



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

SEP 30 2005

ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR TECHNICAL DIRECTOR, AUDIT FOLLOWUP & GAO  
AFFAIRS, DODIG

THROUGH: DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS <sup>CNR</sup> 9/30/05

SUBJECT: Follow-up on GAO Report GAO-04-065 "REBUILDING IRAQ: Fiscal Year 2003 Contract Award Procedures and Management Challenges," dated June 1, 2004 (GAO Code 120248)

In response to your memorandum of May 3, 2005, requesting current status on actions in process regarding recommendations 3, 4, and 5 of the subject report, the following is provided:

**Information Requested for Recommendation 3:** Discuss whether the Assistant Secretary of the Army signed the justification and approvals for the contracts and related task orders used by the Army Corps of Engineers to restore Iraq's electricity.

**Current Update:** The two associated justification & approvals (J&As) are still pending revision with the Army Corps of Engineers. An estimated completion date has not been set.

**Information Requested for Recommendation 4:** Discuss (a) whether the Commanding General of the Army Field Support Command completed definitization of outstanding task orders under the LOGCAP contract; (b) the progress of DCAA audits of task orders and definitization of contracts and task orders, and (c) whether the 18 task orders were definitized.

**Current Update:** See attached update to Table 7 from page 23 of report.

**Information Requested for Recommendation 5:** Identify whether the study of DoD's strategy for post-war operations has been completed and discuss the provisions for acquisition support that were to be incorporated into the strategy.

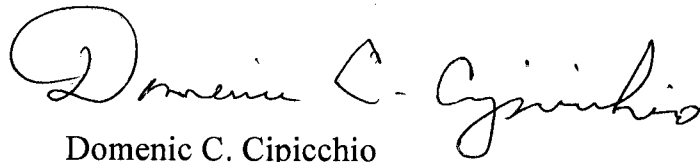
**Current Update:** DPAP conducted a review of existing and evolving post-war strategies throughout DoD. Although we did not find any policies and strategies focused solely on post-war acquisition support, we found existing strategies and doctrinal guidance which incorporates post-conflict operations. A Joint Contingency and Contractor Management (JCCM) Team composed of representatives from the Joint Staff, Services, Combatant



Commanders, DLA, DCMA, and DPAP is also reviewing joint contingency contracting doctrine to develop overarching joint doctrine on contracting support on the battlefield. The Team met 22 – 26 August to work the strategy development. The estimated completion date of the on-going actions has moved to February 2006.

Considerations for acquisition support that are likely to be incorporated into the strategy include Section 811 of Public Law 108-375 (Ronald W. Reagan National Authorization Act for Fiscal Year 2005) which granted the Secretary of Defense authority to use expedited procedures to accomplish rapid acquisition of equipment urgently needed to eliminate a combat capability deficiency that has resulted in combat fatalities. The Under Secretary of Defense (AT&L) and the Under Secretary of Defense (Comptroller) established the Joint Rapid Acquisition Cell (JRAC) to facilitate meeting the urgent material and logistics requirements which the Combatant Commanders certify as operation critical.

My point of contact is Mr. Craig Curtis at (703) 614-6719 or via email at [craig.curtis@osd.mil](mailto:craig.curtis@osd.mil).



Domenic C. Cipicchio  
Acting Director, Defense Procurement  
and Acquisition Policy

Attachment:  
As stated

Table 7: Undefined Actions as of September 20, 2005

Agency	Purpose of KT/TO	Work Status as of 9/20/05	Amt obligated as of 9/20/05 (millions)	Comments
USACE	Restore Iraqi's Oil infrastructure	Ongoing	\$2,600.0	USACE awarded a single, sole-source indefinite-delivery indefinite quantity contract in 03/03. Under this contract, USACE issued a total of 10 task orders. As of 09/20/05, \$1,006,308,694 of the \$2.6B is left to definitize. USACE (Southwest Division) reports that task orders 0001, 0002, 0004, the claim on 0004, 0005, 0006 and 0007 are definitized. Task orders 0003, 0008, 0009 and 0010 are still in process and estimated completion dates are not established. An updated proposal from KBR is pending for 0003.
USACE	Restore Iraq's electrical infrastructure	Work completed & 1 undefinitized order planned by 12/31/05	\$1,637.4	USACE-CETAC has definitized 13 out of 14 task orders. The current amount obligated on the remaining task order is \$104,001,345 and of that amount, \$35,345,545 is undefinitized. It is expected to be closed out within the next 90 days. All work in Iraq is complete. The cost reimbursable task orders on the 3 RIE I task orders and 11 RIE II & III task orders are in the closeout phase. To date, USACE-CETAC has obligated \$1,637,379,168 for the RIE program and has potential cost exposure of an additional \$50M (Note this figure represents a worst case estimate). A request for \$27M was sent to the DFI Comptroller 07/05 to resolve specified additional closeout costs (for example, increased overhead, minor direct costs and closeout administration costs) associated with the RIE I task orders.
Army FSC	Provide CPA support (LOGCAP)	Work completed 10/31/04 & definitized 03/05	\$579.0 (T/O 44 as identified by the original scope of work)	a) Army FSC completed definitization of all 18 outstanding task orders under the LOGCAP contract (and referenced in the original DoD response) in 03/05.
Army FSC	Pre-position fire fighting equip & persons (LOGCAP)	Work completed 03/03 & definitized 03/05	\$29.7 (T/O 42 as identified by the original scope of work)	b) DCAA audits were completed on all Army FSC task orders and considered in the definitization process.
Army FSC	Logistical supt for personnel training for the new Iraqi Army (LOGCAP)	Work completed 08/04 & definitized 03/05	\$31.7 (T/O 64 as identified by the original scope of work)	c) To correct the UCA issue described by GAO, Army FSC implemented a number of measures including Special Cost Analysis Teams and alpha contracting processes to eliminate the existing backlog and avoid future coverage UCAs. As the result of AFSC's actions, all UCAs issued under LOGCAP have been definitized within the 180-day regulatory requirement since the backlog was eliminated in 03/05.
Army FSC	Contingency plan for repairing & maintaining Iraq's oil infrastructure (LOGCAP)	Work completed Feb 03 & definitized 03/05	\$2.0 (T/O 31 as identified by the original scope of work)	