehurst contracting personnel complied with requirements when synopsisizing the 20 proposed contract actions that required a presolicitation notice, with the exception of including the required language outlined in FAR 5.207(c)(15).<sup>6</sup> FAR 5.2, "Synopsis of Proposed Contract Actions," requires contracting officers to transmit a notice to the Governmentwide Point of Entry for each proposed contract action expected to exceed \$25,000, other than those covered by an exception in FAR 5.202, "Exceptions." The primary purposes of the notice are to improve small business access to acquisition information and enhance competition by identifying contracting and subcontracting opportunities. In accordance with FAR 5.202(a)(2), 3 of the 23 contracts reviewed did not contain a synopsis. Contracting officers are exempted from issuing a synopsis under FAR 5.202(a)(2) when the proposed contract action is made under the conditions described in FAR 6.302-2, "Unusual and Compelling Urgency," and the Government would be seriously injured if the agency complies with the publicizing and response times specified in the FAR. NAVAIR Lakehurst contracting personnel included the synopsis that was posted to the Governmentwide Point of Entry, which detailed the notice of the proposed contract action, in each of the other 20 contract files.

NAVAIR Lakehurst contracting personnel generally adhered to the time frames as established in FAR subpart 5.2 and included all applicable elements in the synopsis, with the exception of including the required language outlined in FAR 5.207(c)(15). FAR 5.207(c)(15) requires the synopsis for all noncompetitive contract actions to include a statement that all responsible sources may submit a capability statement, bid, proposal, or quotation, "which shall be considered by the agency." By not including this required statement in the synopsis, NAVAIR Lakehurst contracting personnel did not encourage potential sources to answer the synopsis for 13 of the 20 contract actions that were

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<sup>6</sup> Effective May 31, 2011, the Federal Acquisition Regulation Circular contained updates that moved the requirements in FAR 5.207(c)(15) to FAR 5.207(c)(16).

required to be synopsisized. In 9 of the 13 instances, NAVAIR Lakehurst contracting personnel did not indicate that the agency would review any contractor submissions received. In the remaining four instances, NAVAIR Lakehurst contracting personnel did not include a statement in the synopsis that addressed any of the FAR 5.207(c)(15) required language. We are not making a recommendation on this issue because NAVAIR Lakehurst personnel included support within each of the 13 J&As to show that competition could not be reasonably anticipated. See Table 2 for the 13 contract awards that did not comply with FAR 5.207(c)(15) requirements.

**Table 2. Contracts Not In Compliance With FAR 5.207(c)(15) Requirements**

<b>Contract</b>	<b>Synopsis did not indicate that the agency will review contractor proposals received</b>	<b>Synopsis did not contain required language</b>
N68335-09-C-0139	√	
N68335-09-C-0056		√
N68335-09-C-0124		√
N68335-09-C-0398	√	
N68335-10-C-0269	√	
N68225-09-C-0346	√	
N68335-09-C-0379		√
N68335-09-C-0149		√
N68335-09-C-0080	√	
N68335-09-C-0077	√	
N68335-09-C-0301	√	
N68335-09-C-0463	√	
N68335-09-D-0088	√	

## Summary

NAVAIR Lakehurst personnel adequately justified the use of other than full and open competition on the J&As for all 23 contracts reviewed. NAVAIR Lakehurst personnel generally complied with FAR 6.303-2 requirements in the J&As and, for all 23 J&As, appropriately applied the authority cited and obtained approval from the proper personnel before contract award. Further, NAVAIR Lakehurst contracting personnel generally documented compliance with FAR part 10 and FAR subpart 5.2 in the contract files to support sole-source determinations. We are not making recommendations because we do not consider the problems identified to be material.

## **Appendix A. Scope and Methodology**

We conducted this performance audit from May 2011 through January 2012 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.

Our scope was limited to noncompetitive contract awards during FY 2009 and FY 2010 to determine whether Naval Air Systems Command (NAVAIR) Lakehurst noncompetitive contract awards were properly and adequately justified as sole-source. We did not review contracts that were awarded for national security purposes, foreign military sales, classified contracts, or contracts that were improperly coded in the Federal Procurement Data System - Next Generation (FPDS-NG) as noncompetitive. In addition, we did not review contracts that were not truly sole source such as contracts that were competitive one bids or contracts set aside to develop small businesses.

In July 2011, DoD Office of Inspector General management decided the audit teams would issue site reports under individual subprojects from the initial project. In October 2011, we reannounced the revised audit approach of issuing separate audit reports for each audit site as well as the revised audit objective to determine whether DoD noncompetitive contract awards were properly justified as sole source. We removed the specific objective to determine whether negotiated amounts were fair and reasonable.

### **Universe and Sample Information**

We used the FPDS-NG to identify noncompetitive contract actions issued by Military Services and Defense agencies during FY 2009 and FY 2010. The queries were limited to actions issued on contracts that were awarded during FY 2009 and FY 2010 and coded as a “noncompetitive delivery order” or “not competed” in FPDS-NG. The queries also excluded contract actions that received more than one offer as identified in FPDS-NG. We selected the four DoD Components with the highest dollar value of awards, specifically, the Army, Navy, Air Force, and the Defense Logistics Agency to identify specific audit locations. We focused our site selection on three sites for the Department of the Navy that awarded 20 or more C and D type noncompetitive contracts and obligated approximately \$200 million or more during FY 2009 and FY 2010. Our site selection excluded sites that were visited during the recent Government Accountability Office review on noncompetitive contract awards. In addition, we reviewed reports the DoD Office of Inspector General, Acquisition and Contract Management Directorate, issued from FY 2009 to April 2011 that covered acquisition and contracting issues and excluded sites that have been visited on numerous occasions.

The initial data obtained from FPDS-NG resulted in a universe of 120 applicable contracts for NAVAIR Lakehurst. We requested 30 of the 120 contracts to review during our site visit to Lakehurst, New Jersey. We chose our sample by using many different

factors to create a diverse, nonstatistical sample. We selected 30 contracts based on different dollar amounts, products, services, and contract types. However, we did not review contracts within the 30 selected that were awarded for national security purposes, foreign military sales, classified contracts, or contracts that were improperly coded in the FPDS-NG as noncompetitive. In addition, we did not review contracts that were not truly sole source such as contracts that were competitive one bids or contracts set aside to develop small businesses. In total, we excluded 7 of the 30 contracts selected. We excluded:

- four contracts because they included foreign military sales requirements on the base contract award,
- one contract was excluded because it was exempt from competition under the small business 8(a) program,
- another contract was excluded because it was awarded under limited competition, and
- the last contract was miscoded as noncompetitive in FPDS-NG and was competed under a broad agency announcement before award.

Based on these exclusions, we reviewed 23 of the 30 contracts requested. See Appendix C for additional details on the noncompetitive contracts we reviewed.

## **Review of Documentation and Interviews**

We evaluated documentation against applicable criteria including:

- FAR subpart 5.2 “Synopses of Proposed Contract Actions”;
- FAR subpart 6.3, “Other Than Full and Open Competition”;
- FAR part 10, “Market Research”;
- Defense Federal Acquisition Regulation Supplement, 204.7003, “Basic PII Number”;
- NMCARS 5206.3, “Other Than Full and Open Competition”; and
- NAVAIRINST 4200.31E, “Justifications and Approvals/Determinations and Findings for Procurement Actions Utilizing Other Than Full and Open Competition,” July 24, 2006.

We interviewed contracting and oversight officials at NAVAIR Headquarters, Patuxent River, Maryland, to obtain command policy and guidance related to the audit objectives. We interviewed contracting personnel at NAVAIR Lakehurst, New Jersey, to discuss noncompetitive contract awards and to obtain information regarding the noncompetitive contract files identified in our sample, specifically about the J&A and market research. We also interviewed the Competition Advocate and the Small Business Specialist at NAVAIR Lakehurst to gain an understanding of their responsibilities and roles in noncompetitive contract awards.

## **Use of Computer-Processed Data**

We relied on computer-processed data from the FPDS-NG to establish the initial universe for this audit by identifying noncompetitive contract actions issued by Military Services

and Defense agencies. We also used the data from the FPDS-NG to help determine the contracting organizations to visit and to perform the nonstatistical sample selection. In addition, we used the Electronic Document Access database to obtain contract documentation, such as the contract and modifications to the contract before our site visit to NAVAIR Lakehurst. To assess the accuracy of the computer-processed data, we verified the FPDS-NG and Electronic Document Access data against official records at the contracting activity. We determined that data obtained through the Electronic Document Access database was sufficiently reliable to accomplish our audit objectives when compared with contract records. We determined that there was one miscoding in the data reviewed from FPDS-NG when compared with contract documentation; however, we used FPDS-NG only to identify the universe, to help determine the contracting organizations to visit, and to identify our nonstatistical sample.

## **Use of Technical Assistance**

We held discussions with personnel 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 a nonstatistical sample of contracting activities and then use FPDS-NG data to select a nonstatistical sample of noncompetitive contracts to review. During our site visit, we worked with NAVAIR Lakehurst contracting personnel to verify that the selected contracts met the scope limitations of our review and to identify additional contracts that did not meet the selection criteria. Our nonstatistical sample was limited to specific contracts, and our results should not be projected across other NAVAIR-issued or Navy-issued contracts.

## **Prior Coverage**

During the last 5 years, the Government Accountability Office and the Department of the Army have issued two reports discussing noncompetitive contract awards. Unrestricted Government Accountability Office reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>.

### ***Government Accountability Office***

Government Accountability Office Report No. GAO-10-833, "Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer Is Received," July 26, 2010

### ***Army***

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

# Appendix B. Federal Acquisition Regulation Criteria

## **FAR Subpart 5.2, “Synopses of Proposed Contract Actions”**

FAR 5.201, “General,” requires agencies to provide a synopsis of proposed contract actions for the acquisition of supplies and services. The contracting officer must submit the synopsis to the Governmentwide Point of Entry that can be accessed on the Internet at <https://www.fedbizopps.gov>. FAR 5.202, “Exceptions,” lists circumstances when the contracting officer does not need to submit a synopsis, such as when a contract action cites an unusual and compelling urgency as the exception to full and open competition. In addition, FAR 5.203, “Publicizing and Response Time,” requires the synopsis to be published for at least 15 days before issuing a solicitation or proposed contract action that the Government intends to solicit and negotiate with only one source under the authority of FAR 6.302. However, the contracting officer may establish a shorter period of issuance for commercial items. FAR 5.207, “Preparation and Transmittal of Synopses,” requires each synopsis submitted to the Governmentwide Point of Entry to include certain data elements as applicable, such as the date of the synopsis, the closing response date, a proposed solicitation number, a description, and the point of contact or contracting officer.

## **FAR Subpart 6.3, “Other Than Full and Open Competition”**

FAR subpart 6.3 prescribes the policies and procedures for contracting without full and open competition. Contracting without full and open competition is a violation of statute, unless permitted by an exception provided in FAR 6.302, “Circumstances Permitting Other Than Full and Open Competition.” FAR 6.302 lists the seven exceptions for contracting without full and open competition:

- FAR 6.302-1, “Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements;”
- FAR 6.302-2, “Unusual and Compelling Urgency;”
- FAR 6.302-3, “Industrial Mobilization; Engineering, Developmental, or Research Capability; or Expert Services;”
- FAR 6.302-4, “International Agreement;”
- FAR 6.302-5, “Authorized or Required by Statute;”
- FAR 6.302-6, “National Security;” and
- FAR 6.302-7, “Public Interest.”

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. FAR 6.303-2, “Content,” requires each justification to contain sufficient facts and rationale to justify the use of the authority cited. At a minimum each justification must contain:

- the name of the agency and contracting activity and identification of the document as a “Justification for other than full and open competition;”

- a description of the action being approved;
- a description of the supplies or services required to meet the agency's needs, including the estimated value;
- the statutory authority permitting other than full and open competition;
- a demonstration that the contractor's unique qualifications or the nature of the acquisition requires the use of the authority cited;
- a description of the efforts made to ensure offers are submitted from as many sources as practicable, including whether a notice was or will be publicized;
- the contracting officer's determination that the cost to the Government will be fair and reasonable;
- a description and the results of the market research conducted or, if market research was not conducted, a reason it was not conducted;
- any other facts supporting the use of other than full and open competition;
- a listing of sources that expressed written interest in the acquisition;
- a statement of the actions the agency may take to overcome any barriers to competition before a subsequent acquisition; and
- the contracting officer's certification that the justification is accurate and complete to the best of their knowledge and belief.

FAR 6.304, "Approval of the Justification," identifies the person responsible for approving the J&A based on the value of the proposed contract. The thresholds discussed are the thresholds that were in place during the scope of the audit. The contracting officer approves the J&A for a proposed contract not exceeding \$550,000. The competition advocate approves the J&A for a proposed contract of more than \$550,000 but not exceeding \$11.5 million. A general or flag officer, if a member of the military, or a civilian in a position above GS-15 under the general schedule, approves the J&A for a proposed contract of more than \$11.5 million but not exceeding \$78.5 million. The senior procurement executive of the agency approves the J&A for a proposed contract of more than \$78.5 million.

## **FAR Part 10, "Market Research"**

FAR part 10 prescribes policies and procedures for conducting market research to arrive at the most suitable approach for acquiring, distributing, and supporting supplies and services. Agencies are required to conduct market research appropriate to the circumstance before soliciting offers for acquisitions with an estimated value over the simplified acquisition threshold. Agencies are required to use the results of market research to determine if there are appropriate sources or commercial items capable of satisfying the agency's requirements. The extent of market research the agencies conduct varies, depending on factors such as urgency, estimated dollar value, complexity, and past experience. Agencies use market research techniques, such as contacting knowledgeable individuals in Government and industry, reviewing results of recent market research, publishing formal requests for information, querying databases, participating in on-line communication, obtaining source lists of similar items, and reviewing available product literature. Agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition.



## Appendix C. Noncompetitive Contracts Reviewed

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Product or Service</b>	<b>Description</b>	<b>Award Date</b>	<b>Contract Type</b>	<b>Authority Cited</b>	<b>Contract Value*</b>
1	N68335-09-C-0139	Product	114 6U transit cases	2/10/2009	FFP	FAR 6.302-1	\$129,189.36
2	N68335-09-C-0056	Product	An Integrated Logistics Support package for the Diesel and Electric Portable Hydraulic Power Supply	10/15/2008	FFP	FAR 6.302-1	\$649,511.00
3	N68335-09-C-0124	Product	Support for software changes to the Modified Analog Capability and Bus Test Instrument Kits installed in the Consolidated Automated Support System	1/27/2009	CPFF	FAR 6.302-1	\$682,769.76
4	N68335-10-C-0111	Product	15 NOVA Wet Film Processors	1/12/2010	FFP	FAR 6.302-2	\$193,545.00
5	N68335-10-D-0017	Product	2 pilot production units and up to 60 Time and Altitude Test Sets per program year, including associated data and training	4/30/2010	FFP	FAR 6.302-1	\$8,327,024.10
6	N68335-09-C-0398	Product	Maximum of 16 Portable Acoustic Sonobuoy Simulator Test Sets	8/12/2009	FFP	FAR 6.302-1	\$511,500.00
7	N68335-09-C-0459	Product	10 MG3692B Synthesized Generators for the Reconfigurable Transportable Consolidated Automated Support System units	9/25/2009	FFP	FAR 6.302-1	\$314,288.00
8	N68335-10-C-0149	Product	The calibration of ABE Adapter Sets to support the AH-1W. The quantities are 32 each in Fiscal Year 2010, and an option for 30 each in Fiscal Year 2011	2/22/2010	FFP	FAR 6.302-1	\$284,864.00
9	N68335-10-D-0020	Product	Maximum quantity of 580 Type "E" I/O Circuit Cards	7/28/2010	FFP	FAR 6.302-1	\$2,970,059.42

Acronyms, footnotes, and definitions used throughout Appendix C are defined on the final page of Appendix C.

## Appendix C. Noncompetitive Contracts Reviewed (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Product or Service</b>	<b>Description</b>	<b>Award Date</b>	<b>Contract Type</b>	<b>Authority Cited</b>	<b>Contract Value</b>
10	N68335-10-C-0269	Product	Design and installation of a state-of-the-art Automated Antenna Measurement System and integration into the existing 959Spectrum software and non-obsolete hardware at the NAWCAD Webster Field Outdoor Antenna Range	3/16/2010	FFP	FAR 6.302-1	\$456,795.00
11	N68335-09-C-0346	Product	46 Rynglok Tool Kits, with the option for an additional quantity of up to 98 units	8/4/2009	FFP	FAR 6.302-1	\$460,644.00
12	N68335-10-C-0570	Product	2 Mechanical Wrenches with an option for 2 more units	9/24/2010	FFP	FAR 6.302-1	\$51,739.00
13	N68335-09-C-0379	Product	33 Video Monitor Card Software Load Kits for the Alternate Source Display Operational Test Program Set Upgrade, 2 Smart Multi-Function Displays, and 1 Common Avionics Multi-Function Display	8/31/2009	FFP	FAR 6.302-1	\$2,123,865.84
14	N68335-09-C-0149	Product	Specialized Test Equipment to perform depot-level repairs to identified Common Cockpit Avionics Suite Components	6/25/2009	FFP	FAR 6.302-1	\$13,819,474.00
15	N68335-10-C-0156	Product	2 Tube Coordination Measurement System, Arm and Arm Adapters	1/27/2010	FFP	FAR 6.302-1	\$126,225.00
16	N68335-09-C-0080	Product	15 Butterfly Shutoff Valves	1/22/2009	FFP	FAR 6.302-1	\$196,187.10
17	N68335-09-C-0077	Product	4 Water Chiller Units with an option for an additional quantity of up to 4 units	11/19/2008	FFP	FAR 6.302-1	\$150,472.00

Acronyms, footnotes, and definitions used throughout Appendix C are defined on the final page of Appendix C.

## Appendix C. Noncompetitive Contracts Reviewed (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	Contract Number	Product or Service	Description	Award Date	Contract Type	Authority Cited	Contract Value
18	N68335-10-C-0311	Product	16 reels of 1 1/4" Wire Rope, 3,000 feet per reel	5/4/2010	FFP	FAR 6.302-2	\$332,160.00
19	N68335-09-C-0301	Product	11 Multi-Analog Capability modification kits and software licensing	6/2/2009	FFP	FAR 6.302-1	\$2,506,000.01
20	N68335-09-C-0463	Product	1 Gas Turbine Starting System Portable Trolley, including a tailored logistics support package and other deliverable data	9/25/2009	FFP	FAR 6.302-1	\$460,118.68
21	N68335-09-D-0088	Product	Procure and/or design, develop, and manufacture the hardware, logistics support, spares, commercial technical manuals, and associated data related to the manufacture and sustainment of the AMPHIB Low Light	12/9/2008	FFP	FAR 6.302-1	\$11,000,000.00
22	N68335-10-C-0386	Service	Contractor Support Services for the Test Pilot School	6/14/2010	CPFF	FAR 6.302-2	\$379,174.00
23	N68335-09-C-0100	Service	Joint Repair and Support for the Reconfigurable Transportable Consolidated Automated Support System and the Self-Maintenance Automatic Test/Calibration Operational Test Program Set	3/9/2009	CPFF, FFP, and T&M	FAR 6.302-1	\$3,996,373.00
<b>Total Reviewed</b>							<b>\$50,121,978.27</b>

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

CPFF	Cost-Plus-Fixed-Fee
FAR 6.302-1	Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements
FAR 6.302-2	Unusual and Compelling Urgency
FFP	Firm-Fixed-Price
T&M	Time-and-Materials

## Appendix D. Adequate Justification and Approvals

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Content Requirements Met</b>	<b>Authority Cited Appropriately Applied</b>	<b>Justification &amp; Approval Approved By Proper Personnel</b>
1	N68335-09-C-0139	√	√	√
2	N68335-09-C-0056	√	√	√
3	N68335-09-C-0124	√	√	√
4	N68335-10-C-0111		√	√
5	N68335-10-D-0017	√	√	√
6	N68335-09-C-0398		√	√
7	N68335-09-C-0459	√	√	√
8	N68335-10-C-0149	√	√	√
9	N68335-10-D-0020	√	√	√
10	N68335-10-C-0269		√	√
11	N68335-09-C-0346	√	√	√
12	N68335-10-C-0570	√	√	√
13	N68335-09-C-0379	√	√	√
14	N68335-09-C-0149	√	√	√

## Appendix D. Adequate Justification and Approvals (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Content Requirements Met</b>	<b>Authority Cited Appropriately Applied</b>	<b>Justification &amp; Approval Approved By Proper Personnel</b>
15	N68335-10-C-0156	√	√	√
16	N68335-09-C-0080		√	√
17	N68335-09-C-0077	√	√	√
18	N68335-10-C-0311	√	√	√
19	N68335-09-C-0301	√	√	√
20	N68335-09-C-0463		√	√
21	N68335-09-D-0088		√	√
22	N68335-10-C-0386		√	√
23	N68335-09-C-0100	√	√	√

## Appendix E. Market Research Conducted

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Estimated Value on the Justification and Approval (J&amp;A)</b>	<b>Specific Steps Performed</b>	<b>Results of Market Research</b>	<b>Supporting Documentation</b>	<b>Market Research Considered Adequate</b>
1	N68335-09-C-0139	\$173,280.00	Internet search of GSA Advantage and FedStock and reviewed past history and additional manufacturers	Neither site was able to provide pricing and the contractor was the only manufacturer able to meet all the project requirements	J&A	Yes
2	N68335-09-C-0056	\$500,000.00 Addendum increased value to \$649,511.00	Internet search conducted, but specific sites queried were not identified	The contractor has proprietary rights to the drawings and only source capable of providing the required data	J&A	Yes <sup>1</sup>
3	N68335-09-C-0124	\$1,050,000.00	Market research was not conducted <sup>2</sup>	None	J&A	Yes
4	N68335-10-C-0111	\$225,000.00	Market research was not conducted <sup>2</sup>	None	J&A	Yes
5	N68335-10-D-0017	\$4,700,000.00	Request for Information	No responses were received	J&A and Request for Information	Yes
6	N68335-09-C-0398	\$761,500.00	Internet search of Central Contractor Registration, Haystack, and the Naval Aviation Inventory Control Point and subject matter experts were contacted	The contractor was the only responsible source at this time. The Government Subject Matter Expert stated the system currently in use is scheduled to be replaced by new units that will not go into production until 2010	Market research checklist and J&A	Yes
7	N68335-09-C-0459	\$314,288.00	Market research was not conducted <sup>2</sup>	Technical analysis showed that no other source would be able to provide the spares necessary without the technical data package	J&A	Yes

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

## Appendix E. Market Research Conducted (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Estimated Value on the J&amp;A</b>	<b>Specific Steps Performed</b>	<b>Results of Market Research</b>	<b>Supporting Documentation</b>	<b>Market Research Considered Adequate</b>
8	N68335-10-C-0149	\$800,000.00	Internet search of Google, AltaVista, and Lycos. Subject matter experts were consulted	No sources were found. The results indicated that only one contractor could meet the Government's needs	Market research checklist and J&A	Yes
9	N68335-10-D-0020	\$3,120,000.00	Internet search of GSA Advantage and FedStock	The contractor is the sole provider	Market research checklist and J&A	Yes
10	N68335-10-C-0269	\$450,000.00	Internet search of Google. Subject matter experts, industry experts, and contracting manufacturers were contacted	The contractor was the only source and no other system is compatible. It would cost a significant amount of money to replace existing software that is higher than the proposed option	Market research checklist and J&A	Yes
11	N68335-09-C-0346	\$1,534,687.00	Internet search Central Contractor Registration, Haystack, and the Naval Aviation Inventory Control Point. J&A identifies additional websites. Previous buys were reviewed	No other sources were identified. Other vendors identified mainly aircraft parts and fabricating capabilities	Market research checklist & J&A	Yes
12	N68335-10-C-0570	\$104,000.00	Internet search of Dogpile, Yahoo, Google, Lycos, etc. E-mail discussions with the contractor, subject matter experts, trade journals, and previous contracts were reviewed	The contractor was the only source and as the original equipment manufacturer, and it was the only source that can fulfill the requirement	Market research checklist and J&A	Yes
13	N68335-09-C-0379	\$3,000,000.00	Discussions with subject matter experts and the contractor	The contractor will not release the proprietary data, which makes them the only source capable.	J&A	Yes

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

## Appendix E. Market Research Conducted (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Estimated Value on the J&amp;A</b>	<b>Specific Steps Performed</b>	<b>Results of Market Research</b>	<b>Supporting Documentation</b>	<b>Market Research Considered Adequate</b>
14	N68335-09-C-0149	\$16,000,000.00	Industry and subject matter experts were contacted	No sources were identified to provide requirement or integrate the different subsystem	Market research checklist and J&A	Yes
15	N68335-10-C-0156	\$134,940.00	Internet search of Google, Lycos, and ThomasNet. Subject matter experts were contacted	No drawings or technical data were available for the Peculiar Support Equipment item. No other sources were available to meet the requirements	Market research checklist and market research on J&A	Yes
16	N68335-09-C-0080	\$175,000 Addendum increased value to \$475,000	A comparison of specifications and a review of past procurements was performed	The contractor was the only available source with software and the only qualifying source on the drawings. The Government does not own the data necessary to manufacture the valve	J&A and Business Clearance Memorandum	Yes
17	N68335-09-C-0077	\$400,000.00	Market research was not conducted <sup>2</sup>	Fielding two configurations would involve a lot of money and would involve extensive amounts of changes in logistics and engineering data	J&A	Yes
18	N68335-10-C-0311	\$322,160.00	Past performance was reviewed	Urgent need, only the one contractor can meet the need, and the other contractor is consistently late	Market research checklist & J&A	Yes
19	N68335-09-C-0301	\$2,500,000.00	Market research was not conducted <sup>2</sup>	The contractor was the only company that can provide the supplies or services	J&A	Yes

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



## Appendix E. Market Research Conducted (cont'd)

### Noncompetitive Contracts Awarded by NAVAIR Lakehurst Contracting Division From FY 2009-FY 2010

	<b>Contract Number</b>	<b>Estimated Value on the J&amp;A</b>	<b>Specific Steps Performed</b>	<b>Results of Market Research</b>	<b>Supporting Documentation</b>	<b>Market Research Considered Adequate</b>
20	N68335-09-C-0463	\$495,000.00	Internet searches and subject matter experts were used	No comparable support equipment could satisfy the procurement	J&A	Yes
21	N68335-09-D-0088	\$11,000,000.00	Internet searches and camera evaluations and comparisons of other camera programs were reviewed. Past procurements were also reviewed and used.	The contractor was the only source available	J&A and Procurement Plan	Yes
22	N68335-10-C-0386	\$400,000.00	Market research was not conducted <sup>2</sup>	Due to time constraints, market research was not performed	Market research checklist and J&A	Yes
23	N68335-09-C-0100	\$10,400,000.00 First addendum decreased value to \$6,933,333.00, but the second increased the value back to original estimate	Request for Information was issued, and a technical analysis was performed	Future procurements may be competed when the technical data package is complete. The technical analysis showed that no other source was capable without the drawings and configuration knowledge	J&A and Request for Information	Yes

<sup>1</sup> Although the market research conducted was considered adequate, the market research was not adequately documented.

<sup>2</sup> Although market research was not conducted, the rationale provided for not conducting research was considered appropriate.





# Inspector General Department of Defense

