



July 2020

COVID-19 CONTRACTING

Observations on Federal Contracting in Response to the Pandemic

GAO Highlights

Highlights of [GAO-20-632](#), a report to congressional committees

Why GAO Did This Study

According to the Centers for Disease Control and Prevention, as of June 30, 2020, the United States has documented more than 2.5 million confirmed cases and more than 125,000 deaths due to COVID-19. To facilitate the U.S. response to the pandemic, numerous federal agencies have awarded contracts for critical goods and services to support federal, state, and local response efforts. GAO's prior work on federal emergency response efforts has found that contracts play a key role, and that contracting during an emergency can present unique challenges as officials can face pressure to provide goods and services as quickly as possible.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) included a provision for GAO to provide a comprehensive review of COVID-19 federal contracting. This is the first in a series of GAO reports on this issue. This report describes, among other objectives, key characteristics of federal contracting obligations awarded in response to the COVID-19 pandemic. Future GAO work will examine agencies' planning and management of contracts awarded in response to the pandemic, including agencies' use of contracting flexibilities provided by the CARES Act.

GAO analyzed data from the Federal Procurement Data System-Next Generation on agencies' reported government-wide contract obligations for COVID-19 through June 11, 2020. GAO also analyzed contract obligations reported at the Departments of Health and Human Services, Defense, Homeland Security, and Veterans Affairs—the highest obligating agencies.

View [GAO-20-632](#). For more information, contact Marie A. Mak at 202-512-4841 or MakM@gao.gov

July 2020

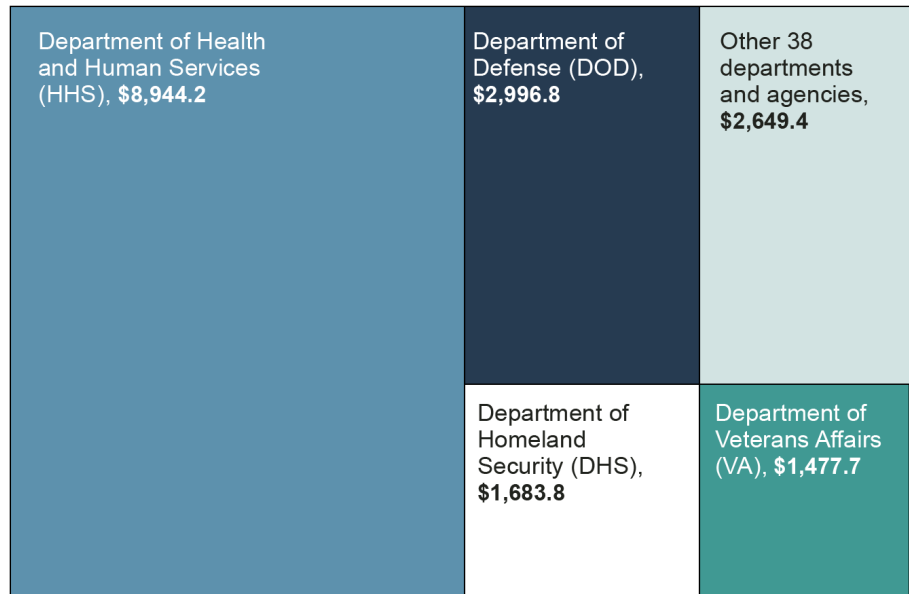
COVID-19 CONTRACTING

Observations on Federal Contracting in Response to the Pandemic

What GAO Found

Government-wide contract obligations in response to the COVID-19 pandemic totaled \$17.8 billion as of June 11, 2020. Four agencies accounted for 85 percent of total COVID-19 contract obligations (see figure). This report provides available baseline data on COVID-19 federal contract obligations.

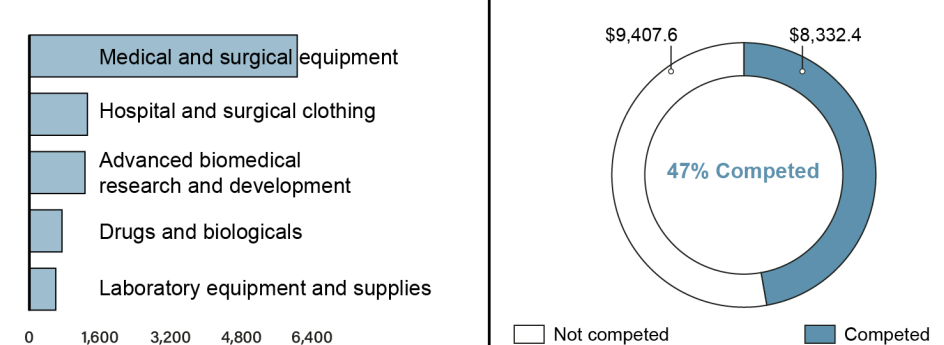
Contract Obligations in Response to COVID-19 by Department, as of June 11, 2020
Dollars (in millions)



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

About 62 percent of federal contract obligations were for goods to treat COVID-19 patients and protect health care workers—including ventilators, gowns, and N95 respirators. Less than half of total contract obligations were identified as competed (see figure).

Top Five Goods and Services and Percentage of Obligations Completed, as of June 11, 2020
Top Five Goods or Services Dollars (in millions) Overall Competition Dollars (in millions)



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Contents

Letter		1
	Background	4
	Federal Agencies Have Obligated \$17.8 Billion on Contracts in Response to the COVID-19 Pandemic to Provide Critical Goods and Services	9
	Agencies Have a Variety of Contracting Flexibilities to Facilitate Government Response to the COVID-19 Pandemic	21
	Agency Snapshots	27
	Agency Comments	37
Appendix I	Selected Agencies' Use of Special Emergency Procurement Authority for COVID-19 Contract Obligations	40
Appendix II	GAO Contact and Staff Acknowledgments	41
Table		
	Table 1: COVID-19 Contract Obligations, As Reported in the Federal Procurement Data System-Next Generation, That Were Between Existing and Emergency Procurement Thresholds, by Agency, as of June 11, 2020	40
Figures		
	Figure 1: Government-wide Contract Obligations in Response to COVID-19 by Agency, as of June 11, 2020	10
	Figure 2: Timeline of Significant Events and Government-wide Contract Obligations Related to COVID-19 by Week, as of June 11, 2020	11
	Figure 3: Examples of Medical Equipment and Supplies Used in Response to COVID-19	13
	Figure 4: Government-wide Contract Obligations for Top Goods and Services, as of June 11, 2020	14
	Figure 5: Proportion of Competed Government-wide Contract Obligations for Goods and Services, as of June 11, 2020	16
	Figure 6: Proportion of Competed Government-wide Contract Obligations for New and Preexisting Contracts, as of June 11, 2020	17

Figure 7: Government-wide Contract Obligations by Type of Contract for Goods and Services, as of June 11, 2020	18
Figure 8: Completed COVID-19 Government-wide Contract Obligations by Type of Contract, as of June 11, 2020	19
Figure 9: Government-wide Contract Obligations for Goods and Services by Contract Method, as of June 11, 2020	20
Figure 10: Government-wide Contract Obligations to Top 10 Vendors, as of June 11, 2020	21

Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
COVID-19	Coronavirus Disease 2019
DHS	Department of Homeland Security
DOD	Department of Defense
DPA	Defense Production Act
GSA	General Services Administration
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
FEMA	Federal Emergency Management Agency
HHS	Department of Health and Human Services
UCA	Un definitized Contract Action
VA	Department of Veterans Affairs

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July 29, 2020

Congressional Committees

In December 2019, a new strain of coronavirus emerged and quickly spread around the globe. On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus Disease 2019 (COVID-19) a pandemic, and 2 days later the President of the United States declared a national emergency, pursuant to the National Emergencies Act and Robert T. Stafford Disaster Relief and Emergency Assistance Act. According to the Centers for Disease Control and Prevention, as of June 30, 2020, the United States had documented over 2.5 million reported cases of COVID-19 and over 125,000 reported deaths. To facilitate the U.S. response, numerous federal agencies have continued to award contracts for vital goods and services to support federal, state, and local COVID-19 response efforts. Our prior work has found that contracts play a key role in federal emergency response efforts, and that contracting during an emergency can present a unique set of challenges as officials can face a significant amount of pressure to provide critical goods and services as expeditiously and efficiently as possible.¹ In June 2020, we issued the first in a series of reports on monitoring and oversight of the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic.²

Additionally, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes a provision for GAO to provide a comprehensive audit and review of federal contracting pursuant to authorities provided in the Act. This is our first report in response to that provision. We plan to issue future products focused on agencies' planning and management of contracts awarded in response to the pandemic, including agencies' use

¹GAO, *Disaster Contracting: FEMA Continues to Face Challenges with Its Use of Contracts to Support Response and Recovery*, [GAO-19-518T](#) (Washington, D.C.: May 9, 2019); *2017 Disaster Contracting: Actions Needed to Improve the Use of Post-Disaster Contracts to Support Response and Recovery*, [GAO-19-281](#) (Washington, D.C.: Apr. 24, 2019); and *2017 Disaster Contracting: Action Needed to Better Ensure More Effective Use and Management of Advance Contracts*, [GAO-19-93](#) (Washington, D.C.: Dec. 6, 2018).

²GAO, *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts*, [GAO-20-625](#) (Washington, D.C.: June 25, 2020).

of contracting flexibilities provided by the CARES Act.³ This report describes (1) key characteristics of federal contracting obligations awarded in response to the COVID-19 pandemic; and (2) the flexibilities available to federal agencies through the CARES Act, or other means, to help facilitate the federal government’s contract response.

To identify key characteristics of federal contracting obligations made in response to the COVID-19 pandemic, we analyzed data available in the Federal Procurement Data System-Next Generation (FPDS-NG) as of June 11, 2020. In addition to obligating dollars through procurement contracts, agencies may obligate dollars through various other vehicles such as grants or cooperative agreements. This report is focused specifically on contract obligations.⁴ We primarily identified these contract actions and associated obligations related to the COVID-19 response by using the National Interest Action code.⁵ We supplemented the use of the National Interest Action code by searching for “coronavirus” and “COVID-19” in the contract description field to identify a limited number of additional contract actions and associated obligations.⁶ Some contract actions identified as being for COVID-19 based on the National Interest

³We have initiated reviews on the use of the Defense Production Act and the implementation of section 3610 of the CARES Act, which generally allows agencies to reimburse contractors, subject to certain limitations, that provided paid leave to keep their employees or subcontractors in a ready state during the public health emergency.

⁴For the purposes of this report, “contract obligations” means obligations on contracts that are subject to the Federal Acquisition Regulation, and does not include, for example, grants, cooperative agreements, loans, other transactions for research, real property leases, or requisitions from federal stock.

⁵National Interest Action codes were established in 2005 after Hurricane Katrina with the purpose of tracking federal procurements for specific disasters, emergencies, or contingency events. Based on a memorandum of agreement, the Department of Defense (DOD), the Department of Homeland Security (DHS), and the General Services Administration (GSA) are jointly responsible for when a National Interest Action code should be established and closed. DOD requests new or extended National Interest Action codes on behalf of the military departments and defense agencies, DHS requests new or extended codes on behalf of the civilian agencies, and GSA acts as the servicing agency by modifying FPDS-NG.

⁶Our prior work has identified some inconsistencies in the information agencies report in the contract description field. See GAO, *DATA Act: Quality of Data Submissions Has Improved but Further Action Is Needed to Disclose Known Data Limitations*, [GAO-20-75](#) (Washington, D.C.: Nov. 8, 2019).

Action code included obligations not specific to the pandemic.⁷ For contract actions over \$1 million, we removed obligations that were identified in the contract description as not related to COVID-19.

We analyzed the FPDS-NG data to identify the federal departments and agencies with the most contract obligations, as well as information such as the types of goods or services procured by federal agencies, rates of competition, and vendor characteristics.⁸ We selected the agencies with the highest reported contract obligations—the Departments of Health and Human Services (HHS), Defense (DOD), Homeland Security (DHS), and Veterans Affairs (VA)—and identified additional details on contracting obligations at these agencies using the same methods described above. We assessed the reliability of FPDS-NG data by reviewing existing information about the FPDS-NG system and the data it collects—specifically, the data dictionary and data validation rules—and performed electronic testing. We determined the FPDS-NG data were sufficiently reliable for the purposes of describing agencies’ reported contract obligations in response to COVID-19.

To describe the contracting flexibilities available to federal agencies to help facilitate the government’s response to the COVID-19 pandemic, we reviewed the CARES Act and identified any provisions that modify acquisition-related procedures or requirements. We also reviewed the Federal Acquisition Regulation (FAR) to identify contracting flexibilities that are available to agencies during a national emergency or disaster. In addition, we reviewed available guidance issued through June 11, 2020,

⁷According to Office of Management and Budget, any contract action affected by COVID-19 is to be reported using the National Interest Action code, including modifications that were issued to address COVID-19, irrespective of whether the contract being modified was originally awarded to address COVID-19. See Office of Management and Budget, *M-20-21 Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019* (Apr. 10, 2020).

⁸For purposes of this report, competition rate is the percentage of total obligations associated with contracts awarded competitively. We calculated competition rates as the percentage of obligations on competitive contracts and orders over all obligations on contracts and orders annually. Competitive contracts included contracts and orders coded in FPDS-NG as “full and open competition,” “full and open after exclusion of sources,” and “competed under simplified acquisition procedures” as well as orders coded as “subject to fair opportunity” and as “fair opportunity given,” and “competitive set aside.” Noncompetitive contracts included contracts and orders coded in FPDS-NG as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures,” as well as orders coded as an exception to “subject to fair opportunity,” including “urgency,” “only one source,” “minimum guarantee,” “follow-on action following competitive initial action,” “other statutory authority,” and “sole source.” Even for contracts identified as noncompetitive, agencies may have solicited more than one source.

by the four agencies in our review—HHS, DOD, DHS, and VA—that implemented contracting flexibilities from the CARES Act or authorized agency-specific flexibilities, along with guidance issued by the Office of Management and Budget and the General Services Administration (GSA). For both objectives, we reached out to the Pandemic Response Accountability Committee and Inspectors General at HHS, DOD, DHS, and VA to share our plans for this review and to coordinate on any similar ongoing work.

We conducted this performance audit from April 2020 to July 2020 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

COVID-19 is caused by a new coronavirus named Severe Acute Respiratory Syndrome CoV-2 and is highly infectious. Within the United States, confirmed cases grew from about 1,900 cases on March 13, 2020, to about 186,000 on March 31, 2020, to more than 2.5 million by June 30, 2020. As previously mentioned, on March 13, 2020, the President of the United States declared a national emergency, pursuant to the National Emergencies Act and Robert T. Stafford Disaster Relief and Emergency Assistance Act.⁹ The Robert T. Stafford Disaster Relief and Emergency Assistance Act allows states, territories, and tribal governments to request presidential disaster declarations—the mechanism by which the federal government gets involved in funding and coordinating response and recovery activities—to obtain federal assistance.

⁹A declaration under the National Emergencies Act authorizes the President to activate existing emergency authorities in other statutes, and the President must cite the authorities being exercised. 50 U.S.C. § 1621. A governor may request an emergency declaration under the Stafford Act if the situation is of such severity and magnitude that effective response is beyond the capabilities of the state and the affected local governments, and federal assistance is necessary. 42 U.S.C. § 5191. According to the Federal Emergency Management Agency, the President declared a nationwide emergency pursuant to 42 U.S.C. § 5191(b) to avoid governors needing to request individual emergency declarations.

Overview of the Structure of the U.S. Government's Pandemic Response

Agencies have contracted to obtain the goods and services needed to respond to COVID-19 within the context of their roles and responsibilities in response to the pandemic. The March 2020 U.S. Government COVID-19 Response Plan describes the structure and authorities to lead and coordinate this response.¹⁰ HHS is designated as the lead federal agency to address the public health and medical portion of the response, and, as the needs of the pandemic increased nationwide, the Federal Emergency Management Agency (FEMA) was designated as the lead agency for coordinating the overall federal response. As described in the plan, the Unified Coordination Group—made up of the Administrator of FEMA, the HHS Assistant Secretary for Preparedness and Response, and a Centers for Disease Control and Prevention representative—has responsibility for operational command, leadership, and decision-making for the COVID-19 pandemic response. These three leaders are partners in operational decision-making for the whole-of-government response and provide input to the White House Coronavirus Task Force.

Generally, during a national emergency, the Secretary of Homeland Security is responsible for ensuring that federal preparedness actions are coordinated to prevent gaps in the federal government's response efforts, and FEMA is designated to lead the response efforts across federal agencies.¹¹ In addition to DHS and FEMA, other federal agencies are designated as coordinating agencies across 15 Emergency Support Functions—specific functional areas for the most frequently needed capabilities during an emergency. For example:

- The U.S. Army Corps of Engineers, within DOD, is responsible for the provision of assets and services related to public works and engineering—like the construction of alternate care facilities to treat COVID-19 patients.
- HHS is the coordinating agency responsible for public health and medical services, which can include the assessment of public health

¹⁰According to the COVID-19 Response Plan, the purpose of the White House Coronavirus Task Force is to coordinate a whole-of-government approach, including with governors, state and local officials, and with members of Congress, to develop the best options for the safety, well-being, and health of the American people. According to officials responsible for supporting the response at the Federal Emergency Management Agency and HHS, although rapidly evolving situations have required some adaptation as the response unfolds, the COVID-19 Response Plan generally remains the operative plan for the federal response.

¹¹Department of Homeland Security, *National Response Framework* (October 2019).

and medical needs, provision of medical equipment and supplies, and public health communication, among other responsibilities. As identified in the U.S. Government COVID-19 Response Plan, VA supports HHS emergency responsibilities for public health and medical services, including providing personal protective equipment, medical screening, and personnel in support of the response.

Congressional Response to COVID-19

As part of the federal response effort, Congress passed and the President signed four COVID-19 relief laws, including the CARES Act in March 2020.¹² The CARES Act provides supplemental appropriations for federal agencies to respond to COVID-19 and emergency assistance and health care response for individuals, families, and businesses affected by COVID-19. The CARES Act also includes a number of provisions related to federal contracting efforts to facilitate agencies' response to the pandemic.

Contracting Considerations

Agencies generally acquire goods and services through contracts that identify the government's requirements, the price and payment arrangements agreed upon by the government and the vendor, and other terms and conditions. Whether contracting during an emergency or as part of normal operations, agencies must evaluate a variety of considerations when deciding how to obtain goods and services from a contractor, including whether or not the contract can be competitively awarded and the contract type.

Competition

Under the FAR, agencies are generally required to use full and open competition when soliciting offers and awarding contracts. Our prior work has emphasized that competition is a cornerstone of the acquisition system, and that promoting competition in federal contracting presents the opportunity for significant cost savings, among other benefits.¹³ However, contracting during an emergency or disaster can present unique circumstances in which to solicit, award, and administer contracts.

¹²The Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (2020). The other three COVID-19 relief laws enacted as of May 31, 2020 are the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Pub. L. No. 116-123, 134 Stat. 146; Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178 (2020); and Paycheck Protection Program and Health Care Enhancement Act, Pub. L. No. 116-139, 134 Stat. 620 (2020).

¹³GAO, *Federal Contracting: Opportunities Exist to Increase Competition and Assess Reasons When Only One Offer Is Received*, [GAO-10-833](#) (Washington, D.C.: July 26, 2010).

Contract Type

Agencies are permitted to use exceptions to full and open competition under certain circumstances. These circumstances include when:

- requirements are of such an unusual and compelling urgency that the government would suffer serious financial or other injury,
- there is only one responsible source able to satisfy the agency's requirement, or
- the head of an agency determines it is not in the public interest for the particular acquisition, among other exceptions.¹⁴

The government can use several different contract types to acquire goods and services, each with potential risks to either the government or the contractor.

- **Fixed-price:** The government pays a fixed price even if the actual total cost of the good or service falls short of or exceeds the contract 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. Some fixed-price contracts may provide an incentive fee tied to contractor performance.
- **Cost-reimbursement:** The government pays the contractor for allowable costs incurred, to the extent prescribed by the contract. The contractor attempts to provide the government's needs within the estimated costs, but the government is not promised a completed good or service within the estimated costs.
- **Time & materials/labor hour:** The government pays fixed per-hour labor rates that include wages, overhead, general administrative costs, and profit as well as the actual cost of materials. The government may reimburse the contractor for other direct costs, such as travel and materials costs. The contract includes a ceiling price, which the contractor exceeds at its own risk. The government is not promised a completed good or service within the ceiling price.

The Office of Management and Budget considers cost-reimbursement contracts high risk because they do not directly incentivize contractors to control costs, and thus carry the potential risk of the federal government overspending. Our prior work has found that cost-reimbursement and time & material/labor hour contracts can be appropriate when there are uncertainties in the scope of work, cost of services, or level of labor effort

¹⁴FAR 6.302.

Contract Actions Reported in
FPDS-NG

needed. However, we have also reported challenges with agencies documenting their rationale for using these types of contracts over others, and with agencies not conducting analysis to determine the potential to transition to contract types with firmer pricing.¹⁵

FPDS-NG reports a variety of contract actions, such as definitive contracts and indefinite delivery vehicles.¹⁶ Definitive contracts, which have a defined scope of work, are categorized in FPDS-NG as not allowing individual orders to be placed on the contract.

Indefinite delivery vehicles are those categorized in FPDS-NG as allowing agencies to place orders against them. Indefinite delivery vehicles include indefinite delivery, indefinite quantity contracts, which provide for an indefinite quantity, within stated limits, of supplies or services to be provided during a fixed period. Indefinite delivery vehicles also include Federal Supply Schedule and Government-wide Acquisition Contracts that can be used by multiple agencies to procure goods and services and leverage the government's buying power.

Agencies may also use orders under blanket purchase agreements and basic ordering agreements to fulfill their needs. Blanket purchase agreements are simplified methods of receiving needed supplies and services through the establishment of a "charge account" with a qualified source of supply. Basic ordering agreements are agreements with a contractor to terms and conditions that will apply to future contracts between the parties, a description of the goods and services to be supplied, and methods for pricing and issuing orders. Neither of these vehicles are contracts.

Agencies may establish indefinite delivery contracts in advance of an emergency or disaster to support their needs for certain goods and services. For example, our prior work found that FEMA and U.S. Army Corps of Engineers advance, or preexisting contracts are predominantly

¹⁵GAO, *Contract Management: Extent of Federal Spending under Cost-Reimbursement Contracts Unclear and Key Controls Not Always Used*, [GAO-09-921](#) (Washington, D.C.: Sep. 30, 2009); and *Defense Contracting: Improved Insight and Controls Needed over DOD's Time-and-Materials Contracts*, [GAO-07-273](#) (Washington, D.C.: June 29, 2007).

¹⁶These terms are only relevant for purposes of FPDS-NG reporting and have no significance regarding other parts of the FAR, including part 16. FAR 4.601.

indefinite delivery contracts.¹⁷ According to FEMA's advance contract strategy, relying on advance, or preexisting contracts, established before a disaster, can help preclude the need to procure goods and services under unusual and compelling urgency.¹⁸

Federal Agencies Have Obligated \$17.8 Billion on Contracts in Response to the COVID-19 Pandemic to Provide Critical Goods and Services

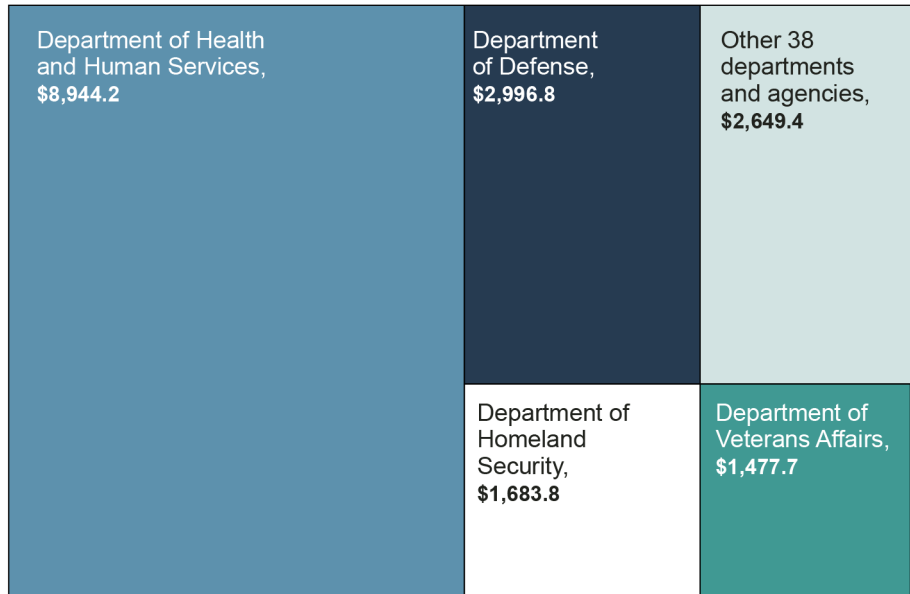
Four Agencies Accounted for Most of the \$17.8 Billion in Contract Obligations

Based on data in FPDS-NG, government-wide contract obligations in response to the COVID-19 pandemic totaled about \$17.8 billion as of June 11, 2020. Across the 42 federal departments and agencies with COVID-19 contract obligations, HHS, DOD, DHS, and VA accounted for 85 percent of total contract obligations (see fig. 1).

¹⁷GAO-19-93.

¹⁸Department of Homeland Security, Federal Emergency Management Agency, *Advance Contracting of Goods and Services Report to Congress* (December 2007).

Figure 1: Government-wide Contract Obligations in Response to COVID-19 by Agency, as of June 11, 2020
Dollars in millions

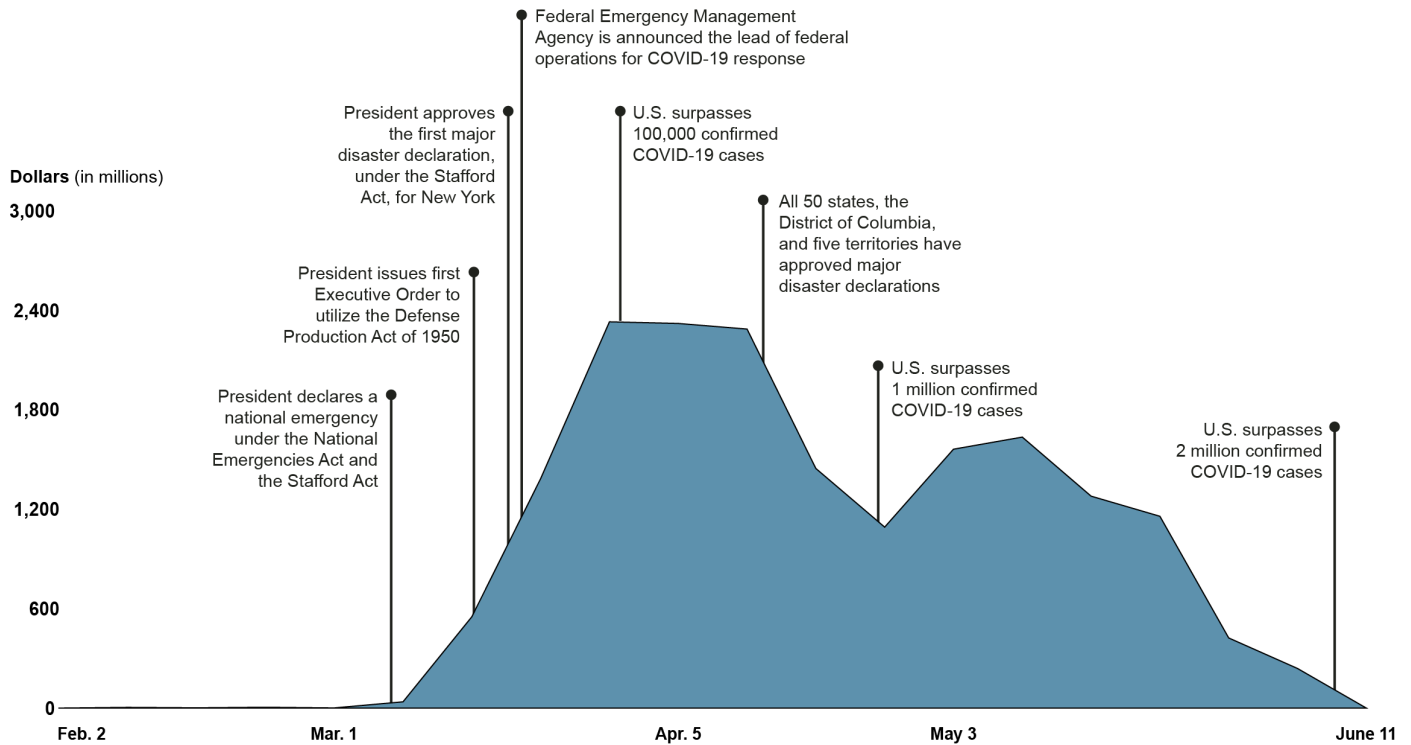


Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Contract obligations underwent the greatest increase from the middle to the end of March, following the President’s March 13, 2020, national emergency declaration. As of March 15, 2020, federal agencies reported obligating about \$601 million in response to COVID-19.¹⁹ By March 29, 2020, government-wide obligations were more than \$4.3 billion, an increase of over 600 percent. See figure 2 for details on contract obligations over the course of key COVID-19 events in the United States.

¹⁹Obligations made by federal agencies prior to the establishment of the National Interest Action code on March 13, 2020, were identified through the description field in FPDS-NG.

Figure 2: Timeline of Significant Events and Government-wide Contract Obligations Related to COVID-19 by Week, as of June 11, 2020



Source: GAO analysis of Federal Procurement Data System-Next Generation, Executive Branch, and Centers for Disease Control and Prevention data. | GAO-20-632

As noted above, federal agencies are using a National Interest Action code to track contract actions and associated obligations reported in FPDS-NG in response to COVID-19. The COVID-19 National Interest Action code was established on March 13, 2020, and is currently slated to expire on September 30, 2020. HHS, DOD, DHS, and VA have provided guidance on the use of the National Interest Action code for COVID-19 reporting in FPDS-NG.

Our prior work has reported on the importance of such codes for providing visibility into emergency or contingency contracting activities following the 2017 hurricanes—Harvey, Irma, and Maria. In April 2019, we identified inconsistencies in establishing and closing these codes following previous disasters or emergencies, which could have implications for the use of the National Interest Action code for tracking contract actions and associated obligations in response to COVID-19

over the longer term.²⁰ We recommended that GSA, in coordination with DHS and DOD, assess whether the criteria in their current National Interest Action code agreement meets the long-term needs for high-visibility events and accounts for the needs of users, such as FEMA, other agencies, and Congress. GSA and DOD concurred with our recommendation, and in August 2019 GSA, DOD, and DHS revised their agreement. However, the revised agreement did not provide a process to ensure consistent implementation of the criteria, long-term visibility needs, or the needs of National Interest Action code users, and so it has not been fully addressed.

Most Obligations Were on Contracts for Goods, While Obligations on Contracts for Services Were More Frequently Competed

Federal agencies procured a variety of critical goods and services in response to the COVID-19 pandemic. About \$11 billion, or 62 percent of total obligations, were reported in FPDS-NG as procuring goods, like medical equipment and supplies, as shown in figure 3.²¹ According to the contract description in FPDS-NG, obligations on contracts within the top five products included

- about \$3 billion for ventilators;
- about \$1.3 billion for N95 respirators;
- about \$1.2 billion for personal protective equipment like surgical gowns, coveralls, and gloves; and
- about \$737 million for drugs and biologicals, including pharmaceuticals to treat COVID-19 patients and reagents used for administering COVID-19 tests.

²⁰[GAO-19-281](#).

²¹When a contract action includes more than one product or service, the Federal Procurement Data System Product and Service Code Manual states the product and service code selected should reflect the predominant good or service being purchased.

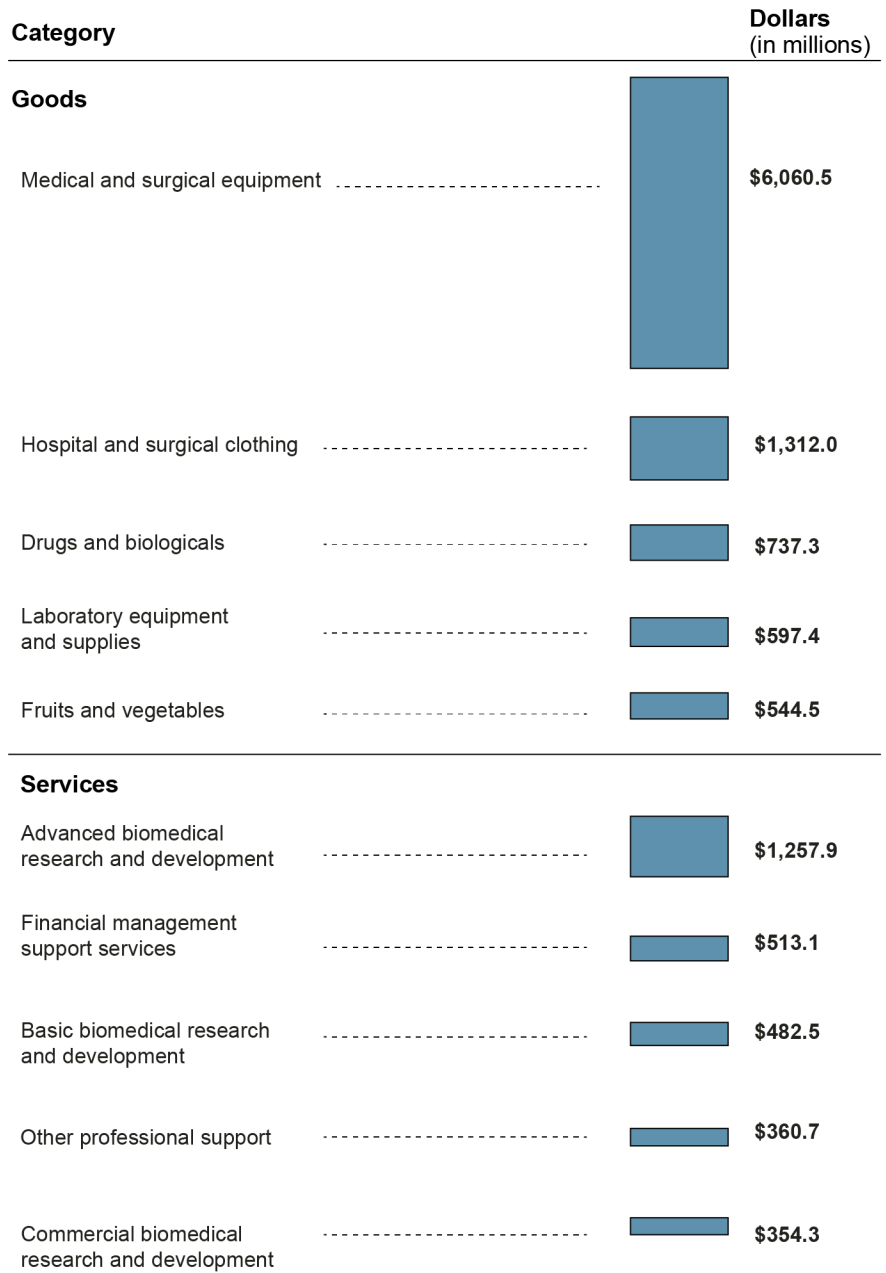
Figure 3: Examples of Medical Equipment and Supplies Used in Response to COVID-19



Source: (left to right) Jeff Markham / Federal Emergency Management Agency; U.S. Air National Guard photo by Senior Master Sgt. Joseph Pearson; Army National Guard Photo by Staff Sgt. Kenneth Tucceri. | GAO-20-632

In addition to goods, agencies have obligated about \$2.1 billion on contracts for advanced, basic, and commercial biomedical research and development for vaccination development, among other things. Agencies have also obligated about \$513 million on contracts for financial management support services, which includes \$500 million by the Small Business Administration for data analysis and loan recommendation services, according to the contract description in FPDS-NG. Figure 4 below shows top goods and services.

Figure 4: Government-wide Contract Obligations for Top Goods and Services, as of June 11, 2020



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

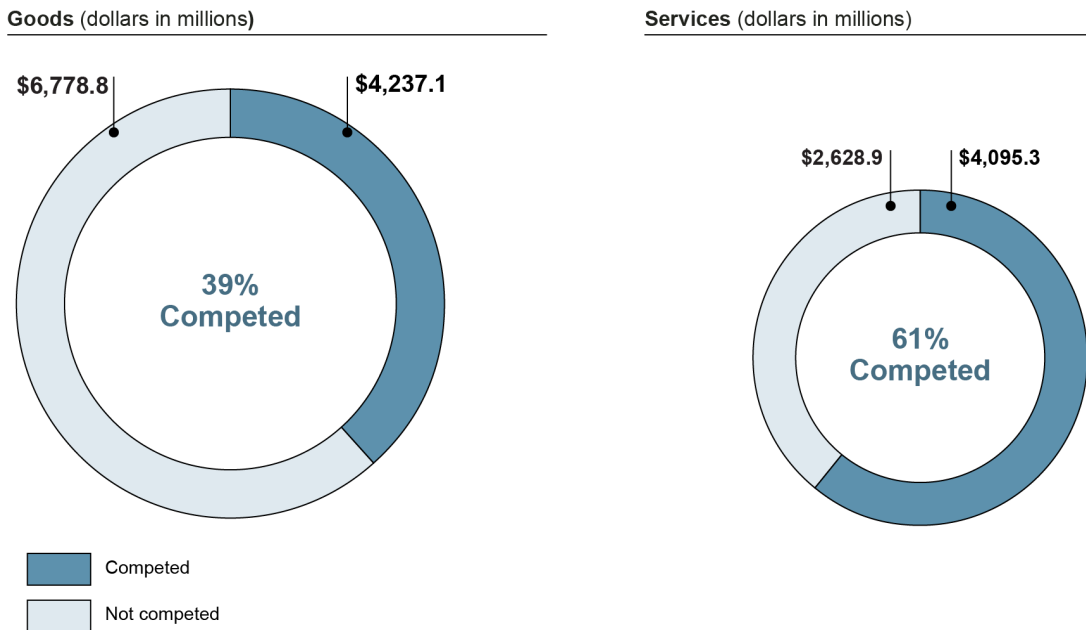
Government-wide, about \$8.3 billion, or 47 percent, of contract obligations in response to COVID-19 were identified as competitively awarded as of June 11, 2020. Out of the approximately \$9.4 billion identified as noncompetitive contract obligations, more than two-thirds, or about \$6.9 billion, were reported as using the unusual and compelling urgency exception to full and open competition.²² Awarding contracts under the unusual and compelling urgency exception to full and open competition can be necessary in certain circumstances, but our prior work has noted that promoting competition—even in a limited form—increases the potential for quality goods and services at a lower price in urgent situations.²³

With regards to competition for goods and services procured, while almost two-thirds of government-wide contract obligations have been on contracts for goods, agencies competed these contracts less frequently. For example, about 91 percent, or about \$5.5 billion in contract obligations for medical and surgical equipment, were identified as not competed. Overall, as shown in figure 5, about 39 percent of obligations for goods were competed compared to about 61 percent of obligations for services.

²²For the purposes of this report, obligations identified as using the unusual and compelling urgency exception include those associated with contracts subject to FAR part 6.302-2, as well as orders under multiple award contracts, which are subject to separate competition requirements under FAR part 16.505(b)(2). Specifically, under 16.505(b)(2), orders on multiple award contracts require contracting officers to give every awardee a fair opportunity to be considered for a delivery-order or task-order exceeding \$3,500; with exceptions, including if the agency need for the supplies or services is so urgent that providing a fair opportunity would result in unacceptable delays. When using the unusual and compelling urgency exception to full and open competition, agencies still must request offers from as many potential sources as is practicable under the circumstances.

²³GAO, *Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight*, [GAO-14-304](#) (Washington, D.C.: Mar. 26, 2014).

Figure 5: Proportion of Competed Government-wide Contract Obligations for Goods and Services, as of June 11, 2020



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Note: About \$12 million in service contract obligations were not identified as being competed or not competed.

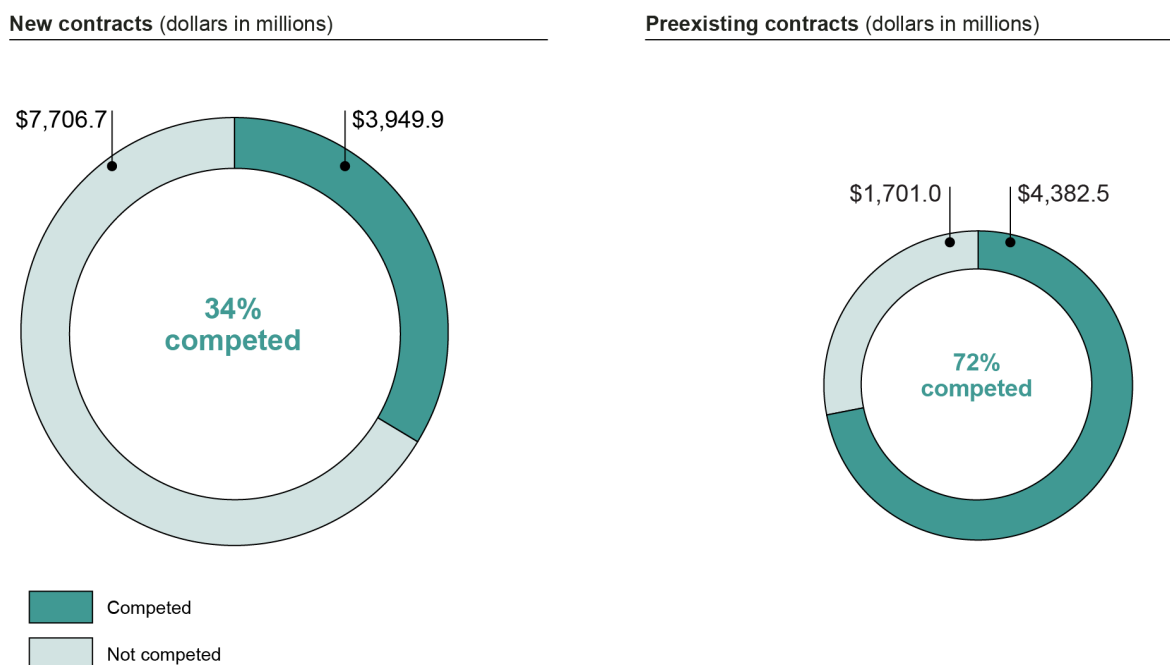
Agencies' Contract Obligations Were Predominantly on New Contracts, Which Were Competed Less Frequently than Preexisting Contracts

A majority of the government-wide contract obligations reported in FPDS-NG, about \$11.7 billion, were associated with new contracts, compared with about \$6.1 billion on preexisting contracts.²⁴ For example, while obligations on contracts for drugs and biologicals were primarily procured on preexisting contracts, the majority of the remaining obligations for the top five goods were on new contracts in response to the pandemic. Obligations on new contracts were competed less frequently than obligations on preexisting contracts, with about 34 percent of obligations on newly awarded contracts competed, compared to about 72 percent of obligations on pre-existing contracts (see fig. 6). Our prior work has noted that agencies can leverage contracts awarded in advance of a disaster to

²⁴New contract obligations include obligations on new definitive contracts (as reported in FPDS-NG), purchase orders, indefinite delivery vehicles, and blanket purchase agreements awarded after February 4, 2020—the date of the first contract obligations in response to COVID-19—and all associated orders, calls, and modifications to these awards. Preexisting contract obligations include obligations on orders, calls, and modifications to definitive contracts, purchase orders, indefinite delivery vehicles, and blanket purchase agreements awarded prior to February 4, 2020.

rapidly and cost-effectively mobilize resources, and that these contracts can help preclude the need to procure critical goods and services noncompetitively.²⁵

Figure 6: Proportion of Competed Government-wide Contract Obligations for New and Preexisting Contracts, as of June 11, 2020



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

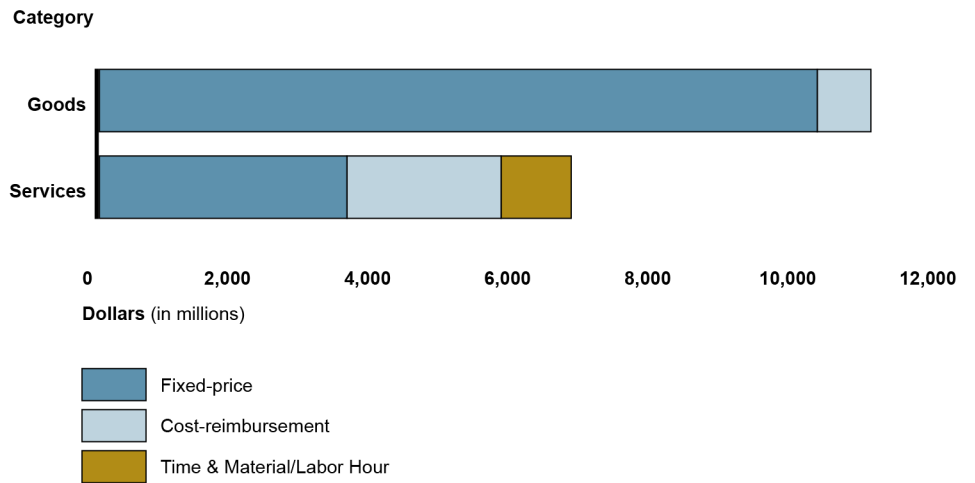
Note: About \$12 million in new contract obligations were not identified as being competed or not competed.

Most Obligations on Contracts for Goods Were Made on a Fixed-Price Basis

According to FPDS-NG data, agencies made about \$13.8 billion, or 78 percent of all contract obligations on fixed-price contracts, with more contract obligations made on fixed-price contracts for goods than fixed-price contracts for services (see fig. 7). About \$3 billion, or 17 percent, of contract obligations were made on cost-reimbursement contracts. Agencies used cost-reimbursement and time & materials/labor hour contracts more frequently for contracts for services than for goods. As shown below, about 48 percent of service contract obligations were for one of these two contract types.

²⁵GAO-19-93.

Figure 7: Government-wide Contract Obligations by Type of Contract for Goods and Services, as of June 11, 2020

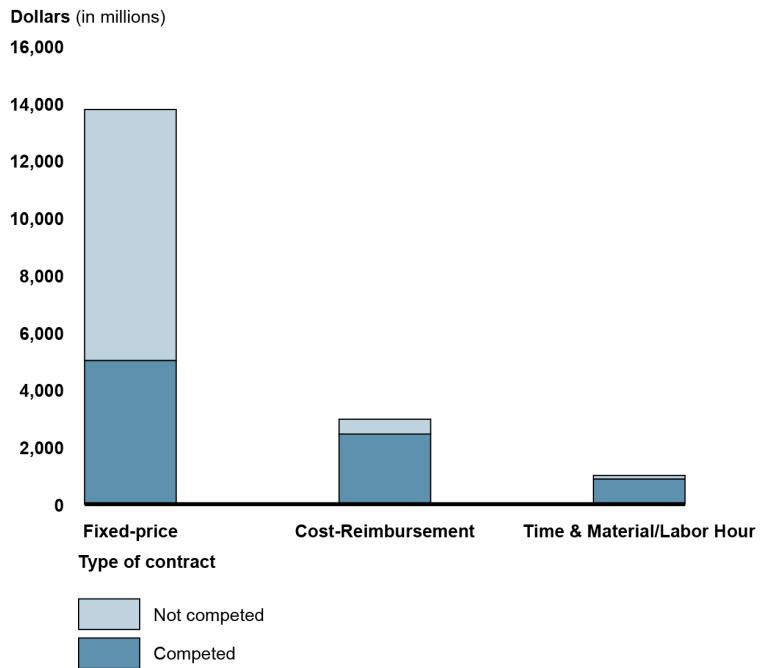


Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Note: About \$223,000 in contract obligations were identified as having an “other” contract type.

As shown in figure 8, although most contract obligations were made on fixed-price contracts, about 64 percent, or \$8.8 billion of those obligations were on contracts identified as not competed.

Figure 8: Completed COVID-19 Government-wide Contract Obligations by Type of Contract, as of June 11, 2020

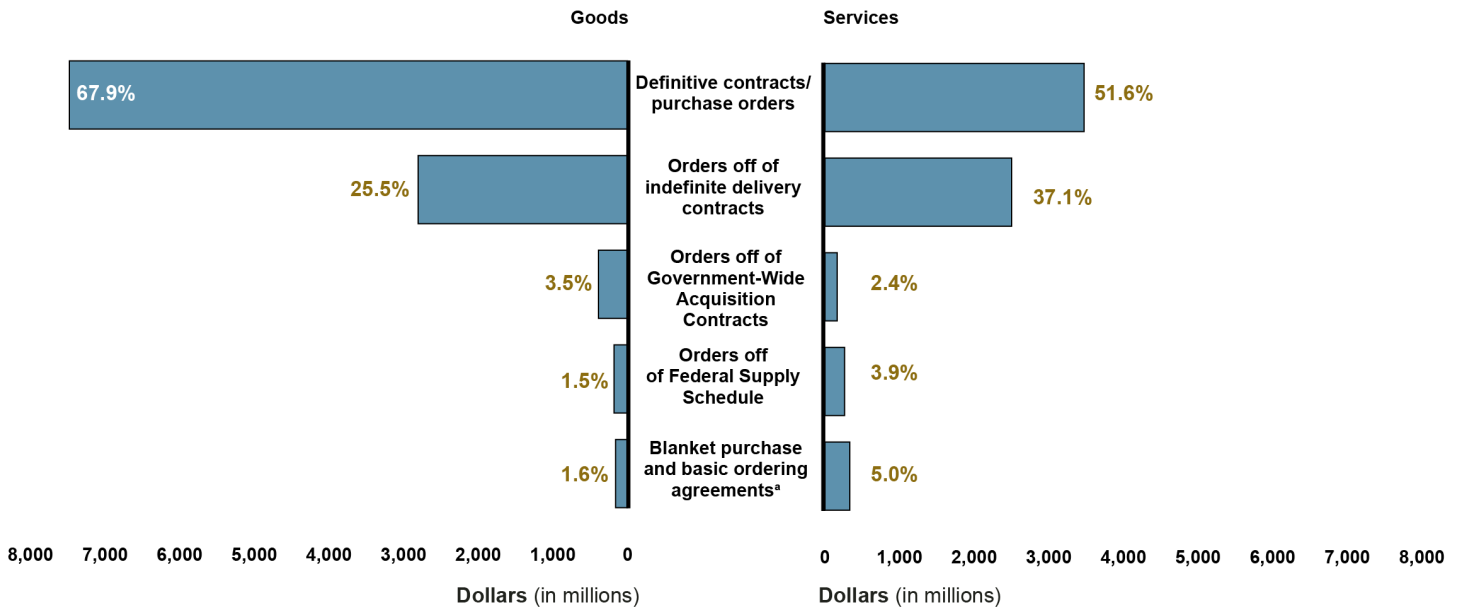


Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Note: About \$12 million in fixed-price contract obligations were not identified as being competed or not competed, and about \$223,000 in contract obligations were identified as having an “other” contract type.

As shown in figure 9, agencies relied on contracts FPDS-NG categorizes as definitive for about \$11 billion, or 62 percent of obligations, particularly obligations for goods. Definitive contracts have a defined scope of work, and are categorized in FPDS-NG as not allowing individual orders to be placed on the contract. Agencies obligated an additional \$5.3 billion on orders under indefinite delivery contracts, which can provide flexibility if agencies are not certain of the amount of goods or services needed. About \$978.7 million in obligations made on indefinite delivery vehicles were on Federal Supply Schedule and Government-wide Acquisition Contracts, which can be used to leverage the government’s buying power, when appropriate.

Figure 9: Government-wide Contract Obligations for Goods and Services by Contract Method, as of June 11, 2020



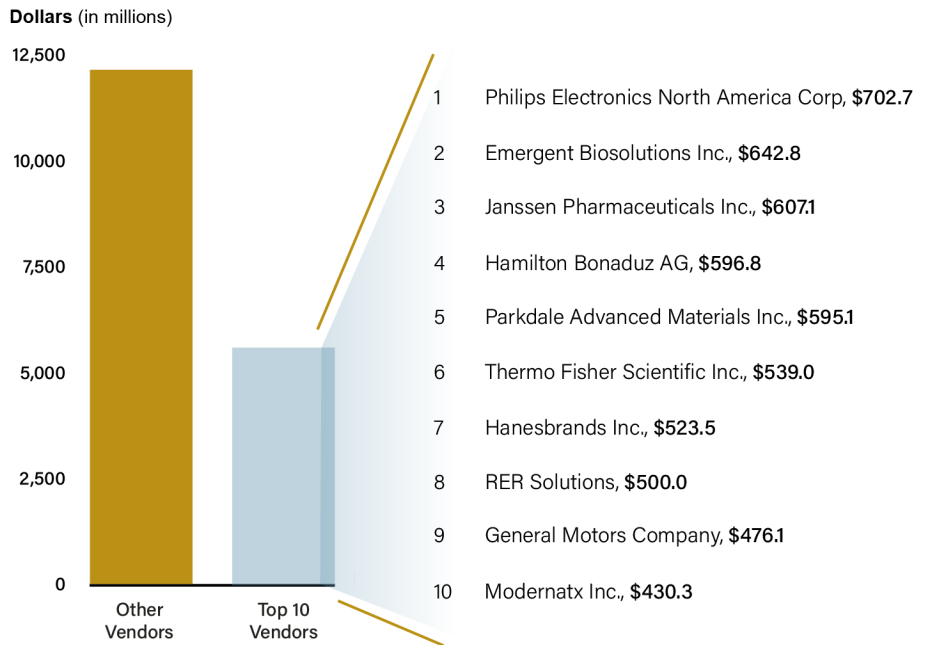
Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

^aIncludes blanket purchase agreement calls and orders off of blanket purchase and basic ordering agreements.

Top Vendors Received about One-Third of Obligations

As of June 11, 2020, federal agencies reported contract actions with over 6,200 vendors in response to COVID-19, while the top 10 vendors accounted for about one-third, or \$5.6 billion of total contract obligations (see fig. 10). About \$5.1 billion, or 29 percent, of contract obligations were reported by agency contracting officers as going to small businesses. To promote small business participation in federal contracting, there is a government-wide goal to award about a quarter of contract obligations to small businesses.

Figure 10: Government-wide Contract Obligations to Top 10 Vendors, as of June 11, 2020



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Note: According to Federal Procurement Data System-Next Generation data, General Motors Company and Modernatx Inc. had obligations on one contract action; Emergent Biosolutions Inc. had obligations on two contract actions; RER Solutions had obligations on three contract actions; Hanesbrand Inc. had contract obligations on six contract actions; Parkdale Advanced Materials Inc. had obligations on 13 contract actions; Hamilton Bonaduz AG had obligations on 17 contract actions; Janssen Pharmaceuticals Inc. had obligations on 41 contract actions; Philips Electronics North America Corp had obligations on 57 contract actions, and Thermo Fisher Scientific Inc. had obligations on 201 contract actions.

Additional details on contract obligations for the top four agencies with the highest contract obligations in response to COVID-19—HHS, DOD, DHS, and VA—are presented in agency snapshots later in this report.

Agencies Have a Variety of Contracting Flexibilities to Facilitate Government Response to the COVID-19 Pandemic

A variety of contracting flexibilities are available to agencies to facilitate the award and obligation of funds in response to the COVID-19 pandemic. For example, the CARES Act included provisions to help agencies contract for critical goods and services, while the FAR authorizes additional flexibilities for agencies to use during emergencies. While some flexibilities are available to agencies when an emergency is declared, such as those in the FAR, others require guidance to implement. Some agencies have taken steps to implement guidance and address the use of certain flexibilities, including the four agencies in our

review—HHS, DOD, DHS, and VA. For the purposes of this report, we have categorized these flexibilities into four areas: contracting techniques, financing provisions for contractors, the Defense Production Act, and waivers of acquisition requirements.

Contracting Techniques

Agencies can use several existing contracting techniques—based on provisions in the CARES Act and emergency procurement authorities in the FAR—that provide flexibilities to quickly and efficiently award contracts in response to the pandemic. We plan to conduct additional reviews that address the oversight and management of various contract types and techniques used in support of COVID-19.

- **Undefinitized contract actions (UCA).** This contracting technique allows contractors to begin work before reaching a final agreement with the government on all contract terms and conditions. Section 13005 of the CARES Act allows DOD to waive timeframes to definitize contracts and to also waive limitations on the amounts that can be obligated before the contract is defined.²⁶ UCAs can allow the government to fulfill requirements that are urgent or need to be met quickly when there is insufficient time to use normal contracting vehicles. Our prior work has noted that UCAs can pose risks to the government, such as when contractors lack incentives to control costs before all contract terms and conditions are defined.²⁷
 - Agency guidance and use of flexibility: Within DOD, the Navy issued guidance to encourage the use of UCAs to the maximum allowable obligations, and the Air Force also issued guidance to waive price ceilings and restrictions to enter into foreign military sales contracts on UCAs for the COVID-19 pandemic. As of June 11, 2020, DOD reported about \$850 million, or about 28 percent, of its obligations on UCAs for goods and services like alternate care facilities to treat COVID-19 patients and N95 respirator production. HHS, DHS, and VA reported obligating an additional \$606.4 million, \$9.5 million, and \$22.8 million, respectively, on UCAs in response to COVID-19.
- **Other transaction authority.** Other transactions enable federal agencies to negotiate terms and conditions specific to a project

²⁶Pub. L. No. 116-136, § 13005, 134 Stat. at 522.

²⁷GAO, *Defense Contracting: DOD Has Enhanced Insight into Undefinitized Contract Action Use, but Management at Local Commands Needs Improvement*, [GAO-10-299](#) (Washington, D.C.: Jan. 28, 2010).

without requiring them to comply with certain federal regulations. The CARES Act removes certain limits on the use of other transactions for HHS and DOD (sections 3301 and 13006, respectively), such as congressional reporting requirements and who can approve certain transactions.²⁸ Our prior work has noted that other transactions can enable agencies to attract companies that have not typically done business with the government to perform research, prototyping, and production of new technologies or products.²⁹ We have also noted challenges with their use in terms of a risk of reduced accountability and transparency.³⁰

- Agency guidance and use of flexibility: To implement these provisions, DOD issued guidance, which identified approval authority of other transactions related to the national emergency declaration for COVID-19 at different cost thresholds, and relaxed notification requirements to congressional defense committees. For example, under DOD's new guidance, Senior Procurement Executives of the military departments and the Directors of the Defense Advanced Research Projects Agency and the Missile Defense Agency are able to approve other transactions for prototype projects in excess of \$500 million. These authorities previously resided with the Under Secretaries of Defense for Research and Engineering and Acquisition and Sustainment. HHS officials stated that no guidance has been issued regarding the use of other transactions for COVID-19 projects. As of June 11, 2020, DOD reported obligating \$235 million for production and prototype other transactions, including clinical trials and research into the use of antibodies against COVID-19. Within FPDS-NG we found that HHS reported obligating about \$47.7 million on one other transaction.

²⁸Pub. L. No. 116-136, §§ 3301, 13006, 134 Stat. at 383, 522.

²⁹GAO, *Defense Acquisitions: DOD's Use of Other Transactions for Prototype Projects Has Increased*, [GAO-20-84](#) (Washington, D.C.: Nov. 22, 2019); and *Federal Acquisitions: Use of 'Other Transaction' Agreements Limited and Mostly for Research and Development Activities*, [GAO-16-209](#) (Washington, D.C.: Jan. 7, 2016).

³⁰[GAO-20-84](#).

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- **Special emergency procurement authorities.**³¹ The FAR also authorizes flexibilities for agencies during national emergencies and disasters, which includes the COVID-19 pandemic. In general, agencies are able to increase micro-purchase thresholds and simplified acquisition thresholds to \$20,000 and \$750,000, respectively, when an emergency or major disaster is declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Doing so allows agencies to use government purchase cards or to use simplified acquisition procedures at higher dollar amounts. In addition, the threshold for using simplified acquisition procedures for certain commercial items can be increased to \$13 million during national emergencies.
 - Agency guidance and use of flexibility: HHS, DOD, DHS, and VA have issued guidance regarding emergency acquisition authorities, related to FAR parts 13 and 18, respectively, raising the thresholds as outlined in the FAR. For example, as of June 11, 2020, the four agencies reported obligating \$667.1 million in new awards for commercial items subject to simplified acquisition procedures under the increased threshold of \$13 million (increased from the previous threshold of \$7 million). Agencies also reported about \$414.2 million in obligations for new awards subject to simplified acquisition procedures between the previous threshold of \$250,000 and the increased threshold of \$750,000. See appendix I for additional details on the four agencies' use of special emergency procurement authorities, based on FPDS-NG data.

Financing Provisions for Contractors

Agencies are leveraging various contract financing flexibilities to ensure that contractors are able to maintain readiness and fund contract expenses during the pandemic.

- **Reimbursement of contractors for maintaining employees in a ready state.** This flexibility allows agencies to reimburse contractors, subject to certain limitations, that provided paid leave to keep their

³¹Section 816 of the National Defense Authorization Act for Fiscal Year 2017 expanded the permissible uses of the special emergency procurement authorities to include support of international disaster assistance and support of a national emergency or natural disaster relief efforts in the United States, as defined by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The conference report to the National Defense Authorization Act for Fiscal Year 2017 directed GAO, not later than 4 years after the date of enactment of the Act, to submit to the Committees on Armed Services of the Senate and House of Representatives a review of all procurement activities conducted under the authorities provided by the provision. In agreement with the cognizant committees, the information in this section of the report addresses the mandate.

employees or subcontractors in a ready state during the public health emergency. Section 3610 of the CARES Act permits agencies to modify contracts or other agreements to allow these reimbursements when contractors are unable to perform work at their approved work site due to closures resulting from the pandemic, and are unable to telework. This provision expires on September 30, 2020.

- Agency guidance and use of flexibility: All four agencies in our review issued guidance regarding the implementation of section 3610. We have ongoing work that is examining the extent to which the Office of Management and Budget and selected agencies provided guidance on implementing section 3610 and the extent to which agencies are using this authority.
- **Progress payment rates**. Under this type of contract financing flexibility, contractors receive payments for their expenses as work progresses. Progress payments can help contractors improve cash flow and manage expenses, such as material, labor, and overhead for capital intensive projects.
- Agency guidance and use of flexibility: DOD and HHS have both issued guidance to increase progress payment rates. Each agency raised the progress payment rates from 80 percent to 90 percent for large business concerns. Both also raised the rates to 95 percent for small business concerns—up from 85 percent for HHS and 90 percent for DOD.

Defense Production Act

The Defense Production Act (DPA) facilitates the supply and timely delivery of products, materials, and services to military and civilian agencies in support of the national defense, including in response to emergency preparedness activities.

- **DPA awards and priority rated contracts**. Since March 18, 2020, the President has taken several actions to allow agencies to use DPA authorities to mitigate COVID-19 supply chain issues. For example, agencies can require private companies to prioritize fulfilling government contracts or orders before fulfilling contracts or orders from other customers. DOD can also award agreements under the DPA to companies to expand domestic production of health and medical resources. The CARES Act also included DPA provisions such as providing DOD with \$1 billion for DPA purchases to prevent, prepare for, and respond to the coronavirus, domestically or internationally, and waiving requirements for a separate act of Congress to authorize certain DPA projects over \$50 million.

-
- Agency guidance and use of flexibility: DHS and HHS issued guidance regarding the use of DPA authority to prioritize government contracts and orders. For example, DHS's guidance outlines how to place priority ratings on contracts and orders for goods and services to expedite delivery. HHS's guidance provides language to be included in all COVID-19 contracts and orders to ensure they can be priority rated, as needed, by the Secretary of HHS. As we reported in June 2020, HHS reported using DPA authority to prioritize at least eight contracts to produce more than 150,000 ventilators for \$2 billion by the end of 2020.³² We have ongoing work that will assess the federal government's use of DPA authority to obtain the health and medical resources necessary to combat COVID-19 and to mitigate industrial base risks.

Waivers of Acquisition Requirements

Agencies are also using additional flexibilities through the CARES Act and agency guidance to waive contract requirements related to competition, solicitations, and contract documentation.

- **Noncompetitive procurements.** Under normal circumstances, GSA must notify Congress no less than 30 days before awarding a contract using the public interest exception to full and open competition. GSA may make these determinations if full and open competition is not in the public interest. Although GSA is not one of the agencies with the highest obligations in response to COVID-19, Section 15003 of the CARES Act changed the time between notification to Congress and contract award to no less than 3 days.
- Agency guidance and use of flexibility: GSA issued guidance regarding this change to the notification requirement. However, as of June 11, 2020, none of GSA's noncompetitively awarded contracts and associated obligations in FPDS-NG relied on the public interest exception to competition.
- **Other.** In addition to areas where Congress provided contracting flexibilities, agencies have issued guidance to permit alternate methods of meeting acquisition requirements. For example, HHS, DOD, and DHS issued guidance that added other allowable forms of communication to notify contractors of suspensions and debarments, including electronic notifications. DOD also relaxed some standards to

³²[GAO-20-625](#).

permit the use of electronic signatures and copies of documents, in place of manual signatures and original documents.

DHS and HHS have also issued guidance to waive additional acquisition requirements. For example, DHS has suspended its internal review and approval requirements for exceptions to the Buy American Act, allowing contracting officers to notify DHS management of exceptions to the Buy American Act concurrent with the contract award, instead of in advance. DHS also alerted its contracting activities that the Department of Labor has waived certain labor laws and their associated contract requirements, and deferred its congressional notification requirement to notify Congress of certain contract actions in excess of \$1 million for COVID-19 procurements.³³ To facilitate recovery efforts necessary to address COVID-19, HHS also provided broad authority for its contracting officers to use the urgent and compelling exception to full and open competition to award contracts.

Both DHS and HHS have issued guidance related to acquisition planning flexibilities. DHS suspended requirements for acquisition planning for certain procurements, and HHS waived the requirement for detailed acquisition plans for acquisitions above the simplified acquisition threshold related to COVID-19.

Agency Snapshots

In the following section, we provide a two-page profile of each of the top four agencies with the highest contract obligations in response to COVID-19. Each agency snapshot provides background on the agency and its role in the response to COVID-19; obligations over time; significant contract actions—those identified as having the highest obligations during the scope of our review; the types of goods and services procured; the agency’s methods of procurement; and details on the types of vendors. Certain figures in the snapshots, such as competed goods and services, and percent of obligations for small businesses, are displayed to scale based on their associated obligations.

Unless otherwise noted, the source for all graphics in the snapshots is our analysis of data reported in the Federal Procurement Data System-Next

³³Department of Homeland Security, Department of Homeland Security Acquisition Manual § 3005.303-70 (October 2009).

Generation, as of June 11, 2020. In some cases percentages may not add to 100 percent due to rounding.³⁴

³⁴Figures in the HHS snapshot for type of contract do not reflect \$222,866 in obligations that were identified as "other" in the type of contract field in FPDS-NG. Figures in the VA snapshot for competition and type of contract do not reflect \$12 million in obligations not identified as competed or not competed in the extent competed field in FPDS-NG.

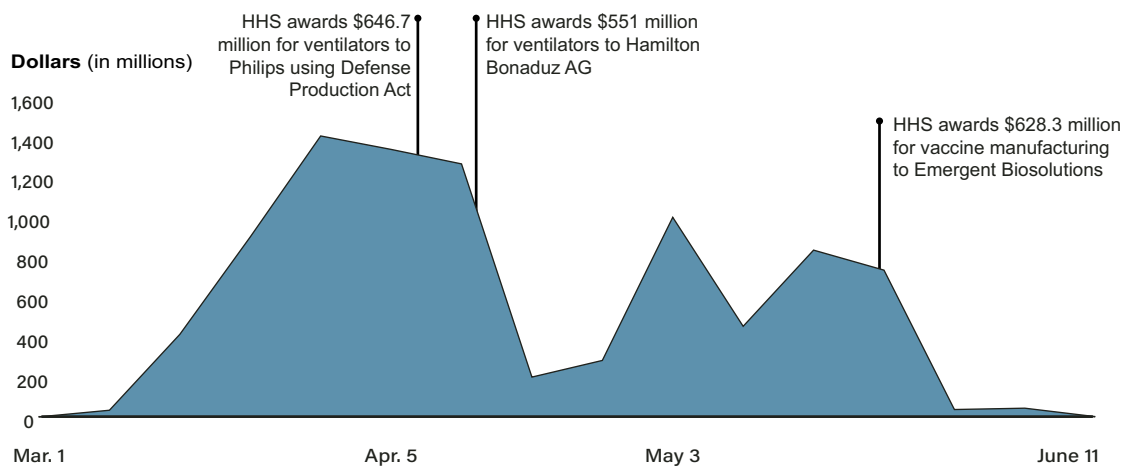
DEPARTMENT OF HEALTH AND HUMAN SERVICES

Contract Obligations

The mission of the Department of Health and Human Services (HHS) is to enhance the health and well-being of all Americans, by providing for effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services. HHS is designated as the lead agency to address the public health and medical portion of the response during the pandemic,

aligned with its emergency response responsibilities under the National Response Framework. HHS's Office of the Assistant Secretary for Preparedness and Response—which leads the nation's medical and public health preparedness for, response to, and recovery from disasters and public health emergencies—has obligated about \$7.7 billion, or about 86 percent, of HHS's \$8.9 billion in total obligations as of June 11, 2020.

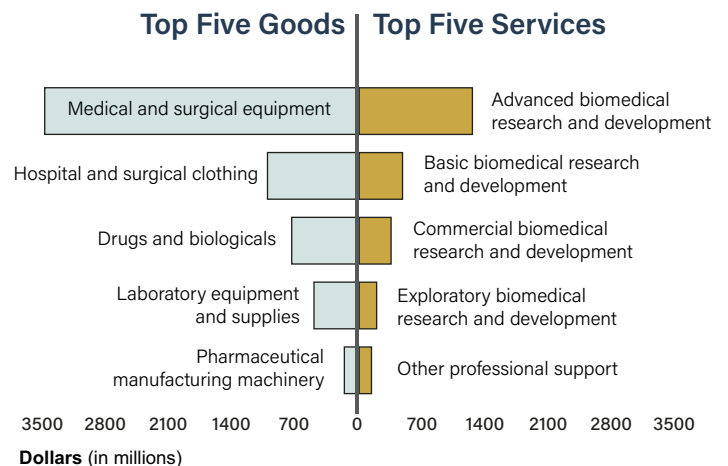
Timeline of HHS Obligations and Significant Contract Actions



Note: HHS reported obligating an additional \$9.4 million in response to COVID-19 prior to March 1, 2020.

WHAT DID HHS BUY?

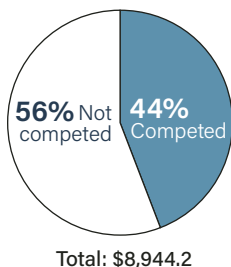
Two-thirds, or about \$5.9 billion, of HHS's contract obligations in response to COVID-19 have been on contracts for goods, with about \$3.5 billion, or 39 percent, of its obligations on contracts for medical and surgical equipment like N95 respirators, gloves, ventilators, and hospital beds.



HOW DID HHS BUY IT?

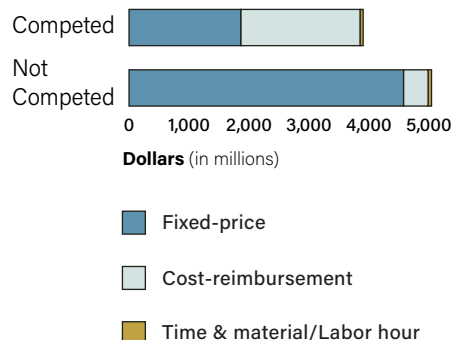
Competed Obligations Dollars (in millions)

About 44 percent of HHS's COVID-19 contract obligations were on contracts identified as awarded competitively. About \$6.7 billion of total obligations were on new contracts, identified as competed 37 percent of the time, compared to 62 percent of preexisting contract obligations identified as competed. HHS used the urgency exception to full and open competition for about \$3.8 billion, or about 76 percent, of its contract obligations identified as not competed. HHS's contracts for goods were identified as competed less frequently than its contracts for services.

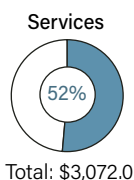
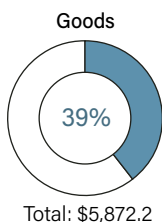


About 72 percent of HHS's contract obligations were made on fixed-price contracts, with another 27 percent on cost-reimbursement contracts, including cost sharing contracts for pharmaceuticals and biomedical research and development. About 71 percent of HHS's fixed-price contracts were identified as not competed, compared to 17 percent of cost-reimbursement contracts. HHS obligated approximately \$6.9 billion, or 78 percent, of its contract obligations on purchase orders or definitive contracts.

Type of Contract



Competed Goods and Services Dollars (in millions)



Legend:
■ Competed
■ Not competed

WHO GOT THE CONTRACTS?

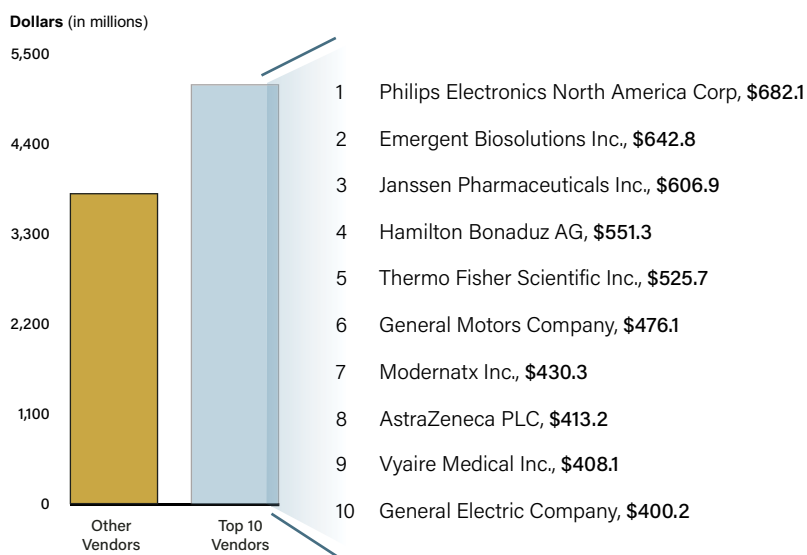
About \$1.3 billion, or 15 percent, of HHS's contract obligations were to vendors identified as small businesses. HHS's top 10 vendors accounted for 50 contract actions, and about \$5.1 billion, or 57 percent, of HHS's overall contract obligations. According to federal procurement data, at least \$2.5 billion of the top vendor obligations were for ventilators.

Not a small business

85%

Small business
15%

Vendors



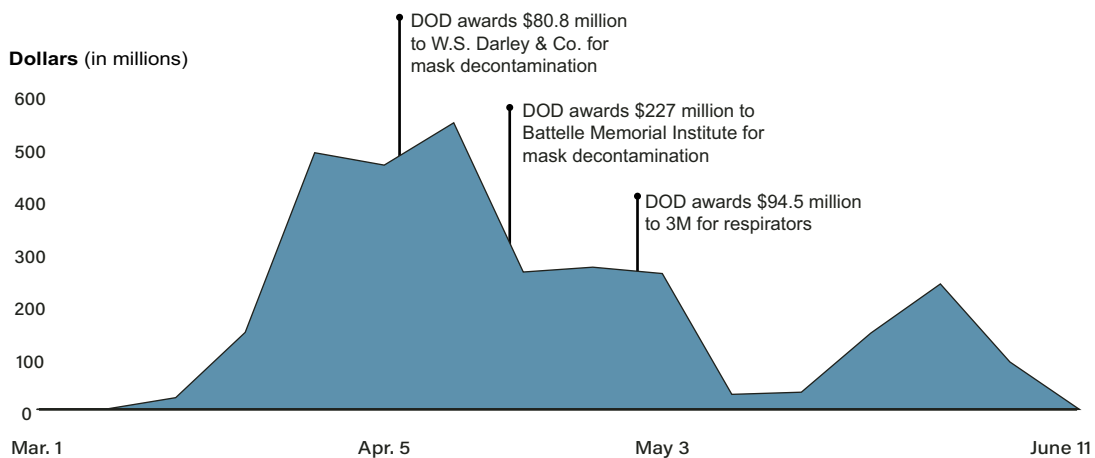
DEPARTMENT OF DEFENSE

Contract Obligations

The mission of the Department of Defense (DOD) is to provide combat-credible military forces needed to deter war and protect the security of the United States. DOD is contributing military support, expertise, and equipment in support of the whole-of-government response to COVID-19. When an emergency is declared, DOD is the emergency response coordinator for public works and engineering under the National Response Framework. The Department of

the Army—in particular the U.S. Army Corps of Engineers, which coordinates the department's public works and engineering efforts—has obligated about \$1.3 billion, or 45 percent, of DOD's total \$3 billion in obligations as of June 11, 2020. The Defense Logistics Agency, which is responsible for contracting, purchasing, storing, and distributing items for DOD, has obligated an additional \$821 million, or 27 percent, of DOD's total obligations.

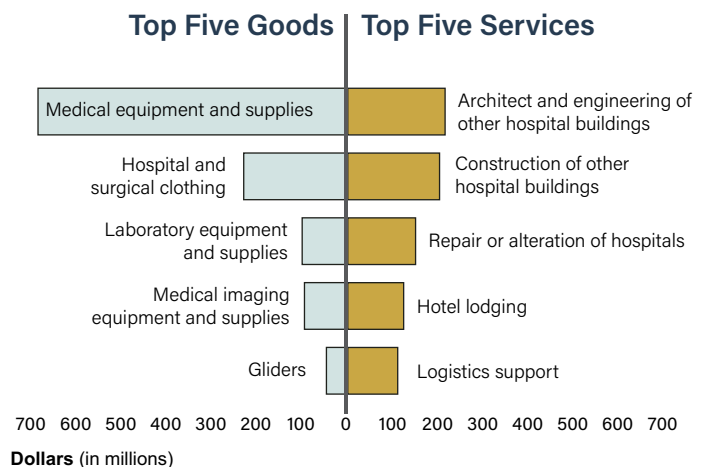
Timeline of DOD Obligations and Significant Contract Actions



Note: DOD reported obligating an additional \$1.7 million in response to COVID-19 prior to March 1, 2020.

WHAT DID DOD BUY?

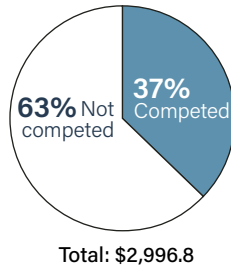
DOD's obligations in response to COVID-19 have been almost evenly split on contracts for goods and services, with about \$1.6 billion for services and \$1.4 billion for goods. About 23 percent, or \$684.2 million, of DOD's total obligations were on contracts for medical equipment and supplies. Another \$571 million, or 19 percent, were on contracts for services related to the engineering, construction, repair, or alteration of hospital buildings.



HOW DID DOD BUY IT?

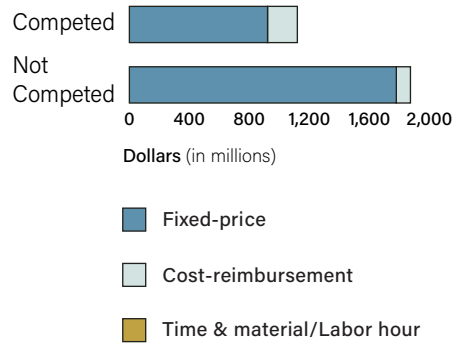
Competed Obligations Dollars (in millions)

About 37 percent of DOD's COVID-19 contract obligations were on contracts identified as awarded competitively. About \$1.6 billion of total obligations were on new contracts, identified as competed 15 percent of the time, compared to 63 percent of preexisting contract obligations identified as competed. DOD used the urgency exception to full and open competition for about \$1.2 billion, or 63 percent, of its contract obligations identified as not competed. DOD's contracts for goods were identified as competed less frequently than its contracts for services.

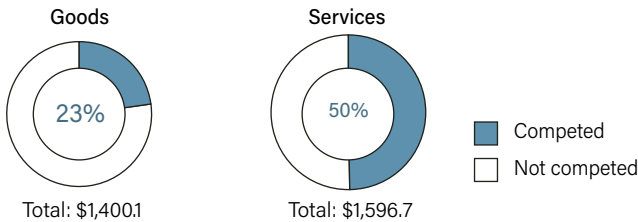


About 90 percent, or \$2.7 billion, of DOD's contract obligations were made on fixed-price contracts. About two-thirds of fixed-price contracts were identified as not competed. DOD obligated about \$1.4 billion on definitive contracts and purchase orders, and another \$1.3 billion for orders on indefinite delivery contracts.

Type of Contract

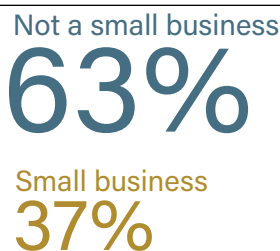


Competed Goods and Services Dollars (in millions)

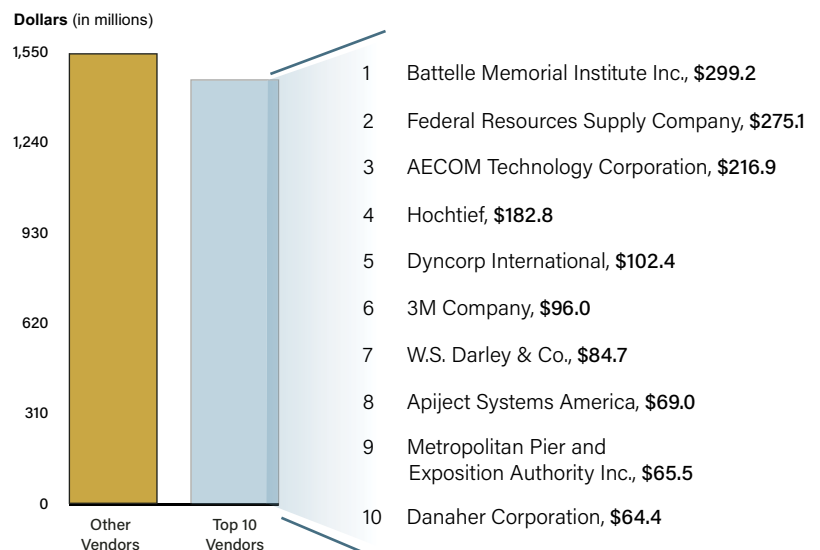


WHO GOT THE CONTRACTS?

About \$1.1 billion, or 37 percent, of DOD's contract obligations were to vendors identified as small businesses. DOD's top 10 vendors accounted for 744 contract actions, and about \$1.4 billion, or 49 percent, of DOD's overall contract obligations. According to federal procurement data, at least \$447 million of the top vendor obligations were for alternate care facilities for treating COVID-19 patients.



Vendors



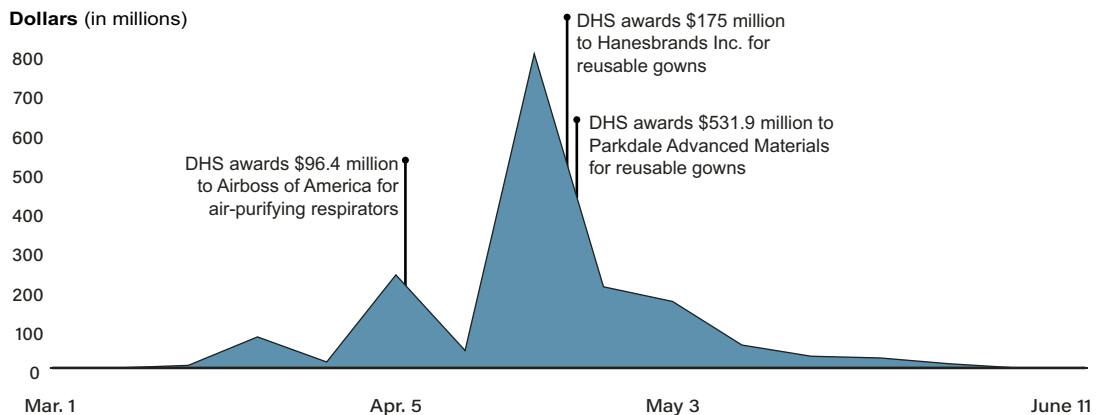
DEPARTMENT OF HOMELAND SECURITY

Contract Obligations

The Department of Homeland Security's (DHS) broad strategic goals include countering terrorism and homeland security threats, preserving U.S. prosperity and economic security, and strengthening preparedness and resilience. On March 21, 2020, the Federal Emergency Management Agency—the primary agency responsible for preparedness, response, and recovery from all hazards—was identified as the lead for federal operations in response to COVID-19 on behalf of the

White House Coronavirus Task Force. When an emergency is declared, under the National Response Framework DHS and the Federal Emergency Management Agency are involved as the emergency response coordinators for communications, mass care and human services, and logistics, among other activities. The Federal Emergency Management Agency has obligated about \$1.6 billion, or 96 percent, of DHS's \$1.7 billion in contract obligations as of June 11, 2020.

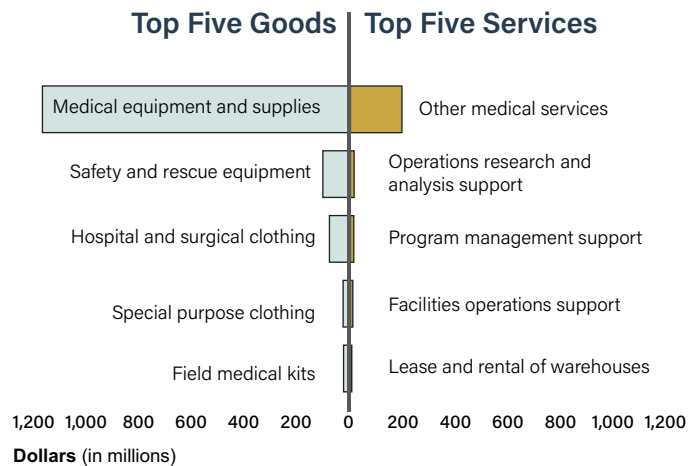
Timeline of DHS Obligations and Significant Contract Actions



Note: DHS did not report any obligations in response to COVID-19 prior to March 1, 2020.

WHAT DID DHS BUY?

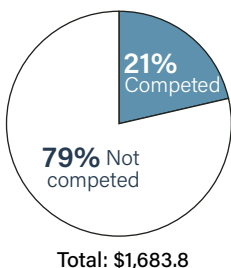
About \$1.4 billion, or 85 percent, of DHS's obligations in response to COVID-19 have been on contracts for goods. Almost 70 percent of DHS's total obligations were on contracts for medical equipment and supplies, including reusable gowns and N95 respirators for medical professionals. According to federal procurement data, the \$196 million DHS obligated for other medical services were on contracts for emergency management support services in New York and New Jersey.



HOW DID DHS BUY IT?

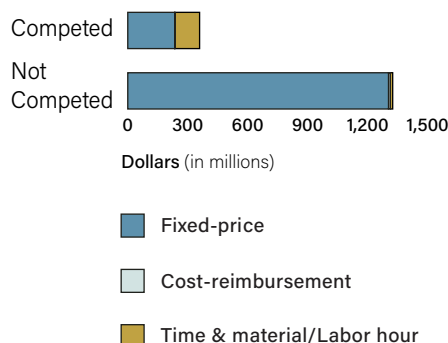
Competed Obligations Dollars (in millions)

About 21 percent of DHS's COVID-19 contract obligations were on contracts identified as awarded competitively. About \$1.4 billion of total obligations were on new contracts, identified as competed 7 percent of the time, compared to 88 percent of preexisting contract obligations identified as competed. DHS used the urgency exception to full and open competition for about \$1.1 billion, or 87 percent, of contract obligations identified as not competed. DHS's contracts for goods were identified as competed less frequently than its contracts for services.

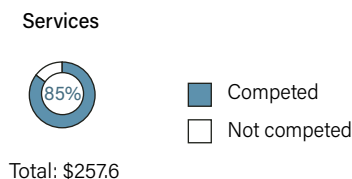
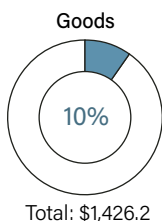


About 91 percent, or \$1.5 billion, of DHS's contract obligations were made on fixed-price contracts. About 85 percent of DHS's fixed-price contract obligations were identified as not competed. Seventy-four percent or about \$1.2 billion of DHS's contract obligations were for orders on indefinite delivery contracts.

Type of Contract

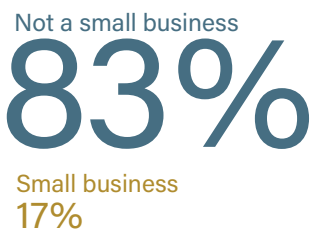


Competed Goods and Services Dollars (in millions)

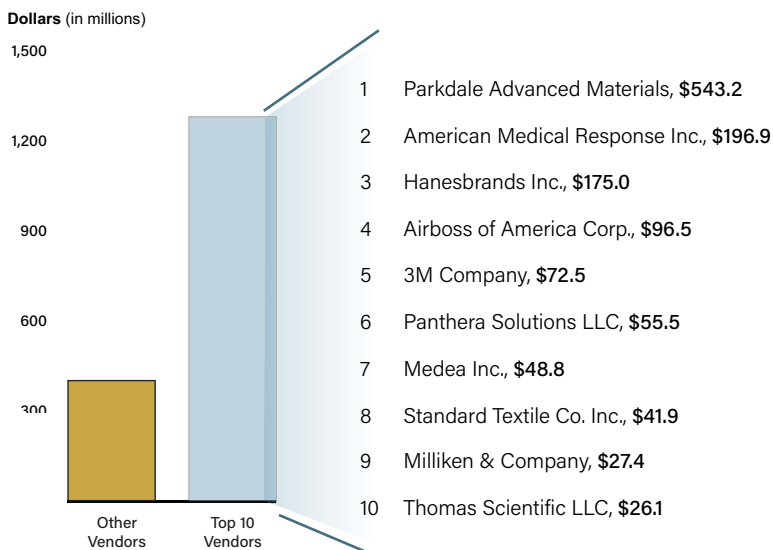


WHO GOT THE CONTRACTS?

About \$287 million, or 17 percent, of DHS's contract obligations were to vendors identified as small businesses. DHS's top 10 vendors accounted for 35 contract actions, and about \$1.3 billion, or 76 percent, of DHS's overall contract obligations. According to federal procurement data, at least \$776 million of the top vendor obligations were for reusable gowns for health care providers.



Vendors



Note: Contract obligations for the N95 respirator contract with Panthera Solutions LLC were reported in the federal procurement database as of June 11, 2020; however, FEMA officials stated this contract has since been terminated for cause.

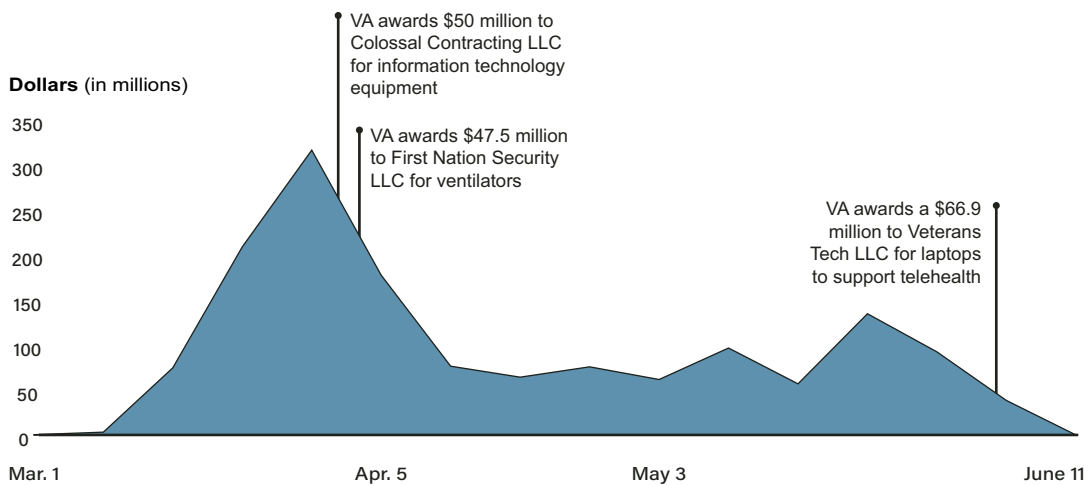
DEPARTMENT OF VETERANS AFFAIRS

Contract Obligations

The mission of the Department of Veterans Affairs (VA) is to serve veterans of the U.S. armed forces and provide health, pension, burial, and other benefits. As the nation's largest integrated healthcare network, VA has been responsible for caring for veterans infected with COVID-19, providing continuity of care for non-infected veterans, and limiting the spread of COVID-19 among veterans and VA staff. As identified in the U.S. Government COVID-19 Response Plan, the Veterans Health

Administration supports the Department of Health and Human Services' emergency responsibilities for public health and medical services, including medical screening, and personnel in support of the response. As of June 11, 2020, various contracting organizations within VA have been involved in procuring its \$1.5 billion in obligations for goods and services in response to COVID-19, including Network Contracting Offices that support the various regions of VA's hospital network.

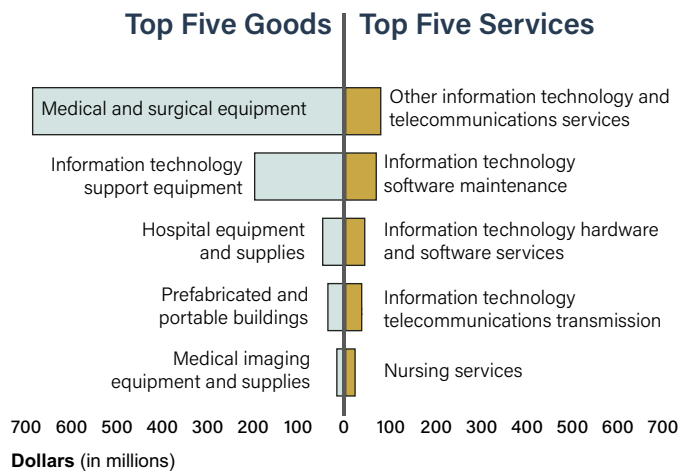
Timeline of VA Obligations and Significant Contract Actions



Note: VA reported obligating an additional \$146,247 in response to COVID-19 prior to March 1, 2020.

WHAT DID VA BUY?

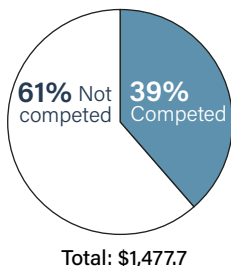
Almost three-quarters, or about \$1.1 billion, of VA's obligations in response to COVID-19 have been for goods. About \$686 million, or 46 percent, of VA's total obligations have been for medical and surgical equipment, like ventilators and N95 respirators. VA's obligations for services include information technology and telecommunications services to support telemedicine efforts, among other things.



HOW DID VA BUY IT?

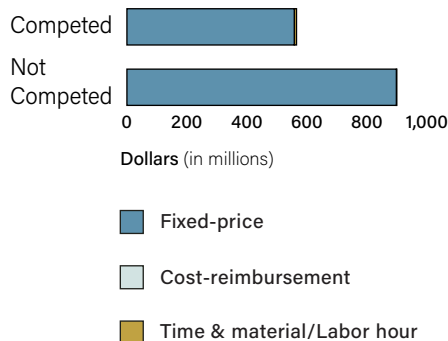
Competed Obligations Dollars (in millions)

About 39 percent of VA's COVID-19 contract obligations were on contracts identified as awarded competitively. About \$779.3 million of total obligations were on new contracts, identified as competed 8 percent of the time, compared to 72 percent of preexisting contract obligations identified as competed. VA used the urgency exception to full and open competition for about \$626.6 million, or 70 percent, of its contract obligations identified as not competed. VA's contracts for goods were identified as competed less frequently than its contracts for services.

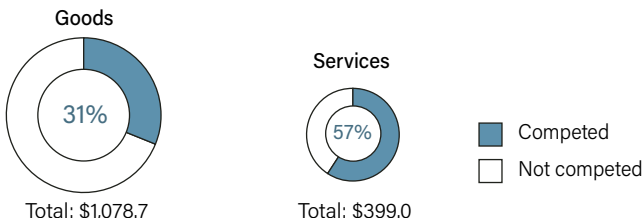


All but about \$10 million of VA's \$1.5 billion in obligations were made on fixed-price contracts. About 61 percent of fixed-price contracts were identified as not competed. VA obligated about \$711.3 million, or 48 percent, of its total obligations on definitive contracts and purchase orders, and another \$283.5 million for orders on Government-wide Acquisition Contracts.

Type of Contract



Competed Goods and Services Dollars (in millions)



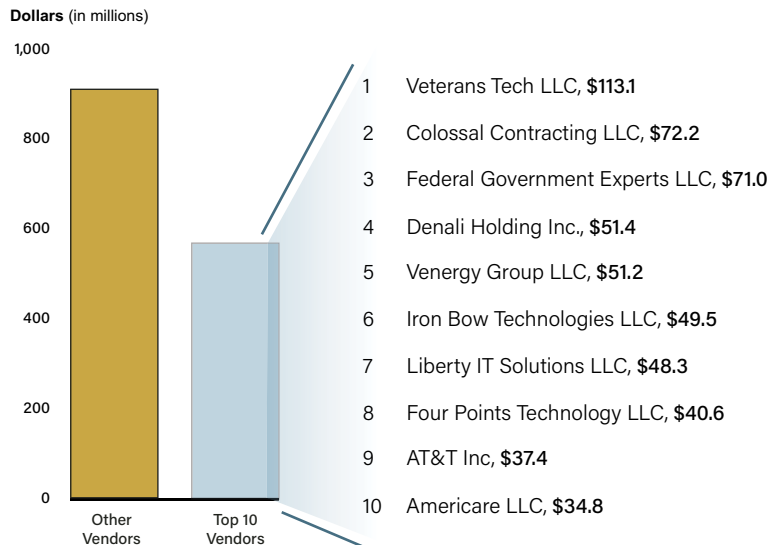
WHO GOT THE CONTRACTS?

About \$973 million, or 66 percent, of VA's contract obligations were to vendors identified as small businesses. VA's top 10 vendors accounted for 121 contract actions, and about \$569.6 million, or 39 percent, of VA's overall contract obligations. According to federal procurement data, at least \$354 million of the top vendor obligations were for information technology equipment or services.

Not a small business
34%

Small business
66%

Vendors



Agency Comments

We provided a draft of this report to HHS, DOD, DHS, and VA for review and comment. All four agencies provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and offices; and the Secretaries of Health and Human Services, Defense, Homeland Security, and Veterans Affairs. In addition, the report will be made available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff members making key contributions to this report are listed in appendix II.



Marie A. Mak
Director, Contracting and National Security Acquisitions

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Appendix I: Selected Agencies' Use of Special Emergency Procurement Authority for COVID-19 Contract Obligations

Table 1: COVID-19 Contract Obligations, As Reported in the Federal Procurement Data System-Next Generation, That Were Between Existing and Emergency Procurement Thresholds, by Agency, as of June 11, 2020

	Micro-purchases ^a		Simplified acquisitions		Commercial items	
	Number of awards	Obligations (in dollars)	Number of awards	Obligations (in dollars)	Number of awards	Obligations (in dollars)
Department of Defense (since March 13, 2020)	338	5,392,975	325	145,800,819	33	212,910,357
Department of Health and Human Services (since March 21, 2020)	159	2,420,800	122	110,852,514	18	171,496,372
Department of Homeland Security (since March 17, 2020)	34	523,204	56	22,797,234	18	143,753,593
Department of Veterans Affairs (since March 15, 2020)	99	1,909,166	332	134,726,790	30	138,945,482
Total	630	10,246,145	835	414,177,357	99	667,105,804

Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-20-632

Note: Obligations reflect new awards reported from the date each agency increased their special emergency procurement authority through June 11, 2020, with an estimated contract value above the existing procurement thresholds. In general, the reported obligations reflect micro-purchases between \$10,000 and \$20,000; obligations subject to simplified acquisition procedures between \$250,000 and \$750,000; and commercial items between \$7,000,000 and \$13,000,000.

^aAgencies are only required to report contract actions above the micro-purchase threshold in the Federal Procurement Data System-Next Generation per FAR 4.606. As shown above, some agencies have reported these actions in response to COVID-19, but the actions and obligations reported do not reflect all agency micro-purchases.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Marie A. Mak, 202-512-4841 or MakM@gao.gov

Staff Acknowledgments

In addition to the contact named above, Janet McKelvey (Assistant Director), Meghan Perez (Analyst in Charge), Dennis Antonio, Lorraine Ettaro, Kurt Gurka, Stephanie Gustafson, Julia Kennon, and Robin Wilson made contributions to this report.

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