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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JUL 19 2005

Mr. William M. Solis
Director, Defense Capabilities and Management
U.S. General Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO draft report, "REBUILDING IRAQ: Actions Needed To Improve Use Of Private Security Providers," dated June 15, 2005 (GAO Code 350554/GAO-05-737). We welcome your assistance in improving how the DoD and its contractors can plan for and effectively execute contracts for reconstruction or assistance efforts in a complex and changeable security environment. Enclosed are DoD's detailed comments regarding the recommendations on pages 45 and 46 of your draft report.

We appreciate the opportunity to review and comment on your findings.

Sincerely,

A handwritten signature in black ink, appearing to read "Deidre A. Lee".

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

Enclosure:
As stated



GAO DRAFT REPORT - DATED JUNE 15, 2005
GAO CODE 350554/GAO-05-737

**“REBUILDING IRAQ: ACTIONS NEEDED TO IMPROVE USE OF
PRIVATE SECURITY PROVIDERS”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Secretary of State, the Secretary of Defense, and the Administrator, Agency for International Development, explore options that would enable contractors to obtain security services quickly and efficiently. Such options might include identifying minimum standards for security personnel qualifications, training requirements and other key performance characteristics that security personnel should possess. (pages 45 & 46/GAO Draft Report)

DOD RESPONSE: Concur.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Combatant Commander, U.S. Central Command, to direct the Commander, Multi-National Force-Iraq (MNF-1), to further assess all of the blue on white incidents to determine if the procedures outlined in the December 2004 order are sufficient. If the procedures have not proven to be effective, the GAO recommends that the Commander, MNF-I, develop additional procedures to protect both U.S. military forces and private security providers. (p. 46/GAO Draft Report)

DOD RESPONSE: Concur. DoD’s current approach, which leverages the Reconstruction Operations Center (ROC) to improve coordination between military forces and Private Security Companies (PSC), is proving effective. There is value in re-evaluating its effectiveness in reducing blue-on-white engagements after a period of time. The Joint staff will develop an approach for assessing and improving procedures for coordination between military forces and PSCs.

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense develop a training package for units deploying to Iraq which provides information on the Reconstruction Operations Center, typical private security provider operating procedures, any guidance or procedures developed by MNF-I or MNF-C applicable to private security providers, and DoD support to private security provider employees. (p. 46/GAO Draft Report)

DOD RESPONSE: Concur. Training materials would benefit both operational military forces and PSCs. The Joint Staff will develop an appropriate training strategy.

RECOMMENDATION 4: The GAO recommended that the Secretary of State, the Secretary of Defense, and the Administrator, U.S. Agency for International Development, establish a means to track and account for security costs in order to develop more accurate budget estimates. (p. 46/GAO Draft Report)

DOD RESPONSE: Concur. The Secretary of State is responsible for submitting a quarterly report to Congress that outlines the current status of programs, initiatives and funds dedicated to the Iraq reconstruction efforts. As such, the Department of Defense will support the Department of State's efforts to collect security cost data, since the Department of State is the lead organization responsible for directing and reporting on U.S. reconstruction efforts in Iraq. The Department of Defense will collect readily available data on incurred security costs under existing contracts and will establish procedures on accounting for security costs under future reconstruction contracts. Additionally, the Under Secretary of Defense (Comptroller) will work collaboratively with the Department of State and the Administrator, U.S. Agency for International Development to establish a uniformed means to track and account for costs incurred by reconstruction contractors for private security costs in order to develop more accurate budget estimates in the future.