



Highlights of [GAO-08-1087](#), a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) uses contractors to meet many of its logistical and operational support needs. With the global war on terrorism, there has been a significant increase in deployment of contractor personnel to areas such as Iraq and Afghanistan. In its fiscal year 2007 report, the House Appropriations Committee directed GAO to examine the link between the growth in DOD's operation and maintenance costs and DOD's increased reliance on service contracts. GAO determined (1) the extent to which costs for selected contracts increased and the factors causing the increases, (2) the extent to which DOD provided oversight for selected contracts, and (3) the reasons for DOD's use of contractors to support contingency operations. To address these objectives, GAO reviewed a nonprobability sample of seven DOD contracts for services that provide vital support to contingency operations in Iraq and Afghanistan. GAO reviewed contract requirements, funding documents and DOD guidance for these contracts and interviewed DOD and contractor personnel.

What GAO Recommends

To ensure effective oversight, GAO recommends that DOD adequately staff oversight positions with qualified personnel, and address inconsistencies in maintaining contract files and implementing quality assurance principles. DOD concurred with each of GAO's recommendations and stated the Army was aware of and addressing the identified problems.

To view the full product, including the scope and methodology, click on [GAO-08-1087](#). For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

MILITARY OPERATIONS

DOD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations

What GAO Found

Costs for six of the seven contracts GAO reviewed increased from an initial estimate of \$783 million to about \$3.8 billion, and one consistent and primary factor driving the growth was increased requirements associated with continued military operations in Iraq and Afghanistan. For example, the Army awarded a \$218.2 million task order for equipment maintenance and supply services in Kuwait in October 2004. Since then, approximately \$154 million of additional work was added to this task order for vehicle refurbishment, tire assembly and repair, and resetting of prepositioned equipment. Other factors that increased individual contract costs include the use of short-term contract extensions and the government's inability to provide contractually required equipment and services. For example, in three of the contracts GAO reviewed, short-term contract extensions (3 to 6 months) increased costs because the contractor felt it was too risky to obtain long-term leases for vehicles and housing. The actual cost of one contract we reviewed did not exceed the estimated cost for reasons such as lower than projected labor rates.

GAO has frequently reported that inadequate staffing contributed to contract management challenges. For some contracts GAO reviewed, DOD's oversight was inadequate because it had a shortage of qualified personnel and it did not maintain some contract files in accordance with applicable guidance. For five contracts, DOD had inadequate management and oversight personnel. In one case, the office responsible for overseeing two contracts was short 6 of 18 key positions, all of which needed specialized training and certifications. In addition, for two other contracts, proper accounting of government owned equipment was not performed because the property administrator position was vacant. Second, DOD did not always follow guidance for maintaining contract files or its quality assurance principles. For four contracts, complete contract files documenting administration and oversight actions taken were not kept and incoming personnel were unable to determine how contract management and oversight had been performed and if the contractor had performed satisfactorily prior to their arrival. In addition, oversight was not always performed by qualified personnel. For example, quality assurance officials for the linguist contract were unable to speak the language so they could not judge the quality of the contractor's work. Without adequate levels of qualified oversight personnel, proper maintenance of contract files, and consistent implementation of quality assurance principles, DOD may not be able to determine whether contractors are meeting their contract requirements, which raises the potential for waste.

DOD used contractors to support contingency operations for several reasons, including the need to compensate for a decrease in force size and a lack of capability within the military services. For example, an Army contract for linguist services had a requirement for more than 11,000 linguists because DOD did not have the needed linguists. According to Army officials, the Army phased out many interpreter positions years ago and did not anticipate a large need for Arabic speakers.