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MILITARY OPERATIONS

High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces





Highlights of [GAO-07-145](#), a report to congressional committees

Why GAO Did This Study

Prior GAO reports have identified problems with the Department of Defense's (DOD) management and oversight of contractors supporting deployed forces. GAO issued its first comprehensive report examining these problems in June 2003. Because of the broad congressional interest in U.S. military operations in Iraq and DOD's increasing use of contractors to support U.S. forces in Iraq, GAO initiated this follow-on review under the Comptroller General's statutory authority. Specifically, GAO's objective was to determine the extent to which DOD has improved its management and oversight of contractors supporting deployed forces since our 2003 report. GAO reviewed DOD policies and interviewed military and contractor officials both at deployed locations and in the United States.

What GAO Recommends

GAO is recommending that the Secretary of Defense appoint a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, at a sufficiently senior level and with the appropriate resources, dedicated to leading DOD efforts to improve the management and oversight of contractors supporting deployed forces. DOD agreed with our recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-07-145.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

MILITARY OPERATIONS

High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces

What GAO Found

DOD continues to face long-standing problems that hinder its management and oversight of contractors at deployed locations. DOD has taken some steps to improve its guidance on the use of contractors to support deployed forces, addressing some of the problems GAO has raised since the mid-1990s. However, while the Office of the Secretary of Defense is responsible for monitoring and managing the implementation of this guidance, it has not allocated the organizational resources and accountability to focus on issues regarding contractor support to deployed forces. Also, while DOD's new guidance is a noteworthy step, a number of problems we have previously reported on continue to pose difficulties for military personnel in deployed locations. For example:

- DOD continues to have limited visibility over contractors because information on the number of contractors at deployed locations or the services they provide is not aggregated by any organization within DOD or its components. As a result, senior leaders and military commanders cannot develop a complete picture of the extent to which they rely on contractors to support their operations. For example, when Multi-National Force-Iraq began to develop a base consolidation plan, officials were unable to determine how many contractors were deployed to bases in Iraq. They therefore ran the risk of over-building or under-building the capacity of the consolidated bases.
- DOD continues to not have adequate contractor oversight personnel at deployed locations, precluding its ability to obtain reasonable assurance that contractors are meeting contract requirements efficiently and effectively at each location where work is being performed. While a lack of adequate contract oversight personnel is a DOD-wide problem, lacking adequate personnel in more demanding contracting environments in deployed locations presents unique difficulties.
- Despite facing many of the same difficulties managing and overseeing contractors in Iraq that it faced in previous military operations, we found no organization within DOD or its components responsible for developing procedures to systematically collect and share its institutional knowledge using contractors to support deployed forces. As a result, as new units deploy to Iraq, they run the risk of repeating past mistakes and being unable to build on the efficiencies others have developed during past operations that involved contractor support.
- Military personnel continue to receive limited or no training on the use of contractors as part of their pre-deployment training or professional military education. The lack of training hinders the ability of military commanders to adequately plan for the use of contractor support and inhibits the ability of contract oversight personnel to manage and oversee contractors in deployed locations. Despite DOD's concurrence with our previous recommendations to improve such training, we found no standard to ensure information about contractor support is incorporated in pre-deployment training.

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Abbreviations

DOD	Department of Defense
LOGCAP	Logistics Civil Augmentation Program

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United States Government Accountability Office
Washington, DC 20548

December 18, 2006

Congressional Committees

The U.S. military has long used contractors to provide supplies and services to deployed U.S. forces. However, the scale of contractor support the Department of Defense (DOD) relies on today in locations such as Iraq and elsewhere throughout Southwest Asia has increased considerably from what DOD relied on during previous military operations, such as Operation Desert Shield/Desert Storm and in the Balkans. Moreover, DOD's reliance on contractors continues to grow. The Army alone estimates that almost 60,000 contractor employees currently support ongoing military operations in Southwest Asia. By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War.¹ Similarly, the spending on contractors supporting deployed forces is significant. For example, spending on DOD's single largest contract supporting U.S. forces in Southwest Asia—the Army's Logistics Civil Augmentation Program (LOGCAP)—was about \$15.4 billion between 2001 and 2004.² Today, contractors provide deployed U.S. forces with communication services; interpreters who accompany military patrols; base operations support (e.g., food and housing); weapons systems maintenance; intelligence analysis; and a variety of other support. Many of these contractors live and work side by side with their military counterparts and share many of the same risks and hardships.

Since 1997, we have reported on DOD's management and training shortcomings related to its use of contractor support to deployed forces.³ In June 2003, we issued our first comprehensive review of DOD's management and oversight of contractor support to deployed forces,

¹Estimated figures are used because neither DOD nor the services have a single point that collects information on contracts that support deployed forces.

²Established in 1985, LOGCAP is an Army program that preplans for the use of global corporate resources to support worldwide contingency operations. In the event that U.S. forces deploy, contractor support is then available to a military commander as an option.

³See the end of this report for a list of prior GAO reports and testimonies on the use of contractors to support deployed U.S. forces.

focusing our efforts in the Balkans and Southwest Asia.⁴ We reported that (1) DOD used contractors for a wide range of services; (2) DOD and the services had not identified essential services provided by contractors or developed backup plans for those services; and (3) guidance and contract language and oversight varied within DOD and the services, creating challenges that might hinder the efficient use of contractors. We made several recommendations to the Secretary of Defense to improve DOD's guidance, training, and contractor visibility at all levels of command, recommendations that DOD broadly agreed with. Moreover, we have established that clear policies, procedures, criteria, and management oversight are needed to help agencies use resources effectively and efficiently to meet organizational and program objectives.⁵ However, our audit work on related subjects since 2003 indicated that DOD continued to face difficulties regarding its use of contractors to support deployed forces.

Because of continued congressional interest in DOD's use of contractors to support deployed forces, we prepared this report under the Comptroller General's statutory authority to conduct evaluations on his own initiative. Specifically, our objective was to determine the extent to which DOD has improved its management and oversight of contractors supporting deployed forces since our last comprehensive review of this issue in 2003. We focused our efforts in Iraq and elsewhere in Southwest Asia.

To address our objective, we met with and obtained documentation from the Office of the Secretary of Defense, Joint Staff, and service headquarters officials to review changes to key DOD and service guidance and obtain a comprehensive understanding of their efforts in addressing the issues raised in our 2003 report. We visited select DOD components based on their responsibilities for contract management, such as the Defense Contract Management Agency, and various service commands in the United States, including the Army Materiel Command, to discuss their roles in managing and overseeing contractors in deployed locations. We also interviewed staff officers from six combat units that had been

⁴See GAO, *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans*, [GAO-03-695](#) (Washington, D.C.: June 24, 2003).

⁵See GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999) and *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

deployed to Iraq between 2003 and 2006 to discuss their experiences with contractors at deployed locations. We traveled to Iraq and Kuwait to meet with deployed combat units, installation commanders, headquarters personnel, and other military personnel responsible for contracting and contract management at deployed locations. In addition, we met with 26 U.S. and foreign contractors providing a variety of services to DOD at deployed locations to discuss their perspectives on contracting and contract management issues. We conducted our review from August 2005 through October 2006 in accordance with generally accepted government auditing standards. Details on our scope and methodology are contained in appendix I.

Results in Brief

Although DOD has taken action to improve its guidance on the use of contractors to support deployed forces since our 2003 report, a number of long-standing problems continue to hinder DOD's management and oversight of contractors at deployed locations. Steps DOD has taken include amending its acquisition regulations to add standardized deployment language for contracts that may require contractors to accompany U.S. forces deployed outside the United States and, in October 2005, issuing the first DOD-wide instruction on the use of contractors to support deployed forces, which addresses some of the problems we have previously raised. However, we have concerns that DOD components are not implementing this instruction. For example, while the instruction assigns responsibility for monitoring and managing its implementation to the Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness, there is no focal point within this office responsible for issues regarding contractor support to deployed forces. According to officials within the office, given the multiple issues they are responsible for, implementing the instruction or taking other steps to improve DOD's management and oversight of contractors supporting deployed forces is a lower priority. Ultimately, while DOD's new guidance is a good first step towards improving the department's management and oversight of contractors, the department continues to face problems, including:

- **Limited visibility over contractors and contractor activity:** While DOD policy since 1990 has recognized the importance of having visibility over the number of contractors providing essential services to U.S. forces and the services they provide, DOD continues to lack the capability to provide senior leaders and military commanders with information on the totality of contractor support to deployed forces. Having this information is important in order for military commanders to incorporate contractor support into their planning efforts. For example, senior military

commanders in Iraq told us that when they began to develop a base consolidation plan for Iraq they had no source to draw upon to determine how many contractor employees were located on each installation. As a result, they ran the risk of overbuilding or underbuilding the capacity of the consolidated bases. Similarly, commanders need visibility over the number of contractor employees residing on an installation in order to make informed decisions regarding base operations support (e.g., food and housing) and force protection. Having limited visibility can also unnecessarily increase contracting costs to the government. For example, according to an Army Materiel Command official, the Army estimates that because of their limited visibility over contractors at deployed locations and the government services they are entitled to, about \$43 million is lost every year on free meals being provided to contractor employees who are also receiving a per diem allowance for food. DOD's October 2005 instruction requires the department to maintain by-name accountability of contractors deploying with the force. The Army has taken steps to develop a database that could provide this accountability for all DOD components and help military commanders incorporate contractor support into their planning efforts. However, at the time of our review, this database was still in development, and officials involved with this effort told us that greater involvement by the Office of the Secretary of Defense, which is responsible for designating a database to provide this accountability, will be needed to direct all DOD components to use this database and resolve some additional institutional obstacles.

- Lack of adequate contract oversight personnel: Although having the right people with the right skills to oversee contractor performance is critical to ensure the efficient and effective use of contractors, most contract oversight personnel we met with told us DOD does not have adequate personnel at deployed locations. Having too few contract oversight personnel precludes DOD from being able to obtain reasonable assurance that contractors are meeting their contract requirements at every location where the work is being performed. For example, a Defense Contract Management Agency official responsible for overseeing portions of the Army's LOGCAP contract at 27 installations in Iraq told us he was unable to visit all of these locations during his 6-month tour in Iraq. As a result, he could not effectively monitor the contractor's performance at those sites. As we have previously reported, when contract oversight personnel are able to review the types and levels of services provided by contractors for both economy and efficiency, savings can be realized. Without adequate contract oversight personnel, DOD is at risk of being unable to identify and correct poor contractor performance in a timely manner. Prior GAO reports make clear that having too few contract oversight personnel is a DOD-wide problem affecting the department's management and oversight of contractors both in the United States and at deployed locations.

However, the more demanding contracting environment at deployed locations creates unique difficulties for contract oversight personnel.

- Limited collection and sharing of institutional knowledge: DOD has made few efforts to leverage its institutional knowledge and experiences using contractors to support deployed forces, despite facing many of the same difficulties managing contractors in Iraq that it faced in previous military operations. As early as 1997, we recommended that DOD incorporate lessons learned from previous and ongoing operations into its planning and preparation for the use of contractor support to deployed forces. However, we found no organization within DOD or its components responsible for developing procedures to capture lessons learned on the use of contractor support at deployed locations. Our review of lessons learned that were collected by DOD components, as well as discussions with DOD officials and military units deployed to Iraq, found that lessons learned on the use of contractor support at deployed locations were not routinely gathered and shared. For example, we found that a guidebook on the use of a logistical support contract almost identical to LOGCAP, which was developed by U.S. Army, Europe for the Balkans, was not made available to military commanders in Iraq until 2006. As a result, commanders in Iraq were unable to take advantage of an important tool to increase their familiarity with LOGCAP and build on efficiencies the Army had previously identified.
- Limited or no information on contractor support in pre-deployment training: We have pointed out the need for better pre-deployment training of military commanders and contract oversight personnel on the use of contractor support in several of our earlier reports, and DOD has agreed with our recommendations addressing this need. However, we found little evidence that improvements have been made to include more information on the use of contractors in pre-deployment training. Several military commanders told us they were unaware of the types of services they would be relying on until after they deployed to Iraq. As a result, they were unable to adequately plan for the use of contractor support. Similarly, several commanders of combat units told us that their pre-deployment training did provide them with information on the extent to which they would have to provide personnel to escort contractor personnel. As a result, these commanders could not incorporate this requirement into their planning efforts and were surprised by the substantial portion of their personnel they were required to allocate as escorts; personnel they had expected to be available to perform other functions. Limited or no pre-deployment training on the use of contractor support can also lead to confusion regarding roles and responsibilities military commanders have in overseeing contractors at a deployed location. We found several instances where military commanders attempted to direct or ran the risk of directing a contractor to perform work outside the scope of the

contract, despite the fact commanders are not authorized to do so, which can result in increased costs to the government. In addition, limited or no information on the use of contractors in pre-deployment training can inhibit the ability of contract oversight personnel to execute their responsibilities. For example, the contracting officer's representative for a linguist support contract told us his pre-deployment training did not adequately prepare him for his responsibilities to review invoices submitted by the contractor. We found no DOD or service guidance, policy, or doctrine establishing standards to ensure that military units incorporate information about contractor support to deployed forces in their pre-deployment training. Nevertheless, several officials told us that DOD and its components need to include information on contractor support into their pre-deployment training, including mission rehearsal exercises, and that the use of contractors at deployed locations should also be integrated into professional military education.

GAO is recommending that the Secretary of Defense appoint a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, at a sufficiently senior level and with the appropriate resources, dedicated to leading DOD's efforts to improve contract management and oversight at deployed locations. The entity that functions as this focal point would be responsible for, among other things, improving visibility over contractor support at deployed locations and developing standards to improve the pre-deployment training of military commanders and contract oversight personnel on issues related to contractor support to deployed forces.

In written comments on a draft of this report, DOD concurred with our recommendation. DOD stated in their comments that they had created the office of the Assistant Deputy Under Secretary of Defense (Program Support) on October 1, 2006 to serve as the office of primary responsibility for issues related to contractor support. However, it is not clear that this office would serve as the focal point dedicated to leading DOD's efforts to improve contract management and oversight. DOD also provided several technical comments that we considered and incorporated where appropriate.

Background

Since the early 1990s, DOD has increasingly relied on contractors to meet many of its logistical and operational support needs during combat operations, peacekeeping missions, and humanitarian assistance missions, ranging from Operation Desert Shield/Desert Storm and operations in the Balkans (e.g., Bosnia and Kosovo) to Afghanistan and Iraq. Factors that

have contributed to this increase include reductions in the size of the military, an increase in the number of operations and missions undertaken, and DOD's use of increasingly sophisticated weapons systems. Depending on the service being provided by contractors, contractor employees may be U.S. citizens, host country nationals,⁶ or third country nationals.⁷ Contracts supporting weapons systems, for example, often restrict employment to U.S. citizens, while contracts providing base operations support frequently employ host country or third country nationals.

Contracts supporting deployed forces typically fall into three broad categories—theater support, external support, and systems support. Theater support contracts are normally awarded by contracting agencies associated with the regional combatant command, for example, the U.S. Central Command or service component commands, such as the U.S. Army Central Command, or by contracting offices at deployed locations such as in Iraq. Contracts can be for recurring services—such as equipment rental or repair, minor construction, security, and intelligence services—or for the one-time delivery of goods and services at the deployed location. External support contracts are awarded by commands external to the combatant command or component commands, such as the Defense Logistics Agency and the U.S. Army Corps of Engineers. Under external support contracts, contractors are generally expected to provide services at the deployed location. LOGCAP is an example of an external support contract. Finally, systems support contracts provide logistics support to maintain and operate weapons and other systems. These types of contracts are most often awarded by the commands responsible for building and buying the weapons or other systems.

The individual services and a wide array of DOD and non-DOD agencies can award contracts to support deployed forces.⁸ Within a service or agency, numerous contracting officers, with varying degrees of knowledge

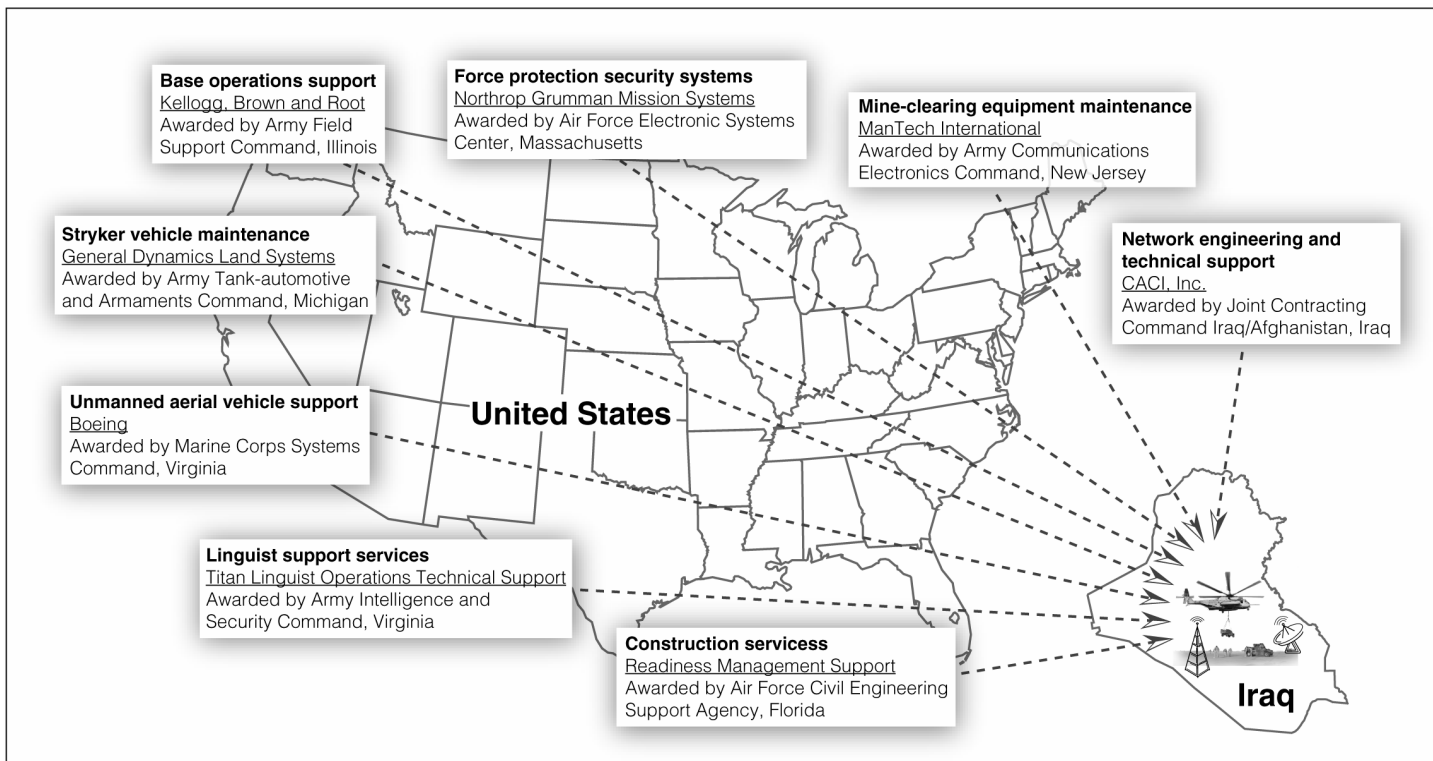
⁶A host country national is an employee of a contractor who is a citizen of the country where the work is being performed.

⁷A third country national is an employee of a contractor who is neither a citizen of the United States nor the host country.

⁸For example, in 2003 DOD relied on a Department of the Interior contracting office that specializes in awarding and administering contracts for other agencies to obtain contractor-provided intelligence-related services quickly to support U.S. forces in Iraq. See GAO, *Interagency Contracting: Problems with DOD's and Interior's Orders to Support Military Operations*, [GAO-05-201](#) (Washington, D.C.: Apr. 29, 2005).

about how contractors and the military operate in deployed locations, can award contracts that support deployed forces. According to DOD estimates, in 2005 several hundred contractor firms provided U.S. forces with a wide range of services at deployed locations. Figure 1 illustrates the broad array of contractor services being provided in Iraq and the DOD agency that awarded each contract.

Figure 1: Contracts for Select Services in Iraq Are Awarded by Many Different DOD Agencies



Sources: GAO, DOD and Map Resources.

The customer (e.g., a military unit) for these contractor-provided services is responsible for identifying and validating requirements to be addressed by the contractor as well as evaluating the contractor's performance and ensuring that contractor-provided services are used in an economical and efficient manner. In addition, DOD has established specific policies on how contracts, including those that support deployed forces, should be administered and managed. Oversight of contracts ultimately rests with the contracting officer who has the responsibility for ensuring that contractors meet the requirements set forth in the contract. However,

most contracting officers are not located at the deployed location. As a result, contracting officers appoint contract oversight personnel who represent the contracting officer at the deployed location and are responsible for monitoring contractor performance. How contracts and contractors are monitored at a deployed location is largely a function of the size and scope of the contract. Contracting officers for large-scale and high-value contracts such as LOGCAP have opted to have personnel from the Defense Contract Management Agency monitor a contractor's performance and management systems to ensure that the cost, product performance, and delivery schedules comply with the terms and conditions of the contract. Defense Contract Management Agency officials delegate daily oversight responsibilities to individuals drawn from units receiving support from these contractors to act as contracting officer's representatives for specific services being provided. For smaller contracts, contracting officers usually directly appoint contracting officer's representatives or contracting officer's technical representatives to monitor contractor performance at the deployed location. These individuals are typically drawn from units receiving contractor-provided services, are not normally contracting specialists, and serve as contract monitors as an additional duty. They cannot direct the contractor by making commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract. Instead, they act as the eyes and ears of the contracting officer and serve as the liaison between the contractor and the contracting officer. Table 1 provides additional information on the contract management roles and responsibilities of key DOD personnel.

Table 1: Key Contract Management Roles and Responsibilities

Customers: <ul style="list-style-type: none">• Develop requirements.• Write statements of work.• Obtain funding.• Provide contracting officer's representatives to monitor contract performance.	Contracting officer: <ul style="list-style-type: none">• Interpret the contract.• Obligate the government for work under the contract.• Delegate contract management responsibilities to deployed personnel who monitor contractor performance.• Ensure that the contractor corrects cited deficiencies.
Defense Contract Management Agency: <ul style="list-style-type: none">• Appoint contracting officer's representatives for LOGCAP.• Review and approve purchase requisitions.• Monitor government property.• Evaluate quality assurance.• Monitor contract performance.• Evaluate technical performance.	Contracting officer's representative: <ul style="list-style-type: none">• Provide daily contract oversight.• Evaluate quality assurance.• Monitor contract performance.• Evaluate technical performance.

Source: GAO analysis of DOD data.

While DOD Has Made Some Noteworthy Improvements, Long-standing Problems Continue to Hinder DOD's Management and Oversight of Contractors at Deployed Locations

A number of long-standing problems continue to hinder DOD's management and oversight of contractors at deployed locations. Although DOD has issued departmentwide guidance on the use of contractors to support deployed forces and some DOD components have taken some actions to improve management and oversight of contractors, there is no DOD-wide effort in place to resolve these long-standing problems. These problems include a lack of visibility over the totality of contractor support at deployed locations; a lack of adequate contract oversight personnel; the failure to collect and share institutional knowledge on the use of contractors at deployed locations; and limited or no training of military personnel on the use of contractors as part of their pre-deployment training or professional military education.

DOD Has Taken Some Noteworthy Steps to Improve Its Policy and Guidance on the Use of Contractors to Support Deployed Forces, but Lack of High-Level Action Hinders Implementation

In June 2003, we recommended that DOD take steps to improve its guidance on the use of contractors to support deployed U.S. forces. Our report noted the lack of standardized deployment language in contracts that support or may support deployed U.S. forces. Since then, in June 2005, DOD amended its acquisition regulations, the Defense Federal Acquisition Regulation Supplement, by providing DOD-wide policy and a contract clause to address situations that may require contractors to accompany U.S. forces deployed outside the United States. Our 2003 report also noted a lack of DOD-wide guidance regarding DOD's use of and responsibilities to contractors supporting deployed forces. Since then, DOD has taken steps to improve its guidance by issuing the first DOD-wide instruction on contractor support to deployed forces.⁹ Specifically, in October 2005, DOD issued DOD Instruction 3020.41, entitled Contractor Personnel Authorized to Accompany the U.S. Armed Forces, which states, among other things, that it is DOD policy to

- coordinate any proposed contractor logistic support arrangements that may affect Combatant Commanders' operational plans and operations orders with the affected geographic Combatant Commands,
- ensure contracts clearly and accurately specify the terms and conditions under which the contractor is to perform and describe the specific support relationship between the contractor and DOD, and
- maintain by-name accountability of contractors deploying with the force and contract capability information in a joint database.¹⁰

DOD Instruction 3020.41 provides guidance on a wide range of contractor support issues. For example, the instruction provides guidance on when contractors can be used to provide security for DOD assets, when medical support can be provided to contractors, and commanders' responsibilities for providing force protection and security to contractors. In addition, the instruction references a number of existing policies and guidance that may affect DOD's responsibilities to contractors supporting U.S. forces at a deployed location. However, the instruction does not address a number of

⁹Department of Defense Instruction 3020.41, Contractor Personnel Authorized to Accompany the U.S. Armed Forces (Oct. 3, 2005).

¹⁰DOD Instruction 3020.41 requires the department to maintain by-name accountability of contractors deploying with the force, who are defined as systems support and external support contractors, and associated subcontractors, specifically authorized in their contract to deploy to support U.S. forces. At the time of our review, DOD was in the process of clarifying whether additional contractor personnel should be included in the joint database.

problems we have raised in previous reports. For example, although the instruction addresses the need for visibility over contractors, it does not address the need to provide adequate contract oversight personnel, to collect and share institutional knowledge on the use of contractors at deployed locations, or to provide pre-deployment training on the use of contractor support.

While issuance of DOD Instruction 3020.41 represents a noteworthy improvement to DOD's guidance on the use of contractor support to deployed forces, we found little evidence that DOD components are implementing the guidance. Moreover, Congress has concerns over implementation of the instruction as evidenced by a provision in the Conference Report accompanying the National Defense Authorization Act for Fiscal Year 2007 requiring the Secretary of Defense to submit to Congress a report on the department's efforts to implement the instruction.¹¹ DOD Instruction 3020.41 assigns responsibility for monitoring and managing the implementation of the instruction to the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics). However, the Deputy Under Secretary of Defense for Logistics and Materiel Readiness is responsible for several policy areas including supply chain management and transportation policy. A number of assistant deputy under secretaries serve as functional experts responsible for these areas. For example, the Assistant Deputy Under Secretary of Defense (Transportation Policy) serves as the principal advisor for establishing policies and providing guidance to DOD components for efficient and effective use of DOD and commercial transportation resources. However, no similar individual is responsible primarily for issues regarding contractor support to deployed forces, including implementation of the instruction. According to senior officials within the Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness, given the multiple issues the office is responsible for, addressing contractor support to deployed forces issues is a lower priority.

Consequently, at the time of our review we found that few measures had been taken by the Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness to ensure that DOD components were

¹¹National Defense Authorization Act for Fiscal Year 2007, H.R. Conf. Rep. No. 109-702, p. 243 (Sept. 29, 2006).

complying with DOD Instruction 3020.41. For example, a senior official with the Office of the Under Secretary of Defense for Intelligence told us that the office was not aware of its responsibility under the instruction to develop and implement, as required, procedures for counterintelligence and security screenings of contractors, until our inquiry regarding their compliance with that requirement. Similarly, a senior Joint Staff official involved in the issuance of DOD Instruction 3020.41 expressed concerns that only some of the senior officials who needed to know about the instruction had been made aware that it was issued.

Instead, we found that working groups of subject matter experts within the Joint Staff and the services have begun to address the instruction's requirements. For example, in May 2006 a working group began to draft a new joint publication that provides guidance on meeting the requirements of DOD Instruction 3020.41, as well as addresses other contractor support issues. As another example, beginning in April 2006 the Joint Staff Directorate of Logistics organized a joint contingency contract management working group consisting of representatives from each of the military services, the Joint Staff, and various DOD components that meets periodically to discuss issues related to implementing the instruction's requirement to maintain by-name accountability of contractor personnel supporting deployed forces. However, joint contingency contract management working group officials told us they have no formal charter designating their responsibilities and that they therefore lack the authority to direct DOD components to implement the instruction's requirements.

Working group officials told us they are limited in how much they can accomplish without more direct involvement by senior officials within the Joint Staff and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. For example, they told us that they will likely need someone at the general officer level to act as an advocate for their ongoing efforts to implement the instruction's requirements and address other contractor support issues. Moreover, a number of senior officials, including a general officer responsible for logistics for Multi-National Force-Iraq and a senior official from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, told us that a focused effort within the Office of the Secretary of Defense is needed to coordinate efforts to improve DOD's management and oversight of contractors supporting deployed forces.

We have previously reported on the benefits of establishing a single point of focus at a sufficiently senior level to coordinate and integrate various DOD efforts to address concerns with antiterrorism and the

transformation of military capabilities.¹² For example, DOD recognized the need for a single DOD entity to implement and improve the department's antiterrorism guidance. In 1996, following the Khobar Towers bombing, the Downing task force investigated the incident and made recommendations on how to prevent or minimize the damage of future attacks. One of the central conclusions of the Downing task force was that DOD needed a stronger centralized approach to antiterrorism. To implement this approach, the task force said, a single DOD entity should be designated as responsible for antiterrorism. Further, this entity, among other things, should develop and issue physical security standards, inspect compliance with these standards, manage resources on both a routine and emergency basis, and assist field commanders with antiterrorism matters. The task force found in its review that the lack of a single DOD entity responsible for antiterrorism had had an adverse impact on the posture of forces in the field. In response to the task force's recommendation, the Secretary of Defense established an office within the Joint Staff to act as the focal point for antiterrorism. Among other things, this office has:

- improved antiterrorism guidance,
- established antiterrorism training standards for all levels of command, and
- instituted outreach programs to collect and distribute antiterrorism lessons learned.

Limited Visibility over All Contractor Support Continues to Hinder DOD's Management and Oversight of Contractors at Deployed Locations

Although DOD has long recognized the importance of having visibility over all contractor support at deployed locations, the department continues to be able to provide senior leaders and military commanders with only limited visibility over those contractors. This limited visibility continues to hinder the management and oversight of contractors in deployed locations, including Iraq. In the absence of DOD-wide efforts to address these issues, some DOD components at deployed locations and in the United States have taken their own steps to improve visibility.

¹²See GAO, *Combating Terrorism: Action Taken but Considerable Risks Remain for Forces Overseas*, [GAO/NSIAD-00-181](#) (Washington, D.C.: July 19, 2000) and *Military Transformation: Clear Leadership, Accountability, and Management Tools Are Needed to Enhance DOD's Efforts to Transform Military Capabilities*, [GAO-05-70](#) (Washington, D.C.: Dec. 17, 2004).

DOD Continues to be Unable to Provide Military Commanders at Deployed Locations and Senior Leaders with Visibility over All Contractor Support

DOD continues to lack the ability to provide military commanders and senior leaders with visibility over all contractor support at deployed locations, including the range of services being provided to U.S. forces and the number of contractor personnel at deployed locations. Although most of the contract oversight personnel we met with had visibility over the individual contracts for which they were directly responsible, including the number and location of contractor personnel, this information was not aggregated by DOD and was not provided to commanders at higher levels. Many officials responsible for managing and overseeing contractors that support deployed forces at various levels of command in Iraq told us there was no office, database, or other source that could provide them consolidated information on all contractor support at a deployed location. The following are examples of what commanders in Iraq told us:

- senior commanders within Multi-National Force-Iraq and Multi-National Corps-Iraq¹³ told us they had no source to go to that could provide them with a comprehensive summary of contractor services currently being provided U.S. forces in Iraq;
- the base commander of Logistical Support Area Anaconda, a major logistics hub in Iraq with about 10,000 contractor personnel, told us he only had limited visibility of the number of contractors at his installation and the support they were providing; and
- a battalion commander from a Stryker brigade told us he was unable to determine the number of contractor-provided interpreters available to support his unit.

Moreover, we found that major commands and higher headquarters do not maintain a source of information that could provide improved visibility over all contractors at deployed locations, as illustrated by the following examples:

- the Army Materiel Command and Air Force Materiel Command were unable to readily provide us with comprehensive information on the number of contractors they were using at deployed locations or the services those contractors were providing to U.S. forces,

¹³Multi-National Force-Iraq is responsible for counter-insurgency operations to isolate and neutralize former regime extremists and foreign terrorists and for organizing, training, and equipping Iraq's security forces. Multi-National Corps-Iraq is the tactical unit of Multi-National Force-Iraq responsible for command and control of operations in Iraq.

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- contracting officials at U.S. Central Command told us that they do not maintain centralized information on the contractor support within their area of operation, and
 - Air Force headquarters officials determined the Air Force had about 500 civilians deployed to Iraq but could not readily identify how many of these individuals were contractor personnel as opposed to DOD civilians.

DOD has long recognized the importance of providing visibility over contractors supporting deployed forces. As discussed in our 2003 report, DOD has required since 1990 that DOD components maintain visibility over contractors providing essential services to U.S. forces and the services they provide. However, in 2003 we reported that DOD components were not meeting this requirement and that they lacked visibility over all contractor support to forces deployed to the Balkans and Southwest Asia. Further, a 2004 Joint Staff review of contract management at deployed locations found commanders continued to have insufficient visibility over contractors operating in deployed locations and recommended that DOD provide the combatant commander the capability to maintain visibility over contractor personnel and contract capabilities. In addition, DOD has been unable to provide Congress with information on the totality of contractor support in Iraq, including numbers of contractors and the costs of the services they provide.

Limited Visibility Continues to Hinder DOD's Management and Oversight of Contractors in Iraq

Limited visibility over contractor support poses a variety of problems for military commanders and senior leaders responsible for contract management and oversight in deployed locations such as Iraq. With limited visibility over contractors, military commanders and other senior leaders cannot develop a complete picture of the extent to which they rely on contractors as an asset to support their operations. Further, they cannot build this reliance on contractors into their assessments of risks associated with the potential loss of essential services provided by contractors, an issue we discussed extensively in our 2003 report.

We spoke with several senior military leaders in Iraq who told us their lack of visibility over contractor support in Iraq hindered their ability to incorporate contractors into their planning efforts. For example, a general officer responsible for logistics for Multi-National Force-Iraq told us that acquiring visibility over all contractor support in Iraq was a top priority because Multi-National Force-Iraq did not have the information needed to include the presence of contractors in its planning activities. A number of Multi-National Force-Iraq officials told us that when they began to develop plans to consolidate forward operating bases in Iraq, they discovered that while they could determine the number and type of military units on those

bases, they had no means of obtaining similar information about contractors, including the number of contractor personnel on each base and the support the military was providing them. According to a senior Multi-National Force-Iraq official, without this information, Multi-National Force-Iraq ran the risk of overbuilding or underbuilding the capacity of the consolidated bases to accommodate the number of individuals expected to be stationed there. Because Multi-National Force-Iraq lacked a source to draw upon for information regarding the extent of contractor support in Iraq, Multi-National Force-Iraq issued a fragmentary order¹⁴ in April 2006 to base commanders in Iraq to conduct a census of contractors residing on the installations. However, at the time of our review, this effort had only yielded partial results which an Army official familiar with the census effort told us would not meet the initial goals of the fragmentary order.

Limited visibility over contractors and the services they provide at a deployed location can also hinder military commanders' abilities to fully understand the impact that their decisions can have on their installations. For example, when commanders make decisions to restrict access of host country nationals to an installation, this can result in the loss of some contractor-provided services, such as construction or the delivery of supplies that may be dependent upon the use of host country nationals. Similarly, one of the more frequent concerns contractors in Kuwait and Iraq related to us was the impact that base commanders' decisions to change policies regarding badging requirements and other base access procedures had on their ability to provide services to those bases.¹⁵

Decisions affecting such functions as force protection and base operations support also rely on commanders having an accurate picture of the contractor assets they have in their area of operations and an understanding of the number of contractor personnel they have to support. As we reported in 2003, military commanders require visibility over contractor support at deployed locations because they are responsible for all the people in their area of operations, including

¹⁴A fragmentary order, or FRAGO, is an abbreviated form of an operation order used to inform units of changes in missions and the tactical situation.

¹⁵We recently reported that military commanders in Iraq have instituted a variety of base access procedures to address the risk third country and host country nationals may pose. See GAO, *Military Operations: Background Screenings of Contractor Employees Supporting Deployed Forces May Lack Critical Information, but U.S. Forces Take Steps to Mitigate the Risks Contractors May Pose*, [GAO-06-999R](#) (Washington, D.C.: Sept. 22, 2006).

contractor personnel. Given the security situation in Iraq, knowledge of who is on their installation helps commanders account for all individuals in the event of a mortar attack or other hostile action. For example, Army officials assisting the movement of contractors into and out of Iraq described to us the difficulties DOD faced determining the identity of a contractor who was taken hostage and then killed by the insurgency in Iraq. We also met with several military commanders who told us that a lack of visibility over contractors on their installations complicated their efforts to provide contractors with support such as food and housing. Several officials told us they regularly had contractor personnel unexpectedly show up in Iraq and request support, but were unable to verify what DOD-provided support those contractor personnel were entitled to. As a result, DOD and its components may be providing unauthorized support to contractors. For example, at one of the joint contingency contract management working group sessions GAO attended, an Army Materiel Command official noted that the Army estimates that it loses about \$43 million every year providing free meals to contractor employees who are also receiving a per diem allowance for food.

Some Steps Have Been Taken to Address the Issue of Visibility

In spite of DOD's continued lack of capability to provide commanders with the information they need regarding the extent of contractor support at a deployed location, we found that some steps have been taken to provide commanders with improved visibility over the contracts they were directly responsible for. For example:

- In early 2006, the commanding general of Multi-National Force-Iraq ordered his major subordinate commands in Iraq to provide a head count of non-DOD civilians on their installations, including contractor personnel for contracts exceeding \$5 million per year. The information, captured in a database managed by Multi-National Force-Iraq, was needed to provide the general with a current count of all tenant organizations operating from the various forward operating bases in Iraq.
- Multi-National Corps-Iraq started a similar effort in February 2006 to provide the commanding general with detailed contract management information on recurring services contracts such as for the maintenance of certain aircraft, communications support, and power generation.
- Also in 2006, the corps support command at Logistical Support Area Anaconda created a database to track recurring services contracts that support the installation.

While these individual efforts improved visibility over a specific set of contractors, we found that no organization within DOD or its components has attempted to consolidate these individual sources of information that

could help improve its visibility over all contractor support in Iraq. Several DOD officials in Iraq familiar with the individual efforts described above told us that while a number of databases have been created to capture information on contractors in theater, the information is not aggregated at a higher level because no one is responsible for consolidating this information. In most cases, these efforts were initiated by individual commanders and there is no assurance that they would continue when new units with new commanders deployed to replace them in the future.

Individual contractors we spoke with had excellent visibility over the number and location of their employees at specific deployed locations. For example, the contractors could readily provide us with information on the number of employees they had in Iraq in support of deployed U.S. forces and the specific installation to which those contractors were deployed. This information was typically reported on a daily or weekly basis from the contractor in Iraq to their corporate headquarters in the United States or elsewhere, as well as to the U.S. government agency that had awarded the contract. However, we found this information was not centrally collected. As discussed previously, there are several hundred contractor firms that support deployed forces, including in Iraq, and contracts are awarded by numerous contracting offices both within DOD and from other U.S. government agencies. With such a large and diverse pool of contractors at deployed locations, it is impractical for individual commanders to obtain this information from contractors on their own. For example, several military officials involved in efforts to improve visibility over contractors in Iraq told us that while they were generally able to obtain information from contractors with large numbers of employees, such as the LOGCAP contractor, it was extremely difficult to identify as well as collect information from all the numerous smaller contractors, who sometimes consisted of only one or two individuals.

As discussed above, in October 2005 DOD issued DOD Instruction 3020.41, which included a requirement that DOD develop or designate a joint database to maintain by-name accountability of contractors deploying with the force and a summary of the services or capabilities they provide. Currently, no such DOD-wide database exists. However, Army Materiel Command and the Assistant Secretary of the Army for Acquisition, Logistics, and Technology have taken the initiative to develop a database that could provide improved visibility over all contractors supporting U.S. forces in deployed locations and enable military commanders to

incorporate contractor support into their planning efforts.¹⁶ According to Army officials, this database is intended to collect information not only on the overall number of contractors supporting forces in a deployed location but also on the organization or system they are supporting and other contract information that could be used by commanders to better manage contractors at deployed locations. The Army's goal is to require that all contractors supporting deployed forces use this database, and in turn, create the central source of information to provide commanders with visibility over all contractor support at deployed locations. However, as of the time of our review, the Army was still in the process of implementing the database, and it is uncertain when the process will be completed. For example, we found that only a few contractors were using the database, and Army officials acknowledged it does not currently capture all contractors providing support at deployed locations. According to Army and Joint Staff officials familiar with these efforts, it is likely that DOD will designate this database as the joint database for contractor visibility as required by DOD Instruction 3020.41. However, a number of issues must first be resolved. For example, efforts are still underway to get all the services to agree to enter their data into this database. Further, there is disagreement within the Army staff regarding whether the Deputy Chief of Staff responsible for logistics or personnel has responsibility for the contractor visibility database. Several officials we met with who are involved with these efforts told us that while the Army Materiel Command has made significant progress in developing the database, ultimate resolution of these issues will require action by the Office of the Secretary of Defense because the Army Materiel Command lacks the necessary directive authority to resolve them on its own.

DOD Still Does Not Have Adequate Contract Oversight Personnel in Place to Oversee and Manage Contractors Supporting U.S. Forces in Deployed Locations

Having the right people with the right skills to oversee contractor performance is critical to ensuring that DOD receives the best value for the billions of dollars spent each year on contractor-provided services supporting forces deployed to Iraq and elsewhere. However, inadequate numbers of personnel to oversee and manage contracts that support deployed U.S. forces is another long-standing problem that continues to hinder DOD's management and oversight of contractors in Iraq. In 2004, we reported that DOD did not always have enough contract oversight personnel in place to manage and oversee its logistics support contracts such as LOGCAP. In addition, in 2005 we reported in our High-Risk Series

¹⁶This database is known as the Synchronized Pre-deployment and Operational Tracker.

that inadequate staffing contributed to contract management challenges in Iraq.¹⁷ While we could find no DOD guidelines on the appropriate number of personnel needed to oversee and manage DOD contracts at a deployed location, several contract oversight personnel told us DOD does not have adequate personnel at deployed locations to effectively oversee and manage contractors, as illustrated by the following examples:

- An Army Contracting Agency official told us that due to a downsizing of its overall contracting force and the need to balance that force among multiple competing needs, the Army is struggling to find the capacity and expertise to provide the contracting support needed in Iraq.
- An official with the LOGCAP Program Office told us that, as the United States was preparing to commence Operation Iraqi Freedom in 2003, the office did not prepare to hire additional budget analysts and legal personnel in anticipation of an increased use of LOGCAP services. According to the official, had adequate staffing been in place early on, the Army could have realized substantial savings through more effective reviews of the increasing volume of LOGCAP requirements.
- Officials responsible for contracting with Multi-National Force-Iraq told us they did not have enough contract oversight personnel and quality assurance representatives to allow Multi-National Force-Iraq to award more sustainment contracts for base operations support in Iraq.
- The contracting officer's representative for a contract providing linguist support in Iraq told us that he had only one part-time assistant, limiting his ability to manage and oversee the contractor personnel for whom he was responsible. As he observed, he had a battalion's worth of people with a battalion's worth of problems but lacked the equivalent of a battalion's staff to deal with those problems.

We also found a number of organizational and personnel policies of various DOD agencies responsible for contract management and oversight contributed to inadequate numbers of personnel to oversee and manage contracts that support deployed forces. The following are some examples:

- A 2004 Joint Staff review of the Defense Contract Management Agency's responsiveness and readiness to support deployed forces in the event of war found that the agency had not programmed adequate resources to support current and future contingency contract requirements, compromising its readiness to execute its mission. The review further found that Defense Contract Management Agency manpower shortages

¹⁷See GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005).

were aggravated by internal policies that limit the availability of personnel to execute those missions.

- During its 2003 deployment to Iraq, a unit with the 4th Infantry Division reported that the divisional contracting structure did not adequately support the large volume of transactions that were needed in an austere environment. For example, the unit reported problems with the quality of services provided by host country nationals, which were exacerbated by a lack of contracting officer's representatives to properly oversee the performance of contracting terms.
- An official with the Army Contracting Agency, Southwest Asia told us that as of January 2006 the agency had only 18 of the 33 staff it was authorized and that this number of personnel was not enough to support the agency's mission. In contrast, he told us that other commands, such as Army Contracting Agency, Korea, were authorized more than 130 staff even though they were responsible for significantly fewer obligated funds.

Without adequate contract oversight personnel in place to monitor its many contracts in deployed locations such as Iraq, DOD may not be able to obtain reasonable assurance that contractors are meeting their contract requirements efficiently and effectively at each location. For example, a Defense Contract Management Agency official responsible for overseeing the LOGCAP contractor's performance at 27 installations in Iraq told us he was unable to personally visit all 27 locations himself during his 6-month tour in Iraq. As a result, he was unable to determine the extent to which the contractor was meeting the contract's requirements at each of those 27 sites. Moreover, he only had one quality assurance representative to assist him. The official told us that in order to properly oversee this contract, he should have had at least three quality assurance representatives assisting him. The contracting officer's representative for an intelligence support contract in Iraq told us he was also unable to visit all of the locations that he was responsible for overseeing. At the locations he did visit he was able to work with the contractor to improve its efficiency. However, because he was not able to visit all of the locations at which the contractor provided services in Iraq he was unable to duplicate those efficiencies at all of the locations in Iraq where the contractor provided support. As we previously reported in 2000 and 2004, when contract oversight personnel are able to review the types and levels of services provided by contractors for both economy and efficiency, savings can be realized. Conversely, without adequate contract oversight personnel in place to manage and oversee contractors, DOD continues to be at risk of being unable to identify and correct poor contractor performance in a timely manner.

The inability of contract oversight personnel to visit all locations they are responsible for can also create problems for units that are facing difficulties resolving contractor performance issues at those locations. For example, officials from a brigade support battalion told us they had several concerns with the performance of a contractor that provided maintenance for the brigade's mine-clearing equipment. These concerns included delays in obtaining spare parts and a disagreement over the contractor's obligation to provide support in more austere locations in Iraq. According to the officials, their efforts to resolve these problems in a timely manner were hindered because the contracting officer's representative was located in Baghdad while the unit was stationed in western Iraq. In other instances, some contract oversight personnel may not even reside within the theater of operations. For example, we found the Defense Contract Management Agency's legal personnel responsible for LOGCAP in Iraq were stationed in Germany, while other LOGCAP contract oversight personnel were stationed in the United States. According to a senior Defense Contract Management Agency official in Iraq, relying on support from contract oversight personnel outside the theater of operations may not meet the needs of military commanders in Iraq who are operating under the demands and higher operational tempo of a contingency operation in a deployed location.

Although the problems discussed above concern contract management and oversight at deployed locations, the lack of adequate contract oversight personnel is a DOD-wide problem, not limited to deployed locations. We first designated DOD contract management as a high-risk area in 1992, and it remains so today due, in part, to concerns over the adequacy of the department's acquisition workforce, including contract oversight personnel. We subsequently reported that although DOD had made progress in laying a foundation for reshaping its acquisition workforce, it did not yet have a comprehensive strategic workforce plan needed to guide its efforts. Yet having too few contract oversight personnel presents unique difficulties at deployed locations given the more demanding contracting environment compared to the United States. For example, the deputy commander of a corps support command told us that contracting officer's representatives have more responsibilities at deployed locations than in the United States. Similarly, several officials responsible for contract management and oversight told us that the operational tempo for contract oversight personnel is significantly higher at deployed locations than in the United States.

DOD Is Not Systematically Collecting or Sharing Institutional Knowledge on the Use of Contractors to Support Deployed Forces

Despite the fact the DOD and its components face many of the same types of difficulties working with contractors in Iraq that they faced in prior military operations, DOD still does not systematically ensure that institutional knowledge gained from prior experience is shared with military personnel at deployed locations. We have previously reported that DOD could benefit from systematically collecting and sharing its institutional knowledge across a wide range of issues to help ensure that it is factored into planning, work processes, and other activities.¹⁸ With respect to DOD's use of contractors to support deployed forces, in 1997 we recommended that DOD incorporate lessons learned from the Bosnia peacekeeping mission and other operations in the Balkans to improve the efficiency and effectiveness of the Army's LOGCAP contract—a recommendation DOD agreed with. Similarly, in 2004 we recommended that DOD implement a departmentwide lessons-learned program to capture the experience of military units and others that have used logistics support contracts—a recommendation DOD also agreed with.

In its responses to the recommendations made in our 1997 and 2004 reports, DOD stated it would investigate how best to establish procedures to capture lessons learned on the use of contracts to support deployed forces and would make this information available DOD-wide. However as of 2006, DOD still had not established any procedures to systematically collect and share DOD's lessons learned on the use of contracts to support deployed forces. Moreover, we found no organization within DOD or its components responsible for developing those procedures. By way of comparison, we have previously reported that when DOD created a Joint Staff office responsible for acting as a focal point for the department's antiterrorism efforts, that office was able to develop outreach programs to collect and share antiterrorism lessons learned and best practices.¹⁹

While some DOD organizations such as the Joint Forces Command's Joint Center for Operational Analysis and the Army's Center for Army Lessons Learned are responsible for collecting lessons learned from recent military operations, we found that neither organization was actively collecting lessons learned on the use of contractor support in Iraq. Similarly, Army

¹⁸See GAO, *Information Technology: DOD Needs to Leverage Lessons Learned from Its Outsourcing Projects*, [GAO-03-371](#) (Washington, D.C.: Apr. 25, 2003) and *Military Training: Potential to Use Lessons Learned to Avoid Past Mistakes is Largely Untapped*, [GAO/NSIAD-95-152](#) (Washington, D.C.: Aug. 9, 1995).

¹⁹See [GAO/NSIAD-00-181](#).

guidance requires that customers receiving services under LOGCAP collect and share lessons learned, as appropriate.²⁰ However, we found no procedures in place to ensure units follow this guidance. Further, our review of historical records and after-action reports from military units that deployed to Iraq found that while units made some observations on the use of contractor support, DOD had done little to collect those lessons learned or make them available to other units that were preparing to deploy.²¹ Moreover, in some instances, officials from units we met with told us that their current procedures actually preclude the collection and sharing of institutional knowledge, such as lessons learned. For example, officials with the 3rd Infantry Division, as well as a corps support group that deployed to Iraq, told us that their computers were wiped clean and the information archived before they redeployed to the United States, which hindered opportunities for sharing lessons learned with incoming units.

When lessons learned are not collected and shared, DOD and its components run the risk of repeating past mistakes and being unable to build on the efficiencies and effectiveness others have developed during past operations that involved contractor support. For example, the deputy commander of a corps support command responsible for much of the contractor-provided logistics support in Iraq told us that without ensuring that lessons learned are shared as units rotate into and out of Iraq, each new unit essentially starts at ground zero, creating a number of difficulties until they familiarize themselves with their roles and responsibilities. Similarly, lessons learned using logistics support contracts in the Balkans were not easily accessible to military commanders and other individuals responsible for contract oversight and management in Iraq, an issue we also identified in 2004. For example, during our visit to Iraq we found that a guidebook developed by U.S. Army, Europe on the use of a logistical support contract almost identical to LOGCAP for operations in the Balkans was not made available to military commanders in Iraq until mid-2006. According to one official, U.S. Army Central Command was aware of this guidebook in Iraq as early as late 2003; however, the guidebook was not made available to commanders in Iraq until 2006. According to the

²⁰Army Regulation 700-137, Logistics Civil Augmentation Program (LOGCAP) (Dec. 16, 1985).

²¹After-action reports provide an official description of the results of military operations. An after-action report typically includes a summary of objectives, operational limitations, major participants, a description of strengths and weaknesses, and recommended actions.

official, if the guidebook had been made available sooner to commanders in Iraq it could have helped better familiarize them with the LOGCAP contract and build on efficiencies U.S. Army, Europe had identified. Similarly, U.S. Army, Europe included contract familiarization with its logistical support contractor in mission rehearsal exercises of units preparing to deploy to the Balkans. However, we found no similar effort had been made to include familiarization with LOGCAP in the mission rehearsal exercises of units preparing to deploy to Iraq.

Failure to share other kinds of institutional knowledge on the use of contractor support to deployed forces can also impact military operations or result in confusion between the military and contractors. Several officials we met with from combat units that deployed to Iraq as well as contractors supporting U.S. forces in Southwest Asia told us that redeploying units do not always share important information with new units that are rotating into theater, including information on contractors providing support to U.S. forces at the deployed location. Such information could include the number of contractors and the services they provide a unit or installation, existing base access procedures, and other policies and procedures that have been developed over time. In addition, representatives from several contractor firms we met with told us that there can be confusion when new units rotate into Iraq regarding such things as the procedures contractors should follow to access an installation or in dealing with contractors. In some instances, such confusion can place either contractors or the military at risk. For example, a contractor providing transportation services in Iraq told us that a unit responsible for providing convoy security that had just deployed to Iraq had not been informed of the existing procedures for responding to incidents involving the contractor. The existing procedures required the unit to remain with the contractor until its equipment could be recovered. However, following an actual incident in which a vehicle rolled over, there was confusion between the contractor and the unit as to what the required actions were.

Military Commanders and Contract Oversight Personnel Continue to Receive Limited or No Information on Contractor Support in their Pre-Deployment Training

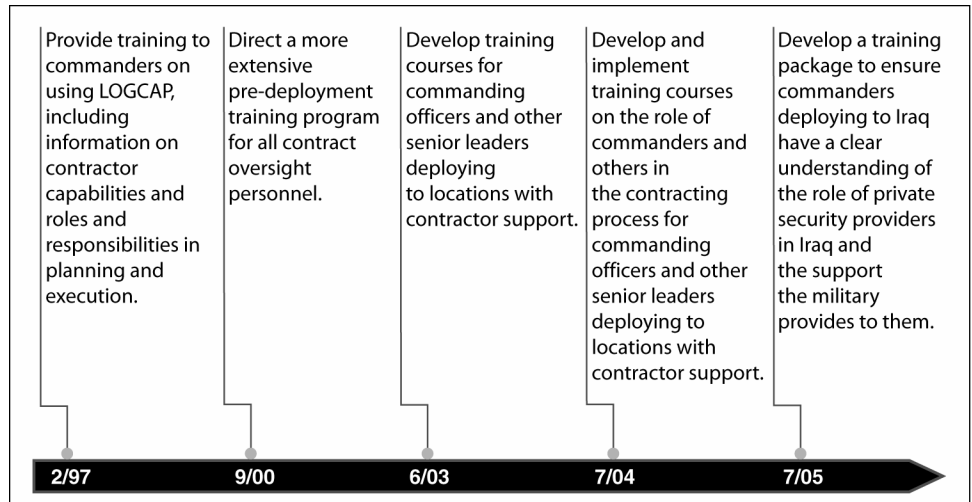
DOD does not routinely incorporate information about contractor support to deployed forces in its pre-deployment training of military personnel, despite the long-standing recognition of the need to provide such information. Military commanders continue to deploy with limited or no pre-deployment training on the contractor support they will rely on or on their roles and responsibilities with regard to managing those contractors. Similarly, contract oversight personnel typically deploy without prior training on their contract management and oversight responsibilities and are often only assigned those responsibilities once arriving at a deployed location. Many DOD and service officials at various levels of command told us that ultimately the key to better preparing military personnel to effectively work with contractors in a deployed location is to integrate information on the use of contractors into DOD's institutional training activities.

Several GAO Reports Have Discussed, and DOD Has Acknowledged, the Need to Provide Better Pre-deployment Training on Contractor Support to Deployed Forces

We have been discussing the need for better pre-deployment training on the use of contractors to support deployed forces since the mid-1990s. Specifically, we reported that better training was needed because military commanders are responsible for incorporating the use of contractor support while planning operations. In addition, as a customer for contractor-provided services, military commanders are responsible for identifying and validating requirements to be addressed by the contractor as well as evaluating the contractor's performance and ensuring the contract is used in an economical and efficient manner. Further, better training was needed for contract oversight personnel, including contracting officer's representatives, because they monitor the contractor's performance for the contracting officer and act as the interface between military commanders and contractors.

Accordingly, we have made several recommendations that DOD improve its training. Some of our prior recommendations highlighted the need for improved training of military personnel on the use of contractor support at deployed locations, while others focused on training regarding specific contracts, such as LOGCAP. In each instance, DOD concurred with our recommendation. Figure 2 shows the recommendations we have made since 1997.

Figure 2: Previous GAO Recommendations Highlighting the Need for Better Training on the Use of Contractor Support to Deployed Forces



Source: GAO.

In addition, according to DOD policy, personnel should receive timely and effective training to ensure they have the knowledge and other tools necessary to accomplish their missions. For example, a March 2006 instruction on joint training policy issued by the Chairman of the Joint Chiefs of Staff stated in part that DOD components are to ensure their personnel and organizations are trained to meet combatant commanders' requirements prior to deploying for operations. It further identified management of contractors supporting deployed forces as a training issue to be focused on. Nevertheless, we continue to find little evidence that improvements have been made in terms of how DOD and its components train military commanders and contract oversight personnel on the use of contractors to support deployed forces prior to their deployment.

Military Commanders Continue to Receive Limited or No Pre-deployment Training to Plan For and Manage Contractors at Deployed Locations

As we have previously reported, limited or no pre-deployment training on the use of contractor support can cause a variety of problems for military commanders in a deployed location. With limited or no pre-deployment training on the extent of contractor support to deployed forces, military commanders may not be able to adequately plan for the use of those contractors in a deployed location. Several military commanders—including the major general responsible for logistics for Multi-National Force-Iraq, the deputy commander of a corps support command, a base commander, and commanders of combat units deployed to Iraq—told us that their pre-deployment training did not provide them with sufficient

information regarding the extent of contractor support they would be relying on in Iraq. Although some of these officials were aware of large contracts such as LOGCAP, almost all of them told us they were surprised by the large number of contractors they dealt with in Iraq and the variety of services that contractors provided. As a result, they could not incorporate the use of contractors into their planning efforts until after they arrived in Iraq and acquired a more complete understanding of the broad range of services provided by contractors. Similarly, several commanders of combat units that deployed to Iraq told us their pre-deployment training included limited or no information on the contractor-provided services they would be relying on or the extent to which they would have to provide personnel to escort contractor personnel. They were therefore unable to integrate the need to provide on-base escorts for third country and host country nationals, convoy security, and other force protection support to contractors into their planning efforts. As a result, the commanders were surprised by the substantial portion of their personnel they had to allocate to fulfill these missions; personnel they had expected to be available to perform other functions.

Limited or no pre-deployment training for military commanders on the use of contractor support to deployed forces can also result in confusion regarding their roles and responsibilities in managing and overseeing contractors. As discussed above, military commanders are responsible for incorporating the use of contractor support in their operations planning and, in some instances, for evaluating a contractor's performance. However, many officials responsible for contract management and oversight in Iraq told us military commanders who deployed to Iraq received little or no training on the use of contractors prior to their deployment, leading to confusion over their roles and responsibilities. For example:

- Staff officers with the 3rd Infantry Division told us they believed the division was poorly trained to integrate and work with contractors prior to its deployment. According to these officers, this inadequate training resulted in confusion among the officers over the command and control of contractors.
- Army Field Support Command officials told us many commanders voiced concerns that they did not want to work with contractors and did not want contractors in their area of operations. According to the officials, these commanders did not understand the extent of contractor support in Iraq and how to integrate LOGCAP support into their own planning efforts. The officials attributed this confusion to a lack of pre-deployment training on

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- the services LOGCAP provided, how it was used, and commanders' roles and responsibilities in managing and overseeing the LOGCAP contractor.
- Several Defense Contract Management Agency officials told us that although they were only responsible for managing and overseeing the LOGCAP contractor, military commanders came to them for all contracting questions because they had not been trained on how to work with contractors and did not realize that different contractors have different contract managers.

In addition, some contractors told us how crucial it was that commanders receive training in their roles and responsibilities regarding contractors prior to their deployment because, although they do not have the authority to, commanders sometimes direct contractors to perform activities that may be outside the scope of work of the contract. We found some instances where a lack of training raised concerns over the potential for military commanders to direct contractors to perform work outside the scope of the contract. For example, one contractor told us he was instructed by a military commander to release equipment the contractor was maintaining even though this action was not within the scope of the contract. The issue ultimately had to be resolved by the contracting officer. As another example, a battalion commander deployed to Iraq told us that although he was pleased with the performance of the contractors supporting him, he did not know what was required of the contractor under the contract. Without this information, he ran the risk of directing the contractor to perform work beyond what was called for in the contract. As Army guidance makes clear, when military commanders try to direct contractors to perform activities outside the scope of the contract, this can cause the government to incur additional charges because modifications would need to be made to the contract and, in some cases, the direction may potentially result in a violation of competition requirements.²²

We found that many military commanders we spoke with had little or no prior exposure to contractor support issues in deployed locations, exacerbating the problems discussed above. Many of the commanders we met with from combat units deployed to Iraq told us this was their first experience working with contractors and that they had had little or no prior training or exposure to contract management. According to officials

²²For example, it is improper for an agency to order a supply or service outside the scope of the contract because the work covered by the order is subject to the Competition in Contracting Act (10 U.S.C. § 2304 and 41 U.S.C. § 253) requirements for competition.

responsible for contract management and oversight in Iraq as well as several contractor representatives we met with, it can take newly deployed personnel, including military commanders, several weeks to develop the knowledge needed to effectively work with contractors in a deployed location. For complex contracts such as LOGCAP, these officials told us that it can take substantially longer than that. This can result in gaps in oversight as newly deployed personnel familiarize themselves with their roles and responsibilities in managing and overseeing contracts.

Contract Oversight Personnel Continue to Receive Limited or No Pre-deployment Training to Effectively Monitor Contractor Performance

We also found that contract oversight personnel such as contracting officer's representatives continue to receive limited or no pre-deployment training regarding their roles and responsibilities in monitoring contractor performance. Although DOD has created an online training course for contracting officer's representatives, very few of the contracting officer's representatives we met with had taken the course prior to deploying to Iraq. In most cases, individuals deployed without knowing that they would be assigned the role of a contracting officer's representative until after they arrived at the deployed location, precluding their ability to take the course. Moreover, some of the individuals who took the course once deployed expressed concerns that the training did not provide them with the knowledge and other tools they needed to effectively monitor contractor performance. Other officials told us it was difficult to set aside the time necessary to complete the training once they arrived in Iraq. DOD's acquisition regulations require that contracting officer's representatives be qualified through training and experience commensurate with the responsibilities delegated to them. However, as was the case with military commanders, we found that many of the contract oversight personnel we spoke with had little or no exposure to contractor support issues prior to their deployment, which exacerbated the problems they faced given the limited pre-deployment training.

We found several instances where the failure to identify and train contract oversight personnel prior to their deployment hindered the ability of those individuals to effectively manage and oversee contractors in Iraq, in some cases negatively affecting unit morale or military operations. The following are examples of what we found:

- The contracting officer's representative for a major contract providing intelligence support to U.S. forces in Iraq had not been informed of his responsibilities in managing and overseeing this contract prior to his deployment. As a result, he received no training on his contract oversight responsibilities prior to deploying. Moreover, he had no previous experience working with contractors. The official told us that he found

little value in DOD's online training course and believed this training did not adequately prepare him to execute his contract oversight responsibilities, such as reviewing invoices submitted by the contractor.

- According to officials from a corps support group deployed to Iraq, the group deployed with 95 Army cooks even though their meals were to be provided by LOGCAP. However, prior to deploying, the unit had neither identified nor trained any personnel to serve as contracting officer's representatives for the LOGCAP contract. According to unit officials, they experienced numerous problems with regard to the quality of food services provided by LOGCAP, which impacted unit morale, until individuals from the unit were assigned as contracting officer's representatives to work with the contractor to improve the quality of its services.
- According to officials with the Army's Intelligence and Security Command, quality assurance representatives responsible for assessing the performance of a linguist support contractor did not speak Arabic. As a result, it was unclear how they could assess the proficiency of the linguists. Some units that used interpreters under this contract told us they experienced cases where they discovered that their interpreters were not correctly translating conversations.
- Intelligence officials with a Stryker brigade told us a lack of contractor management training hindered their ability to resolve staffing issues with a contractor conducting background screenings of third country nationals and host country nationals. Shortages of contractor-provided screeners forced the brigade to use their own intelligence personnel to conduct these screenings. As a result, those personnel were not available to carry out their primary intelligence-gathering responsibilities.

The frequent rotations of contract oversight personnel, who can deploy for as little as 3-4 months, can also hinder DOD's management and oversight of contractors in a deployed location. Several contractors told us the frequent rotation of contracting officer's representatives was frustrating because the contractors continually had to adjust to the varying extent of knowledge those personnel had regarding the contractor support they were responsible for. Moreover, several contractors told us that frequent rotations meant that by the time contract oversight personnel had familiarized themselves with their responsibilities they were preparing to leave the country. If these personnel were replaced by individuals who were not familiar with the contract or had not received training in their roles and responsibilities, problems could occur. For example, a contractor providing food services in Iraq told us that while the contract specified a 21-day menu rotation, some of the newly deployed contracting officer's representatives assigned to monitor the contract directed the contractor to modify the menu rotation, which affected the contractor's

inventory of food stores and ran the risk of directing the contractor to perform work outside the scope of the contract.

Many contractors told us that a consistent level of pre-deployment training would help to ensure some continuity as individuals rotate into and out of deployed locations. In addition, several contractors, as well as military officials responsible for contract management and oversight, told us that the length of deployment for contracting officer's representatives is too short and that by the time individuals have acquired the knowledge to effectively monitor a contract, they are preparing to redeploy. For example, senior Defense Contract Management Agency officials told us that the current 6-month deployments of contract oversight personnel monitoring the LOGCAP contract in Iraq were too short to make the most efficient use of personnel who had developed the expertise to effectively manage that contract. As a result, senior Defense Contract Management Agency officials told us they are considering extending the length of deployment for their contract oversight personnel assigned to monitor the LOGCAP contract from 6 months to 1 year.

We found that contract oversight personnel who had received training in their roles and responsibilities prior to their deployment appeared better prepared to manage and oversee contractors once they arrived at a deployed location. For example, the program office for the Army's C-12 aircraft maintenance contract developed a 3-day training course that all contracting officer's representatives for this contract are required to take prior to deploying. This training provides contracting officer's representatives with information regarding recurring reporting requirements, processes that should be followed to resolve disputes with the contractor, and the variety of technical and administrative requirements these individuals should be familiar with to monitor the contractor's performance. Officials familiar with this training course told us that they found the course to be very helpful in providing contracting officer's representatives with the knowledge and tools necessary to effectively execute their responsibilities. As a result, the program office developed a similar course for another of its aviation maintenance contracts. Similarly, Defense Contract Management Agency officials responsible for overseeing LOGCAP told us they are developing a standardized process for evaluating the contractor's performance in Iraq, which includes ensuring units deploying to Iraq identify and train contract oversight personnel for the LOGCAP contract.

Officials Believe Integrating Information on the Use of Contractors into DOD's Institutional Training Activities Could Improve the Management and Oversight of Contractors

Our review of DOD and service guidance, policies, and doctrine found no existing criteria or standards to ensure that all military units incorporate information regarding contractor support to deployed forces in their pre-deployment training. According to a official with the Army's Training and Doctrine Command, while some steps have been taken to create elective courses on issues related to contractor support to deployed forces, it is important that all DOD components incorporate this information into their existing institutional training so that military personnel who may interact with contractors at deployed locations have a basic awareness of contractor support issues prior to deploying. Moreover, most of the military commanders and officials responsible for contract management and oversight we met with in deployed locations told us that better training on the use of contractors to support deployed forces should be incorporated into how DOD prepares its personnel to deploy. Some officials believed that additional training should address the specific roles and responsibilities of military personnel responsible for managing and overseeing contractors in deployed locations. For example, the base commander of Logistical Support Area Anaconda told us there should be a weeklong pre-deployment course for all base commanders specific to contractor support to deployed forces. Similarly, the commander of a unit operating Army C-12 aircraft stated that the contracting officer's representative training developed by the program office, as discussed above, should not only be required for all contract oversight personnel but also for military commanders of units operating the aircraft.

Other officials believed that their pre-deployment preparations, such as mission rehearsal exercises, should incorporate the role that contractors have in supporting U.S. forces in a deployed location. However, we found that most units we met with did not incorporate the role of contractor support into their mission rehearsal exercises. Moreover, we found no existing DOD requirement that mission rehearsal exercises should include such information, even for key contracts such as LOGCAP. Several officials told us that including contractors in these exercises could enable military commanders to better plan and prepare for the use of contractor support prior to deploying. For example, when a Stryker brigade held its training exercise prior to deploying to Iraq, the brigade commander was surprised at the number of contractors embedded with the brigade. Initially, he wanted to bar all civilians from the exercise because he did not realize how extensively the brigade relied on contractor support. By including contractors in the exercise, their critical role was made clear early on and the brigade's commanders were better positioned to understand their contract management roles and responsibilities prior to deploying to Iraq. In addition, officials responsible for the LOGCAP

contract told us they were undertaking efforts to include basic information on how to work with LOGCAP into the mission rehearsal exercises of units deploying to Iraq.

Many officials we met with in the United States and at deployed locations told us that ultimately the issue of better preparing military commanders and contract oversight personnel for their contract management and oversight roles at deployed locations lies with including training on the use of contractors as part of professional military education. Professional military education is designed to provide officers with the necessary skills and knowledge to function effectively and to assume additional responsibilities. However, several officials told us that the need to educate military personnel on the use of contractors is something the military has not yet embraced. As corps support command officials observed, the military does a good job training logisticians to be infantrymen, but does not require infantrymen to have any familiarity with contracting or the roles and responsibilities they may have in working with contractors at a deployed location.

Conclusions

DOD's reliance on contractor support to deployed forces has grown significantly since the 1991 Gulf War and this reliance continues to grow. In Iraq and other deployed locations, contractors provide billions of dollars worth of services each year and play a role in most aspects of military operations—from traditional support roles such as feeding soldiers and maintaining equipment to providing interpreters who accompany soldiers on patrols and augmenting intelligence analysis. The magnitude and importance of contractor support demands that DOD ensure military personnel have the guidance, resources, and training to effectively monitor contractor performance at deployed locations. In prior reports, we made a number of recommendations aimed at strengthening DOD's management and oversight of contractor support at deployed locations, and the department has agreed to implement many of those recommendations. However, DOD has failed to implement some of our key recommendations, in part because it has not yet institutionally embraced the need to change the way it prepares military personnel to work with contractors in deployed locations. While we found no contractor performance problems that led to mission failure, problems with management and oversight of contractors have negatively impacted military operations and unit morale and hindered DOD's ability to obtain reasonable assurance that contractors are effectively meeting their contract requirements in the most cost-efficient manner.

The difficulties DOD faces regarding contractor support to deployed forces are exacerbated by the fragmented nature of contracting, with multiple agencies in multiple locations able to award and manage contracts that may all provide services to a particular military unit or installation. However, DOD's actions to date have largely been driven by individual efforts to resolve particular issues at particular moments. A lack of clear accountability and authority within the department to coordinate these actions has hindered DOD's ability to systematically address its difficulties regarding contractor support—difficulties that currently affect military commanders in Iraq and other deployed locations and will likely affect commanders in future operations unless DOD institutionally addresses the problems we have identified. When faced with similar challenges regarding the department's antiterrorism efforts, DOD designated an office within the Joint Staff to serve as a single focal point to coordinate its efforts, which helped improve its protection of military forces stationed overseas. Moreover, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics has established dedicated organizations to coordinate efforts to address departmentwide problems in areas such as supply chain management. Unless a similar, coordinated, departmentwide effort is made to address long-standing contract management and oversight problems at deployed locations, DOD and its components will continue to be at risk of being unable to ensure that contractors are providing the services they are required to in an effective and efficient manner.

Recommendation for Executive Action

To improve DOD's management and oversight of contractors at deployed locations, we are recommending that the Secretary of Defense appoint a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, at a sufficiently senior level and with the appropriate resources, dedicated to leading DOD's efforts to improve contract management and oversight. The entity that functions as the focal point would act as an advocate within the department for issues related to the use of contractors to support deployed forces, serve as the principal advisor for establishing relevant policy and guidance to DOD components, and be responsible for carrying out actions, including the following six actions:

- oversee development of the joint database to provide visibility over all contractor support to deployed forces, including a summary of services or capabilities provided and by-name accountability of contractors;
- develop a strategy for DOD to incorporate the unique difficulties of contract management and oversight at deployed locations into DOD's

ongoing efforts to address concerns about the adequacy of its acquisition workforce;

- lead and coordinate the development of a departmentwide lessons-learned program that will capture the experiences of units that have deployed to locations with contractor support and develop a strategy to apply this institutional knowledge to ongoing and future operations;
- develop the requirement that DOD components, combatant commanders, and deploying units (1) ensure military commanders have access to key information on contractor support, including the scope and scale of contractor support they will rely on and the roles and responsibilities of commanders in the contract management and oversight process, (2) incorporate into their pre-deployment training the need to identify and train contract oversight personnel in their roles and responsibilities, and (3) ensure mission rehearsal exercises include key contractors to increase familiarity of units preparing to deploy with the contractor support they will rely on;
- develop training standards for the services on the integration of basic familiarity with contractor support to deployed forces into their professional military education to ensure that military commanders and other senior leaders who may deploy to locations with contractor support have the knowledge and skills needed to effectively manage contractors; and
- review the services' efforts to meet the standards and requirements established above to ensure that training on contractor support to deployed forces is being consistently implemented by the services.

Agency Comments and Our Evaluation

In commenting on a draft of this report, DOD concurred with our recommendation. DOD's comments are reprinted in appendix II. DOD also provided several technical comments which we considered and incorporated where appropriate.

DOD agreed with our recommendation that the Secretary of Defense appoint a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, at a sufficiently senior level and with the appropriate resources, dedicated to leading DOD's efforts to improve contract management and oversight. DOD further stated that the Deputy Under Secretary of Defense for Logistics and Materiel Readiness established the office of the Assistant Deputy Under Secretary of Defense (Program Support) on October 1, 2006 to serve as the office of primary responsibility for issues related to contractor support. However, DOD noted in its comments that the office is not yet fully staffed.

While we commend the department for taking the initiative to establish this office and believe that it is appropriately located within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, it is not clear that this office would serve as the focal point dedicated to leading DOD's efforts to improve contract management and oversight. In our recommendation, we identified several actions that such a focal point would be responsible for implementing. In concurring with those recommended actions, DOD offered additional information on the steps it intended to take in order to address the recommended actions. However, none of these steps included information on the roles and responsibilities of the office of the Assistant Deputy Under Secretary of Defense (Program Support) in implementing and overseeing these corrective actions. For example, in concurring with our recommendation that the focal point develop requirements to ensure that mission rehearsal exercises include key contractors, DOD specified corrective actions that the Joint Staff, the Defense Acquisition University, and the Office of the Secretary of Defense would take. However, it is not clear what role the office of the Assistant Deputy Under Secretary of Defense (Program Support) would have in meeting this requirement, nor is it clear that this office would be the entity responsible for ensuring the requirement is met, as stated in our recommendation.

As noted in the report, a lack of clear accountability and authority within the department to coordinate actions intended to improve contract management and oversight has hindered DOD's ability to systematically address its difficulties regarding contractor support in the past. We continue to believe that a single focal point with clearly defined roles and responsibilities is critical if DOD is to effectively address these long-standing problems and we therefore encourage the department to clearly identify the roles and responsibilities of the office of the Assistant Deputy Under Secretary of Defense (Program Support) in implementing and overseeing each of the corrective actions discussed in our recommendation.

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

If you have any questions regarding this report, please contact me at (202) 512-8365 or solisw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page

of this report. Key contributors include David A. Schmitt, Assistant Director; Vincent Balloon, Carole F. Coffey, Grace Coleman, Laura Czohara, Wesley A. Johnson, James A. Reynolds, Kevin J. Riley, and Karen Thornton.

A handwritten signature in black ink, appearing to read 'W. Solis', with a long horizontal flourish extending to the right.

William M. Solis
Director, Defense Capabilities and Management

List of Congressional Committees

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman
The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Duncan L. Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable C. W. Bill Young
Chairman
The Honorable John P. Murtha, Jr.
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To determine the extent to which the Department of Defense (DOD) has improved its management and oversight of contractors supporting deployed forces, we met with DOD, Joint Staff, and service headquarters officials to obtain a comprehensive understanding of their efforts in addressing the issues raised in our June 2003 report. We also reviewed changes to key DOD and DOD component policies and other guidance. In some instances, guidance was not available. For example, guidance was not available on the appropriate number of personnel needed to monitor contractors in a deployed location. In those instances, we relied on the judgments and views of DOD officials and contract oversight personnel who had served in deployed locations as to the adequacy of staffing. We visited select DOD components and various military contracting commands in the United States based on their role and responsibility in managing and overseeing contracts that support deployed U.S. forces. Because there was no consolidated list of contractors supporting deployed forces available, we asked DOD officials at the components and commands we visited to identify, to the extent possible, the extent of contractor support to their deployed U.S. forces. We focused our efforts on contractors supporting military operations in Iraq and elsewhere in Southwest Asia because of the broad range of services contractors provide U.S. forces in support of the Global War on Terrorism.

We held discussions with military commanders, staff officers, and other representatives from five Army divisions and one Marine Expeditionary Force as well as various higher headquarters and supporting commands that deployed to Iraq or elsewhere in Southwest Asia during the 2003-2006 time frame to discuss their experiences working with contractors and the challenges they faced managing and overseeing contractors in a deployed location. Specifically, we met with unit officials responsible for such functions as contracting and contract management, base operations and logistical support, and force protection and intelligence. These units were selected because, for the most part, they had recently returned from Southwest Asia and unit officials had not yet redeployed or been transferred to other locations within the United States. We also met with representatives from the Department of State and the U.S. Agency for International Development to discuss the extent to which they have visibility over contractors supporting their activities in Iraq. In addition, we traveled to deployed locations within Southwest Asia, including Iraq, to meet with deployed combat units and to discuss the use of contractor support to deployed forces with various military commanders, installation commanders, headquarters personnel, and other military personnel responsible for contracting and contract management at deployed locations.

We met with 26 U.S. and foreign contractors who provide support to DOD in Southwest Asia to discuss a variety of contracting and contract management issues. For example, we held discussions with contractors to obtain an understanding of the types of services they provide deployed U.S. forces and the difficulties they have experienced providing those services to DOD in a deployed location. The contractors we met with reflected a wide range of services provided to deployed forces, including theater support, external support, and systems support, and represented both prime contractors and subcontractors.

We visited or contacted the following organizations during our review:

Department of Defense:

- Defense Contract Management Agency, Alexandria, VA; Houston, TX;
- Defense Logistics Agency, Fort Belvoir, VA
- Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Washington, DC
 - Office of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness
- Office of the Under Secretary of Defense for Intelligence, Washington, DC
- Office of the Under Secretary of Defense for Personnel and Readiness, Washington, DC
- U.S. Central Command, Tampa, FL
- U.S. Joint Forces Command, Norfolk, VA

Chairman, Joint Chiefs of Staff:

- J-3 Operations, Washington, DC
- J-4 Logistics, Washington, DC
- J-7 Operational Plans and Interoperability, Washington, DC
- J-8 Force Structure, Resources, and Assessment, Washington, DC

Department of the Army:

- Headquarters, Washington, DC
 - Office of the Deputy Chief of Staff, G-1 Personnel
 - Office of the Deputy Chief of Staff, G-4 Logistics
- Army Contracting Agency, Fort McPherson, GA; Fort Drum, NY; Fort Lewis, WA
- Army Materiel Command, Fort Belvoir, VA
 - Army Aviation and Missile Command, Redstone Arsenal, AL
 - Program Executive Office, Aviation
 - Program Executive Office, Missiles & Space

- Army Field Support Command, Rock Island, IL
 - Program Office, Logistics Civil Augmentation Program
- Army Communications-Electronics Command, Fort Monmouth, NJ
- Army Tank-automotive and Armaments Command, Warren, MI
- Army Intelligence and Security Command, Fort Belvoir, VA
- Army Training and Doctrine Command, Fort Monroe, VA
 - Combined Armed Support Command, Fort Lee, VA
- Stryker Brigades, Fort Lewis, WA
 - 2nd Infantry Division
 - 3rd Brigade, Stryker Brigade Combat Team
 - 25th Infantry Division
 - 1st Brigade, Stryker Brigade Combat Team
 - Task Force Olympia
 - 593rd Corps Support Group
- U.S. Army Central Command, Fort McPherson, GA
- 3rd Infantry Division, Fort Stewart, GA
 - 2nd Brigade Combat Team
 - 26th Brigade Support Battalion
 - 3rd Sustainment Brigade
 - 87th Corps Support Battalion
 - 4th Brigade Combat Team
 - 703rd Brigade Support Battalion
- 10th Mountain Division, Fort Drum, NY

Department of the Navy:

- Headquarters, Washington, DC
 - Office of the Deputy Assistant Secretary of the Navy for Acquisition Management
- 1st Marine Expeditionary Force, Camp Pendleton, CA

Department of the Air Force:

- Air Force Materiel Command, Wright-Patterson Air Force Base, OH
- Program Office, Air Force Contract Augmentation Program, Tyndall Air Force Base, FL

Other Government Agencies:

- Department of State, Washington, DC
- U.S. Agency for International Development, Washington, DC

Contractors:

- CACI International, Arlington, VA
- Dimensions International, Inc. Sterling Heights, MI
- DUCOM, Inc., Sterling Heights, MI
- DynCorp International, Irving, TX
- General Dynamics Land Systems, Fort Lewis, WA
- Kellogg, Brown and Root, Houston, TX; Arlington, VA
- L-3 Communications Corp.
 - L-3 Titan Linguist Operations and Technical Support, Reston, VA
- Lockheed Martin Missile and Fire Control, Dallas, TX
- Mantech International, Chantilly, VA
- M7 Aerospace, San Antonio, TX
- PWC Logistics, Kuwait
- Readiness Management Support, Panama City, FL
- SEI Group, Inc., Huntsville, AL
- Triple Canopy, Inc., Herndon, VA

The overseas activities and contractors we visited, by country, were:

Iraq:

- Camp Victory, U.S. Military
 - Multi-National Force-Iraq
 - Multi-National Corps-Iraq
 - Defense Contract Management Agency
 - 4th Infantry Division
- Camp Victory, Contractors
 - Kellogg, Brown and Root
 - L-3 Communications Corp.
 - L-3 Communications ILEX Systems, Inc.
 - L-3 Government Services, Inc.
- International Zone, U.S. Military
 - Multi-National Force-Iraq
 - Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics
 - Army Corps of Engineers, Gulf Regional Division
 - Joint Contracting Command Iraq/Afghanistan
- International Zone, Contractors
 - L-3 Communications Corp.
 - L-3 Titan Linguist Operations and Technical Support

- Private Security Company Association of Iraq
- Logistics Support Area Anaconda, U.S. Military
 - Logistics Support Area Anaconda Garrison Command
 - 3rd Corps Support Command
 - Aerial Port of Debarkation operations
 - Program Management Office, Unmanned Aerial Vehicles
- Logistics Support Area Anaconda, Contractors
 - AAI Corporation
 - DynCorp International
 - General Atomics Aeronautical Systems
 - General Dynamics Land Systems
 - L-3 Communications Corp.
 - L-3 Titan Linguist Operations and Technical Support
 - M7 Aerospace

Kuwait:

- Camp Arifjan, U.S. Military
 - Coalition Forces Land Component Command
 - Area Support Group, Kuwait
 - Army Contracting Agency, Southwest Asia
 - Army Field Support Brigade, Southwest Asia
 - Army Materiel Command
- U.S. Embassy, Kuwait City
- Camp Arifjan, Contractors
 - Ahmadah General Trading & Contracting Co.
 - British Link Kuwait
 - Combat Support Associates
 - Computer Sciences Corporation
 - IAP World Services
 - ITT Industries
 - Kellogg, Brown and Root
 - Kuwait & Gulf Link Transport Co.
 - Tamimi Global Co.

United Arab Emirates:

- Dubai, Contractors
 - Kellogg, Brown and Root
 - Prime Projects International

We conducted our review from August 2005 through October 2006 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

DEC 14 2006

ACQUISITION
TECHNOLOGY
AND LOGISTICS

Mr. William M. Solis
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street N.W.
Washington, DC 20548

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO draft report, "MILITARY OPERATIONS: High-Level DoD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors," dated November 2, 2006, (GAO Code 350739/GAO-07-145).

The DoD concurs with the draft report recommendations and appreciates the opportunity to comment. Technical comments were provided separately. For further questions concerning our input, please contact Lt Col Jill Stiglich, 703-695-8567.

Sincerely,

A handwritten signature in black ink, appearing to read "Shay D. Assad", written over a circular stamp or seal.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Enclosure:
As stated

GAO DRAFT REPORT – DATED NOVEMBER 2, 2006
GAO CODE 350739/GAO-07-145

**“MILITARY OPERATIONS: High-Level DOD Action Needed to Address
Long-standing Problems with Management and Oversight of Contractors”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATION**

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense appoint a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, at a sufficiently senior level and with the appropriate resources, dedicated to leading DoD’s efforts to improve contract management and oversight. The entity that functions as the focal point would act as an advocate within the Department for issues related to the use of contractors to support deployed forces, serve as the principal advisor for establishing relevant policy and guidance to DoD components, and be responsible for carrying out actions, including the following:

- oversee development of the joint database to provide visibility over all contractor support to deployed forces, including a summary of services or capabilities provided and by-name accountability of contractors;
- develop a strategy for DoD to incorporate the unique difficulties of contract management and oversight at deployed locations into DoD’s ongoing efforts to address concerns about the adequacy of its acquisition workforce;
- lead and coordinate the development of a Department-wide lesson-learned program that will capture the experiences of units that have deployed to locations with contractor support and develop a strategy to apply this institutional knowledge to ongoing and future operations;
- develop the requirements that DoD components, combatant commanders, and deploying units (1) ensure military commanders have access to key information on contractor support, including the scope and scale of contractor support they will rely on and the roles and responsibilities of commanders in the contract management and oversight process, (2) incorporate into their pre-deployment training the need to identify and train contract oversight personnel in their roles and responsibilities, and (3) ensure mission rehearsal exercises include key contractors to increase familiarity of units preparing to deploy with the contractor support they will rely on;
- develop training standards for the Services on the integration of basic familiarity with contractor support to deployed forces into their professional military education to ensure that military commanders and

other senior leaders who may deploy to locations with contractor support have the knowledge and skills needed to effectively manage contractors; and

- review the Services' efforts to meet the standards and requirements established above to ensure that training on contractor support to deployed forces is being consistently implemented by the Services.

DOD RESPONSE: Concur. The Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD (LM&R)) established the office of the Assistant Deputy Under Secretary of Defense (Program Support) (ADUSD (PS)) on 1 October 2006 and has given the incumbent this mission. The office is not yet fully staffed, but the intent is to make the ADUSD (PS) the Office of Primary Responsibility (OPR).

RECOMMENDATION: Oversee development of the joint database to provide visibility over all contractor support to deployed forces, including a summary of services or capabilities provided and by-name accountability of contractors.

DOD RESPONSE: Concur. The Synchronized Pre-deployment and Operational Tracker (SPOT) has been identified as the DOD Enterprise Solution by the DOD Investment Review Board (IRB) and once the Defense Business Systems Management Council (DBSMC) concurs with this designation (expected to occur at their 30 November 2006 meeting), SPOT will be declared by the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) in coordination with the Office of the Under Secretary of Defense for Acquisition Technology and Logistics (OUSD (AT&L)) as the Joint Solution required by Department of Defense Instruction 3020.41 (DoDI 3020.41).

RECOMMENDATION: Develop a strategy for DOD to incorporate the unique difficulties of contract management and oversight at deployed locations into DOD's ongoing efforts to address concerns about the adequacy of its acquisition workforce.

DOD RESPONSE: Concur. Section 854 of the 2007 National Defense Authorization Act (NDAA) requires the Department to develop joint policy on requirements, program management and contingency contracting. This language includes assessing the health of the military and civilian acquisition work force to support deployed forces. As part of this assessment, DOD will study the roles and missions of Defense Contract Management Agency (DCMA) and the Services in contract oversight, assess the Department's ability to execute this mission and protect its interests and make recommendations on needed changes to military and civilian force structure.

RECOMMENDATION: Lead and coordinate the development of a Department-wide lesson-learned program that will capture the experiences of units that have deployed to

locations with contractor support and develop a strategy to apply this institutional knowledge to ongoing and future operations.

DOD RESPONSE: Concur. The Office of the Under Secretary of Defense for Acquisition Technology and Logistics /Defense Procurement and Acquisition Policy (OUSD (AT&L) / (DPAP)), Defense Acquisition University (DAU) and the Services all have websites that capture current lessons learned; however, the department will develop and implement a systematic strategy for capturing, retaining and applying lessons learned, including updating training of personnel involved in Contingency Acquisition. DPAP and DAU are currently examining implementing one common website and will receive input from Services on its utility/ viability/usability as a collection site for Contingency Contracting information and make whatever changes the joint community considers necessary to maximize its utility. Once this is done, DPAP will promulgate guidance to the Services requiring their contingency contractor personnel to submit lessons learned and after action reports. DAU will develop a systematic method of studying and assessing this information and promulgating significant findings through coursework and other forums.

RECOMMENDATION: Develop the requirements that DOD components, combatant commanders, and deploying units (1) ensure military commanders have access to key information on contractor support, including the scope and scale of contractor support they will rely on and the roles and responsibilities of commanders in the contract management and oversight process, (2) incorporate into their pre-deployment training the need to identify and train contract oversight personnel in their roles and responsibilities, and (3) ensure mission rehearsal exercises include key contractors to increase familiarity of units preparing to deploy with the contractor support they will rely on.

DOD RESPONSE: Concur

(1) DODI 3020.41 requires the designation or development of a joint database on contractor personnel and contract capability to capture the information necessary to give the Combatant Commander (CCDR) both visibility of contractor personnel and contracts and a basis for assessing risk and capabilities available to him in theater. The Synchronized Pre-deployment and Operational Tracker (SPOT) has been identified as the DOD Enterprise Solution by the DOD Investment Review Board (IRB) and the Defense Business Systems Management Council (DBSMC) concurred with this designation (at their 30 November 2006 meeting), SPOT was declared by OUSD (P&R) in coordination with OUSD (AT&L) as the Joint Solution.

(2) The Joint Staff, in conjunction with its Army Lead Agent and Air Force Technical Review Authority, is working on a new Joint Publication, JP 4-10, Contracting and Contractor Management in Joint Operations that will address the roles of Contracting

Officer's Representatives (COR), Administrative Contracting Officers and related personnel (Quality Assurance Representatives). In addition, DPAP will work with DAU to ensure COR training reflects recent lessons learned and assess whether a separate or tailored Contingency COR Course is needed. Contracting Support Plans associated with operations plans (OPLANS) and operations orders (OPORDs) will address the requirement to identify and train CORs prior to deployment. This requirement will be incorporated into the next update of the Logistics Annex to the Joint Strategic Capabilities Plan (JSCAP) which contains requirements for OPLANS.

(3) The Joint Staff will review how contractors could/should be incorporated into joint training exercises. For Service specific training, DAU will study the Army's incorporation of Logistics Civil Augmentation Program (LOGCAP) personnel into their training exercises and develop a Case Study for use by all the Services on how this has been done (please see next DOD response for specifics on Army training). The Office of the Secretary of Defense (OSD) will encourage the Services to incorporate contractor personnel into training exercises whenever it makes sense.

RECOMMENDATION: Develop training standards for the Services on the integration of basic familiarity with contractor support to deployed forces into their professional military education to ensure that military commanders and other senior leaders who may deploy to locations with contractor support have the knowledge and skills needed to effectively manage contractors.

DOD RESPONSE: Concur. The Joint Staff is researching Joint education for logisticians which will include efforts on contract and contractor management. However, clearly there is a need for broader E-1 to O-10 level training for non-acquisition military personnel in order for them to understand the basics regarding contractor personnel (command and control issues, contractor status, contractor entitlements) and contracts (unauthorized commitments, constructive changes) given the tremendous growth in the utilization of contracts to support contingency operations. OSD will mandate the development of core training on these topics and also mandate the Services incorporate this into recruit and command level training as well as pre-deployment training.

The Army continues to develop and improve platform training for LOGCAP in seven courses at the Army Logistics Management College and the Captains Career Course, in addition to the Army War College and the Contractors on the Battlefield Elective Seminar Course at the Army Command and General Staff College. The Combined Arms Support Command (CASCOM) Training Directorate continues to develop training strategy and curriculum outline on LOGCAP and partners with the Training and Doctrine Command and Combined Arms Center to develop and incorporate LOGCAP training into existing courses and expand LOGCAP training in additional courses. LOGCAP planners from the LOGCAP Operations Directorate at Fort Belvoir continue

to participate in exercises like the Joint Transformation Wargame, Ulchi Focus Lens, and Blue Advance. LOGCAP planners also continue to provide pre-deployment training to deploying Army and Marine units and provide information on the LOGCAP statements of work and various task orders that will support the units in Iraq. Additionally, Army representatives have also provided training, to include lesson plans, briefing, and test questions, to the Marine Corps Engineer School and Marine Corps contracting instructors. Representative from DCS worked with the Defense Acquisition University (DAU) and OUSD (AT&L) to develop the current contingency contracting courses on the DAU portal. Finally, DCS, G-4 funded the initiative to create a web based LOGCAP Interactive multi-media Instruction Course in the Sustainment Portal and the CASCOM Training Directorate executed the development. This initiative provides the ability for individual self-training on LOGCAP and provides a source where instructors can obtain the latest information on LOGCAP and Contractors Accompanying the Force.

RECOMMENDATION: Review the Services' efforts to meet the standards and requirements established above to ensure that training on contractor support to deployed forces is being consistently implemented by the Services.

DOD RESPONSE: Concur. The Joint Log Test Case Logistics Services Initiative on Contractors Accompanying the Force: Accountability and Visibility will examine related governance and consider how governance might need to change to best support this joint capability.

Related GAO Products

Military Operations: Background Screenings of Contractor Employees Supporting Deployed Forces May Lack Critical Information, but U.S. Forces Take Steps to Mitigate the Risks Contractors May Pose. [GAO-06-999R](#). Washington, D.C.: September 22, 2006.

Rebuilding Iraq: Actions Still Needed to Improve the Use of Private Security Providers. [GAO-06-865T](#). Washington, D.C.: June 13, 2006.

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Interagency Contracting: Problems with DOD's and Interior's Orders to Support Military Operations. [GAO-05-201](#). Washington, D.C.: April 29, 2005.

Defense Logistics: High-Level DOD Coordination Is Needed to Further Improve the Management of the Army's LOGCAP Contract. [GAO-05-328](#). Washington, D.C.: March 21, 2005.

Military Operations: DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight. [GAO-04-854](#). Washington, D.C.: July 19, 2004.

Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans. [GAO-03-695](#). Washington, D.C.: June 24, 2003.

Contingency Operations: Army Should Do More to Control Contract Cost in the Balkans. [GAO/NSIAD-00-225](#). Washington, D.C.: September 29, 2000.

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