

# Navy awards nearly \$500 million in task orders without competition

BY BOB BREWIN 05/13/2009

The Navy awarded nearly \$500 million in engineering contracts without adequate competition, and the service did not ensure that the majority of the pacts met performance-based and quality assurance standards, according to a report released by the Defense Department's inspector general on Monday.

The report also concluded that while the Government Accountability Office endorsed the award of small business set-aside contracts from Seaport-e, the inspector general said Defense should analyze whether Federal Acquisition Regulations "need to be updated to provide explicit guidance on the allowability of small business set-asides for task orders on multiple award IDIQ [indefinite delivery-indefinite quantity] contacts."

The Navy established the Seaport-e contract five years ago to provide online access to issue task orders so acquisition personnel could quickly execute contracts for engineering work, including systems and process engineering, and program support. The vehicle now provides 1,279 separate IDIQ contacts with a ceiling value of \$47.8 billion.

As of December 2007, the Navy had awarded 1,258 tasks orders off the contract, with a total value of \$16 billion. The contracts went to support Naval Sea Systems Command, Naval Air Systems Command, Naval Supply Systems Command, Space and Naval Warfare Systems Command, Naval Facilities Engineering Command, Navy's Strategic Systems Program, the Marine Corps, the Military Sealift Command, Office of Naval Research and the Defense Threat Reduction Agency, the inspector general said.

The IG audited a sample of 1,106 task orders valued at \$14 billion for its report and determined that 39 of the orders, with a value of \$493.3 million, were not awarded based on adequate competition.

Seaport-e established different periods to allow contractors time to to prepare bids on task orders, depending on the size of the contract: Vendors have 11 to 24 days to bid on contracts valued between \$1 million and \$50 million, and they have 25 days to bid on orders valued at more than \$50 million. But those time periods were often shortened, leading to only one bid by an incumbent contractor, according to the inspector general.

The report also noted that 118 task orders with a total value of \$1.4 billion did not meet quality assurance standards that require awards based on quantifiable and measurable performance-based acquisition standards. The inspector general estimated 89 percent of the 1,106 task orders it reviewed did not meet the quality assurance standards.

In addition, 109 task orders did not specify how the Navy would evaluate a contractor's performance.

Seaport-e also lacks clear management accountability, the inspector general reported. The Naval Sea Systems Command operates the Web portal, and it told the inspector general it does not have the authority to enforce procurement regulations, a responsibility that falls to its military customers.

Warren Suss, a consultant with Suss Consulting, said the report is indicative of problems with multibillion-dollar task order contracts that are widely used throughout the Defense Department, and that contract awards have become close to automatic, with little oversight.

Suss said the problems with Seaport-e illustrates the need to beef up the Defense acquisition workforce, which President Obama [proposed](#) in his 2010 budget. Seaport-e highlights "what happens when you do not have enough staff to manage acquisitions," he added.