



DEFENSE CONTRACTS

Better Monitoring Could Improve DOD's Management of Award Lead Times

Accessible Version

Report to Congressional Committees

March 2024

GAO-24-106528

United States Government Accountability Office

GAO Highlights

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Highlights of [GAO-24-106528](#), a report to congressional committees

March 2024

DEFENSE CONTRACTS

Better Monitoring Could Improve DOD's Management of Award Lead Times

Why GAO Did This Study

DOD uses contracts to procure goods and services ranging from cutting-edge military aircraft to common office supplies. DOD leadership and contractors have expressed concern about the length of time it takes to award contracts, which includes PALT. DOD began collecting data to measure PALT in June 2018 for contracts and orders valued above \$250,000.

A committee report included a provision for GAO to review DOD's efforts to address PALT. This report assesses changes in PALT over a four-year period and the extent of efforts—both DOD-wide and by selected DOD components—to manage and monitor the length of time it takes to award contracts.

GAO selected the four DOD components (Army, Navy, Air Force and Defense Logistics Agency) with the most contracting activity from fiscal years 2019 through 2022 and analyzed data on PALT. GAO also reviewed relevant DOD guidance and memorandums, and interviewed officials at DOD and the selected components.

What GAO Recommends

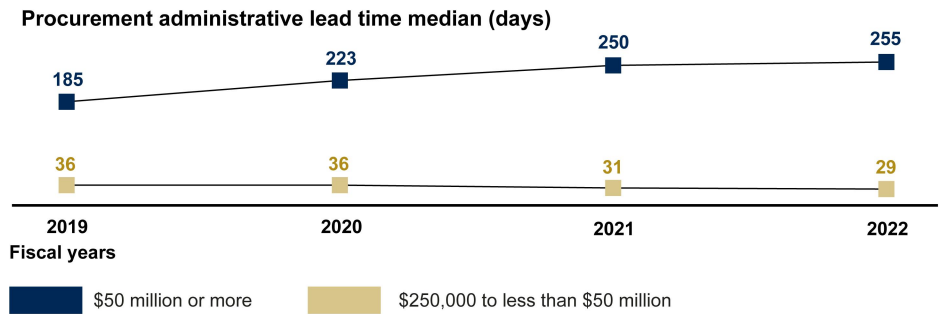
GAO is making 3 recommendations. These include that DOD assess how existing procurement data can be leveraged to monitor PALT across the department, determine if the PALT Tracker is necessary to supplement existing procurement data, and make improvements to its PALT Tracker if it continues to be used to track PALT for procurements over \$250 million in value. DOD agreed with the recommendations.

What GAO Found

The length of time between when an agency solicits offers from potential contractors and the date it awards a contract is known as the procurement administrative lead time (PALT). GAO found that median award lead times, or PALT, generally decreased from fiscal year 2019 through fiscal year 2022 for Department of Defense (DOD) contracts and orders valued above \$250,000. This suggests that DOD has realized some contracting efficiencies since 2018 when it began collecting data to measure PALT. However, PALT varied by characteristics such as total contract value, contracting approach, contract type, extent of competition, and the type of product or service procured. For example, median PALT values increased by 70 days over the

four-year period GAO reviewed for DOD contracts and orders valued over \$50 million.

Change in DOD-wide Median Procurement Administrative Lead Time for All DOD Contracts and Orders Above and Below \$50 Million in Value, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System contract data. | GAO-24-106528

Accessible data for Change in DOD-wide Median Procurement Administrative Lead Time for All DOD Contracts and Orders Above and Below \$50 Million in Value, Fiscal Years 2019–2022

Contract value range	DOD-wide median (days) by fiscal year			
	2019	2020	2021	2022
\$50 million or more	185	223	250	255
\$250,000 to less than \$50 million	36	36	31	29

Source: GAO analysis of Federal Procurement Data System contract data. | GAO-24-106528

After its adoption of the current PALT definition, DOD updated guidance to encourage the use of practices intended to reduce award lead times. For example, DOD reissued its Source Selection Procedures memorandum in August 2022, adding streamlining techniques for procurement officials to consider. These techniques generally reflect practices to reduce PALT that were suggested in a January 2021 Office of Management and Budget memorandum.

While updating guidance is a positive step, DOD does not have insight into PALT at the department-wide level, in part for the following reasons:

- DOD officials do not regularly monitor PALT on a department-wide basis, such as by reviewing PALT data maintained by the defense components or discussing PALT changes with the components.
- A DOD tool, the PALT Tracker, implemented in February 2019 for the detailed tracking of PALT for procurements over \$250 million in value, has data gaps, which limits its usefulness as a monitoring tool. Components reported that it is burdensome and duplicative of other systems they use.

DOD would benefit from engaging with the components to determine how existing procurement data can be leveraged to enhance DOD's visibility into PALT changes and whether the PALT Tracker is still needed. If the PALT Tracker remains necessary to supplement existing procurement data, then improvements are needed to ensure its data are complete.

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Abbreviations

CMLC	Category Management Leadership Council
DFARS	Defense Federal Acquisition Regulation Supplement
DLA	Defense Logistics Agency
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GSA	General Services Administration
IDIQ	indefinite delivery, indefinite quantity
MDAP	Major Defense Acquisition Program
OMB	Office of Management and Budget
PALT	Procurement Administrative Lead Time
PGI	Procedures, Guidance, and Information
S&E	supplies & equipment
SAT	simplified acquisition threshold

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March 14, 2024

Congressional Committees

The Department of Defense (DOD) spends billions of dollars annually on contracts to procure goods and services ranging from cutting-edge military aircraft to common office supplies. DOD leadership and contractors have expressed concerns about the time it takes to award contracts. A number of factors—such as the complexity of the acquisition, contracting approach used, availability of acquisition staff, and quality of information submitted by the potential contractor—can affect the time needed to award contracts. DOD has acknowledged the need to reduce the amount of time it takes to award contracts. For example, in congressional testimony from December 2017, DOD stated that the department was working to reduce the time needed to award contracts for major weapon systems by as much as 50 percent, as measured from requirements validation to contract award. To help accomplish this goal, DOD has put in place a department-wide strategy to collect and report contract award time information to better understand and manage the time needed to award higher-dollar value contracts, specifically those over \$250 million. The Office of Management and Budget (OMB) has also encouraged contracting organizations across the government to work to reduce the time from solicitation to contract award, which is referred to as procurement administrative lead time (PALT). For example, in a 2021 memorandum, OMB suggested a number of business practices—such as product demonstrations—that could potentially reduce PALT.

Senate Report 117-130 included a provision for us to review DOD's efforts to implement OMB's memorandum on PALT and DOD's progress reducing PALT. This report addresses (1) what contracting data show about PALT for DOD and selected components in fiscal years 2019 through 2022; and (2) the extent to which DOD and selected components have implemented processes and key practices to manage and monitor PALT.¹

¹Throughout the report we use both PALT and award lead time to refer to the period from solicitation issuance to contract award while "contract award time" is used to refer to a longer period that includes both PALT and activities that precede solicitation, such as acquisition planning.

For each objective, we focused our review on four DOD components—Army, Navy, Air Force, and the Defense Logistics Agency (DLA)—which were responsible for a large majority of DOD’s contracting activity during fiscal years 2019 to 2022. To determine PALT and changes in PALT over time for DOD and selected components, we analyzed data from the Federal Procurement Data System (FPDS) for all new orders and contracts awarded from fiscal years 2019 through 2022 (hereafter referred to as contracts, or as awards, unless otherwise specified) to include the solicitation and contract signed dates that are used to measure PALT.² We analyzed contracts with an estimated value of more than \$250,000—which is generally the simplified acquisition threshold (SAT)—as a solicitation date is only required to be reported into FPDS for contracts above this threshold.³ We assessed PALT by various characteristics such as total contract value, contracting approach, contract type, extent of competition, and the type of product or service procured as defined by the federal government for category management purposes.⁴ We also took steps to review the reliability of FPDS data reported by DOD and determined the data were sufficiently reliable for reporting PALT and measuring changes in PALT over time for all of DOD and by the selected components.

To determine the extent to which DOD and the selected components implemented processes and key practices to manage and monitor PALT and overall contract award times, we interviewed DOD officials and reviewed relevant documentation concerning DOD’s contract award process. We also reviewed component-level guidance for setting and

²FPDS is the central repository for capturing information on federal contracting that is managed by the U.S. General Services Administration. Federal agencies, including DOD, are responsible for collecting and reporting data into FPDS as required by the Federal Acquisition Regulation (FAR). See FAR subpart 4.6. FPDS was updated in June 2018 to begin collecting a solicitation date, making fiscal year 2019 the first full year when the recording of a solicitation date would allow for PALT to be uniformly measured for DOD contracting activity. Fiscal year 2022 is the most recent year for which we had complete data available from FPDS at the time we performed our analysis.

³The SAT is generally \$250,000, but can increase depending on the particular acquisition. See FAR subpart 2.101 for a definition of the SAT and exceptions to the \$250,000 threshold.

⁴The federal government’s Category Management Initiative is intended to help federal agencies, including DOD, buy like a single enterprise so they can leverage the government’s buying power. See Office of Management and Budget, Deputy Director for Management Memorandum, *Category Management: Making Smarter Use of Common Contract Solutions and Practices* (Mar. 20, 2019). All product and service codes reported into FPDS are aligned with one of 19 categories that are grouped into government-wide common and defense-centric types of spending.

monitoring of contract award time goals and interviewed component-level officials about their use of data on contract award times to make management decisions. In addition, we interviewed DOD and component-level officials and reviewed documentation concerning the internal procurement tracking systems that DOD and the selected components use.

We reviewed and compared DOD contracting guidance to the practices outlined in OMB's January 2021 memorandum to determine the extent to which DOD has incorporated these practices in its own guidance. We also interviewed DOD officials and reviewed documentation about a tool—called the PALT Tracker—that was implemented by DOD in February 2019 to provide visibility into contract award times. We analyzed the data reported into this tool to determine its completeness for oversight purposes by comparing it to data in FPDS. We also compared DOD's management and usage of this data to related principles in the *Standards for Internal Control in the Federal Government*.⁵ For a more detailed description of our scope and methodology, see appendix I.

We conducted this performance audit from January 2023 to March 2024 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.

Background

DOD's contracting process—rooted in the laws and regulations of the Federal Acquisition System—seeks to procure goods and services in a timely manner that satisfy the department's needs in terms of cost and quality.⁶ DOD must also balance other goals identified in statute, regulations, and policy, such as promoting competition, providing opportunities for small business participation, and conducting the contracting process in a transparent manner. In July 2018, we reported that DOD leadership and contractors had expressed concern about the

⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁶See FAR 1.102.

length of time to award contracts.⁷ Subsequently, Congress directed DOD in the National Defense Authorization Act for Fiscal Year 2018 to establish a department-wide definition of PALT and to develop a plan for measuring and publicly reporting data on PALT.⁸ In response, DOD defined PALT as the time from solicitation issuance to when the contract is signed.

In January 2021, OMB's Office of Federal Procurement Policy issued a policy memorandum that established a government-wide PALT definition—consistent with the existing DOD definition—and made the solicitation date a reporting requirement in FPDS for all federal contracts valued above the SAT.⁹ OMB's January 2021 memorandum also provided guidance on steps agencies should consider to reduce PALT. Specifically, the memorandum identifies a total of 16 business practices that cover different phases of the acquisition lifecycle. Thirteen of these practices address the period from solicitation issuance to contract award. For instance, the memorandum suggests using video proposals so vendors can demonstrate a capability that would be time consuming to convey in a written proposal. The memorandum also refers to an online knowledge management tool called the Periodic Table of Acquisition Innovations that documents PALT-reducing practices intended to reduce friction across the acquisition lifecycle.¹⁰ We discuss DOD's efforts to update its guidance to better align with the business practices in OMB's January 2021 memorandum later in the report.

As shown in figure 1, we identified four activities that follow the acquisition planning phase which are relevant to OMB's definition of PALT:

⁷GAO, *Defense Contracts: DOD Should Develop a Strategy for Assessing Contract Award Time Frames*, [GAO-18-467](#) (Washington, D.C.: July 16, 2018).

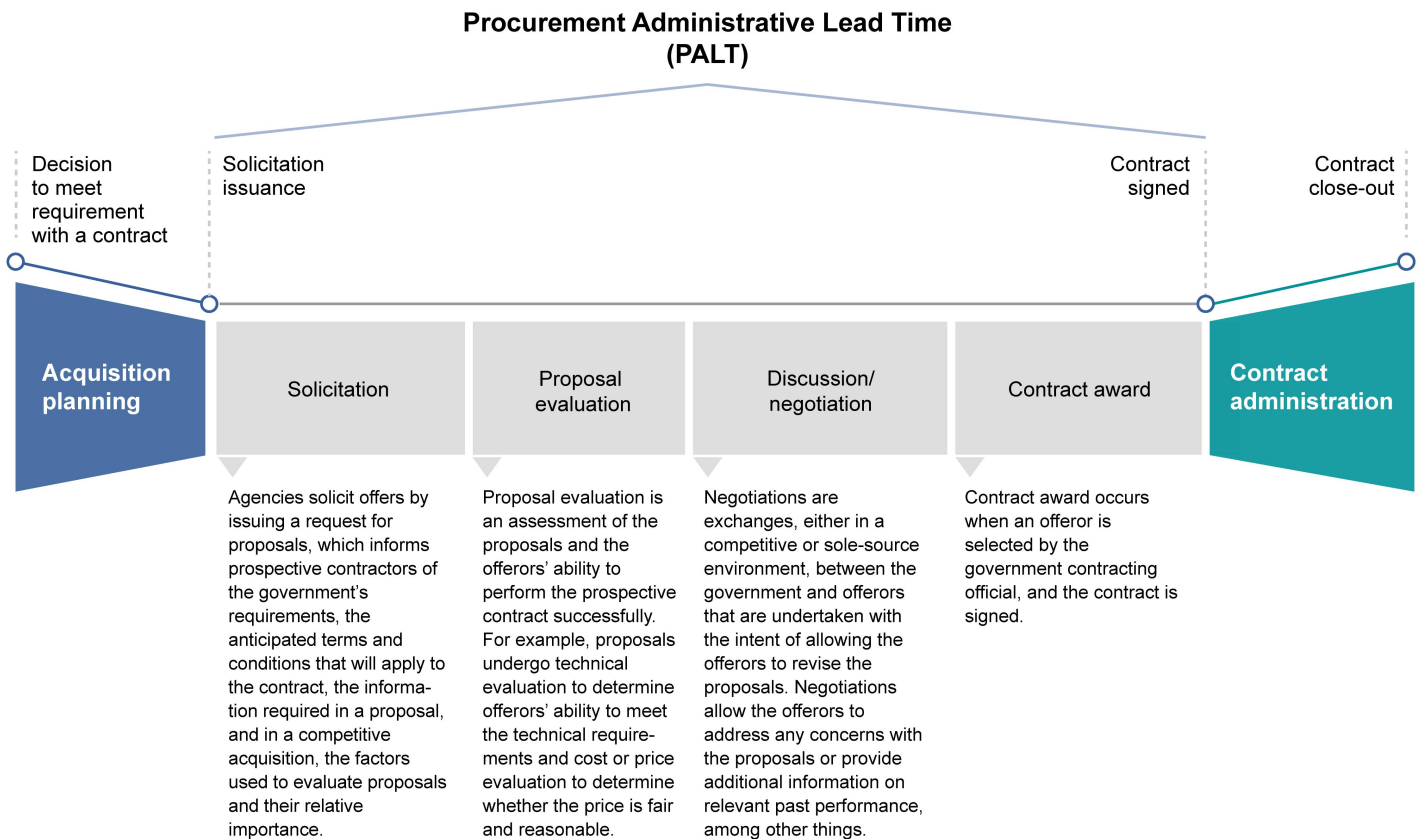
⁸See Pub. L. No. 115-91, § 886 (2017).

⁹Office of Management and Budget, Memorandum, *Reducing Procurement Administrative Lead Time Using Modern Business Practices* (Jan. 14, 2021). Throughout this report we refer to OMB and the Office of Federal Procurement Policy collectively as OMB.

¹⁰As of June 2023, this online tool listed more than 30 streamlining practices across the acquisition lifecycle. Agencies are encouraged to contribute information on innovative buying practices to this tool to help the acquisition workforce community.

solicitation, proposal evaluation, discussion/negotiation, and contract award.¹¹

Figure 1: Activities Pertaining to Contracting by Negotiation Relevant to the Office of Management and Budget’s Definition of PALT



Source: GAO analysis of the Federal Acquisition Regulation and Department of Defense guidance. | GAO-24-106528

Accessible text for Figure 1: Activities Pertaining to Contracting by Negotiation Relevant to the Office of Management and Budget’s Definition of PALT

1. Decision to meet requirement with a contract
2. Acquisition planning

¹¹We identified these four activities—solicitation, proposal evaluation, discussion/negotiation, and contract award—based on regulations pertaining to contracting by negotiation. These four activities are not necessarily included when awarding every negotiated contract, or in all contracting methods and procedures.

3. Procurement Administrative Lead Time (PALT): Solicitation issuance to Contract signed
4. Solicitation issuance
5. **Solicitation:** Agencies solicit offers by issuing a request for proposals, which informs prospective contractors of the government's requirements, the anticipated terms and conditions that will apply to the contract, the information required in a proposal, and in a competitive acquisition, the factors used to evaluate proposals and their relative importance.
6. **Proposal evaluation:** Proposal evaluation is an assessment of the proposals and the offerors' ability to perform the prospective contract successfully. For example, proposals undergo technical evaluation to determine offerors' ability to meet the technical requirements and cost or price evaluation to determine whether the price is fair and reasonable.
7. **Discussion/ negotiation:** Negotiations are exchanges, either in a competitive or sole-source environment, between the government and offerors that are undertaken with the intent of allowing the offerors to revise the proposals. Negotiations allow the offerors to address any concerns with the proposals or provide additional information on relevant past performance, among other things.
8. **Contract award:** Contract award occurs when an offer or is selected by the government contracting official, and the contract is signed.
9. Contract signed
10. Contract administration
11. Contract close-out

Source: GAO analysis of the Federal Acquisition Regulation and Department of Defense guidance. | GAO-24-106528

Note: We identified the four activities—solicitation, proposal evaluation, discussion/negotiation, and contract award—based on regulations pertaining to contracting by negotiation. FAR Part 15 prescribes the policies and procedures for governing competitive and non-competitive acquisitions exceeding the simplified acquisition threshold. A contract awarded using other than sealed bidding procedures is a negotiated contract. These four activities are not necessarily included when awarding every negotiated contract, or in all contracting methods and procedures.

While defining PALT as the period from solicitation issuance to contract award, OMB encouraged agencies that collect and track additional data points and time frames extending before and after this period to maintain these broader efforts, when they are able to do so, to assist in managing the agency's procurement function. These additional time frames include the acquisition planning and contract administration phases, which affect the overall time needed for the government to obtain the products and

service for which contracts are awarded.¹² For example, the acquisition planning phase includes pre-solicitation activities such as market research and defining requirements that can affect the time it takes to issue a solicitation. Similarly, the contract administration phase includes post-award activities such as performance management, delivery of the good or service, and contract close-out.

DOD Officials with Contract Award Time Oversight Responsibilities

DOD's Defense Pricing and Contracting office, which reports to the Under Secretary of Defense for Acquisition and Sustainment, is responsible for pricing, contracting, and procurement policy matters across the department. Specifically, it provides DOD's contracting community with policy, guidance, and other resources supporting operations and pricing. For example, Defense Pricing and Contracting maintains and distributes to DOD components guidance documents such as the Source Selection Procedures memorandum, which includes guidance on streamlining the contracting process to yield a timelier contract award. Additionally, Defense Pricing and Contracting issues the Data Improvement and Compliance Plan annually, which outlines measures—such as checking the accuracy of data reported to FPDS data for a sample of awards against source documents—to ensure the reliability of contracting data. This plan also includes steps intended to improve other contracting data systems like the PALT Tracker.

The following component-level organizations monitor and manage contract award times within the components in our review:

- Department of the Air Force – Deputy Assistant Secretary of the Air Force (Contracting)
- Department of the Army – Deputy Assistant Secretary of the Army (Procurement)
- Department of the Navy – Deputy Assistant Secretary of the Navy (Procurement)

¹²Throughout the report we refer to the broader period leading up to contract award as “contract award time” which includes both PALT and activities that precede solicitation, such as acquisition planning.

-
- Defense Logistics Agency – Defense Logistics Agency Acquisition Directorate

DOD's PALT Tracker

In February 2019, as a part of its efforts to reduce contract award times, DOD implemented a new online reporting tool, the PALT Tracker, for major defense acquisition programs and other higher-dollar value contracts with an expected value greater than \$250 million.¹³ The objective of the PALT Tracker is to track both planned and actual dates for a number of key acquisition pre-award milestones, including several that precede solicitation issuance and are not included in OMB's definition of PALT. This tool was intended to provide DOD officials visibility into contract award times and identify steps in the process during the PALT period as well as the pre-PALT acquisition planning phase for which planned and actual dates are reported. Upon initial release of the tool, only dates for noncompetitive procurements were required to be entered, but DOD subsequently expanded it to competitive procurements in a December 2019 update to the Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance and Information.¹⁴ The guidance also instructs that the planned milestone dates be entered into the tool no later than the approval date of the acquisition plan or strategy, and that actual dates be entered no later than one week after their occurrence.

Figure 2 compares the milestones reported to the PALT Tracker to dates reported to FPDS. While these systems are used for different purposes, they each contain certain information relevant to PALT. The PALT Tracker is intended to collect planned and actual dates for 12 different

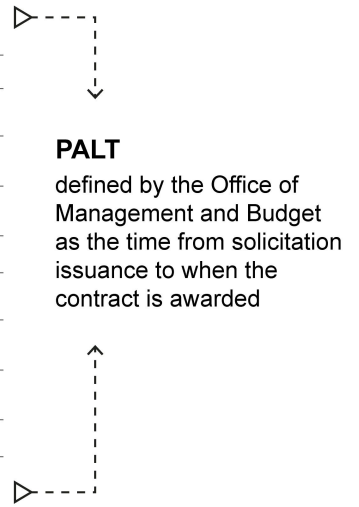
¹³Major defense acquisition programs (MDAPs) generally include those programs that are not a highly sensitive classified program and that are either (1) designated by the Secretary of Defense as an MDAP; or that are (2) estimated to require an eventual total expenditure for research, development, test, and evaluation, including all planned increments or spirals, of more than \$525 million in fiscal year 2020 constant dollars or, for procurement, including all planned increments or spirals, of more than \$3.065 billion in fiscal year 2020 constant dollars. See 10 U.S.C. § 4201(a) and Department of Defense, *Major Capability Acquisition, DOD Instruction 5000.85* (Aug. 6, 2020) (incorporating change 1, Nov. 4, 2021) (reflecting statutory MDAP cost thresholds in fiscal year 2020 constant dollars). Certain programs that meet these thresholds are not considered MDAPs. See 10 U.S.C. § 4201(b).

¹⁴See DFARS Procedures, Guidance and Information (PGI) 204.7001. The DFARS implements and supplements the FAR and DFARS PGI provide other relevant procedures, guidance, and information.

milestones in the acquisition process, while FPDS collects only the two milestones needed to calculate PALT. In addition, the PALT Tracker is designed for data on acquisition milestones to be updated on a continual basis, while FPDS data are reported only after the contract has been awarded.

Figure 2: Acquisition Milestones Reported into the Department of Defense’s Procurement Administrative Lead Time (PALT) Tracker

Contracting Phase / Activity	PALT Tracker Acquisition Milestones (Planned Date and Actual Date)		Reported into FPDS	
			Planned	Actual
Acquisition Planning	1	Acquisition strategy/plan approved	NO	NO
	2	Justification and approval approved	NO	NO
	3	Funded purchase request	NO	NO
	4	Procurement ready requirements package	NO	NO
Solicitation	5	Issue/release request for proposal	NO	YES
Proposal Evaluation	6	Proposal receipt	NO	NO
	7	Technical evaluation	NO	NO
	8	Audit complete	NO	NO
Discussion/ Negotiation	9	Pre-negotiation clearance	NO	NO
	10	Negotiation/discussions concluded	NO	NO
	11	Post negotiation clearance	NO	NO
Contract Award	12	Award	NO	YES



FPDS = Federal Procurement Data System
PALT = Procurement Administrative Lead Time

Source: GAO analysis of Department of Defense (DOD), General Service Administration (GSA), and Office of Management and Budget (OMB) information. | GAO-24-106528

Accessible text for Figure 2: Acquisition Milestones Reported into the Department of Defense’s Procurement Administrative Lead Time (PALT) Tracker

Contracting Phase / Activity	PALT Tracker Acquisition Milestones (Planned Date and Actual Date)	Reported into FPDS	Reported into FPDS	
		Planned	Actual	
Acquisition Planning	1 Acquisition strategy/plan approved	NO	NO	
	2 Justification and approval approved	NO	NO	
	3 Funded purchase request	NO	NO	
	4 Procurement ready requirements package	NO	NO	
Solicitation	5 Issue/release request for proposal	NO	YES	PALT = Procurement Administrative Lead Time, defined by the Office of Management and Budget as the time from solicitation issuance to when the contract is awarded
Proposal Evaluation	6 Proposal receipt	NO	NO	
	7 Technical evaluation	NO	NO	
	8 Audit complete	NO	NO	
Discussion/Negotiation	9 Pre-negotiation clearance	NO	NO	
	10 Negotiation/discussions concluded	NO	NO	
	11 Post negotiation clearance	NO	NO	
Contract Award	12 Award	NO	YES	

Source: GAO analysis of Department of Defense (DOD), General Service Administration (GSA), and Office of Management and Budget (OMB) information. | GAO-24-106528

Note: The PALT Tracker is used by DOD to collect planned and actual acquisition milestone dates for planned procurements with an estimated value greater than \$250 million. FPDS is used by federal agencies, including DOD, to report various types of information on contract awards that are valued above the micro-purchase threshold—generally \$10,000—subject to a few exceptions.

Principal Contracting Approaches Used by DOD

When procuring goods and services, DOD contracting officers must decide on a contracting approach to use. For the purposes of this report, we broadly categorize this choice into one of three approaches—award of a new definitive contract, award of a new indefinite delivery contract upon which future orders can be placed, or issuance of an order under an existing indefinite delivery contract.¹⁵ Definitive contracts are categorized in FPDS as not allowing individual orders to be placed on the contract.¹⁶ The second approach involves the award of new indefinite delivery contracts that give an outline of the scope of work to be provided and set up other general terms and conditions between the DOD and a vendor

¹⁵To determine the contracting approach, we used FPDS data elements which provide transaction information that can be used to categorize awards into one of the three contracting approaches we have defined.

¹⁶Per FAR 4.601, this definition is only relevant for purposes of FPDS reporting and has no significance regarding other parts of the FAR, including part 16 which describes the types of contracts that may be used in acquisitions.

which are incorporated into any future orders.¹⁷ The third approach involves the issuance of orders by DOD contracting officers under existing indefinite delivery contracts that are managed by DOD or other agencies.¹⁸

In addition to choosing a contracting approach, the contracting officer can choose from a number of contract types to acquire goods and services. Contract type varies according to the degree and timing of the responsibility assumed by the contractor for the costs of performance, and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. The primary contract types described by the Federal Acquisition Regulation (FAR) fall into two broad categories—cost-reimbursement and fixed-price—each with potential risks and benefits to the government and the contractor.¹⁹

- **Cost-reimbursement.** The government pays the contractor for allowable incurred costs, to the extent prescribed in the contract. Cost-reimbursement contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.
- **Fixed-price.** Fixed-price types of contracts provide for a firm price or, in appropriate cases, an adjustable price. The contractor is responsible for providing the good or service based on the terms specified in the contract, and bears the risk of cost overruns.

¹⁷Indefinite delivery contracts include indefinite delivery, indefinite quantity (IDIQ) contracts, which provide for an indefinite quantity, within stated limits, of supplies or services during a fixed period and allow the government to place orders for individual requirements as needs arise. See FAR 16.504. FPDS also categorizes blanket purchase agreements and basic ordering agreements as indefinite delivery contracts. We excluded blanket purchase agreements and basic ordering agreements established by DOD from our analysis because these are not contracts and solicitation dates are not reported into FPDS for them.

¹⁸For the purposes of our analysis, this contracting approach includes contract awards reported into FPDS as delivery/task orders, blanket purchase agreement calls, and purchase orders. This includes orders off of Federal Supply Schedule and Government-wide Acquisition Contracts that can be used by multiple agencies to procure goods and services by placing orders and leverage the government's buying power.

¹⁹Additional contract types available to the government include time-and-materials and labor-hour contracts. For fiscal years 2019 through 2022, our analysis of FPDS data showed these contract types made up less than 1 percent of all DOD awards above the simplified acquisition threshold.

Prior GAO Work

We previously reported on DOD contract award time frames in July 2018.²⁰ At that time, we found that while DOD proposed reducing the time it takes to award contracts related to weapon systems, it had a limited understanding of how long such awards take and lacked a baseline from which to measure any reductions to award time frames. We recommended that DOD develop a strategy that identified the information it needed to collect and how it would use the information to assess contract award time frames. DOD concurred with this recommendation and developed the PALT Tracker in response.

Award Lead Times Decreased for DOD Contracts Generally, but Increased for Higher Value, Competitive Awards

We found that the median award lead times, or PALT, for DOD contracts generally decreased from fiscal years 2019 through 2022.²¹ However, it varied by characteristics such as contracting approach, total contract value, contract type, and the different types of products or services procured.²² For example, while the median PALT value decreased overall from fiscal years 2019 through 2022, we found it increased for competitively awarded contracts valued over \$50 million.

DOD Award Lead Times Decreased Overall

Median PALT values decreased for all DOD contracts above the simplified acquisition threshold from fiscal years 2019 through 2022. Specifically, we found that DOD-wide median PALT decreased by more

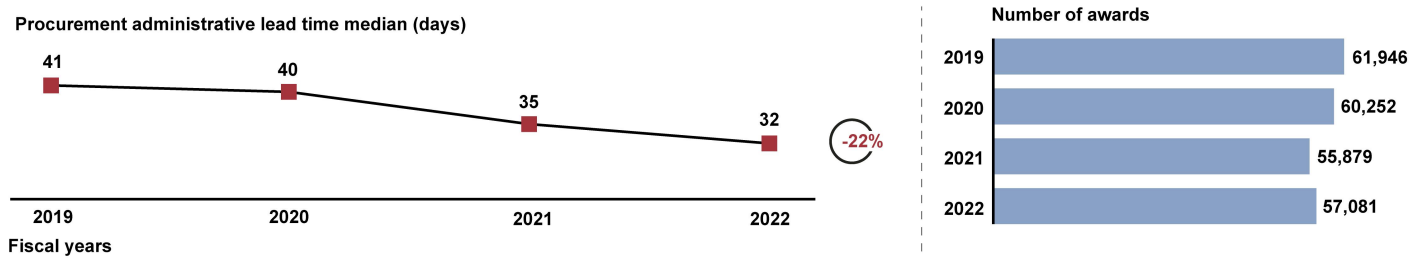
²⁰[GAO-18-467](#).

²¹The median is the middle value that separates a population into equal numbers of higher and lower value observations. It is one measure of the central tendency of a population's distribution. An alternative measure of this is the arithmetic average or mean—the sum of all observed values divided by the number of observations. Throughout this report, we use the median instead of a mean because it is less affected by extreme values.

²²Total contract value represents the total amount that could be obligated on a contract or order if the base and all options are exercised. This differs from total dollars obligated which denotes the actual amount that has been obligated to date on a contract or order after award for the payment of goods and services ordered or received.

than 20 percent, from 41 days in fiscal year 2019 to 32 days in fiscal year 2022 (see fig. 3).

Figure 3: Change in DOD-wide Median Procurement Administrative Lead Time and Number of DOD Contracts, Fiscal Years 2019–2022



% Percentage change from fiscal year 2019 to 2022

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 3: Change in DOD-wide Median Procurement Administrative Lead Time and Number of DOD Contracts, Fiscal Years 2019–2022

	2019	2020	2021	2022	Percentage change from fiscal year 2019 to 2022
Procurement administrative lead time median (days) by fiscal year	41	40	35	32	-22
Number of awards by fiscal year	61,946	60,252	55,879	57,081	NA

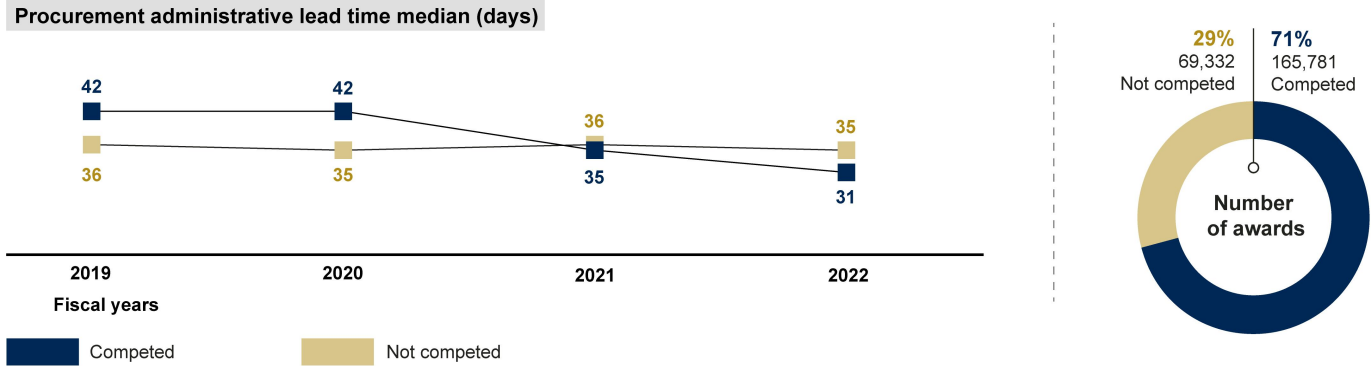
Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold.

We also found a similar decrease in median PALT values for Army and Navy contracting activity—decreases of 13 and 12 percent, respectively—over the same four-year period, while median PALT generally remained steady for the Air Force and DLA.

Additionally, we found that median PALT decreased for competed contracts overall, but generally remained steady for contracts that were not competed from fiscal years 2019 through 2022 (see fig. 4).

Figure 4: Change in DOD-wide Median Procurement Administrative Lead Time Based on the Extent of Competition, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 4: Change in DOD-wide Median Procurement Administrative Lead Time Based on the Extent of Competition, Fiscal Years 2019–2022

	Procurement administrative lead time median (days) by fiscal year				Number of awards	Number of awards
	2019	2020	2021	2022		
Competed	42	42	35	31	71%	165,781
Not competed	36	35	36	35	29%	69,332

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

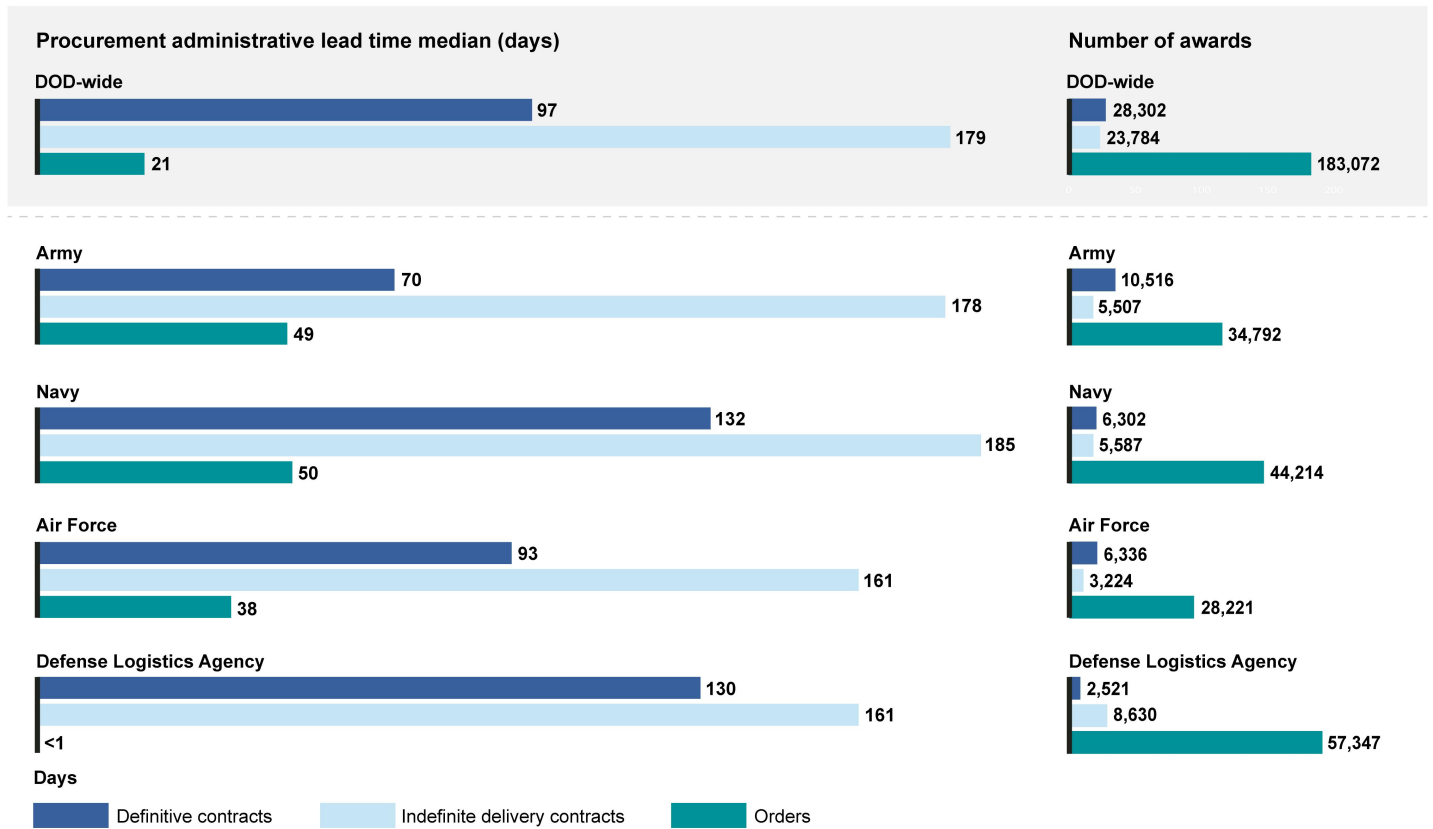
Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. For the purposes of this report, competed contracts included (1) contracts and orders coded in FPDS as “full and open competition,” “full and open competition after exclusion of sources,” and “competed under simplified acquisition procedures”; and (2) orders coded as “subject to multiple award fair opportunity,” “fair opportunity given,” and “competitive set aside.” Not competed contracts included (1) contracts and orders coded in FPDS as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures”; and (2) orders coded as an exception to fair opportunity that include “urgency,” “only one source,” “minimum guarantee,” “follow-on action following competitive initial action,” “other statutory authority,” and “sole source.” Even for contracts and orders identified as not competed, agencies may have solicited more than one source.

DOD Award Lead Times Varied by Contracting Approach, Total Contract Value, and Product or Service Procured

We found that PALT can vary (1) depending on factors such as contracting approach, total contract value, and contract type, and (2) by the different types of products or services procured. For instance, with regard to contracting approach, we found that median PALT values for orders were much shorter than the medians for definitive contracts and indefinite delivery contracts. We saw similar variation in medians by

contracting approaches across each of the selected components, as shown in figure 5.

Figure 5: Median Procurement Administrative Lead Time by Contracting Approach and Number of Contracts, Measured DOD-wide and for Selected Components, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 5: Median Procurement Administrative Lead Time by Contracting Approach and Number of Contracts, Measured DOD-wide and for Selected Components, Fiscal Years 2019–2022

	Procurement administrative lead time median (days)			Number of awards		
	Definitive contracts	Indefinite delivery contracts	Orders	Definitive contracts	Indefinite delivery contracts	Orders
DOD-wide	97	179	21	28,302	23,784	183,072
Army	70	178	49	10,516	5,507	34,792
Navy	132	185	50	6,302	5,587	44,214
Air Force	93	161	38	6,336	3,224	28,221

	Procurement administrative lead time median (days)			Number of awards		
	Definitive contracts	Indefinite delivery contracts	Orders	Definitive contracts	Indefinite delivery contracts	Orders
Defense Logistics Agency	130	161	<1	2,521	8,630	57,347

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. Median procurement administrative lead time for Defense Logistics Agency orders was calculated as less than 1 day when the same date was reported for solicitation issuance and order signed. This occurred for almost 90 percent of these orders.

As shown above, we found median PALT for orders was often much shorter compared to median PALT for definitive contracts and indefinite delivery contracts. For example, orders can be placed directly on an indefinite delivery contract awarded to one vendor where general terms and conditions are already established. In addition, the Federal Supply Schedule’s indefinite delivery contracts are intended to provide federal agencies with a simplified process for obtaining commercial supplies and services.²³ In some cases, the time required to place an order on an indefinite delivery contract is very short—for instance, we found that median PALT for orders placed by DLA was under one day. DLA officials stated that this is because it awards many orders for commercial goods and services and other supply items on existing indefinite delivery contracts, in many cases with the assistance of computer automation, which allows it to process the awards in less than a day.²⁴

We found median PALT values, both DOD-wide and within selected components, were generally longer for the award of definitive contracts and orders with larger total contract values. For instance, over 85 percent of all definitive contracts awarded, and over 90 percent of all orders issued by DOD from fiscal years 2019 through 2022 were below \$10 million in value, and had shorter median PALT timeframes (see fig. 6).²⁵

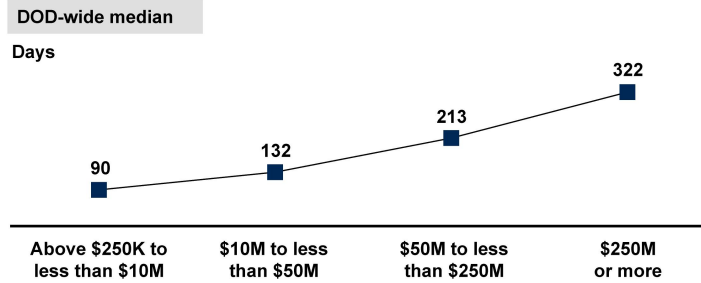
²³See FAR 8.402.

²⁴DLA’s contracting activities generally consist of high-volume simple contract awards for supplies.

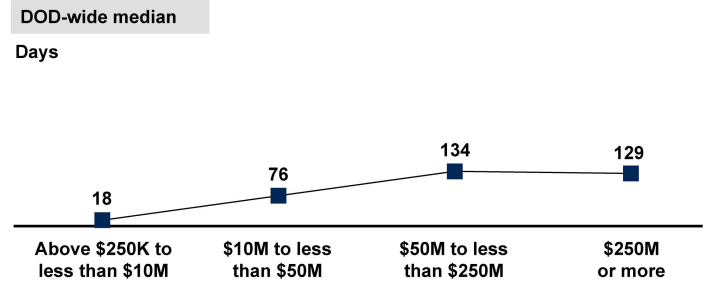
²⁵While there were fewer contracts and orders above \$10 million in value, these higher value contracts and orders accounted for 70 percent of DOD’s obligations during fiscal years 2019 through 2022 on contracts and orders greater than \$250,000 in value.

Figure 6: Median Procurement Administrative Lead Times and Number of Definitive Contracts and Orders by Total Contract Value Ranges, Fiscal Years 2019–2022

Definitive contracts

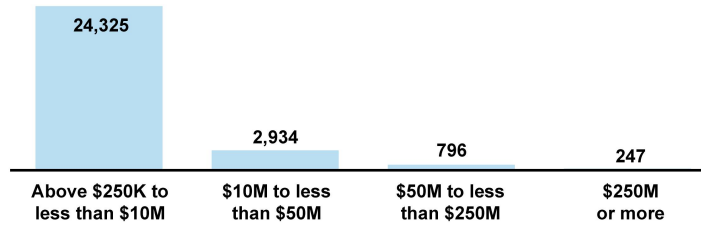


Orders



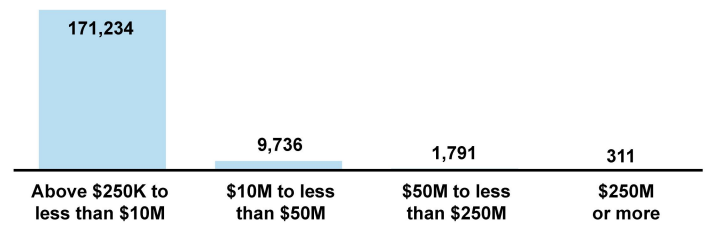
Overall DOD

Number of awards



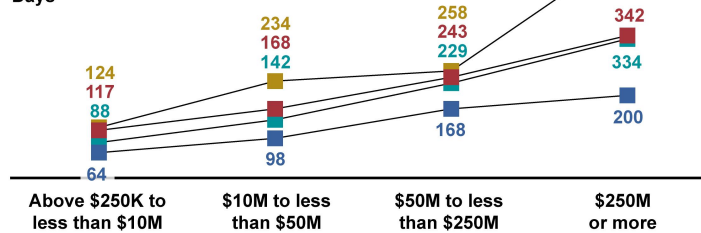
Overall DOD

Number of awards



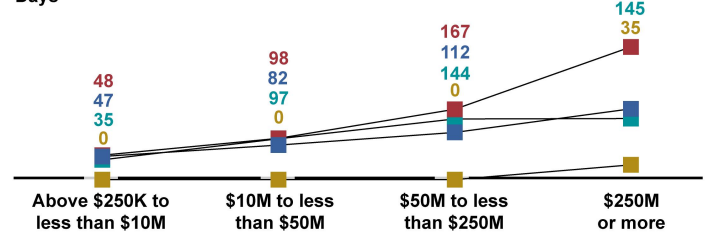
Component-level median

Days



Component-level median

Days



K = thousands
M = millions
DLA = Defense Logistics Agency

Army Air Force Navy DLA

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 6: Median Procurement Administrative Lead Times and Number of Definitive Contracts and Orders by Total Contract Value Ranges, Fiscal Years 2019–2022

Data tables for Figure 6 line charts in bottom and top third of figure (DOD-wide and Component-level medians)

Letter

Definitive contracts Median PALT days Dollar value ranges	DOD-wide (Top line chart data)	Component-level median (Bottom line chart data)			
		Army	Navy	Air Force	DLA
\$250k to <\$10M	90	64	117	88	124
\$10M to <\$50M	132	98	168	142	234
\$50M to <\$250M	213	168	243	229	258
\$250M or more	322	200	342	334	1,707

Orders Median PALT days Dollar value ranges	DOD-wide (Top line chart data)	Component-level median (Bottom line chart data)			
		Army	Navy	Air Force	DLA
\$250k to <\$10M	18	47	48	35	0
\$10M to <\$50M	76	82	98	97	0
\$50M to <\$250M	134	112	167	144	0
\$250M or more	129	168	315	145	35

Data tables for Figure 6 bar charts in middle third of figure (Number of awards for Definitive contracts and Orders)

Overall DOD Number of awards Dollar value ranges	Definitive contracts	Orders
>\$250k to <\$10M	24,325	171,234
\$10M to <\$50M	2,934	9,736
\$50M to <\$250M	796	1,791
\$250M or more	247	311

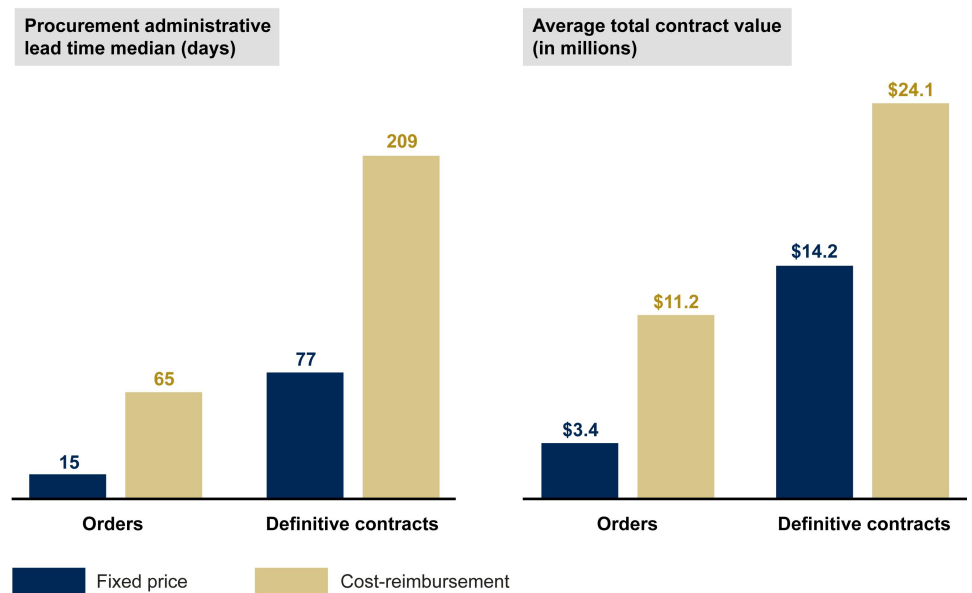
Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. According to DLA officials, the large median procurement administrative lead time we calculated for DLA definitive contracts with total contract values of \$250 million or more is likely due to its use of what officials referred to as administrative contracts or orders, issued under existing long-term base contracts.

We found that PALT also differed by type of contract used by DOD. Median PALT values for fixed-price definitive contracts and orders were generally shorter than for cost-reimbursement definitive contracts and orders. In many cases, fixed-priced contracts were used in conjunction with the streamlined procedures permitted for the acquisition of commercial products and commercial services. The FAR prohibits the use

of cost-reimbursement contracts for acquiring commercial items.²⁶ Figure 7 shows median PALT and average total contract value by contract type for orders and definitive contracts.

Figure 7: DOD-wide Median Procurement Administrative Lead Time and Average Total Contract Value by Contract Type for Orders and Definitive Contracts, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 7: DOD-wide Median Procurement Administrative Lead Time and Average Total Contract Value by Contract Type for Orders and Definitive Contracts, Fiscal Years 2019–2022

	Procurement administrative lead time median (days)		Average total contract value (in millions)	
	Fixed price	Cost-reimbursement	Fixed price	Cost-reimbursement
Orders	15	65	\$3.4	\$11.2

²⁶See FAR 16.301-3(b). See also FAR Part 12 which sets forth the streamlined procedures that apply to the acquisition of commercial products and commercial services. For example, contracting officers can use streamlined solicitation procedures, which can reduce the time needed to solicit offers. See FAR 12.204. In addition, any acquisition that meets the definition of a commercial product or commercial service is generally exempt from the requirement to obtain certified cost or pricing data in order to determine price reasonableness. See FAR 15.403-1.

	Procurement administrative lead time median (days)		Average total contract value (in millions)	
	Fixed price	Cost-reimbursement	Fixed price	Cost-reimbursement
Definitive contracts	77	209	\$14.2	\$24.1

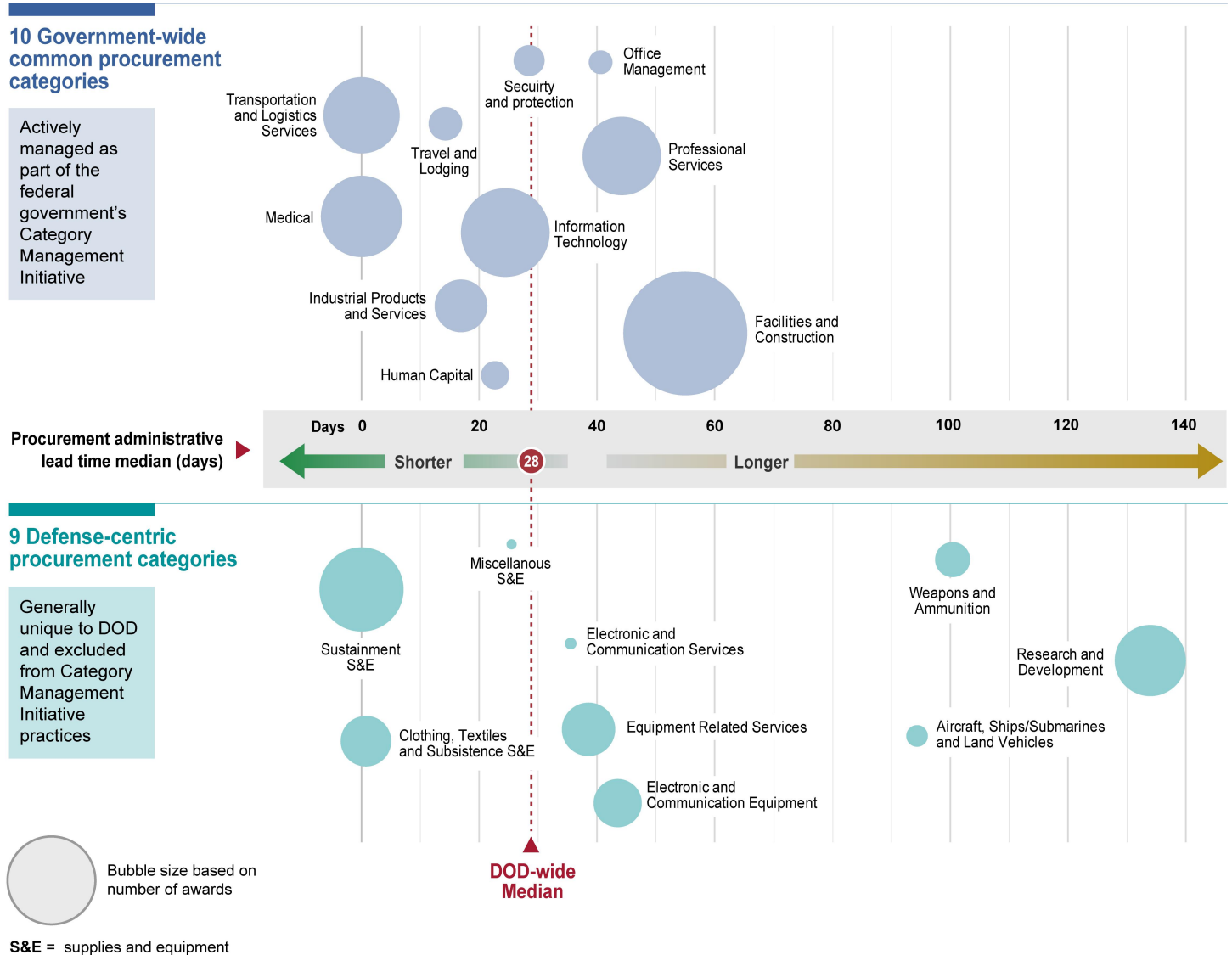
Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. Fixed-price and cost-reimbursement contract types may be used in combination within the same contract or order where there are separate line items for labor, travel, different products or deliverables, etc., unless otherwise prohibited. Per the Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance and Information, when entering contract type information into FPDS, the data entrant is to choose the contract type that is applicable to the predominant amount of the contract, based on the value of the line items. For the purposes of our report, fixed-price contracts include those coded in FPDS as “firm fixed price,” “fixed price incentive,” “fixed price award fee,” “fixed price redetermination,” “fixed price with economic price adjustment,” and “fixed price level of effort.” Cost-reimbursement contracts include those coded in FPDS as “cost plus fixed fee,” “cost plus incentive fee,” “cost plus award fee,” “cost no fee,” and “cost sharing.” We excluded two other types of contracts—time-and-materials and labor hours—from this analysis due to the low number of contracts and orders in these categories.

PALT also varied by the type of product or service being procured, with many defense-centric categories having longer median PALT values.²⁷ We found median PALT was generally shorter among the government-wide common procurement categories, which include goods and services commonly acquired by federal agencies. These goods and services can be obtained by using time-saving measures, when applicable, such as issuing orders on existing contracts or using streamlined award procedures that are permitted for the procurement of commercial items. In comparison, median PALT was usually longer for the defense-centric categories, such as research and development. Figure 8 illustrates median PALT values for the different government-wide common and defense-centric categories.

²⁷The federal government’s Category Management Initiative classifies federal spending into nineteen categories. The first 10 relate to common goods and services procured by every agency, including DOD, with the other nine classified as defense-centric and generally unique to DOD. The procurement activities included in the nine defense-centric categories are managed under DOD’s acquisition management system and excluded from the category management initiative charter and direction of the Category Management Leadership Council.

Figure 8: Median Procurement Administrative Lead Times and Number of Definitive Contracts and Orders by Type of Product or Service Procured, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 8: Median Procurement Administrative Lead Times and Number of Definitive Contracts and Orders by Type of Product or Service Procured, Fiscal Years 2019–2022

	Product and service procurement categories	Number of awards	DOD-wide median
Government-wide common	Facilities & Construction	46,497	56

Letter

	Product and service procurement categories	Number of awards	DOD-wide median
	Human Capital	2,449	23
	Industrial Products & Services	8,410	17
	Information Technology	23,833	25
	Medical	19,970	0
	Office Management	1,667	41
	Professional Services	18,594	45
	Security and Protection	2,943	29
	Transportation and Logistics Services	17,645	0
	Travel & Lodging	3,449	14
Defense-centric	Aircraft, Ships/Submarines & Land Vehicles	1,392	97
	Clothing, Textiles & Subsistence S&E	7,734	0
	Electronic & Communication Equipment	6,993	44
	Electronic & Communication Services	411	36
	Equipment Related Services	8,602	39
	Misc S&E	332	26
	Research and Development	15,284	137
	Sustainment S&E	21,411	0
	Weapons and Ammunition	3,697	103

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

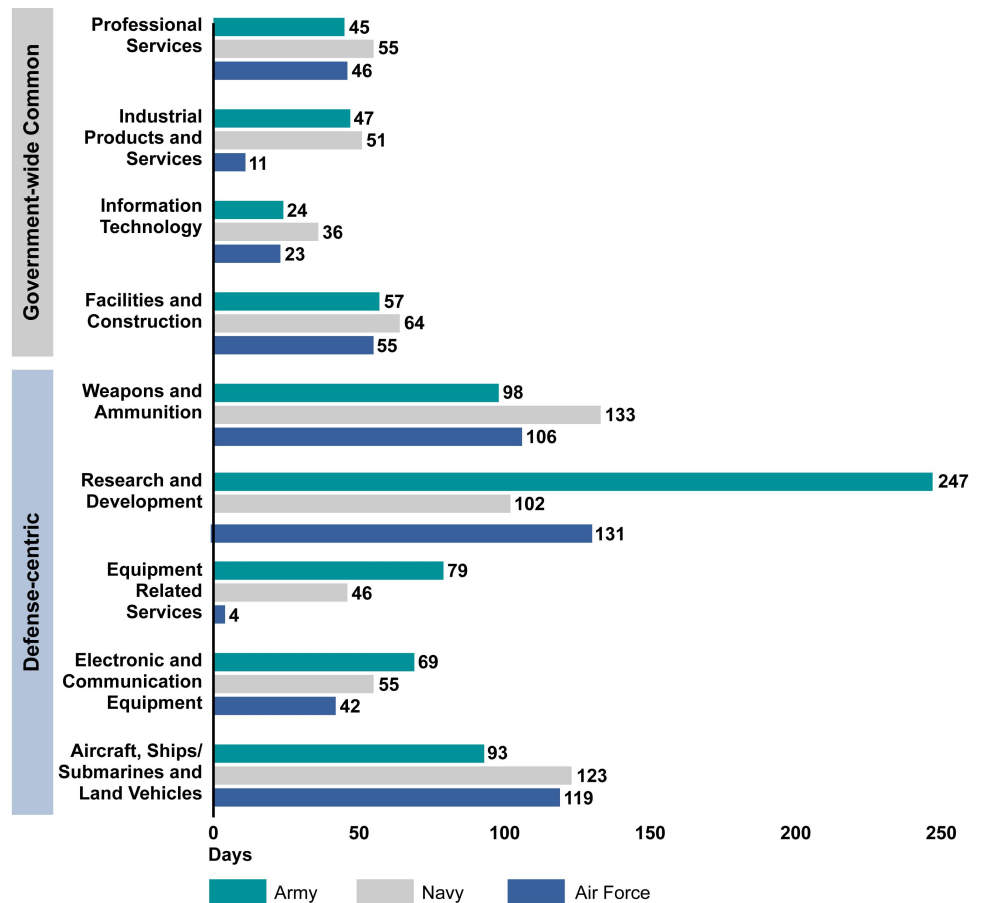
Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. To show DOD’s contract awards by the 19 procurement categories above, we used the government-wide category management taxonomy to group the FPDS reported product and service codes identified for each contract and order. The federal government’s Category Management Initiative is intended to help agencies, including DOD, buy like a single enterprise so they can leverage the government’s buying power. When a contract or order includes more than one product and/or service type, data entrants are to report into FPDS the product or service code that represents the predominant type of product or service procured.

For awards made in fiscal years 2019 through 2022, there were substantial differences between the Army, Navy, and Air Force in median PALT values within some categories of products and services, particularly for defense-centric categories.²⁸ Median PALT differed by only a few days across the three components within some government-wide common categories, but varied much more for defense-centric categories. For example, within the Research and Development category, we found the median PALT value was 247 days for the Army and 102 days for the

²⁸Due to the nature of the Defense Logistics Agency’s procurement support, procurement administrative lead time is measured as less than 1 day for a majority of its contract awards made in fiscal years 2019 through 2022, so we excluded it from this analysis.

Navy. Similarly for the Weapons & Ammunition category, median PALT was 133 days for the Navy and 98 days for the Army. Figure 9 compares median PALT values across the Army, Navy, and Air Force for selected types of product or service procured.

Figure 9: Median Procurement Administrative Lead Times by Selected Components and Type of Product or Service Procured for Definitive Contracts and Orders, Fiscal Years 2019–2022



Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 9: Median Procurement Administrative Lead Times by Selected Components and Type of Product or Service Procured for Definitive Contracts and Orders, Fiscal Years 2019–2022

Product and service procurement categories	Army	Navy	Air Force
Government-wide Common Professional Services	45	55	46

	Product and service procurement categories	Army	Navy	Air Force
	Industrial Products and Services	47	51	11
	Information Technology	24	36	23
	Facilities and Construction	57	64	55
Defense-centric	Weapons and Ammunition	98	133	106
	Research and Development	247	102	131
	Equipment Related Services	79	46	4
	Electronic and Communication Equipment	69	55	42
	Aircraft, Ships / Submarines and Land Vehicles	93	123	119

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. Due to the nature of the Defense Logistics Agency’s procurement support, procurement administrative lead time is measured as less than 1 day for a majority of its contract awards made in fiscal years 2019 through 2022, so we excluded it from this analysis.

DOD Award Lead Times Increased for Higher Value, Competitive Awards

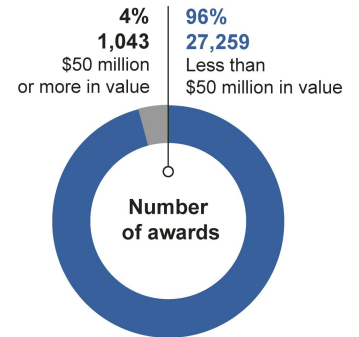
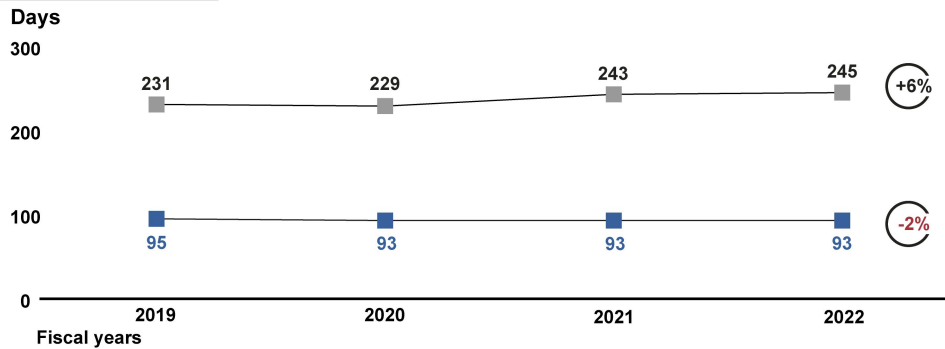
Our analysis of the FPDS data found that median PALT increased over the four-year period for contracts with higher dollar values. Specifically, median PALT increased for awards valued at or above \$50 million from fiscal years 2019 through 2022 within each contracting approach, while decreasing for contracts below \$50 million in value.²⁹ For instance, we found median PALT increased over the four-year period by more than 25 percent, from 109 days to 139 days, for orders valued above \$50 million while decreasing by almost 20 percent from 22 days to 18 days for orders valued at less than \$50 million. Figure 10 illustrates these changes in median PALT for each contracting approach.

²⁹We analyzed median PALT values for several categories of higher and lower value awards. Based on these analyses, we identified a threshold of \$50 million to illustrate the differences in median PALT based on contract dollar value. See appendix I for further methodology details.

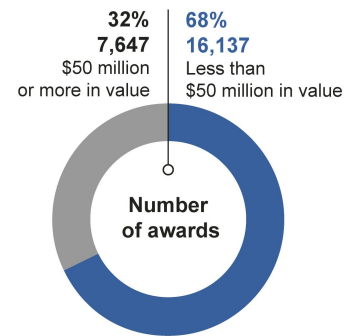
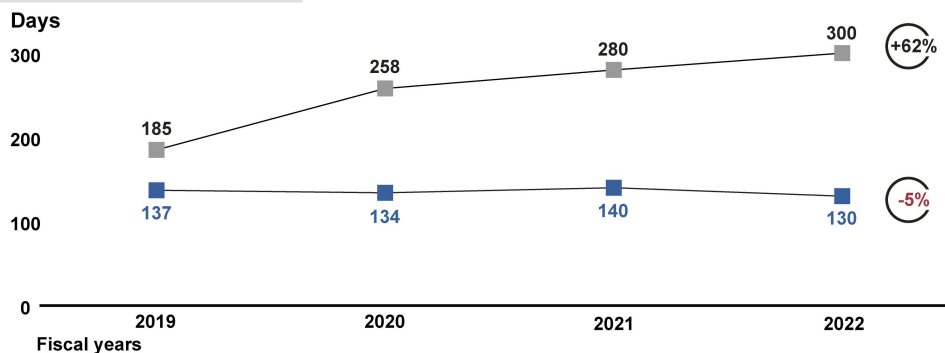
Figure 10: Change in DOD-wide Median Procurement Administrative Lead Time and Total Number of Contracts Above and Below \$50 Million in Value by Contracting Approach, Fiscal Years 2019–2022

DOD-wide median

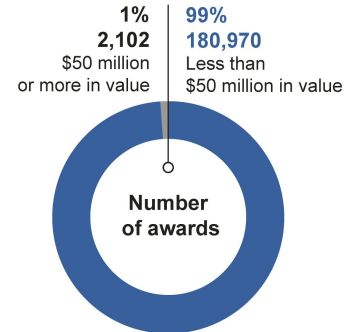
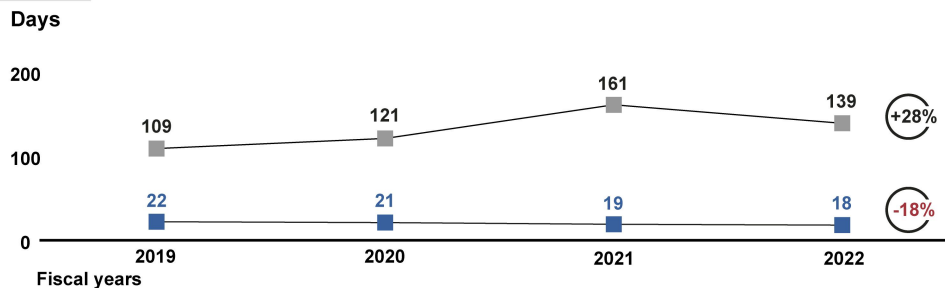
Definitive contracts



Indefinite delivery contracts



Orders



Legend: \$50 million or more Less than \$50 million % Percentage change from fiscal year 2019 to 2022

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 10: Change in DOD-wide Median Procurement Administrative Lead Time and Total Number of Contracts Above and Below \$50 Million in Value by Contracting Approach, Fiscal Years 2019–2022

Data table for Figure 10 line charts

Contracting approach	Contract value range	DOD-wide median (days) by fiscal year				Percentage change from FY 2019 to 2022
		2019	2020	2021	2022	
Definitive contracts	\$50 million or more	231	229	243	245	+6%
	Less than \$50 million	95	93	93	93	-2%
Indefinite delivery contracts	\$50 million or more	185	258	280	300	+62%
	Less than \$50 million	137	134	140	130	-5%
Orders	\$50 million or more	109	121	161	139	+28%
	Less than \$50 million	22	21	19	18	-18%

Data table for Figure 10 donut charts

Contracting approach	Contract value range	Number of awards percentage	Number of awards
Definitive contracts	\$50 million or more	4%	1,043
	Less than \$50 million	96%	27,259
Indefinite delivery contracts	\$50 million or more	32%	7,647
	Less than \$50 million	68%	16,137
Orders	\$50 million or more	1%	99%
	Less than \$50 million	2,102	180,970

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold.

We also found that for awards above \$50 million in value, median PALT generally increased for competitively awarded contracts over this time period. Federal statutes and acquisition regulations generally require that agencies award contracts on the basis of full and open competition through the use of competitive procedures. DOD competitively awarded many of its contracts that were valued at \$50 million or more during the period we reviewed. For example, we found that approximately 60 percent and 90 percent of the definitive contracts and indefinite delivery contracts, respectively, that were valued at \$50 million or more, were competitively awarded by DOD between fiscal years 2019 through 2022.³⁰ Figure 11 compares median PALT over this period for competed and non-

³⁰From fiscal years 2019 through 2022, DOD obligated between 50 to 60 percent of its total contract obligations each year on competitively awarded contracts.

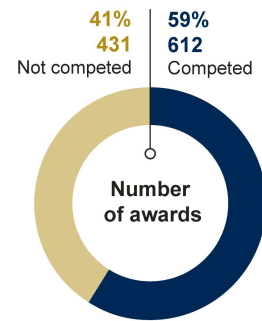
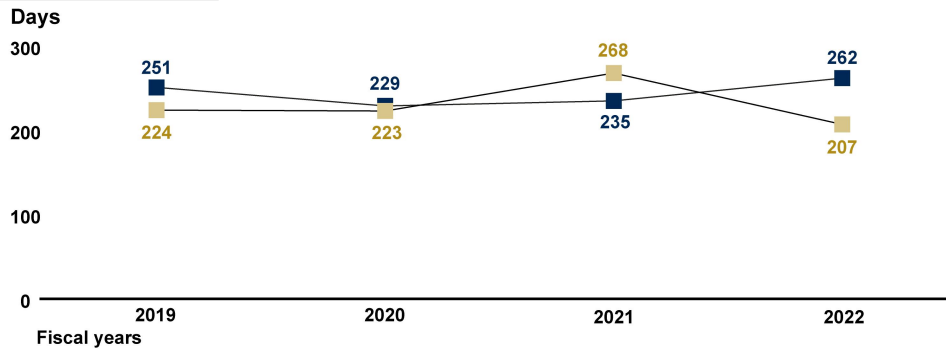
Letter

competed awards valued above \$50 million for each contracting approach.

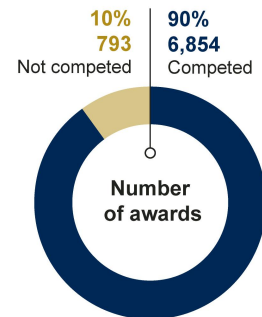
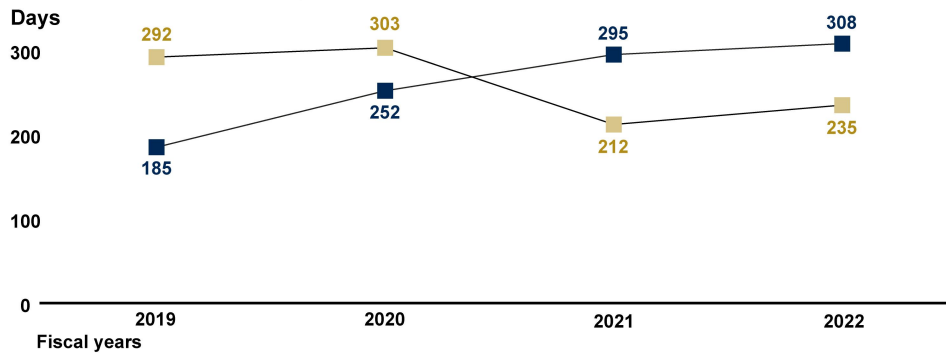
Figure 11: Change in DOD-wide Median Procurement Administrative Lead Time and Total Number of Contracts Above \$50 Million in Value by Extent of Competition and Contracting Approach, Fiscal Years 2019–2022

DOD-wide median

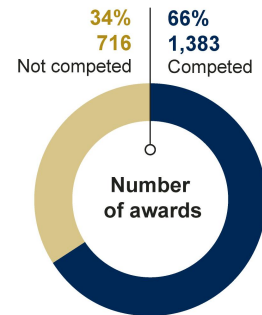
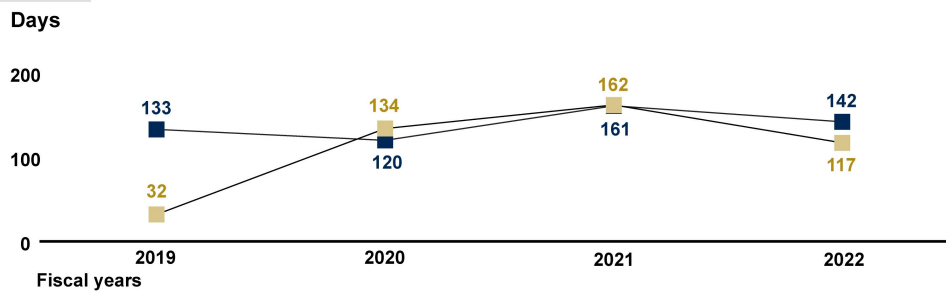
Definitive contracts



Indefinite delivery contracts



Orders



Legend: ■ Competed, \$50 million or more ■ Not competed, \$50 million or more

Source: GAO analysis of Federal Procurement Data System contract data. | GAO-24-106528

Accessible data for Figure 11: Change in DOD-wide Median Procurement Administrative Lead Time and Total Number of Contracts Above \$50 Million in Value by Extent of Competition and Contracting Approach, Fiscal Years 2019–2022

Data table for Figure 11 line charts

Contracting approach	Contract value range	DOD-wide median (days) by fiscal year			
		2019	2020	2021	2022
Definitive contracts	Competed, \$50 million or more	251	229	235	262
	Not competed, \$50 million or more	224	223	268	207
Indefinite delivery contracts	Competed, \$50 million or more	185	252	295	308
	Not competed, \$50 million or more	292	303	212	235
Orders	Competed, \$50 million or more	133	120	161	142
	Not competed, \$50 million or more	32	134	162	117

Data tables for Figure 11 donut charts

Contracting approach	Contract value range	Number of awards percentage	Number of awards
Definitive contracts	Competed	59%	612
	Not competed	41%	431
Indefinite delivery contracts	Competed	90%	6,854
	Not competed	10%	793
Orders	Competed	66%	1,383
	Not competed	34%	716

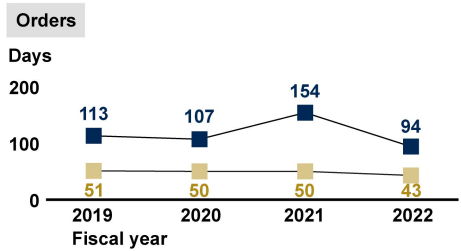
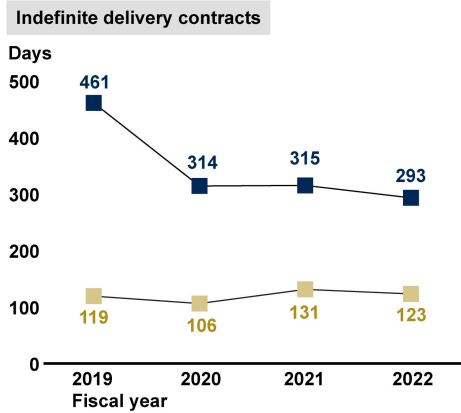
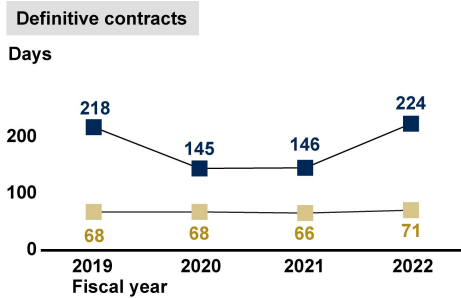
Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: For the purposes of this report, competed contracts included (1) contracts and orders coded in FPDS as “full and open competition,” “full and open competition after exclusion of sources,” and “competed under simplified acquisition procedures”; and (2) orders coded as “subject to multiple award fair opportunity,” “fair opportunity given,” and “competitive set aside.” Not competed contracts included (1) contracts and orders coded in FPDS as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures”; and (2) orders coded as an exception to fair opportunity that include “urgency,” “only one source,” “minimum guarantee,” “follow-on action following competitive initial action,” “other statutory authority,” and “sole source.” Even for contracts and orders identified as not competed, agencies may have solicited more than one source.

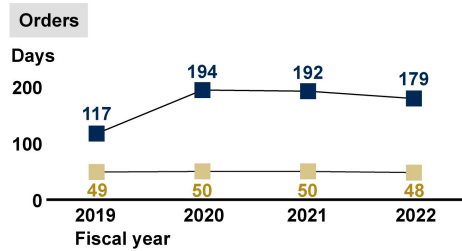
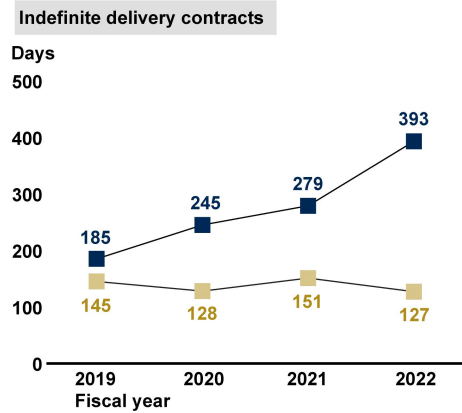
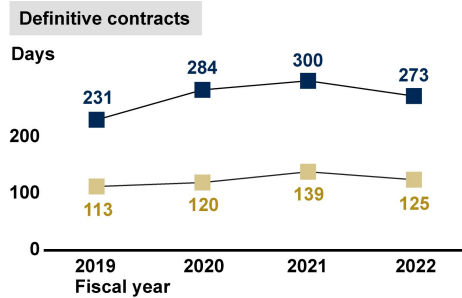
We also analyzed PALT across the different contracting approaches at the component level for awards above and below \$50 million in value. We found median PALT varied among selected components and between the contract dollar value categories for each contracting approach (see fig.12).

Figure 12: Change in Median Procurement Administrative Lead Time by Contracting Approach and Selected DOD Components for Contracts Above and Below \$50 Million in Value, Fiscal Years 2019–2022

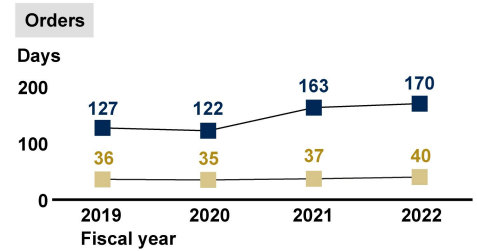
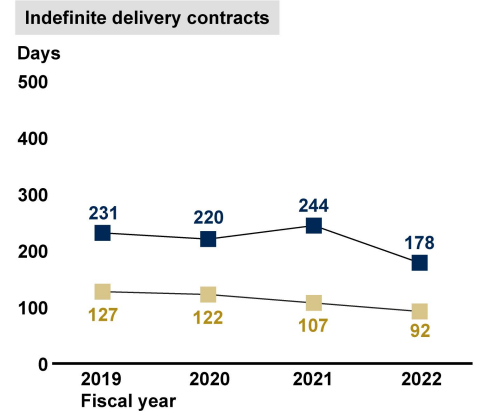
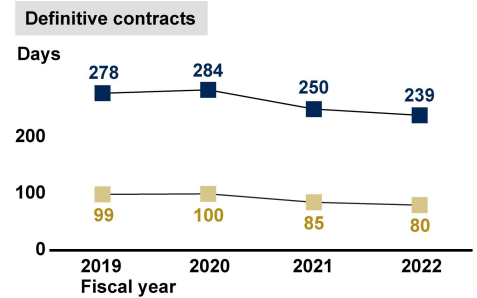
Army



Navy



Air Force



■ \$50 million or more ■ \$250,000 to less than \$50 million

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 12: Change in Median Procurement Administrative Lead Time by Contracting Approach and Selected DOD Components for Contracts Above and Below \$50 Million in Value, Fiscal Years 2019–2022

Data table for Figure 12 – left column of bar graphs

Letter

Army Contracting approach	Contract value range	PALT median in days by fiscal year			
		2019	2020	2021	2022
Definitive contracts	\$50 million or more	218	145	146	224
	\$250,000 to less than \$50 million	68	68	66	71
Indefinite delivery contracts	\$50 million or more	461	314	315	293
	\$250,000 to less than \$50 million	119	106	131	123
Orders	\$50 million or more	113	107	154	94
	\$250,000 to less than \$50 million	51	50	50	43

Data table for Figure 12 – center column of bar graphs

Navy Contracting approach	Contract value range	PALT median in days by fiscal year			
		2019	2020	2021	2022
Definitive contracts	\$50 million or more	231	284	300	273
	\$250,000 to less than \$50 million	113	120	139	125
Indefinite delivery contracts	\$50 million or more	185	245	279	393
	\$250,000 to less than \$50 million	145	128	151	127
Orders	\$50 million or more	117	194	192	179
	\$250,000 to less than \$50 million	49	50	50	48

Data table for Figure 12 – right column of bar graphs

Air Force Contracting approach	Contract value range	PALT median in days by fiscal year			
		2019	2020	2021	2022
Definitive contracts	\$50 million or more	231	284	300	273
	\$250,000 to less than \$50 million	113	120	139	125
Indefinite delivery contracts	\$50 million or more	185	245	279	393
	\$250,000 to less than \$50 million	145	128	151	127
Orders	\$50 million or more	117	194	192	179
	\$250,000 to less than \$50 million	49	50	50	48

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: We excluded contracts from our analysis that were valued at or below \$250,000, generally the simplified acquisition threshold. A solicitation date—used to measure procurement administrative lead time—is not required to be reported into FPDS for awards at or below this threshold. Due to the nature of the Defense Logistics Agency’s procurement support, procurement administrative lead time is measured as less than one day for a majority of its contract awards made in fiscal years 2019 through 2022, so we excluded it from this analysis.

DOD and Components Have Taken Steps to Reduce Contract Award Times, but DOD Lacks Insight into Changes

Since 2018, when it adopted the current definition of PALT, DOD has updated its guidance and tools—such as the Source Selection Procedures memorandum, the Sole Source Streamlining Toolbox, and two best practice documents—to encourage components to use practices intended to reduce contract award times. These documents generally reflect the practices suggested by OMB’s January 2021 memorandum. Further, the selected components use different strategies to manage PALT and generally set goals to monitor award times within their own organizations. However, we found that DOD lacks department-wide insights into PALT because it does not monitor PALT changes across the department. Additionally, DOD’s PALT Tracker, which was to collect information on contract award times for all contracts over \$250 million in value, is of limited use because of incomplete data.

DOD Issued Guidance to Encourage the Use of Practices to Reduce Contract Award Times

In August 2022, DOD’s Defense Pricing and Contracting updated its Source Selection Procedures memorandum to provide additional guidance to streamline the contractor selection process and potentially reduce PALT. This document outlines principles and procedures for contracting officials to follow for all competitively awarded contracts with an estimated value of more than \$10 million, unless waived.³¹ According to Defense Pricing and Contracting officials, they issued their August 2022 memorandum in part to address OMB’s January 2021 memorandum, and incorporated many of OMB’s suggested practices. Figure 13 shows examples of contract award time reducing techniques in DOD’s memorandum that are consistent with the practices suggested in

³¹According to this memorandum, the Principal Director, Defense Pricing and Contracting must provide express, written permission to waive requirements for solicitations valued at \$1 billion or more. Waivers for solicitations valued below \$1 billion must be approved by the cognizant Senior Procurement Executive. The memorandum allows for the Senior Procurement Executive to set lower internal dollar thresholds for use of these procedures, as appropriate.

the OMB memorandum and on the Periodic Table of Acquisition Innovations website.

Figure 13: Comparison of Selected Techniques to Reduce Procurement Administrative Lead Times in DOD’s Source Selection Procedure Memorandum and OMB’s January 2021 Memorandum

DOD Source Selection Procedure Memo	General technique	Office of Management and Budget (Memo and related website)
<p>Oral Presentations: "Real time" presentations of an offeror's proposal and are often delivered in lieu of written information.</p>	<p>Use of Presentations</p>	<p>Oral Presentations: Allows buyers to hear directly from vendors and their technical experts.</p>
<p>Using Demonstrations in Source Selection: "Try before you buy." The evaluation team is able to see the solution (service or supply) in action and understand its capabilities and risks in real time.</p>	<p>Use of Demonstrations</p>	<p>Technical and Product Demonstrations: Allows buyers to see, feel, and test solutions before buying.</p>
<p>Highest Technically Rated Offeror Approach: Allows awards to the highest technically rated proposals that are also found to have a reasonable price without using trade-offs between cost or price and technical.</p>	<p>Prioritizing Technical Capabilities Over Price/Cost</p>	<p>Highest Technically Rated Offeror with Reasonable Price: Allows award to the highest technically rated offer that is also found to have a reasonable price without using trade-offs between cost or price and technical.</p>
<p>Tiered or Gated Approaches: Through market research, or in consultation with subject matter experts, teams may uncover critical or key qualifications, certifications, required experience, or other minimum standards.</p>	<p>Narrowing Competition</p>	<p>Down-Selects and Advisory Down Selects: Use multiple phases with smaller numbers of companies proceeding to the next phase.</p>
<p>General Streamlining Tactics: Noncomplex Requirements Waiver; Focus on Key Discriminators; Price Evaluation; Limiting Competitive Range for Efficiency Purposes; and Preparation for Proposal Evaluation and Source Selection.</p>	<p>Streamlining</p>	<p>General Strategy: Use more innovative and less burdensome processes for conducting acquisitions.</p>

Source: GAO Analysis of Department of Defense (DOD) and Office of Management and Budget (OMB) memorandums. | GAO-24-106528

Accessible data for Figure 13: Comparison of Selected Techniques to Reduce Procurement Administrative Lead Times in DOD’s Source Selection Procedure Memorandum and OMB’s January 2021 Memorandum

DOD Source Selection Memo	General technique	OFPP (Memo and related website)
Oral Presentations: "Real time" presentations of an offeror's proposal and are often delivered in lieu of written information.	Use of Presentations	Oral Presentations: Allows buyers to hear directly from vendors and their technical experts.
Using Demonstrations in Source Selection: "Try before you buy." The evaluation team is able to see the solution (service or supply) in action and understand its capabilities and risks in real time.	Use of Demonstrations	Technical and Product Demonstrations: Allows buyers to see, feel, and test solutions before buying.
Highest Technically Rated Offeror Approach: Allows awards to the highest technically rated proposals that are also found to have a reasonable price without using trade-offs between cost or price and technical.	Prioritizing Technical Capabilities Over Price/Cost	Highest Technically Rated Offeror with Reasonable Price: Allows award to the highest technically rated offer that is also found to have a reasonable price without using trade-offs between cost or price and technical.
Tiered or Gated Approaches: Through market research, or in consultation with subject matter experts, teams may uncover critical or key qualifications, certifications, required experience, or other minimum standards.	Narrowing Competition	Down-Selects and Advisory Down-Selects: Use multiple phases with smaller numbers of companies proceeding to the next phase.
General Streamlining Tactics: Noncomplex Requirements Waiver; Focus on Key Discriminators; Price Evaluation; Limiting Competitive Range for Efficiency Purposes; and Preparation for Proposal Evaluation and Source Selection.	Streamlining	General Strategy: Use more innovative and less burdensome processes for conducting acquisitions.

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Note: Based on our review of all techniques from each of the memorandums and the Federal Acquisition Institute’s Periodic Table of Acquisition Innovations website, we present a selection of techniques from the DOD and OMB memorandums and related website categorized by the five general technique types shown in the middle column.

Further, DOD-wide guidance for sole-source acquisitions, which predates the OMB memorandum, also includes PALT reducing practices suggested by OMB. DOD’s Defense Pricing and Contracting issued a Sole Source Streamlining Toolbox in 2018, and updated it in 2020. It is intended to aid DOD contracting officials in the timely evaluation of large-dollar proposals when in a sole-source acquisition environment. The document identifies four stages of the acquisition process—prior to solicitation, after solicitation but prior to proposal receipt, proposal evaluation, and negotiation—and provides more than 40 suggested streamlining techniques. For example, one pre-solicitation technique suggests contracting officials consider issuing a draft request for proposals to establish dialogue with the contractor to help increase the

efficiency in proposal preparation, evaluation, negotiation, and award of the contract. This streamlining technique mirrors the early communication with potential contractors that OMB encouraged in its January 2021 memorandum.

Since the January 2021 OMB memorandum, Defense Pricing and Contracting also issued two documents to share best practices and provide lessons learned. These two documents are based on contract award peer reviews conducted since 2008.³² These documents are intended to be updated with new practices over time.

- **Best Practices/Lessons Learned for Competitive Acquisitions.** Issued in February 2022, this document identifies six broad issue areas and outlines best practices within each area.³³ For example, to help improve the source selection process, the document suggests that contracting officials only include as source selection criteria those performance requirements that will help determine the superior offeror and not include source selection criteria that are not key discriminators.
- **Best Practices/Lessons Learned for Sole Source Pricing.** Issued in June 2021, this document includes 11 issue areas and identifies several best practices in each area.³⁴ For example, one best practice identified under the requirements area encourages contracting officials to hold the requirements baseline steady from proposal submission through contract negotiation to facilitate timely proposal evaluations and negotiations.

In general, the components we met with stated they encourage the use of PALT-reducing practices identified by OMB and DOD-wide guidance. For

³²The DOD peer review program is currently implemented in accordance with DFARS 201.170, which provides that the Office of the Principal Director, Defense Pricing and Contracting, will conduct pre-award peer reviews for certain procurements valued at \$1 billion or more, or those requiring review as designated by the Under Secretary of Defense for Acquisition and Sustainment regardless of value. DFARS 201.170 also provides that DOD components shall establish their own procedures for conducting pre-award peer reviews of solicitations for competitive and noncompetitive procurements that do not require review by Defense Pricing and Contracting.

³³The six issue areas include Solicitation Evaluation Simplicity and Consistency; Proposal Updates; Proposal Strengths; Independence of the Source Selection Boards, Council and Authority; Incentives; and Aggregate Ratings.

³⁴The 11 issue areas are: Requirements, Contract Type, Incentive/Award Fee, Evaluation Approaches, Subcontracts, Commercial Items, Rates, Profit/Fee, Negotiation Strategy, Financing, and Documentation.

example, an official with the Air Force stated they disseminated the January 2021 OMB memorandum and updated the recurring training for their acquisition workforce to include new material from the August 2022 Source Selection Procedures memorandum. The Army's January 2023 PALT memorandum references the January 2021 OMB memorandum on PALT reducing practices. An official with the Naval Facilities Engineering Systems Command stated that while OMB's January 2021 memorandum is not directly referenced in their policies, their policies do reflect a number of strategies from this memorandum.

DOD Components Have Taken Steps to Manage and Monitor Contract Award Times

The January 2021 OMB memorandum noted that measuring PALT is an important step in helping agencies to understand and better address causes of procurement delays. While DOD Defense Pricing and Contracting officials developed guidance that incorporates suggested practices from OMB's January 2021 memorandum, they view the management and monitoring of PALT to primarily be the responsibility of the DOD components. Consistent with this approach, we found that the selected DOD components employ a number of strategies to manage contract award times. Army and DLA manage PALT at the department level, while Navy and Air Force delegate its management down to the contracting command level or lower. Each of the four components track contract award times, including pre-solicitation milestones and other milestones between solicitation issuance and award. Each component uses its own internal information technology systems to manage the data collected on contract award times and to monitor it. For example, the Naval Air Systems Command uses the Procurement Management Tool to manage its procurement process, including tracking and managing contract award times. From the data collected, the tool allows users to identify constraints within their procurement process and address them. Figure 14 identifies how each selected component tracks its contract award time goals.

Figure 14: Information on Contract Award Time Goals at Selected DOD Components

	Component	Types of new awards tracked	How contracting lead time goals are categorized
Air Force	Air Force Sustainment Center	All contracts and orders	Grouped by contracting approach based on extent competed and dollar value
	Air Force Life Cycle Management Center	Contracts \$50 million and above	Grouped by contracting approach based on extent competed and dollar value
	Space Force Space Systems Command	<i>Delegated to Chiefs of each Contracting Office</i>	
Army	Army	All contracts and orders	Grouped by contracting approach and dollar value
Defense Logistics Agency (DLA)	DLA	All contracts	Grouped by contracting approach and dollar value
Navy	Naval Air Systems Command	All contracts and orders	Grouped by contracting approach and extent competed
	Naval Sea Systems Command	Contracts over \$750,000	Grouped by extent competed
	Naval Facilities Engineering Systems Command	All contracts and orders	Grouped by contracting approach based on dollar value and product or service type

Source: GAO analysis of Department of Defense (DOD) information. | GAO-24-106528

Accessible text for Figure 14: Information on Contract Award Time Goals at Selected DOD Components

	Component	Types of new awards tracked	How contracting lead time goals are categorized
Air Force	Air Force Sustainment Center	All contracts and orders	Grouped by contracting approach based on extent competed and dollar value
	Air Force Life Cycle Management Center	Contracts \$50 million and above	Grouped by contracting approach based on extent competed and dollar value

	Component	Types of new awards tracked	How contracting lead time goals are categorized
	Space Force Space Systems Command	Delegated to Chiefs of each Contracting Office	
Army	Army	All contracts and orders	Grouped by contracting approach and dollar value
Defense Logistics	DLA	All contracts	Grouped by contracting approach and dollar value
Navy	Naval Air Systems Command	All contracts and orders	Grouped by contracting approach and extent competed
	Naval Sea Systems Command	Contracts over \$750,000	Grouped by extent competed
	Naval Facilities Engineering Systems Command	All Contracts and orders	Grouped by contracting approach based on dollar value and product or service type

Source: GAO analysis of Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Each component established contract award time goals, usually specific to contracting approach, extent competed, and estimated contract dollar value. For example:

- The Air Force Sustainment Center categorized its contract awards into four groups by extent competed or contracting approach, and assigned goals for dollar value ranges within each group. For example, within one such group, the Center tracks three estimated dollar-value categories: less than \$10 million, \$10 million to \$100 million, and greater than \$100 million, with a separate goal assigned to each. According to Air Force Sustainment Center officials, their goals factor in previous years' data such as the difference between planned and actual award dates.
- The Army categorized its contract awards into four groups and assigns a specific award time estimate to each group by dollar value thresholds and contracting approach.³⁵ For instance, within the \$100 million to \$250 million range, the award time estimates in the Army's memorandum range from 80 days for orders placed directly on an existing indefinite delivery contract awarded to one vendor to 270 days for awards of new contracts. Army officials explained their goals are updated regularly and are based on the historical data for each contract type.

³⁵The Army's four groups to which it assigns award time estimates are: Purchase Orders, Definitive Contracts, Indefinite Delivery, Blanket Purchase Agreements; Single Award Delivery/Task Orders; Multiple Award Delivery/Task Orders; and Other Transactions.

- DLA categorizes its contract awards into four groups based on contracting approach and dollar value, assigning a goal for each. For example, its goal for awards below the simplified acquisition threshold—generally under \$250,000—is not to exceed 100 days of lead time. DLA officials stated that they use the prior fiscal year’s contract data to update goals annually, but also consider other factors such as expected workload and complexity of new awards.
- Officials with the Naval Sea Systems Command stated they categorize their contract awards by extent competed and set goals for each. For example, its goal for sole source procurements is not to exceed 210 days, while competitive procurements are not to exceed 240 days. Naval Sea System Command officials stated their goals are based on the previous year’s contract data and are updated before the start of each fiscal year.

The components use their established goals in differing ways to manage contract award times. For example, DLA officials stated that the agency’s goals are realistic measures that should be met and not exceeded, but added there is variability based on the commodity being procured. DLA officials added that due to the COVID-19 pandemic, DLA was experiencing supply chain issues which affected award times. The Army’s fiscal year 2023 PALT memorandum explains that contract award time estimates are to be used as targets, understanding that actual award times will vary based on complexity, dollar amounts, and other unpredictable situations. An Army official added that once PALT delays are identified, a team of representatives from all the contracting commands works together to review the causes of these delays. Officials with the Air Force Sustainment Center stated they have weekly or bi-weekly reviews of the status of all in-progress procurements to discuss constraints or other potential impediments which could delay a planned award. Similarly, officials with the Naval Facilities Engineering Systems Command stated that each month, the chiefs of each contracting office meet with contracting officials to discuss procurement obstacles and recommend potential streamlining measures to assist in reducing PALT.

DOD Does Not Monitor Award Lead Time on a Department-wide Basis and Its Tool to Monitor PALT for Higher-Value Awards Has Data Gaps

As noted above, Defense Pricing and Contracting officials stated they view management of PALT as a responsibility of the DOD components. According to these officials, their communications with the components

about PALT-related data are focused on ensuring the reliability of the data the components report to FPDS. Defense Pricing and Contracting officials do not routinely monitor the components' PALT data or discuss their performance. This lack of visibility into PALT leaves DOD without key information on department-wide changes in award lead times, such as the increase in PALT values for awards over \$50 million, as discussed above. When we spoke with these officials regarding this increase, one official stated that due to resource constraints, they devote more attention to higher-dollar value contracts. However, existing sources—such as data from FPDS or data maintained by DOD components—could be used to monitor PALT across DOD.

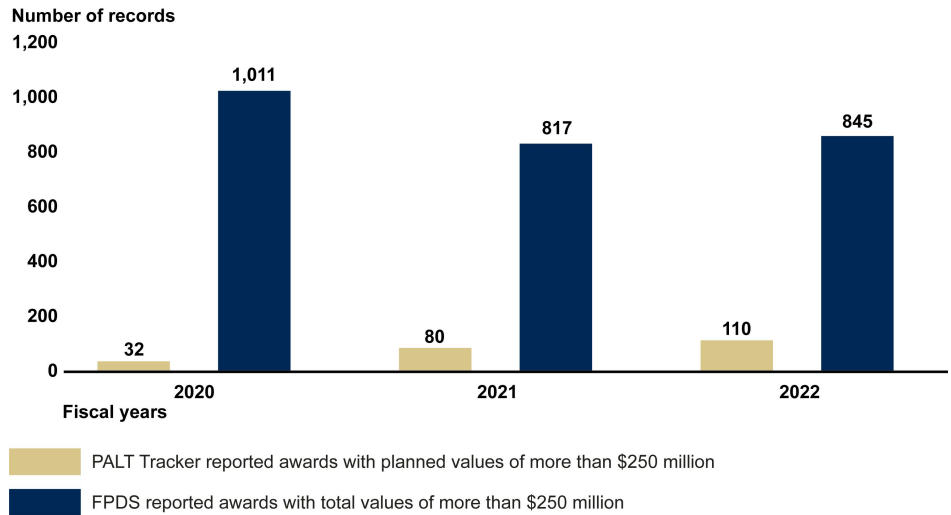
The *Standards for Internal Control in the Federal Government* state that management should use quality information to achieve the entity's objectives.³⁶ DOD's Defense Pricing and Contracting is responsible for contracting policy and guidance across the department. Without visibility into current award times and changes in them across the department, DOD lacks insights and may be missing opportunities to improve PALT for specific categories of contract awards, such as those over \$50 million.

Moreover, we found that DOD's tool to track PALT for higher-dollar value contracts, those over \$250 million, has data gaps. According to DOD's February 2019 memorandum, the PALT Tracker was intended to allow DOD to track contract award times in more detail for major defense acquisition programs and procurements with an estimated value greater than \$250 million, including while they are still in the process of being awarded.³⁷ However, when comparing the data reported into the PALT Tracker with data in FPDS for procurements greater than \$250 million, we found that the data reported to the PALT Tracker was incomplete, representing only a small portion of awards that should have been reported (see fig. 15). Additionally, for the contract awards that were reported to the PALT Tracker, we found that information was missing from data fields—such as a solicitation ID number, contract award number, or actual contract award date—for about a third of the records.

³⁶GAO-14-704G.

³⁷Office of the Under Secretary of Defense (Acquisition and Sustainment), Defense Pricing and Contracting memorandum, *Reporting Procurement Administrative Lead Time Milestones in the Procurement Integrated Enterprise Environment* (Feb. 5, 2019).

Figure 15: Number of Awards Reported into the DOD Procurement Administrative Lead Time (PALT) Tracker Compared to Those in FPDS That Are Above \$250 Million in Value, Fiscal Years 2020–2022



Source: GAO analysis of DOD PALT Tracker tool procurement data and Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Accessible data for Figure 15: Number of Awards Reported into the DOD Procurement Administrative Lead Time (PALT) Tracker Compared to Those in FPDS That Are Above \$250 Million in Value, Fiscal Years 2020–2022

	Number of records		
	FY 2020	FY 2021	FY 2022
PALT Tracker reported awards	32	80	110
FPDS reported awards	1,011	817	845

Source: GAO analysis of DOD PALT Tracker tool procurement data and Federal Procurement Data System (FPDS) contract data. | GAO-24-106528

Defense Pricing and Contracting officials acknowledged that the tracking tool data are currently incomplete. These officials also stated that during the past year, they compared the data in the PALT Tracker with that reported to FPDS and found low compliance rates among DOD components in reporting data into the PALT Tracker. They subsequently included a new requirement in DOD’s Data Improvement and Compliance Plan for components to certify the completeness of the data they report into the PALT Tracker.

According to a Defense Pricing and Contracting official, three out of the four selected components use manual entry when reporting data into the PALT Tracker, which contributed to the incomplete data. Manual entry requires contracting officials to return to the PALT Tracker repeatedly to

enter new data for each planned procurement and update the various planned and actual milestones throughout the award process. The Defense Pricing and Contracting official stated they added an application programming interface capability in March 2020 to enable the automatic transfer of data from the components' contract writing systems to the PALT Tracker.³⁸ Currently, the Army is the only component that uses this interface, but we found that the Army's data were also incomplete. An Army official stated that their system was reporting only non-competitive awards to the tracker, because the Army did not update the interface after DOD expanded the PALT Tracker's scope to include competitive acquisitions. After we brought this to the attention of DOD officials, they said that the Army had updated its interface to address this issue.

The other components provided various reasons for not using the automatic data transfer interface. For example, a DLA official explained that because they award a limited number of contracts above the \$250 million threshold, it is easier to manually enter the data when needed. An official with the Naval Sea Systems Command explained their procurement data system is a closed system and unable to transfer data into other systems.

While the PALT Tracker is a tool Defense Pricing and Contracting can use to monitor award lead times across DOD for higher value awards, it is not currently using this tool. Additionally, most of the components we met with stated that they do not use the PALT Tracker as an information source. For example, an official with the Air Force Life Cycle Management Center stated the tool is not useful for award lead time management because they already have multiple tools, such as Excel-based spreadsheets, that are sufficient for managing this at the component level. Likewise, an Army official stated the PALT Tracker only provides information for contract awards that are \$250 million or more in value, while the Army's internal system can provide similar information for a wider set of contract awards, including those that are less than \$250 million. An official with the Naval Sea Systems Command also stated their internal system remains their primary tool, as it tracks all contract awards above \$750,000, and tracks more acquisition milestones than the PALT Tracker. Further, one official with the Air Force stated that the tool is not

³⁸Contract writing systems are used to generate and distribute contract actions, including the awards of new contracts and orders, that conform with all requirements of established standards and regulations. Contract writing systems are generally integrated with a component's enterprise finance, logistics and procurement systems.

useful because it does not provide any information not already available from their internal systems.

DOD's most recent Data Improvement and Compliance Plan, issued in March 2023, includes two updates intended to improve the completeness of PALT Tracker data. First, it asks components to check an error detection report to identify contract awards over \$250 million that are reported in FPDS but not in the PALT Tracker. This effort could help ensure that the number of contracts included in the PALT Tracker better aligns with the number reported in FPDS. However, the plan does not include steps to ensure that agencies enter the missing contract awards—including other milestones not tracked by FPDS—into the PALT Tracker.³⁹ Second, the update added a requirement for the components to annually certify the percentage of their procurements with an estimated value of more than \$250 million that have been reported into the PALT Tracker. Defense Pricing and Contracting officials explained there is also a requirement for components to enter accurate data into the PALT Tracker and they rely on the components' required quarterly data certifications to ensure that PALT Tracker data is both complete and accurate. Additionally, a Defense Pricing and Contracting official stated they have a list of improvements to make to the tool which would provide additional data entry validations to ensure the accuracy and completeness of information reported by the components, but did not identify any planned time frame for making these improvements. While these actions are helpful, it is too early to tell whether they will result in components providing the data needed to improve visibility into lead times for DOD's largest contracts.

The January 2021 OMB memorandum noted that measuring and publicly reporting PALT data are important steps in better addressing the causes of procurement delays. DOD's requirement that its components report data on major procurements into the PALT Tracker is one approach that could help provide PALT visibility across the agency.⁴⁰ Yet, at present, the PALT Tracker tool is not useful to Defense Pricing and Contracting or the

³⁹Information on contracts is entered into FPDS after they have been awarded. Contract formation and decisions made about pre-award actions, such as the type of contract to be used, applicability of certain statutes, and extent of competition, must be concluded prior to FPDS data entry. As a result, FPDS by design captures and summarizes a variety of information on pre-award decisions and actions after the fact.

⁴⁰ Office of the Under Secretary of Defense (Acquisition and Sustainment), Defense Pricing and Contracting Memorandum, *Reporting Procurement Administrative Lead Time Milestones in the Procurement Integrated Enterprise Environment* (Feb. 6, 2019).

components because of data gaps, and is burdensome for the components to maintain. The *Standards for Internal Control in the Federal Government* state that management should use quality information to achieve the entity's objectives.⁴¹ If the PALT Tracker is to be used by DOD going forward, quality data reported in a timely manner will be essential to ensuring that this tool provides Defense Pricing and Contracting with visibility on changes across DOD.

Conclusions

It is in the government's best interest to obtain the goods and services it purchases in a timely manner, while balancing the speed of awarding contracts with the need to spend taxpayer dollars wisely and abide by procurement laws and regulations. Using PALT to monitor the timeliness of the contracting process provides visibility that can help contracting organizations manage their procurement function and evaluate efficiency. Better insight into PALT changes across the department could enable DOD to target policy and guidance to areas where there are problems. However, while DOD components collect PALT data for their awards, DOD currently does not use component-level data to monitor PALT on a department-wide basis to identify trends and changes in award times. For instance, our analysis of existing data showed that awards above \$50 million in value have experienced increases in PALT over the four-year period we reviewed. Without actively monitoring department-wide PALT changes, DOD lacks information to identify and address opportunities for improving the management of PALT, whether through policy, guidance or management attention at the component level.

Moreover, DOD's tool intended for monitoring lead times for higher-dollar value contracts has data gaps. To address known data quality issues, DOD is pursuing measures to ensure the accuracy and completeness of data in its PALT Tracker—the tool DOD established to track contract award times for planned procurements with an expected value greater than \$250 million. However, DOD components do not find the tool useful and reported that it is burdensome and duplicative of other systems they use. Additionally, DOD and its components have made limited use of the PALT Tracker. Given these different perspectives, DOD would benefit from engaging with the components to determine if the PALT Tracker is needed to enhance DOD's visibility into PALT changes for higher-dollar

⁴¹[GAO-14-704G](#).

value contracts. If DOD and its components determine that the PALT Tracker is the best tool to achieve this goal, improvements such as wider adoption of the automated data transfer interface would help ensure its data are complete, and reduce the burden on the components' contracting officials.

Recommendations for Executive Action

We are making three recommendations to the Secretary of Defense.

The Secretary of Defense should ensure that the Principal Director of Defense Pricing and Contracting, in coordination with key DOD components, assess how existing procurement data can be leveraged to regularly monitor PALT across DOD to identify issues that may require action through policy or guidance, or management attention at the component level. (Recommendation 1)

The Secretary of Defense should ensure that the Principal Director of Defense Pricing and Contracting, in coordination with key DOD components, determine if the PALT Tracker is necessary to supplement existing procurement data to regularly monitor high-dollar-value acquisitions. (Recommendation 2)

Should the Principal Director of Defense Pricing and Contracting determine that the PALT Tracker is necessary to supplement existing procurement data, then the Secretary of Defense should take steps to improve the completeness of PALT Tracker data, such as ensuring components adopt the application programming interface to enable automatic data transfer. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In response, DOD concurred with all three of our recommendations. DOD's comments are reproduced in appendix II. The department also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Defense. In addition, this report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at 202-512-4841 or SehgalM@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'M. Sehgal', with a long horizontal stroke extending to the left from the bottom of the signature.

Mona Sehgal
Acting Director, Contracting and National Security Acquisitions

List of Committees

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Chairman
The Honorable Roger Wicker
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Jon Tester
Chair
The Honorable Susan Collins
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Mike Rogers
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Ken Calvert
Chair
The Honorable Betty McCollum
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Senate Report 117-130 included a provision for GAO to review Department of Defense (DOD) efforts to implement an Office of Management and Budget (OMB) memorandum on practices intended to reduce procurement administrative lead time (PALT) and DOD's progress reducing PALT. This report addresses (1) what contracting data show about PALT for DOD and selected components in fiscal years 2019 through 2022; and (2) the extent to which DOD and selected components have implemented processes and key practices to manage and monitor PALT.

For both objectives, we focused our review on four DOD components—Army, Navy, Air Force, and the Defense Logistics Agency (DLA)—as well as selected contracting commands within some of these components where the management and monitoring of PALT is delegated. Specifically, within the Navy we selected the Naval Air Systems Command, the Naval Sea Systems Command, and the Naval Facilities Engineering Systems Command. Within the Air Force, we selected the Air Force Sustainment Center, Air Force Life Cycle Management Center, and Space Force Space Systems Command. We selected the four DOD components on the basis of having the greatest number of awards—newly awarded contracts and orders—made during fiscal years 2019 through 2022 that were valued above the simplified acquisition threshold (SAT), generally \$250,000.¹ Using this measure of contracting activity, these four components were responsible for more than 90 percent of DOD's awards valued above the SAT that were made during this period.

To determine median PALT values for DOD and selected components, we analyzed data from the Federal Procurement Data System (FPDS) including the solicitation issuance date and contract award date for newly awarded DOD contracts and orders (hereafter referred to as contracts,

¹The SAT is generally \$250,000, but can vary depending on the particular acquisition. See FAR subpart 2.101 for a definition of the SAT and exceptions to the \$250,000 threshold.

unless otherwise specified) from fiscal years 2019 through 2022.² We selected this period because 2019 is the first full fiscal year where the solicitation date was a required field, and 2022 is the most recent complete fiscal year of data available at the time we performed our analysis.³ We focused on contracts valued above \$250,000 (generally the SAT), because a solicitation date is only required to be reported into FPDS for contracts valued above the SAT where simplified acquisition procedures are not used.⁴ Our analysis included all the different types of contracting approaches (definitive contracts, indefinite delivery contracts, delivery/task orders, purchase orders, and blanket purchase agreement calls) where a solicitation date is to be reported when the total contract value of the contract or order is above the SAT.⁵

To assess the reliability of this data, we reviewed existing information about the FPDS system; reviewed DOD documentation on the accuracy and completeness of its data reported to FPDS, including its Data Improvement and Compliance Plan and annual data quality audits conducted by the components; and conducted electronic testing of the data. We also reviewed a selection of outlier awards where the time between solicitation issuance and contract signed was reported to be 5 years or more. There were fewer than 2,000 of these awards reported by

²FPDS is the central repository for capturing information on federal contracting that is managed by the U.S. General Services Administration. Federal agencies are responsible for collecting and reporting data into FPDS as required by the Federal Acquisition Regulation (FAR). See FAR subpart 4.6. The reported data are used for various procurement policy purposes such as measuring the impact of federal procurement on the nation's economy, the extent to which awards are made to businesses in the various socio-economic categories, and the extent to which awards are made using competition in the acquisition process. For our analysis, we used data reported in FPDS as of June 2023. We totaled obligations reported in FPDS as of January 2024.

³FPDS was updated in June 2018 to begin collecting a solicitation date, making fiscal year 2019 the first full year when the recording of a solicitation date would allow for PALT to be uniformly measured for DOD contracting activity. In fiscal year 2019 DOD also began efforts to ensure the completeness and reliability of this new FPDS data field as part of its annual procurement data certifications provided to OMB.

⁴FAR Part 13 provides that agencies shall use simplified acquisition procedures to the maximum extent practicable for purchases not exceeding the SAT, subject to certain exceptions. Simplified acquisition procedures are intended in part to reduce administrative costs, promote efficiency in contracting, and avoid unnecessary burdens for agencies and contractors.

⁵The kinds of contracts and orders listed are based on FPDS data element descriptions. We excluded blanket purchase agreements and basic ordering agreements from our analysis because these are not contracts and solicitation dates are not required to be reported into FPDS.

DOD, which was less than one percent of all awards made by DOD during fiscal years 2019 through 2022 that were valued above the SAT. We sent a sample of records for these awards to each of the four selected DOD components, and asked each of them to review the accuracy of the solicitation and contract signed dates that were used to measure PALT. Each of the components reported that for all or most of the outlier records we asked them to review, the PALT measurement was either not accurate due to data entry errors or it did not accurately characterize actual PALT for some awards. For example, DLA identified instances where the solicitation date reported for an order was actually the solicitation date for the base contract associated with the order, which overstated its PALT value. Due to this information, we determined that reporting median values would better reflect actual lead times by minimizing any distortion caused by outliers. Based on these steps, we determined the FPDS data were sufficiently reliable for reporting median PALT and measuring changes in the median for all of DOD and by the selected components in our review.

To identify changes in median PALT over fiscal years 2019 through 2022, we reviewed FPDS data on DOD contracts awarded during this period. We analyzed median PALT for these contracts by a number of different characteristics, including

- DOD component,
- total contract value,
- contracting approach (i.e., definitive contracts, indefinite delivery contracts, and orders placed on existing contracts),
- contract type (i.e. fixed-price versus cost-reimbursement),
- extent of competition, and

- type of product or service procured, as defined by the Category Management Leadership Council (CMLC) and OMB for category management purposes.⁶

In some cases, we analyzed awards using subgroups within these categories, such as ranges of dollar values and the extent of competition. We also analyzed interrelationships between these award characteristics, informed in part by prior GAO findings on factors that can contribute to lead time.⁷ When analyzing the FPDS data to determine changes in median PALT from fiscal years 2019 to 2022, we observed differences in how median PALT changed over the four-year period for contracts and orders of different total contract values. We initially calculated the change in PALT over the four-year period for 10 different total contract value ranges. Based on the results of this initial analysis, and subsequent analyses where we combined some of these initial ranges, we identified a threshold of \$50 million for further analysis to illustrate the increases and decreases in median PALT over the four-year period based on total contract value.

To determine the extent to which DOD and selected components implemented processes and key practices to manage and monitor PALT, we reviewed four DOD-level guidance documents and memorandums that address the efficiency of the contract award process.

- DOD Source Selection Procedures Memorandum

⁶The CMLC is the governing body that sets the direction of the federal government's category management initiative. The Administrator of Federal Procurement Policy chairs the CMLC and voting members are the largest buying agencies, including the Departments of Defense, Energy, Health and Human Services, Homeland Security, Veterans Affairs, General Services Administration, and the National Aeronautics and Space Administration. The federal government's category management initiative is intended to help agencies, including DOD, buy like a single enterprise so they can leverage the government's buying power. See Office of Management and Budget, Deputy Director for Management Memorandum, *Category Management: Making Smarter Use of Common Contract Solutions and Practices* (Mar. 20, 2019). All product and service codes reported into FPDS are aligned with one of 19 categories that are grouped into government-wide common and defense-centric types of spending.

⁷See GAO, Defense Contracts: DOD Should Develop a Strategy for Assessing Contract Award Time Frames, [GAO-18-467](#) (Washington, D.C.: July 16, 2018); *Military Acquisitions: DOD Is Taking Steps to Address Challenges Faced by Certain Companies*, [GAO-17-644](#) (Washington, D.C.: July 20, 2017). GAO, *Contracting Data Analysis: Assessment of Government-wide Trends*, [GAO-17-244SP](#) (Washington, D.C.: Mar. 9, 2017); and *Acquisition Planning: Opportunities to Build Strong Foundations for Better Services Contracts*, [GAO-11-672](#) (Washington, D.C.: Aug. 9, 2011).

- DOD Sole Source Streamlining Toolbox
- Best Practices/Lessons Learned for Competitive Acquisitions
- Best Practices/Lessons Learned for Sole Source Pricing


We also reviewed DOD component-level guidance on setting contract award time goals and documentation for the components' internal procurement tracking systems. We interviewed Office of the Under Secretary of Defense (Acquisitions and Sustainment), Defense Pricing and Contracting officials about updates to relevant DOD contracting guidance and their efforts to monitor PALT on a DOD-wide basis. We compared DOD contracting guidance to OMB's January 2021 memorandum on practices to reduce PALT to determine the extent to which DOD incorporated these practices. We also interviewed component-level officials about their efforts to establish and track contract award time goals, the extent to which they are using the PALT Tracker, and to identify how they use data on contract award times to make management decisions. We also reviewed documentation and training materials pertaining to DOD's PALT Tracker, a tool created to provide visibility into contract award times for higher-dollar value contracts across DOD.

We analyzed the data DOD components reported into this tool for procurements more than \$250 million in value that were awarded in fiscal years 2020 through 2022, and compared it to FPDS data to assess the completeness of the PALT Tracker's reported data. Based on this comparison and other tests, we determined that data in the PALT Tracker was not sufficiently reliable for reporting award lead times for DOD as a whole or individual components. We also compared DOD's management and usage of this data to related principles in the *Standards for Internal Control in the Federal Government*.⁸

We conducted this performance audit from January 2023 to March 2024 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.

⁸[GAO-14-704G](#).

Appendix II: Comments from the Department of Defense

 <small>ACQUISITION AND SUSTAINMENT</small>	OFFICE OF THE UNDER SECRETARY OF DEFENSE 3060 DEFENSE PENTAGON WASHINGTON, DC 20301-3060
<p>Ms. Mona Sehgal Acting Director Contracting and National Security Acquisitions U. S. Government Accountability Office 441 G Street, NW Washington DC 20548</p>	
<p>Dear Ms. Sehgal:</p>	
<p>This is the Department of Defense response to Government Accountability Office (GAO) Draft Report GAO-24-106528, "DEFENSE CONTRACTS: BETTER MONITORING COULD IMPROVE DOD'S MANAGEMENT OF AWARD LEAD TIMES," dated January 19, 2024 (GAO Code 106528). Detailed responses to the draft report recommendations are enclosed.</p>	
<p>Sincerely,</p>	
<p>TENAGLIA.JOHN.M.1 154945926</p>	
<p>John M. Tenaglia Principal Director, Defense Pricing and Contracting</p>	
<p>Digitally signed by TENAGLIA.JOHN.M.1 154945926 Date: 2024.02.22 15:25:53 -05'00'</p>	
<p>Enclosure: As stated</p>	

Enclosure

GAO DRAFT REPORT DATED JANUARY 19, 2024
GAO-24-106528 (GAO CODE 106528)

“DEFENSE CONTRACTS: BETTER MONITORING COULD IMPROVE DOD’S
MANAGEMENT OF AWARD LEAD TIMES”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense should ensure that the Principal Director of Defense Pricing and Contracting, in coordination with key DOD components, assesses how existing procurement data can be leveraged to regularly monitor Procurement Administrative Lead Time (PALT) across DOD to identify issues that may require action through policy or guidance, or management attention at the component level.

DoD RESPONSE: Concur. The Principal Director of Defense Pricing and Contracting (DPC) will periodically collect PALT data trends by various dollar thresholds and contract types and regularly discuss the results with the Military Departments and Defense Logistics Agency, at a minimum, to identify issues that may require action through policy or guidance, or management attention at the Military Department or Departmental level.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense should ensure that the Principal Director of Defense Pricing and Contracting, in coordination with key DOD components, determine if the PALT Tracker is necessary to supplement existing procurement data to regularly monitor high-dollar-value acquisitions.

DoD RESPONSE: Concur. DPC is collaborating with Senior Procurement Executives from the Military Services, Defense Logistics Agency, and Defense Contract Management Agency and to determine if the PALT Tracker is necessary to supplement existing procurement data to regularly monitor-high-value acquisitions by the Components. As noted in the GAO report, components use their own internal information technology systems to manage the data collected on award times and to monitor it.

RECOMMENDATION 3: The GAO recommends, should the Principal Director of Defense Pricing and Contracting determine that improving the reliability of the PALT Tracker is necessary to supplement existing procurement data, then the Secretary of Defense should take steps to improve the completeness of PALT Tracker data, such as ensuring Components adopt the application programming interface to enable automatic data transfer.

DoD RESPONSE: Concur. As addressed in DPC’s response to recommendation two above, the Principal Director of DPC will be determining future use or disposition of the PALT Tracker.

Accessible text for Appendix II: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
ACQUISITION AND SUSTAINMENT
3060 DEFENSE PENTAGON
WASHINGTON, DC 20301-3060

Ms. Mona Sehgal
Acting Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

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Sincerely,

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting

Enclosure: As stated

GAO DRAFT REPORT DATED JANUARY 19, 2024 GAO-24-106528 (GAO CODE 106528)

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Appendix III: GAO Contact and Major Contributors

GAO Contact

Mona Sehgal, (202) 512-4841 or SehgalM@gao.gov.

Staff Acknowledgments

In addition to the individual named above, Teague Lyons (Assistant Director), Matthew Drerup (Analyst-in-Charge), James Cora, Tracy Abdo, Pete Anderson, Breanne Cave, Lori Fields, Suellen Foth, and Min-Hei (Michelle) Kim made key contributions to this report.

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