



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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MAR 17 2005

ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR TECHNICAL DIRECTOR, AUDIT FOLLOWUP &  
GAO AFFAIRS, OFFICE OF THE INSPECTOR  
GENERAL, DEPARTMENT OF DEFENSE

THROUGH: DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS

For PK MAR 21 2005

SUBJECT: Followup on GAO Report No. GAO-03-695, "Military  
OPERATIONS: Contractors Provide Vital Services to Deployed  
Forces but Are not Adequately Addressed in DoD Plans," June 24,  
2003, (OSD Case No. 350239)

This is in response to your January 28, 2005, memorandum requesting the status of actions taken on subject report. The following is provided as an update:

***Information Requested on Recommendation 1:***

In comments to the draft report, your office stated that DoD would explore how best to conduct a review of contractor services supporting deployed forces. Please provide a copy of any reviews of contracts conducted to identify mission-essential services and plans for any continuing reviews. If actions on this recommendation are ongoing, please explain and provide an estimated completion date.

**DoD Response:**

The review is pending, waiting for final procedures to be issued by the Undersecretary of Defense for Personnel and Readiness, which are expected to be completed by June 2005.

***Information Requested on Recommendation 2:***

Comments from your office stated concurrence with the recommendation. Have the procedures been developed? If so, please provide a copy of the procedures. If not, please explain and provide an estimated completion date.

**DoD Response:**

OUSD(P&R/PPP) expects the procedures to be completed by June 2005.

***Information Requested on Recommendation 3:***

Comments from your office to the draft report stated concurrence with the recommendation. Has the guidance been developed? If so, please provide a copy of the



guidance highlighting the requirements from the recommendation, as well as a copy of any procedures that the Services developed to implement the DoD guidance. If not, please explain and provide an estimated completion date.

**DoD Response:**

A draft Department of Defense Directive and a draft Department of Defense Instruction, which will provide guidance in the areas identified in the recommendation, are currently undergoing final coordination. These documents should be finalized by June 2005. These documents will also satisfy the requirement in section 1205 of the FY 2005 National Defense Authorization Act to establish policies on the use of contractors to support deployed forces.

***Information requested on Recommendation 4:***

Comments from your office to the draft report stated concurrence with the recommendation. Has the guidance been developed? If so, please provide a copy of the guidance highlighting the requirements from the recommendation, as well as a copy of any procedures that the Services developed to implement the DoD guidance. If not, please explain and provide an estimated completion date.

**DoD Response:**

A final DFARS rule is awaiting OMB clearance prior to publication. We estimate that this will be completed by June 2005.

***Information requested on Recommendation 5:***

In comments to the draft report, your office agreed on the need for appropriate training on DoD policies and guidance for the use of contractor employees that accompany deployed forces. Please provide copies of any relevant portions of training materials developed as specified in the recommendation as well as requirements for contracting officer's representatives to complete the established training courses before assuming their duties. If actions are ongoing, please explain and provide an estimated completion date.

**DoD Response:**

The Defense Acquisition University (DAU) is partnering with the Army to develop a comprehensive training plan for all military personnel who will be involved with dealing with contractors that accompany deployed forces. We expect the training plan will be completed by June 2005, and that the resulting courses and course updates will be completed by June 2006. It is anticipated that these courses will be provided in a wide variety of venues including service schools and DAU. The course content and venue will vary depending on the whether the audience is composed of enlisted, junior or senior officers.

***Information requested on Recommendation 6:***

In comments to the draft report, your office agreed with changing the Financial Management Regulations. Please provide a copy of any changes implemented to the Financial Management Regulations highlighting the specifications of the recommendation. If actions are ongoing, please explain and provide an estimated completion date.

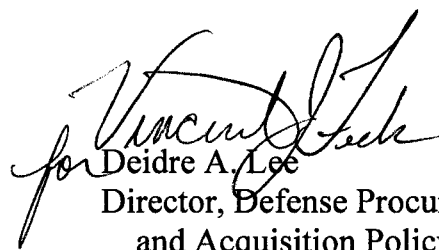
**DoD Response:**

The "DoD Financial Management Regulation" ("DoD FMR") was updated January 2005, which is provided below:

230106. Elimination of Potential Duplicative Efforts. DoD officials having responsibility for reviewing and approving purchases in which the source of funding is derived from a transfer account like the Overseas Contingency Operations Transfer Fund (OCOTF) shall, to the greatest extent possible, review transactions to: (1) eliminate the potential for duplicating the procurement of goods and services, and (2) ensure that contractors are reimbursed for only those services and goods provided to the Government.

The additional suggestions contained in recommendation 6 would require a costly and possibly unnecessary reporting process. The proposed biannual report is not a cost effective means of improving the commander's visibility over contractor services. The FMR as currently written enables the executive agent to determine the necessary review requirements and target the requirements to specific instances.

If you have any questions, please contact Mr. William Timperley at 703-697-8336 or via e-mail at [william.timperley@osd.mil](mailto:william.timperley@osd.mil).

  
for Deidre A. Lee  
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