



Highlights of [GAO-05-274](#), a report to the Secretary of Defense

## Why GAO Did This Study

The Department of Defense (DOD) is the federal government's largest purchaser of contractor services, spending \$118 billion in fiscal year 2003 alone—an increase of 66 percent since fiscal year 1999. DOD is expected to rely increasingly on contractors to carry out its mission.

In recent reports, DOD has identified inadequate surveillance on service contracts. This report examines how DOD manages service contract surveillance. It looks at the extent of DOD's surveillance on a selection of service contracts, reasons why insufficient surveillance occurred, and efforts to improve surveillance.

## What GAO Recommends

GAO recommends that DOD: require properly trained surveillance personnel be assigned to service contracts by the date of contract award; ensure surveillance personnel are held accountable for their duties; ensure DOD's service contract review process and data collection requirements provide more useful information; and revise guidance on surveillance for services procured from other agencies' contracts. DOD should also direct the Army to conduct surveillance, as appropriate, on ongoing Contract Advisory and Assistance Services contracts awarded before April 2004.

DOD concurred with four of our recommendations and partially concurred with a fifth and identified actions it has taken or plans to take to address them.

[www.gao.gov/cgi-bin/getrpt?GAO-05-274](http://www.gao.gov/cgi-bin/getrpt?GAO-05-274).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David E. Cooper at (617) 788-0555 or [cooperd@gao.gov](mailto:cooperd@gao.gov).

## CONTRACT MANAGEMENT

# Opportunities to Improve Surveillance on Department of Defense Service Contracts

## What GAO Found

Surveillance varied on the 90 contracts we reviewed. Surveillance was insufficient on 26 of the contracts we reviewed but was sufficient on 64 contracts. Fifteen had no surveillance because no personnel were assigned such responsibilities; the other 11 had assigned personnel but could not provide evidence of surveillance due to incomplete documentation. Also, some surveillance personnel did not receive required training before beginning their assignments.

According to DOD officials, insufficient surveillance occurred because surveillance is not as important to contracting officials as awarding contracts and therefore, does not receive the priority needed to ensure that surveillance occurs. The Army, unlike the Air Force and Navy organizations we visited, does not require surveillance personnel to be assigned responsibility prior to contract award. We also found that surveillance personnel involved in our review were not evaluated on how well they perform their surveillance duties. Further, surveillance was usually a part-time responsibility and some personnel felt that they did not have enough time in a normal workday to perform their surveillance duties.

DOD has taken steps to implement provisions in the National Defense Authorization Act for Fiscal Year 2002 intended to improve the general management and oversight of service contract procurement and, in October 2004, DOD issued a policy that emphasized the proper use of other agencies' contracts. However, these efforts did little to improve service contract surveillance. On a more specific item, DOD did issue guidance that now requires appointment of surveillance personnel during the early planning phases of cost-reimbursable and time and materials service contracts. At the military service level, in April 2004, the Army revised its acquisition instructions and began requiring surveillance on some professional support service contracts; but, the revision did not apply to those contracts awarded before the enactment date that were still in effect.