



Highlights of [GAO-06-722](#), a report to the Chairman, Committee on Government Reform, House of Representatives

DOE CONTRACTING

Better Performance Measures and Management Needed to Address Delays in Awarding Contracts

Why GAO Did This Study

The Department of Energy (DOE), the largest civilian contracting agency in the federal government, spends over 90 percent of its annual budget on contracts to operate its facilities and carry out its diverse missions. Federal law and regulations outline the steps DOE must follow in planning and carrying out the contract award process and emphasize the importance of awarding contracts in a timely manner. Several of DOE's recent contracts have taken much longer than anticipated to award. GAO was asked to determine (1) the extent to which DOE has experienced delays in awarding contracts and factors contributing to delays, (2) the impacts of any such delays, and (3) the extent to which DOE has taken steps to address the delays.

What GAO Recommends

GAO recommends that DOE (1) develop more accurate and comprehensive performance measures for the timeliness of its contract awards and (2) establish a consistent system for identifying and sharing lessons learned and best practices on contract awards. In commenting on the report, DOE generally agreed with the recommendations but raised concerns about GAO's sampling methodology, as well as GAO's characterization of late contract awards as delayed and DOE's performance measures as incomplete. GAO believes that the methodology and conclusions are correct.

www.gao.gov/cgi-bin/getrpt?GAO-06-722.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gene Aloise, 202-512-3841, aloisee@gao.gov.

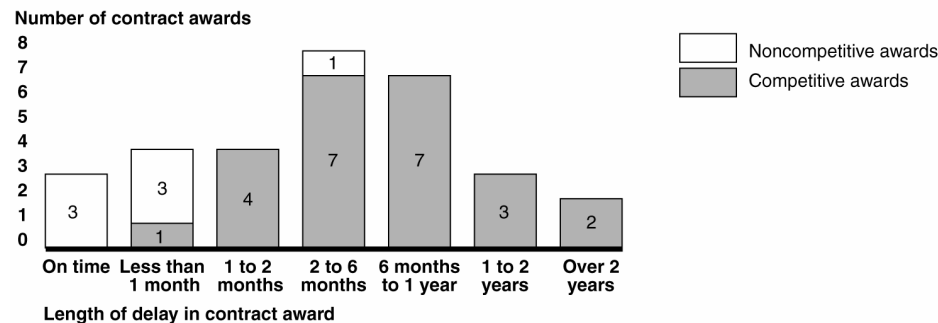
What GAO Found

Delays in awarding DOE contracts occurred in most of the 31 contracts that GAO reviewed. In fiscal years 2002 through 2005, DOE awarded 131 contracts valued at \$5 million or greater; the 31 of these contracts GAO reviewed were affiliated with DOE's three largest component organizations and represented about 73 percent of the dollars awarded. None of the 24 contracts awarded competitively was awarded by the date planned in DOE's schedule, with 23 of the contracts awarded between several weeks and 4-1/2 years later than the planned date. Of the 7 contracts awarded without competition, 6 were awarded on time or nearly so, with the remaining contract awarded 2 months late. Delays in awarding contracts occurred, in part, because DOE had to modify its approach after beginning the contract award process. At least some of the delays were avoidable, such as when DOE reworked contract awards to correct errors.

Delays in awarding contracts could increase costs both to DOE and companies competing for DOE work. Because the department does not track its costs for awarding contracts, it was not feasible to quantify the impact of these delays. Companies competing for DOE's work may also face increased costs when contract awards are delayed, such as the costs associated with ensuring that key personnel identified in proposals continue to be available. Increased costs and delays may affect the willingness of companies to compete for future DOE work, although the actual impact is unknown.

Until recently, DOE had not been addressing delays in awarding contracts because incomplete performance data indicated that most of the contracts were awarded in a timely manner. In late 2005, DOE began several efforts to improve its contract award process, including implementing improved measures of contract award timeliness and restructuring the Office of Environmental Management to strengthen management of the contracting process. However, two concerns could limit the effectiveness of these efforts: (1) the efforts do not encompass all of DOE's contract awards and (2) DOE does not have a systematic method of identifying and disseminating lessons learned and best practices from past or current contract awards.

Timeliness of 31 DOE Contract Awards, Fiscal Years 2002 through 2005



Source: GAO analysis of DOE contract files.