

**GAO**

Testimony

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## **WARFIGHTER SUPPORT**

# **Cultural Change Needed to Improve How DOD Plans for and Manages Operational Contract Support**

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Defense Capabilities and Management



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Accountability \* Integrity \* Reliability

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Highlights of [GAO-10-829T](#), a testimony before the Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, House of Representative

## Why GAO Did This Study

For decades, the Department of Defense (DOD) has relied on contractors to support contingency operations and recognizes them as part of the total force. In Iraq and Afghanistan contractor personnel now outnumber deployed troops. In Iraq more than 95,000 DOD contractors support 92,000 troops, and in Afghanistan more than 112,000 DOD contractors support approximately 94,000 troops. DOD anticipates that the number of contractors will grow in Afghanistan as the department increases its troop presence in that country.

Several long-standing challenges have hindered DOD's ability to manage and oversee contractors at deployed locations. Since 1992, GAO has designated DOD contract management as a high-risk area, in part because of concerns about the adequacy of the department's acquisition workforce, including contract oversight personnel. GAO has reported on many of the challenges that DOD faces and has made several recommendations aimed at improving the oversight and management of contracts in contingency operations. DOD has addressed some, but not all of these recommendations.

This testimony addresses the extent to which DOD has institutionalized operational contract support. It is based on GAO's recently published reports and testimonies on planning for operational contract support and on DOD's efforts to manage and oversee contractors and ongoing audit work in Iraq and Afghanistan.

View [GAO-10-829T](#) or [key components](#). For more information, contact William M. Solis at (202) 512-8365 or [solisw@gao.gov](mailto:solisw@gao.gov).

## WARFIGHTER SUPPORT

### Cultural Change Needed to Improve How DOD Plans for and Manages Operational Contract Support

#### What GAO Found

In response to congressional direction and GAO recommendations, DOD has taken some actions to address challenges in overseeing and managing contractors in ongoing operations. However, DOD still faces challenges that stem from the department's failure to fully integrate operational contract support within DOD, including planning for the use of contractors, training military personnel on the use of contractor support, accurately tracking contractor use, and establishing measures to ensure that contractors are accountable. A cultural change in DOD that emphasizes an awareness of operational contract support throughout all aspects of the department, including planning, training, and personnel requirements, would help the department address these challenges in ongoing and future operations.

**Developing guidance.** DOD has issued some guidance to assist in planning for and conducting and assessing operational contract support, but it has yet to finalize joint policies required by Congress in the National Defense Authorization Acts for Fiscal Years 2007 and 2008.

**Planning for operations.** DOD has not fully planned for the use of contractors in support of ongoing operations in Iraq and Afghanistan, although some efforts are under way at the individual unit level. In addition, while the department has started to integrate operational contract support into plans for future operations, it has not made significant progress.

**Tracking contractor personnel.** DOD has developed a system to track contractor personnel deployed with U.S. forces, but the data collected by the system are unreliable.

**Providing oversight personnel.** DOD continues to face challenges in ensuring that it has an adequate number of personnel to provide oversight and management of contracts. DOD has acknowledged shortages of personnel and has made some efforts to address them, but these efforts are in the early stages of implementation.

**Training non-acquisition personnel.** DOD continues to be challenged in ensuring that nonacquisition personnel, such as unit commanders, have been trained on how to work effectively with contractors in contingency operations. As a result, officials from several units that recently redeployed from Afghanistan indicated that a lack of knowledge of contracting resulted in shortfalls in critical oversight areas.

**Screening contractor personnel.** While a significant number of contractor personnel supporting DOD are local or third-country national personnel, DOD has yet to develop a departmentwide policy for screening them.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the challenges the Department of Defense (DOD) faces in institutionalizing operational contract support throughout the department. The institutionalization of operational contract support includes planning for the use of contractors, training of military personnel on the use of contractor support, accurately tracking contractor use, and establishing measures to ensure that contractors are accountable. For decades, DOD has relied on contractors to support contingency operations and has long considered them a part of the total force. For example, in its 2006 Quadrennial Defense Review the department reiterated that contractors were part of a total force that includes active and reserve military components, civilians and contractors. Additionally, in 2008 the Deputy Under Secretary of Defense for Logistics and Materiel Readiness testified that the structure of the U.S. military had been adapted to an environment in which contractors were an important part of the force. Further, an Army commission chaired by Dr. Jacques Gansler acknowledged that contractors were a significant part of the military's total force.<sup>1</sup>

While DOD joint guidance recognizes contractors as part of its total workforce, we have previously reported that DOD has not yet developed a strategy for determining the appropriate mix of contractor and government personnel.<sup>2</sup> In addition, we recently testified that several long-standing challenges have hindered DOD's ability to manage and oversee contractors at deployed locations.<sup>3</sup> For example, DOD has not followed long-standing planning guidance, ensured that there is an adequate number of contract oversight and management personnel, and comprehensively trained non-acquisition personnel, such as military commanders. Since 1992, we have designated DOD contract management as a high-risk area, in part due to concerns over the adequacy of the department's acquisition and contract oversight workforce.<sup>4</sup> As we have

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<sup>1</sup> *Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations* (Washington, D.C. September 2007).

<sup>2</sup> GAO, *Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan*, [GAO-10-357](#) (Washington, D.C.: April 12, 2010).

<sup>3</sup> GAO, *Warfighter Support: Continued Actions Needed by DOD to Improve and Institutionalize Contractor Support in Contingency Operations*, [GAO-10-551T](#) (Washington, D.C.: Mar. 17, 2010).

<sup>4</sup> GAO, *High-Risk Series: An Update*, [GAO-09-271](#) (Washington, D.C.: January 22, 2009).

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previously testified, many of the long-standing problems we have identified regarding managing and overseeing contractor support to deployed forces stem from DOD's reluctance to plan for contractors as an integral part of the total force.<sup>5</sup> We have also testified that DOD's long-standing problems in managing and overseeing contractors at deployed locations make it difficult for the department to ensure that it is getting the services it needs on time and at a fair and reasonable price. We have found numerous instances where poor oversight and management of contractors have led to negative monetary and operational outcomes. As a result, since the advent of our work on contractor support to deployed forces in 1997,<sup>6</sup> we have made numerous recommendations to improve DOD's management of contractors in deployed locations. While DOD has taken some actions to address these challenges, it has not addressed all of them, as I will discuss in further detail.

My statement today will focus on the extent to which DOD has institutionalized operational contract support. My statement is based on recently published reports and testimonies that examined planning for operational contract support and the department's efforts to manage and oversee contractors in Iraq and Afghanistan as well as our ongoing work involving operational contract support related issues in Iraq and Afghanistan. Our work was conducted in accordance with generally accepted government auditing standards.<sup>7</sup>

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## Background

The U.S. military has long used contractors to provide supplies and services to deployed U.S. forces. However, the scale of contractor support DOD relies on today has increased considerably from what DOD relied on during previous military operations. In Iraq and Afghanistan contractor personnel now outnumber deployed troops. For example, according to DOD, as of March 2010, there were more than 95,000 DOD contractor

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<sup>5</sup> GAO, *Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations*, [GAO-08-436T](#) (Washington, D.C.: Jan. 24, 2008).

<sup>6</sup> GAO, *Contingency Operations: Opportunities to Improve the Logistics Civil Augmentation Program*, [GAO/NSIAD-97-63](#) (Washington, D.C.: Feb. 11, 1997).

<sup>7</sup> Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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personnel operating in Iraq and more than 112,000 DOD contractor personnel operating in Afghanistan. While the number of troops fluctuates based on the drawdown in Iraq and the troop increase in Afghanistan, as of June 2010 there were approximately 88,000 troops in Iraq and DOD estimates that the number of troops in Afghanistan will increase to 98,000 by the end of fiscal year 2010. DOD anticipates that the number of contractor personnel will grow in Afghanistan as the department increases its troop presence in that country. However, these numbers do not reflect the thousands of contractor personnel located in Kuwait and elsewhere who support operations in Iraq and Afghanistan. By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War.

Furthermore, the composition of the contractor workforce in Iraq and Afghanistan differs. For example, in Iraq the majority of contractor personnel are U.S. citizens or third-country nationals (82 percent), whereas in Afghanistan the majority of contractor personnel are local Afghan nationals (70 percent). The difference becomes even more apparent when looking at the subset of private security contractor personnel who perform personal security, convoy security, and static security missions. In Iraq, 90 percent of private security contractors are U.S. citizens or third-country nationals, whereas in Afghanistan 93 percent of private security contractors are Afghans. Today, contractors located throughout the Middle East and Southwest Asia provide U.S. forces with such services as linguist support, equipment maintenance, and support for base operations and security. Contractors are an integral part of DOD's operations, and DOD officials have stated that without a significant increase in the department's civilian and military workforce, DOD is likely to continue to rely on contractors both in the United States and overseas in support of future deployments.

DOD defines operational contract support as the process of planning for and obtaining supplies, services, and construction from commercial sources in support of joint operations along with the associated contractor management functions. According to DOD joint guidance, successful operational contract support is the ability to orchestrate and synchronize the provision of integrated contracted support and management of contractor personnel providing that support to the joint force in a designated operational area.

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## DOD Has Taken Some Steps to Institutionalize Operational Contract Support, though Challenges Remain

In response to congressional direction and GAO recommendations, DOD has taken some actions to institutionalize operational contract support, such as establishing a focal point to lead the department's effort to improve contingency contractor management and oversight at deployed locations, issuing new guidance, and beginning to assess its reliance on contractors. However, DOD still faces challenges in eight areas related to operational contract support.

(1) *Developing guidance.* DOD has yet to finalize joint policies required by Congress in the National Defense Authorization Acts for Fiscal Years 2007 and 2008.<sup>8</sup>

(2) *Planning for contractors in ongoing operations.* The department has not fully planned for the use of contractors in support of ongoing operations in Iraq and Afghanistan, although some efforts are underway at the individual unit level.

(3) *Planning for contractors in future operations.* DOD needs to take additional actions to improve its planning for operational contract support in future operations. For example, while DOD has started to institutionalize operational contract support into combatant commands' operation plans, it has not yet made significant progress.

(4) *Tracking contractor personnel.* While DOD has developed a system to collect data on contractors deployed with U.S. forces, our reviews of this database have highlighted significant shortcomings in its implementation in Iraq and Afghanistan.

(5) *Providing oversight personnel.* DOD continues to face challenges in providing an adequate number of personnel to oversee and manage contractors in contingency operations, such as Iraq and Afghanistan.

(6) *Training non-acquisition personnel.* DOD faces challenges in ensuring that non-acquisition personnel, such as unit commanders,

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<sup>8</sup> John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, § 854 (2006) (codified at 10 U.S.C. § 2333); National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 849 (2008).

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have been trained on how to work effectively with contractors in contingency operations.

(7) *Screening contractor personnel.* DOD has yet to develop a departmentwide policy for screening the significant number of local and third-country national contractor personnel who support deployed U.S. forces.

(8) *Capturing lessons learned.* DOD has not implemented previous GAO recommendations to develop a departmentwide lessons learned program to capture the department's institutional knowledge regarding all forms of contractor support to deployed forces in order to facilitate a more effective working relationship between contractors and the military.

Given the contractor-related challenges DOD continues to face, a cultural change is necessary to integrate operational contract support throughout the department. Without such a change, DOD is likely to continue to face these challenges in ongoing and future contingency operations.

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### Some Departmentwide Steps Taken to Institutionalize Operational Contract Support

In October 2006, the Deputy Under Secretary of Defense for Logistics and Materiel Readiness established the Office of the Assistant Deputy Under Secretary of Defense (Program Support) to act as a focal point for leading DOD's efforts to improve contingency contractor management and oversight at deployed locations. Among the office's accomplishments is the establishment of a community of practice for operational contract support comprising of subject matter experts from the Office of the Secretary of Defense, the Joint Staff, and the services. In March 2010 the office issued an Operational Contract Support Concept of Operations, and it has provided the geographic combatant commanders with operational contract support planners to assist them in meeting contract planning requirements.

To provide additional assistance to deployed forces, the department and the Army introduced several handbooks and other guidance to improve contracting and contract management in deployed locations. For example:

- In 2007 the department introduced the Joint Contingency Contracting Handbook, *Contingency Contracting: A Joint Handbook for the 21st Century*, which provides tools, templates, and training that enable a contingency contracting officer to be effective in any contracting

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environment. The handbook is currently being updated and the department expects the revised edition to be issued in July 2010.

- In 2008 the Army issued the *Deployed Contracting Officer's Representative Handbook*. This handbook provides the basic tools and knowledge to use in conjunction with formal contracting officer's representative (COR) training and was designed to address the realities that CORs face when operating outside the United States in a contingency operation.
- Additionally, in October 2008, the department issued Joint Publication 4-10, *Operational Contract Support*, which establishes doctrine and provides standardized guidance for, and information on, planning, conducting, and assessing operational contract support integration, contractor management functions, and contracting command and control organizational options in support of joint operations.<sup>9</sup>

Finally, in 2008, the Joint Staff (J-4, Logistics), at the direction of the Chairman of the Joint Chiefs of Staff, undertook a study to determine how much the department relied on contractors in Iraq. The intent of the study was to (1) better understand contracted capabilities in Iraq, to determine areas of high reliance or dependence; (2) determine where the department is most reliant, and in some cases dependent, on contractor support; and (3) guide the development of future contingency planning and force development. The Joint Staff's initial findings suggest that in Iraq the department was highly dependent on contractors in four of the nine joint capability areas, including Logistics.<sup>10</sup> For example, the study showed that in the third quarter of fiscal year 2008, over 150,000 contractors were providing logistical support, while slightly more than 31,000 military personnel were providing similar support. Having determined the level of dependency and reliance on contractors in Iraq, the Joint Staff plans to examine ways to improve operational contract support planning, including the development of tools, rules, and refinements to the existing planning process.

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<sup>9</sup> Joint Publication 4-10 expressly does not pertain to contracting support of routine, recurring (i.e., noncontingency) DOD operations.

<sup>10</sup> Joint capability areas are collections of like DOD capabilities functionally grouped to support capability analysis, strategy development, investment decision making, capability portfolio management, and capabilities-based force development and operational planning.



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In addition, in July 2009, DOD provided Congress with a report containing an inventory of contracts for fiscal year 2008, including but not limited to service contracts supporting contingency operations.<sup>11</sup> According to Army officials, the Army is using information derived from this effort to help inform discussions on the appropriate mix of DOD civilian, military and contractor personnel in future contingency operations. However, DOD has acknowledged and we have reported limitations associated with the methodologies used to develop this initial inventory.<sup>12</sup>

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## Operational Contract Support Guidance Has Not Been Finalized

DOD has developed some policies and guidance as described above, but has not finalized other key operational contract support guidance directed by Congress. In 2006, Congress amended title 10 of the United States Code by adding section 2333, which directed the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to develop joint policies by April 2008 for requirements definition, contingency program management, and contingency contracting during combat and postconflict operations.<sup>13</sup> In January 2008, the National Defense Authorization Act for Fiscal Year 2008 amended section 2333 by adding a new subsection directing that these joint policies also provide for training of military personnel outside the acquisition workforce who are expected to have acquisition responsibility, including oversight duties associated with contracts or contractors, during combat operations, postconflict operations, and contingency operations.<sup>14</sup> In 2008 we reported that DOD was developing an Expeditionary Contracting Policy to address the

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<sup>11</sup> Section 2330a of title 10 of the United States Code, as amended by the National Defense Authorization Act for Fiscal Year 2008, requires DOD to submit an annual inventory of the activities performed pursuant to contracts for services for or on behalf of DOD during the preceding fiscal year. These inventories are to contain a number of different elements for the service contracts listed, including information on the functions and missions performed by the contractor, the funding source for the contract, and the number of full-time contractor employees or its equivalent working under the contract.

<sup>12</sup> GAO, *Defense Acquisitions: Observations on the Department of Defense Service Contract Inventories for Fiscal Year 2008*, [GAO-10-350R](#) (Washington, D.C.: January 29, 2010).

<sup>13</sup> John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, § 854 (2006) (codified at 10 U.S.C. § 2333).

<sup>14</sup> National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 849 (2008).

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requirement to develop a joint policy on contingency contracting.<sup>15</sup> In addition, we reported that DOD was revising the October 2005 version of DOD Instruction 3020.41, *Contractor Personnel Authorized to Accompany the U.S. Armed Forces*, to strengthen the department's joint policies and guidance on requirements definition; program management, including the oversight of contractor personnel supporting a contingency operation; and training. As of June 2010, the department has yet to issue either of these documents. According to the Assistant Deputy Under Secretary of Defense (Program Support), the revisions to DOD Instruction 3020.41 have been held up in the review process. Further, the department has determined that it will not issue the Expeditionary Contracting Policy because the practitioners do not believe a joint policy is necessary.

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## Identifying and Planning for Operational Contract Support Requirements in Current Operations

DOD guidance highlights the need to plan for operational contract support early in an operation's planning process, in part because of the challenges associated with using contractors in contingencies. These challenges include overseeing and managing contractors in contingency operations. However, in previous reports and testimonies we have noted that DOD has not followed long-standing guidance on planning for operational contract support. Our work continues to show that DOD has not fully planned for the use of contractors in support of ongoing contingency operations in Iraq and Afghanistan, although some efforts are under way at the individual unit level.

On December 1, 2009, the President announced that an additional 30,000 U.S. troops would be sent to Afghanistan to assist in the ongoing operations there, and the Congressional Research Service has estimated that from 26,000 to 56,000 additional contractors may be needed to support the additional troops. Despite the additional contractors who will be needed to support the troop increase, U.S. Forces-Afghanistan (USFOR-A),<sup>16</sup> with the exception of planning for the increased use of the Army's Logistics Civil Augmentation Program (LOGCAP),<sup>17</sup> was engaged in very

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<sup>15</sup> GAO, *Contract Management: DOD Developed Draft Guidance for Operational Contract Support but Has Not Met All Legislative Requirements*, [GAO-09-114R](#) (Washington, D.C.: Nov. 20, 2008)

<sup>16</sup> USFOR-A, is the headquarters for U.S. forces operating in Afghanistan and was established in October 2008.

<sup>17</sup> LOGCAP provides worldwide logistics and base and life support services in contingency environments and provides the majority of base and life support services to U.S. forces in Iraq and Afghanistan.

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little planning for contractors. We did, however, identify several individual unit efforts to plan for contractors.

For example, we found some planning being done by U.S. military officials at Regional Command–East. According to planners from Regional Command–East, the command had identified the types of units that are being deployed to its operational area of Afghanistan and was coordinating with similar units already in Afghanistan to determine what types of contract support the units relied on. Furthermore, according to operational contract support personnel associated with a Marine Expeditionary Force getting ready to deploy to Afghanistan, the staff offices within the Marine Expeditionary Force headquarters organization were directed to identify force structure gaps that could be filled by contractors prior to deployment and begin contracting for those services. For example, one section responsible for civil affairs identified the need to supplement its staff with contractors possessing engineering expertise because the needed engineers were not available from the Navy.

Additionally, in April 2010 we reported that while U.S. Forces-Iraq (USF-I)<sup>18</sup> had taken steps to identify all the LOGCAP support it needed for the drawdown, it had not identified the other contracted support it may need to support the drawdown.<sup>19</sup> We reported that according to DOD joint guidance and Army regulations, personnel who plan, support, and execute military operations must also determine the contracted support needed to accomplish their missions. Such personnel include combat force commanders, base commanders, and logistics personnel. In particular, these personnel are responsible for determining the best approach to accomplish their assigned tasks and—if the approach includes contractors—for identifying the types and levels of contracted support needed. As we reported in April 2010, Multi-National Force-Iraq’s (MNF-I) May 2009 drawdown plan delegated the responsibility for determining contract support requirements to contracting agencies, such as the Joint Contracting Command-Iraq/Afghanistan, rather than to operational personnel. However, Joint Contracting Command-Iraq/Afghanistan

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<sup>18</sup> MNF-I and its subordinate headquarters merged into a single headquarters, USF-I, in January 2010. Documents obtained and discussions held prior to January 2010 will be attributed to MNF-I or one of its subordinate commands as appropriate. Discussions held and documents obtained after January 2010 will be attributed to USF-I.

<sup>19</sup> GAO, *Operation Iraqi Freedom: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq*, [GAO-10-376](#) (Washington, D.C.: April 19, 2010).

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officials told us that they could not determine the theaterwide levels of contracted services required, or plan for reductions based on those needs, because they lack sufficient, relevant information on future requirements for contracted services—information that should have been provided by operational personnel. For example, according to MNF-I documentation, during an October 2009 meeting between operational personnel and contracting officials, MNF-I reiterated that the levels of contracted service ultimately needed in Iraq during the drawdown were unknown. This is consistent with an overarching weakness identified by a Joint Staff task force, which noted limited, if any, visibility of contractor support and plans and a lack of requirements definition. As a result, rather than relying on information based on operationally driven requirements for contracted services, MNF-I planned for, and USF-I is subsequently tracking, the reduction of contracted support in Iraq by using historical ratios of contractor personnel to servicemembers in Iraq. Such ratios may not accurately reflect the levels of contracted support needed during the drawdown.

In our April 2010 report we recommended, among other things, that DOD direct the appropriate authorities to ensure that joint doctrine regarding operational planning for contract support is followed and that operational personnel identify contract support requirements in a timely manner to avoid potential waste and abuse and facilitate the continuity of services. DOD concurred with this recommendation and noted that it recognized that improvements could be made to DOD's planning for contractor support and stated that the Joint Staff is working to improve strategic guidance, processes, and tools available to plan for contracted support through the Chairman's Operational Contract Support Task Force. DOD also commented that it recognized the need for better synchronization between operational needs and contractor activities and, to that end, U.S. Central Command has taken steps to increase visibility and synchronization of operational contract support through initiatives such as creating the Joint Theater Support Contracting Command, instituting a Joint Contracting Support Board, and collaborating with the Joint Staff to improve guidance. Also, in our April report, we recommended that DOD direct the appropriate authorities to conduct an analysis of the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV and other service contracts in Iraq under current withdrawal timelines to determine the most efficient and effective means for providing essential services during the drawdown. DOD concurred with this recommendation and as of May of this year, has canceled the transition from LOGCAP III to LOGCAP IV for base life support in Iraq due partly to concerns about the interruption of essential services. The decision to continue LOGCAP III

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rather than transition to LOGCAP IV for base life support services was based on three main factors: input from military commanders in Iraq, the projected cost of the transition, and contractor performance. Commanders in Iraq had raised concerns that a transition from LOGCAP III to LOGCAP IV would strain logistics and transportation assets in Iraq at the same time that a massive withdrawal of U.S. forces, weapons, and equipment is under way.

In the past, we have repeatedly reported on DOD's failure to fully plan for contract support and the impact that this can have on operations. Several units that recently returned from Afghanistan discussed how a lack of planning for contract support resulted in service shortages and diminished operational capability. For example, officials from several battalions told us that when they arrived at locations that were intended to be their combat outposts, they found the area largely unprepared, including a lack of housing, heating, washing machines, showers and food. These bases were too small or too remote to be serviced by LOGCAP, and therefore the units had to make their own contract support arrangements through the appropriate regional contracting command to build, equip and maintain their bases. Because the units were unaware they would have to take on this responsibility prior to deploying, they did not plan for and allocate adequate personnel to handle the extensive contract management and oversight duties associated with building and maintaining their combat outpost. As a result, these units had to take military personnel away from their primary missions in order to handle these contract management duties. Other units faced different challenges as a result of a lack of planning for contract support. For example, another unit that recently returned from Afghanistan stated that the lack of planning for an increased requirement for linguists due to increased troop levels led to shortages that resulted in the delaying of some operations.

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### Limited Progress Integrating Contractors into Combatant Commands' Operation Plans

DOD guidance recognizes the need to include the role of contractors in its operation plans. For example, joint guidance indicates that military commanders must ensure that requisite contract planning and guidance are in place for any operations where significant reliance on contractors is anticipated, and planning for contractors should be at a level of detail on par with that for military forces. To provide greater details on contract services needed to support an operation and the capabilities that contractors would bring, DOD's guidance for contingency planning was

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revised in February 2006 to require planners to include an operational contract support annex—known as Annex W—in the combatant commands' most detailed operation plans, if applicable to the plan.<sup>20</sup> In addition, joint guidance gives the combatant commanders the discretion to require Annex Ws for additional, less detailed plans. Incorporating operational contract support into these types of plans represents a critical opportunity to plan for the use of contractors at the strategic and tactical levels.

Although DOD guidance has called for the integration of an operational contract support annex—Annex W—into certain combatant command operation plans since February 2006, the department has made limited progress in meeting this requirement. We reported in March 2010 that while planners identified 89 plans that may require an Annex W, only four operation plans with Annex Ws had been approved by the Secretary of Defense or his designee, and planners had drafted Annex Ws for an additional 30 plans.<sup>21</sup> According to combatant command officials, most of the draft Annex Ws developed restated broad language from existing DOD guidance on the use of contractors to support deployed forces, and they included few details on the types of contractors needed to execute a given plan, despite guidance requiring Annex Ws to list contracts likely to be used in theater. As a result, DOD risks not fully understanding the extent to which it will be relying on contractors to support combat operations and being unprepared to provide the necessary management and oversight of deployed contractor personnel. Moreover, the combatant commanders are missing a chance to fully evaluate their overall requirements for reliance on contractors.

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<sup>20</sup> Chairman of the Joint Chiefs of Staff Manual 3122.03B, *Joint Operation Planning and Execution System (JOPES), Volume II, Planning Formats* (Feb. 28, 2006), superseded by Chairman of the Joint Chiefs of Staff Manual 3122.03C, *Joint Operation Planning and Execution System (JOPES), Volume II, Planning Formats* (Aug. 17, 2007).

<sup>21</sup> GAO, *Warfighter Support: DOD Needs to Improve Its Planning for Using Contractors to Support Future Military Operations*, [GAO-10-472](#) (Washington, D.C. Mar. 30, 2010).

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## Data Collected by DOD's System to Track Contractor Personnel in Iraq and Afghanistan Are Unreliable

In January 2007, DOD designated the Synchronized Pre-deployment and Operational Tracker (SPOT) as its primary system for collecting data on contractor personnel deployed with U.S. forces, and it directed the use of a contract clause that requires contractor firms to enter personnel data for contracts performed in Iraq and Afghanistan into this system.<sup>22</sup> In July 2008, DOD signed a memorandum of understanding with the Department of State (State) and the U.S. Agency for International Development (USAID) in which the three agencies agreed to track information on contracts meeting specified thresholds performed in Iraq or Afghanistan and the personnel working on those contracts.<sup>23</sup> Although the SPOT database is designed to provide accountability of all U.S., local, and third-country national contractor personnel by name; a summary of the services being provided; and information on government-provided support, our reviews of SPOT have highlighted shortcomings in DOD's implementation of the system in Iraq and Afghanistan.<sup>24</sup> For example, we found that as a result of diverse interpretations by DOD officials as to which contractor personnel should be entered into the system, the information in SPOT does not present an accurate picture of the total number of contractor personnel in Iraq and Afghanistan. While one of the functions of SPOT is

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<sup>22</sup> This guidance was implemented in DFARS clause 252.225-7040(g), which specifies that contractors are to enter information into SPOT for all personnel authorized to accompany the U.S. Armed Forces during contingency operations and certain other actions outside the United States. Class Deviation 2007-00010 (Oct. 17, 2007) provided a new clause for contracts with performance in the U.S. Central Command area of responsibility that were not already covered by DFARS clause 252.225-7040. However, the class deviation excluded contracts that did not exceed \$25,000 and had a period of performance of less than 30 days.

<sup>23</sup> Section 861 of the National Defense Authorization Act for Fiscal Year 2008 directed the Secretary of Defense, the Secretary of State, and the USAID Administrator to enter into a memorandum of understanding (MOU) related to contracting in Iraq and Afghanistan. The law specified a number of matters to be covered in the MOU, including the identification of common databases to serve as repositories of information on contract and contractor personnel. Pub. L. No. 110-181, § 861 (2008).

<sup>24</sup> GAO, *Iraq and Afghanistan: Agencies Face Challenges in Tracking Contracts, Grants, Cooperative Agreements, and Associated Personnel*, [GAO-10-509T](#) (Washington, D.C.: Mar. 23, 2010); *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, [GAO-10-1](#) (Washington, D.C.: October 1, 2009); and *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, [GAO-09-19](#) (Washington, D.C.: October 1, 2008).

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to generate letters of authorization,<sup>25</sup> not all contractor personnel in Iraq, particularly local nationals, need such letters, and agency officials informed us that such personnel were not being entered into SPOT. Similarly, officials at one contracting office in Afghanistan stated that the need for a letter of authorization determined whether someone was entered into SPOT, resulting in Afghans not being entered. Additionally, tracking local nationals in SPOT presents particular challenges because their numbers tend to fluctuate because of the use of day laborers and because local firms do not always keep track of the individuals working on their projects.<sup>26</sup>

We made several recommendations to DOD, State, and USAID in October 2009 to better ensure consistency in requirements for data entry in SPOT and to ensure that the use and reporting capabilities of SPOT are fulfilling statutory requirements among other things.<sup>27</sup> DOD, State, and USAID agreed that coordination among the three agencies is important, but DOD and State disagreed that they needed a new plan to address the issues we identified. They cited their ongoing coordination efforts and anticipated upgrades to SPOT as sufficient. However, we believe continued coordination among the three agencies is important as they attempt to obtain greater visibility into their reliance on contractors, grantees, and cooperative agreement recipients in dynamic and complex environments. Otherwise, the agencies not only risk not collecting the information they need but also risk collecting detailed data they will not use.

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### Lack of Adequate Numbers of Contract Oversight and Management Personnel in Deployed Locations

One important aspect of operational contract support is the oversight of contracts—which can refer to contract administration functions, quality assurance surveillance, corrective action, property administration, and past performance evaluation. Our work has found, however, that DOD frequently did not have a sufficient number of trained contracting and oversight personnel to effectively manage and oversee its contracts. While

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<sup>25</sup> A letter of authorization is a document issued by a government contracting officer or designee that authorizes contractor personnel to travel to, from, and within a designated area and identifies any additional authorizations, privileges, or government support the contractor is entitled to under the contract. Contractor personnel need SPOT-generated letters of authorization, among other things, to enter Iraq, receive military identification cards, travel on U.S. military aircraft, or, for security contractors, receive approval to carry weapons.

<sup>26</sup> [GAO-10-509T](#).

<sup>27</sup> [GAO-10-1](#).



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several individual organizations or services within DOD have taken actions to help mitigate the problem of not having enough personnel to oversee and manage contractors in Afghanistan and Iraq, these efforts have been driven by individual services and units and are not part of a systematic approach by DOD.

Ultimately, the responsibility for contract oversight rests with the contracting officer, who has the responsibility for ensuring that contractors meet the requirements as set forth in the contract. Frequently, however, contracting officers are not located in the contingency area or at the installations where the services are being provided. As a result, contracting officers appoint contract monitors, known as CORs, who are responsible for providing much of the day-to-day oversight of a contract during a contingency operation. CORs are typically drawn from units receiving contractor-provided services and are not normally contracting specialists.<sup>28</sup> Often their service as CORs is 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.

The Defense Federal Acquisition Regulation Supplement requires that CORs be qualified by training and experience commensurate with the responsibilities to be delegated to them; however, we have reported in the past that individuals have been deployed without knowing that they would be assigned as CORs, thus precluding their ability to take COR training prior to deployment. This can be a problem because although the courses are offered online, there is limited Internet connectivity in theater—particularly in Afghanistan. During our recent visits with deployed and recently returned units,<sup>29</sup> we found that units continue to deploy to Afghanistan without designating CORs beforehand. As a result, the personnel assigned to serve as CORs have to take the required training after arriving in theater, which provides technical challenges. Several recently returned units told us that it could take days to complete the

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<sup>28</sup> We recently reported that DOD also makes extensive use of contractors to help perform contract and grant administration functions in Iraq and Afghanistan. See [GAO-10-357](#).

<sup>29</sup> We spoke with officials from a variety of military units, including officials at the headquarters element and at the brigade and battalion levels.

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2-hour online training because of poor Internet connectivity in Afghanistan.

We also found that although CORs and other oversight personnel are responsible for assisting in the technical monitoring or administration of a contract, these oversight personnel often lack the technical knowledge and training needed to effectively oversee certain contracts. Several units that have recently returned from Afghanistan told us that CORs with no engineering background are often asked to oversee construction projects. These CORs are unable to ensure that the buildings and projects they oversee meet the technical specifications required in the drawing plans. An additional complication is that the plans are not always provided in English for the CORs or in the appropriate local language (Dari or Pashto) for the Afghan contractors.

Some steps have been taken to address these challenges. For example, the Army issued an execution order on CORs in December 2009, in which the Army Chief of Staff directed the commanders of deploying units to coordinate with the units they will replace in theater to determine the number of CORs they will need to designate prior to deployment. The order states that if the commander is unable to determine specific COR requirements, each deploying brigade must identify and train 80 COR candidates. In addition, the Army order directs the Army's Training and Doctrine Command to develop training scenarios and include COR contract oversight scenarios in mission rehearsal exercises by March 30, 2010. The order also directed the Training and Doctrine Command to ensure that contingency contracting responsibilities are included in appropriate professional military education courses.

In addition, a deploying Marine Expeditionary Force has created an operational contracting support cell within the logistics element of its command headquarters. The members of the cell will assist subordinate units with contracting oversight and guidance on policy, and they will act as contracting liaisons to the Joint Contracting Command-Iraq/Afghanistan and as conduits to the regional contracting commands should any issues arise. The Marines were prompted to set up this cell by lessons learned from their deployment to Operation Iraqi Freedom, where problems arose as a result of a lack of expertise and personnel to help oversee and manage contractors. In addition, the Marine Expeditionary Force trained approximately 100 Marines as CORs prior to its deployment to Afghanistan this spring. While not all these personnel have been designated as CORs for the upcoming deployment, all could be called upon to serve as CORs should the need arise.

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While we recognize the efforts DOD has under way to develop long-term plans intended to address its personnel shortages, many of the problems we have identified in the past continue. In previous reports we have recommended that DOD develop strategies to address its oversight problems, and noted that unless DOD takes steps to address its current shortages, the department will continue to be at risk with regard to its assurance that contractors are providing their required services in an effective and efficient manner.

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### Training of Non-Acquisition Personnel to Provide Contract Oversight and Management

Currently, military commanders and other unit leaders are not required to complete operational contract support training prior to deployment.<sup>30</sup> We have previously reported on the potential issues that can arise when commanders are unaware of their responsibility toward contractors and are unclear about the difference between command authority and contract authority.

During our December 2009 trip to Afghanistan and in conversations with personnel from recently redeployed units, we continued to find that some commanders had to be advised by contract oversight personnel that they had to provide certain support, such as housing, force protection, and meals to the contractors they were overseeing, and concerns were raised about the potential risk of military commanders directing contractors to perform work outside the scope of the contract—something commanders lack the authority to do.<sup>31</sup> In addition, officials within several units we spoke with that have just redeployed from Afghanistan told us that lack of knowledge about contracting resulted in the failure to include the right mix of personnel in their manpower planning document. This led to shortfalls in critical oversight areas, such as in the badging and screening office for contractor employees coming on base. Units that had recently returned from Afghanistan whose personnel we spoke with also did not anticipate the sheer volume of contractors and the time and manpower they would need to devote to properly process and oversee these contractor personnel. This led to the use of soldiers and Marines to

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<sup>30</sup> While DOD does not require military commanders to take operational contract support courses, Joint Forces Command has two operational contract support courses available online and other courses are available through the Defense Acquisition University and the Army.

<sup>31</sup> [GAO-10-551T](#).

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perform contract-related duties such as escort duty, which had not been adequately planned for prior to deployment.

Contractors in contingency operations are integrated into a wide spectrum of activities and support a diverse range of military functions and operations that are not confined to the logistics world, and therefore all military personnel should be aware of contractors and how to work with them. We have previously recommended that DOD develop training standards for the services to integrate 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 concurred with this recommendation and recognizes the need for broad training for non-acquisition personnel in order for them to understand the basics regarding contractor personnel. However, as DOD reported in November of 2009, the effort to incorporate operational contract support into professional military education was still ongoing. We continue to believe that integrating operational contract support into professional military education is an important step in institutionalizing the concept throughout DOD.

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## Screening and Providing Badges to Contractors

In Iraq and Afghanistan, military commanders and other military officials have expressed concerns about the security risks that contractor personnel, particularly third-country and local nationals, pose to U.S. forces because of limitations in the background screening process. In 2006, we first reported on the challenges that DOD faced in ensuring that contractor personnel had been thoroughly screened and vetted.<sup>32</sup> In July 2009, we reported that DOD had not developed departmentwide procedures to screen local national and third-country national contractor personnel in part because two offices within the department—those of the Under Secretary of Defense for Intelligence and the Under Secretary of Defense for Acquisition, Technology and Logistics—could not agree on the level of detail that should be included in background screening for third-country and local national employees and therefore lacked assurance that

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<sup>32</sup> GAO, *Military Operations: Background Screenings of Contractor Employees Supporting Deployed Forces May Lack Critical Information, but U.S. Forces Take Steps to Mitigate the Risk Contractors May Pose*, [GAO-06-999R](#) (Washington, D.C.: Sept. 22, 2006).

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all contractor personnel were properly screened.<sup>33</sup> As a result, we recommended that the Secretary of Defense designate a focal point at a sufficiently senior level and possessing the necessary authority to ensure that the appropriate offices in DOD coordinate, develop, and implement policies and procedures to conduct and adjudicate background screenings in a timely manner. DOD partially concurred with our recommendation and responded that the Office of the Assistant Deputy Under Secretary of Defense (Program Support) has been given responsibility for monitoring the registration, processing, and accounting of private security contractor personnel in the area of contingency operations. We noted that while we did not dispute this office's role, we did not believe it was the correct office to resolve disagreements among the offices responsible for developing DOD's background screening policy. DOD has still not developed a departmentwide policy on how to screen local national and third-country national contractor personnel, and as a result it continues to face challenges in conducting background screening of these personnel. As we reported in July 2009, absent a DOD-wide policy, commanders develop their own standards and processes to ensure that contractor personnel have been screened.

In Iraq, USF-I, the U.S.-led military organization responsible for conducting the war in Iraq, has a commandwide policy for screening and badging contractors. However, in Afghanistan, USFOR-A has not established a commandwide policy for screening and badging contractors. Instead, we found that each base develops its own background screening and base access procedures, resulting in a variety of different procedures. The lack of guidance also affects the ability of force protection officials to determine the sufficiency of their background screening procedures. For example, at one base, force protection officials told us that while they require contractor personnel to provide valid background screenings from their home countries, they had not received guidance on how to interpret those screenings, and did not know whether the screenings they received were valid. Officials stated that they rely on a biometric system, also used in Iraq, to screen local and third-country national contractor personnel. However, as we have previously reported, the name checks and biometric data collection associated with issuing badges rely primarily upon U.S.-based databases of criminal and terrorist information and background

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<sup>33</sup> GAO, *Contingency Contract Management: DOD Needs to Develop and Finalize Background Screening and Other Standards for Private Security Contractors*, [GAO-09-351](#) (Washington, D.C.: July 31, 2009).

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checks that rely on U.S.-based databases, such as the biometric system used in Iraq and Afghanistan, may not be effective in screening foreign nationals who have not lived or traveled to the United States.<sup>34</sup> As we concluded in July 2009, without a coordinated DOD-wide effort to develop and implement standardized policies and procedures to ensure that contractor personnel—particularly local nationals and third-country nationals—have been screened, DOD cannot be assured that it has taken all reasonable steps to thoroughly screen contractor personnel and minimize any risks to the military posed by these personnel.

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## Collecting and Distributing Lessons Learned

Although DOD has policy requiring the collection and distribution of lessons learned to the maximum extent possible, we found in our previous work that no procedures were in place to ensure that lessons learned are collected and shared. Many issues that we continue to report result from the failure to share lessons learned from previous deployments.

The lack of a lessons learned program means that the knowledge that is gained by a currently or previously deployed unit is not fully leveraged to DOD's advantage. Personnel we spoke to from units that were deployed or had just returned from deployment told us that they left for their deployment not knowing the extent to which they would have to rely on contractors or how to staff their manpower planning document and, as a result, were short handed in several critical oversight areas and had to use troops to perform functions other than their primary duties.

We have previously recommended developing a departmentwide lessons learned program to capture the experiences of military units that have used logistics support contracts and establishing a focal point within the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, to lead and coordinate the implementation of the departmentwide lessons learned program to collect and distribute the department's institutional knowledge regarding all forms of contractor support to deployed forces. DOD concurred with this recommendation but as of November 2009 these efforts were still ongoing. Implementing these recommendations would facilitate a more effective working relationship between contractors and the military.

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<sup>34</sup> [GAO-06-999R](#).

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## Concluding Observations

DOD has acknowledged that operational contract support plays an integral role in contingency operations and that successful execution of operational contract support requires significant planning and management. While some efforts have been made within the department and the individual services to improve the planning for and management of contractors, these efforts do not fully work toward integrating operational contract support throughout DOD. As we have discussed, many of the operational contract support challenges the department continues to face are long-standing and while the department has acknowledged many of these challenges, and taken some actions, it has not systematically addressed them.

Looking toward the future, the challenges we have discussed demonstrate the need for DOD to consider how it currently uses contractors in contingency operations, how it will use contractors to support future operations, and the impact that providing management and oversight of these contractors has on the operational effectiveness of deployed units. These considerations would also help shift the department's culture as it relates to operational contract support. As DOD doctrine recognizes, operational contract support is more than just logistical support. Therefore, it is important that a significant culture change occur, one that emphasizes operational contract support throughout all aspects of the department, including planning, training, and personnel requirements. It is especially important that these concepts be institutionalized among those serving in leadership positions, including officers, noncommissioned officers, and civilians. Only when DOD has established its future vision for the use and role of contractors supporting deployed forces and fully institutionalizes the concepts of operational contract support can it effectively address its long-term capability to oversee and manage those contractors.

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Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the subcommittee may have at this time.

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## Contacts and Acknowledgments

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