

Inspector General

United States
Department of Defense



Government Oversight of Field Service
Representative and Instructor Services
in Support of the
Mine Resistant Ambush Protected Vehicle Program

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Acronyms and Abbreviations

BAE	BAE Systems Land & Armaments, LP
BAE-TVS	BAE Systems Tactical Vehicle Systems, LP
CONUS	Continental United States
COR	Contracting Officer's Representative
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
FAR	Federal Acquisition Regulation
FLMNET	Field-Level Maintainer New Equipment Training
FPII	Force Protection Industries, Inc.
FSR	Field Service Representative
GDLS-C	General Dynamics Land Systems-Canada
JPO	Joint Program Office
MCSC	Marine Corps Systems Command
MRAP	Mine Resistant Ambush Protected
NaviStar	NaviStar Defense, LLC
NET	New Equipment Training
OCONUS	Outside the Continental United States
OEM	Original Equipment Manufacturer
OPNET	Operator New Equipment Training
PGI	Procedures, Guidance, and Information
QASP	Quality Assurance Surveillance Plan
RSA	Regional Support Activity



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-4704

June 17, 2010

MEMORANDUM FOR NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, MARINE CORPS SYSTEMS COMMAND

SUBJECT: Government Oversight of Field Service Representative and Instructor
Services in Support of the Mine Resistant Ambush Protected Vehicle
Program (Report No. D-2010-068)

We are providing this report for your information and use. We conducted this audit pursuant to Public Law 110-181, "The National Defense Authorization Act for Fiscal Year 2008," section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan," January 28, 2008. We considered management comments on a draft of this report when preparing the final report.

The comments from the Commander, Marine Corps Systems Command, conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9201 (DSN 664-9201).

A handwritten signature in blue ink, reading "Richard B. Jolliffe", is positioned above the typed name.

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management



Results in Brief: Government Oversight of Field Service Representative and Instructor Services in Support of the Mine Resistant Ambush Protected Vehicle Program

What We Did

The overall objective was to determine whether Mine Resistant Ambush Protected (MRAP) vehicle program and contracting officials were adequately supporting MRAP vehicle maintenance requirements and appropriately awarding and administering maintenance contracts. This is the first in a series of reports addressing the maintenance support contracts for the MRAP vehicles. For this report, we limited our scope to the oversight of Field Service Representative (FSR) and New Equipment Training Instructor services procured from the five MRAP original equipment manufacturers.

What We Found

Marine Corps Systems Command contracting officials did not provide adequate Government oversight of FSRs and New Equipment Training Instructors as required by Government regulations. This occurred because contracting officials used the MRAP vehicle production contracts, which did not contain the necessary controls for providing Government oversight when acquiring these services. As a result, Joint Program Office (JPO) MRAP officials ordered \$815.4 million in FSR and New Equipment Training Instructor services without a written quality assurance process to ensure that the services provided were performed in accordance with contract requirements. Instead, the JPO MRAP officials relied on the contractors to monitor themselves.

What We Recommend

We recommend that the Assistant Commander for Contracts, Marine Corps Systems Command, require contracting officials to develop and implement a systematic, Government-controlled quality assurance program for services procured from the five MRAP contracts to ensure adequate Government oversight of FSRs and New Equipment Training Instructors.

We recommend that the Program Manager, JPO MRAP, Marine Corps Systems Command, develop and provide a Quality Assurance Surveillance Plan to the contracting officer, specifically for ongoing and planned contract actions for services supporting MRAP vehicles to ensure the quality and cost-effectiveness of services.

Management Comments and Our Response

The Commander, Marine Corps Systems Command, agreed with both recommendations. The comments were responsive to the intent of the recommendations. Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander of the Marine Corps Systems Command		1. and 2.

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Introduction

Objective

The overall objective was to determine whether the Mine Resistant Ambush Protected (MRAP) vehicle program and contracting officials were adequately supporting the MRAP vehicle maintenance requirements and appropriately awarding and administering maintenance contracts.

We performed this audit pursuant to Public Law 110-181, “The National Defense Authorization Act for Fiscal Year 2008,” section 842, “Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan,” January 28, 2008. Section 842 requires “thorough audits . . . to identify potential waste, fraud, and abuse in the performance of (1) Department of Defense contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan; and (2) Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.” We reviewed the contracts from five MRAP manufacturers that ordered Field Service Representative (FSR) and New Equipment Training (NET) Instructor services to support the MRAP vehicles located in Iraq and Afghanistan. We visited Southwest Asia to meet with FSR and NET Instructors to discuss their role in supporting MRAP vehicles.

This is the first in a series of reports addressing maintenance support for MRAP vehicles. For this report, we limited our scope to the oversight of FSR and NET Instructor services procured from the five MRAP manufacturers. See Appendix A for a discussion of the audit scope and methodology.

Background

The MRAP vehicles are multi-mission platforms capable of mitigating the effects of improvised explosive devices, mines, and small arms fire (see the figure for examples of MRAP vehicles). In November 2006, the Joint Program Office (JPO) for MRAP vehicles (JPO MRAP) was established to manage the acquisition of the MRAP vehicles to meet the needs of all of the Services. Marine Corps Systems Command (MCSC) manages the JPO MRAP and MRAP vehicle procurement for all of the Services.

On May 2, 2007, the Secretary of Defense designated the MRAP vehicle program as the highest priority DOD acquisition program and stated that all options to accelerate the production and fielding of the MRAP capability to the theater should be identified, assessed, and applied where feasible. As of November 6, 2009, the MCSC contracting office ordered 16,174 MRAP vehicles from five contractors: General Dynamics Land Systems-Canada (GDLS-C); BAE Systems Tactical Vehicle Systems, LP (BAE-TVS); BAE Systems Land and Armaments, LP (BAE); Force Protection Industries, Inc. (FPII); and NaviStar Defense, LLC (NaviStar).

Figure. Variants of MRAP Vehicles



Source: DefenseImagery.mil and MARCORSSYSCOM.usmc.mil

Field Service Representatives

To help with the maintenance of the MRAP vehicles, the MCSC contracting officials procured FSR services from the five MRAP contractors. FSRs are located in the Continental United States (CONUS) and Outside the Continental United States (OCONUS), and they provide full-time, on-site liaison or advisory services between their company and the users of the MRAP vehicles. Specifically, the contract required the FSRs to:

- provide corrective maintenance guidance as needed,
- provide maintenance and supply support reports as needed,
- coordinate and resolve problems related to maintenance, and
- assist with any maintenance support activity at the unit level that was deemed supportable by the contractor and buying activity.

The FSRs were deployed throughout Kuwait, Iraq, and Afghanistan and may be required to move from one site to another to support MRAP vehicles. The FSRs were embedded with units as well as the MRAP vehicle Regional Support Activities (RSAs). RSAs are located throughout Iraq and Afghanistan and support all units in their area of responsibility. RSAs provide depot-level repair, Government-furnished equipment installation, component replacement and repair, and battle damage assessment repair for MRAP vehicles.

New Equipment Training Instructors

MCSC contracting officials procured New Equipment Training Instructor (Instructors) services from the five MRAP contractors because requirement for the MRAP vehicles was new and unfamiliar. Specifically, the Instructors were ordered to:

- provide MRAP vehicle Operator New Equipment Training (OPNET) and Field-Level Maintainer New Equipment Training (FLMNET) to Service members in CONUS and OCONUS, and
- cross-train other original equipment manufacturer (OEM) FSRs, Instructors, mechanics, and Government support personnel at the MRAP University in CONUS on their MRAP vehicle variant.

The Instructors were deployed throughout Iraq and Afghanistan and provided training at the various RSAs.

The table shows the breakdown of FSR and Instructor services ordered by contractors as of November 20, 2009.

Table. FSR and NET Instructor Services Procured

Contractor	FSR Services (manmonths*)	NET Instructor Services (manmonths)	Obligated Amount
GDLS-C	1,453	437	\$65,123,662
BAE-TVS	1,812	1,154	99,466,859
BAE	1,503	1,968	132,139,047
FPII	5,810	2,181	200,315,445
NaviStar	5,691	2,304	318,394,078
Total	16,269	8,044	\$815,439,091

*A manmonth is a unit of measure that represents one FSR or Instructor under contract performing services for one month.

Review of Internal Controls

DOD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006, requires DOD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We determined that an internal control weakness in the administration of MRAP contracts existed as defined by DOD Instruction 5010.40. Specifically, MCSC contracting officials did not provide adequate oversight of FSR and Instructor services procured to support the JPO MRAP operations in theater. We discuss these issues in detail in the Finding section. Implementing Recommendations 1 and 2 should correct this weakness. We will provide a copy of the final report to the senior official(s) responsible for internal controls in the Department of the Navy.

Finding. Government Oversight of Field Service Representatives and Instructors

MCSC contracting officials did not provide adequate Government oversight of FSRs and Instructors as required by the Federal Acquisition Regulation (FAR) and DOD regulations. This occurred because the contracting officer used the MRAP vehicle production contracts, which did not contain the necessary controls for providing Government oversight such as quality assurance surveillance plans (QASPs) or the designation of contracting officer's representatives (CORs) when acquiring these services. The contracting officials also relied on MRAP program officials to provide the oversight of the FSRs and Instructors without a written designation. As a result, JPO MRAP officials procured \$815.4 million in FSR and Instructor services without a written quality assurance process to ensure that the services provided were performed in accordance with contract requirements. Instead, the JPO MRAP officials relied on the contractors themselves or complaints from individual units to monitor the FSRs.

MRAP Vehicle Production Contracts

The purpose of the five MRAP vehicle production contracts was to urgently procure vehicles capable of protecting forces operating in hazardous areas against threats, such as mines, improvised explosive devices, and small arms fire. JPO MRAP officials decided to use an interim Contractor Logistics Support approach for initial support of the MRAP vehicle. Contractor Logistics Support includes contractor-provided FSR and Instructor services. The MRAP production contracts incorporated the procurement of FSR services from the five OEMs as on-site liaisons, advisory service providers, and management support for the JPO MRAP. In addition, the contracts required the OEMs to provide OPNET and FLMNET instruction and cross-training FSRs on the vehicles that they manufactured.

Quality Assurance Surveillance Plan

The JPO MRAP officials did not develop QASPs to monitor the FSRs or the Instructors for services procured under the five OEM contracts. FAR Subpart 46.4, "Government Contract Quality Assurance," states that quality assurance must be performed as necessary to ensure that the supplies or services conform to contract requirements. A QASP is a Government-developed document used to ensure that systematic quality assurance methods are used in the administration of a contract. A QASP should be prepared by the program office in conjunction with the Statement of Work and should specify all work requiring surveillance along with the method of surveillance. Furthermore, FAR 46.103, "Contracting Office Responsibilities," states that the contracting office is responsible for receiving specifications from the activity responsible for the technical requirements for inspecting, testing, and performing other contract quality requirements (for example, a QASP for service contracts) to ensure the integrity of supplies or services. Defense Federal Acquisition Regulation Supplement (DFARS) 246.102, "Policy," requires the development and management of a systematic, cost-effective Government quality assurance program to ensure that contractor performance is

in accordance with service contract requirements. A contracting official stated that the development of a QASP was not a requirement for the MRAP contracts because the contracts were awarded to procure MRAP vehicles. Although the original intent of the five MRAP vehicle contracts was to procure a vehicle capability, the contracts were also used to procure services. Therefore, the JPO MRAP and MCSC contracting officials should have developed and implemented a QASP to ensure effective quality assurance and contract oversight for services procured, especially because these services exceeded \$800 million.

In addition, the statement of work for the MRAP vehicle contracts states that the contractor is required to develop and use a quality assurance operation that includes a quality assurance plan, periodic quality assurance reviews, and procedures for maintaining quality assurance records. The statement of work requires the contractor to establish, implement, document, and maintain their quality system. When we requested the quality assurance documents required in the statement of work, the contracting officials provided FSR Weekly Status reports as the tools they used for monitoring FSRs. The FSR Weekly Status reports documented the status of specific work that the FSRs stated they performed; however, these documents did not contain any Government inspection or evaluation procedures or indicate the quality of the work performed.

Contracting Officer's Representatives

The contracting officer did not designate a COR to provide oversight of FSRs or Instructors located in theater. A COR supports contracting activities as the Government's eyes and ears at the site the contractor performs tasks. According to DFARS Procedures, Guidance, and Information (PGI) Part 201.602-2, "Responsibilities," CORs are required to assist in the technical monitoring or administration of contract actions for services. The COR must be a Government employee, trained and experienced, and designated in writing. In addition, the contracting officer has the authority to designate personnel to assist with the monitoring of contractor performance, including the delegation of contract administration responsibilities to the Defense Contract Management Agency (DCMA) and the designation of a COR. According to DFARS Part 201.602-2, a COR may not be delegated responsibility to perform tasks at a contractor's location if that task has been delegated to a contract administration office. The contracting officer designated DCMA to administer the five MRAP contracts; however, the DCMA offices administering the contracts only provided oversight of vehicle production, not of FSRs or Instructors. JPO MRAP officials stated that DCMA oversight of FSRs was impractical due to FSRs deployment throughout the theater and in extreme locations. Therefore, the contracting officer should have designated a COR to help provide Government oversight. The reason the contracting officer did not designate a COR could not be determined due to a change in the contracting officers for the OEM contracts. However, the designation of a COR is an important internal control that is needed to ensure that work is performed in accordance with the contract requirements and that the contractor is complying with its system of quality control. The contracting officer for the OEM contracts should have addressed this issue at the time the services were ordered.

Oversight of Field Service Representatives

The contracting officer relied on MRAP program officials to provide the oversight of the FSRs and Instructors without a written designation, while program officials relied on contractors to oversee their personnel. When we asked the contracting officer for the names of the individuals who provide surveillance, oversight, and contract administration responsibilities for FSRs, she responded that the JPO MRAP administers the FSRs; therefore, the function is a requirement of the program office, and not of the contracting office. Contract administration is an inherent function of the contracting office; thus, the contracting office is responsible for developing efficient procedures for performing Government contract quality assurance actions and receiving specifications for prescribing contract quality requirements from the program office, as required by the FAR. Although the contracting officer could designate the JPO MRAP in writing to provide oversight of FSRs, contract administration is not a responsibility of the program office. In addition, the original intent of the five MRAP contracts was for MRAP vehicle procurement, but the contracts were also used to procure FSR and Instructor services. Therefore, contracting and program officials should have included Government quality assurance procedures to monitor and oversee FSR and Instructor performance in the contracts to ensure the quality and cost-effectiveness of services provided by the contractors.

Program Office Oversight of Field Service Representatives

MRAP program officials did not have standard quality assurance procedures in place to identify and mitigate poor FSR performance. The program officials relied on complaints from individuals in the unit as a mechanism for Government oversight of FSRs in theater or contractor supervisors to provide oversight of the FSRs. According to program officials, poor-performing FSRs were brought to Government officials' attention only if individuals in the units submitted complaints about specific FSRs through their chain of command. However, neither the contracting officer nor MRAP program officials established any mechanism in the contract or as part of a QASP for reporting complaints. Relying on complaints provided no assurance that DoD was attaining the best value. The Site Leads from Balad and Camp Liberty RSAs stated that overseeing FSR performance was not their responsibility. Nevertheless, the Site Leads stated that they received and reviewed weekly Personnel Status Reports provided by FSR supervisors; Personnel Status Reports provided the Site Leads with the capability to account for the number of FSRs assigned to their RSAs or associated forward operating bases. In addition, the Standard Operating Procedures at JPO MRAP Forward and two RSAs did not contain any procedures for overseeing FSRs. Essentially, JPO MRAP relied on the contractors to monitor themselves for more than \$800 million in services.

Contractor Oversight of Field Service Representatives

The MRAP vehicle program officials relied on contractor supervisors to provide oversight of the FSRs in theater. When we asked about standard quality assurance procedures for monitoring FSRs, contractor supervisors stated that there was no quality assurance process in place and no Government oversight of the FSRs. The FSRs in theater reported directly to their respective contractor supervisors. Contractor supervisors used FSR Weekly Status Reports and complaints from individuals in the units as the tools

to monitor FSR performance. The FSRs completed Weekly Status Reports to serve as evidence of their performance and submitted these reports to their chain of command. The Weekly Status Reports included maintenance problems for each vehicle, the status of the vehicles, and the number of vehicles worked on. The Weekly Status Reports did not assess the quality of FSR performance. One of the contractors provided the units with surveys to assess FSR performance.* The surveys were sent to the Lead FSR, who then reported the findings to their chain of command. Although surveys may be useful to assess quality of work, we cannot assess the cost-effectiveness of the services provided or whether DoD is attaining the best value without independent surveillance by the Government.

Oversight of Instructors

Although the MRAP vehicle program officials did not have standard quality assurance procedures in place to provide oversight of Instructors, there were some procedures used for monitoring Instructors' performance in theater. Instructors provided OPNET and FLMNET training in accordance with a Program of Instruction that each contractor developed and that the U.S. Army Training and Doctrine Command approved. A NET Coordinator, who was not a Government employee, monitored the Instructors at each of the RSAs in Iraq to ensure that they were following a Program of Instruction. The NET Coordinators are employees from an independent contractor, Science Applications International Corporation, that provides Joint Logistics Integrator support for JPO MRAP.

In addition, the students that received NET training provided feedback on Instructors' performance by completing an end-of-course survey. According to the Training Coordinator for Operation Iraqi Freedom, issues that students identified in end-of-course surveys would be brought to her attention by training supervisors. She further stated that RSA Site Leads participated in weekly meetings, known as After Action Reviews. During these meetings, the Instructors, the site training specialist, the site lead, and the deputy site lead discussed prior training surveys and future training schedules. However, during our visits to Balad and Camp Liberty RSAs, the RSA Site Lead from Camp Liberty was the only one who participated in weekly After Action Reviews.

MRAP Program Oversight

According to the MRAP Deputy Program Manager, the FSRs were actively managed by theater leads, country leads, site leads, DCMA, and quality assurance/control teams. However, our audit fieldwork indicated that DCMA was not overseeing the FSRs and Instructors. In addition, the theater lead was the only Government employee who oversaw the MRAP vehicle program in Kuwait, Iraq, and Afghanistan. Furthermore, the country leads were contractor personnel, and site leads did not have the responsibility to

* We did not interview FSRs for one contractor, GDLS-C, because none of the GDLS-C's FSRs were located in Iraq during our visit.

oversee FSRs. During our audit fieldwork, we were not made aware of any other individuals with oversight responsibility of FSRs and Instructors. Subsequent to our audit fieldwork, an MRAP program official informed the audit team that there have been some changes to the JPO MRAP Forward organization that include filling some key management positions with Government personnel.

The MRAP Deputy Program Manager also stated that the MRAP vehicle readiness rate of 94 percent was an indication that the FSRs and Instructors were providing quality services. The readiness rate may be 94 percent, but it was the contribution of all organizations and individuals working together toward supporting the warfighter. The high readiness rate does not substitute for having a COR or a QASP oversee FSRs and Instructors.

Conclusion

We recognize the difficulties in overseeing and monitoring the performance of contractor personnel in theater. However, given the importance of the MRAP vehicles and the role of the FSRs and Instructors in maintaining the vehicles and training the soldiers as well as stewardship of taxpayers' money, quality assurance measures should have been in place. Therefore, the JPO MRAP and MCSC contracting officials should have developed and implemented a QASP to ensure effective quality assurance and contract oversight for services procured, as required by the FAR. In addition, MCSC contracting officials should have designated a COR to each MRAP contract to assist in the monitoring and administration of contractor performance to ensure that FSRs and Instructors complied with contract requirements. These quality assurance measures would have ensured that the \$815.4 million ordered for FSR and Instructor services resulted in quality and cost-effective services.

Management Comments on the Finding and Our Response

The Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN[RDA]) and the Commander, MCSC, provided the following comments on the finding.

Comments on the Overall Finding

ASN(RDA) responded to the draft report and agreed with the comments from the Commander, MCSC. The ASN(RDA) stated that the commander had already improved the oversight of the FSRs through a contractually formalized QASP. The commander disagreed with several points in the finding. Specifically, the ASN(RDA) and the commander disagreed that FSR and Instructor services procured for the JPO MRAP were not sufficiently managed by Government personnel. The commander stated that the report suggests that the funds spent on FSRs were not spent wisely and that the JPO MRAP officials did not manage the FSRs. The ASN(RDA) agreed with the commander that the JPO MRAP officials had a robust system of “checks and balances” to manage and control the FSRs. He stated that, as evidence of their success in managing the FSRs, the MRAP program had a Mission Capability Rate of 94 percent or higher, exceeding the required rates. The ASN(RDA) agreed with the commander that the JPO MRAP successfully and actively managed and monitored FSR performance without adhering to the FAR. The commander stated that assigning a COR and completing QASPs would not necessarily produce a more positive result or greater management of the more than \$800 million of funds spent on FSR and Instructor services, and that it would be misleading to suggest it would.

Our Response

We did not suggest that the funds spent on FSR and Instructor services were not spent wisely or that FSRs were not managed. Our audit focused on whether the FAR was properly followed for Government oversight of FSR and Instructor services of the MRAP program. We did not suggest whether the overall MRAP program operations were effective. We stated that because DOD spent more than \$800 million for these services, the services should be sufficiently and properly managed by Government personnel, as required by the FAR. Furthermore, we did not validate the Mission Capability Rate readiness rate of 94 percent during the audit; however, the Mission Capability Rate results from a combination of all the organizations and individuals responsible for maintaining the MRAP, not just FSRs or Instructors. It is important to note that users could be happy with performance, and a high readiness could be achieved, but more than appropriate amounts of resources might be expended to receive these services. Government quality assurance is important to ensure stewardship of taxpayer’s dollars. A high readiness rate does not preclude JPO MRAP officials from the FAR requirements for developing and implementing a systematic, Government-controlled quality assurance program based on a QASP or for designating a COR to oversee FSR and Instructor services.

Comments on the Oversight of Field Service Representatives

The ASN(RDA) and the Commander, MCSC, stated that Government personnel were present in theater and country, and at site activities to fulfill governmental oversight of FSR services. Specifically, the commander stated that the logistics team has active management of the oversight using an integrated and engaged chain of command. The commander stated that DCMA, quality assurance/quality control personnel, and others oversee and actively manage FSRs, the logistics teams, and the logistics process. He also stated that the JPO MRAP officials fulfilled the intent for a COR by involving numerous people, including the customer, to oversee and report on all of JPO MRAP activities.

Our Response

We disagree with the Commander, MCSC, comments that the JPO MRAP actively managed the FSRs through the use of theater leads, country leads, site leads, DCMA, quality assurance teams, the logistics team, the logistics process, and others who oversee and actively manage the FSRs. During our audit fieldwork, including our site visit to Southwest Asia, we identified a lack of Government oversight. There was only one program manager for the JPO MRAP Forward (who was located in Kuwait). He was also the theater lead and had oversight responsibility for all Government personnel in the MRAP vehicle program in Kuwait, Iraq, and Afghanistan. As discussed in the report, the site leads from Balad and Camp Liberty RSAs stated that overseeing FSR performance was not their responsibility. In addition, the standard operating procedures at JPO MRAP Forward and two RSAs did not contain any procedures for overseeing FSRs. Also, DCMA was not involved in overseeing and managing FSRs and/or Instructors; DCMA was designated only to perform contract administration for the vehicle production effort, not for the FSR and Instructor services.

Comments on the Key Metrics

The Commander, MCSC, stated that although a specific COR was not designated in the contracts, each group of FSRs and Instructors were managed by the RSA Commander and service representative. He stated that the DOD IG received an explanation of the two key metrics used to identify positive performance: Vehicle Mission Readiness percentages and customer complaints. In addition, the commander stated that the JPO MRAP officials conduct weekly Secret-level video teleconferences with II Marine Expeditionary Force Forward and receive a daily briefing on readiness, which includes a detailed MRAP operational status. Additionally, the commander stated that JPO MRAP Forward officials meet with Army field support brigades that have embedded brigade logistics support teams co-located with FSRs. The commander stated that the information from the brigade logistics support teams includes material readiness and support and performance of deployed equipment. He also stated that this information is briefed to the Commanding General, Army Materiel Command, and JPO MRAP officials.

Our Response

While we were made aware of Vehicle Mission Readiness percentages and customer complaints, we did not receive an explanation of these key metrics. We were provided a

briefing slide showing the readiness rate of 94 percent, and other documents showing operational readiness for fully mission capable and non-mission capable vehicles. In addition, the readiness rate was communicated orally to us in multiple meetings by JPO MRAP logistics personnel. As discussed in the report, poor-performing FSRs were brought to Government officials' attention only if individuals in the units submitted complaints about specific FSRs through their chain of command. However, neither the contracting officer nor MRAP program officials established any mechanism in the contract or as part of a QASP for reporting complaints. We were never made aware of or shown any specific complaints regarding the FSRs. Although a 94-percent readiness rate is commendable, it does not provide feedback on the FSR individual performance or whether an individual FSR is performing his duties in accordance with the contract. One key point missed by the commander's argument is the amount of resources needed to fulfill requirements cost effectively. For instance, if the services of three FSRs were procured but only one was needed, there may be no complaints and very high readiness levels. However, the government would have paid for two FSRs that were not needed; therefore, detailed government surveillance is necessary to make these determinations and provide appropriate stewardship of taxpayer's dollars.

Recommendations, Management Comments, and Our Response

We recommend that the Commander, Marine Corps Systems Command, direct the:

1. Assistant Commander for Contracts, Marine Corps Systems Command, to require contracting officials to develop and implement a systematic, Government-controlled quality assurance program based on a quality assurance surveillance plan provided by the Joint Program Office for services procured from the five Mine Resistant Ambush Protected contracts to ensure adequate Government oversight of Field Service Representatives and Instructors.

Commander, Marine Corps Systems Command Comments

The Commander, MCSC, agreed, stating that the Assistant Commander for Contracts already directed the JPO MRAP lead contracting officer to work with the JPO MRAP program manager to develop a systematic, Government-controlled quality assurance program for each of the five MRAP indefinite-delivery, indefinite-quantity contracts to strengthen Government surveillance of FSRs and Instructor support services procured. He further stated that six of seven OCONUS locations have identified and appointed contracting officer's representatives, while 7 of the 31 CONUS locations have identified and appointed CORs. In addition, he provided milestones by which CORs would receive their training; consequently, their COR designation would be complete.

Our Response

The comments were responsive, and no further comments are required.

2. Program Manager, Joint Program Office, Mine Resistant Ambush Protected Vehicle Program, Marine Corps Systems Command, to develop and provide a quality assurance surveillance plan to the contracting officer, specifically for ongoing and planned contract actions for services supporting Mine Resistant Ambush Protected vehicles to ensure the quality and cost-effectiveness of services, as required by the Federal Acquisition Regulation.

Commander, Marine Corps Systems Command Comments

The Commander, MCSC, agreed, stating that the MCSC, JPO MRAP program manager was coordinating a QASP for the JPO MRAP program manager's signature and would forward it to the contracting officer's representative team once signed. He further stated that the JPO MRAP program manager will sign the finalized QASP and provide it to the Acquisition Contracting Office by the end of March 2010 to be incorporated into the five MRAP contracts. In addition, the commander stated that the JPO MRAP Contracting Office is drafting a contract administration plan that will state specifically how the procuring contracting officer will independently review contractor performance and how the contracting officer's representative team will work together.

Our Response

The comments were responsive, and no further comments are required.

Appendix. Scope and Methodology

We conducted this performance audit from December 2008 through January 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We collected, reviewed, and analyzed documents that were dated from November 2006 through November 2009. We reviewed the MRAP Acquisition Plan, statement of work, Joint Supportability Plan, Joint Maintenance Plan, standard operating procedures for the RSAs in Balad and Liberty, and Plans of Instruction for OPNET and FLMNET. Additionally, we reviewed the base contracts, contract modifications, delivery orders, and delivery order modifications for MRAP FSRs, and maintenance-related functions for the following five original equipment manufacturer contracts:

- Force Protection Industries, Inc.;
- NaviStar Defense, LLC;
- BAE Systems Tactical Vehicle Systems, LP;
- BAE Systems Land and Armaments, LP; and
- General Dynamics Land Systems-Canada.

We reviewed applicable contracting regulations including the FAR and the DFARS. We interviewed contracting and program office personnel from the Joint Program Offices at Marine Corps Systems Command and TACOM Life Cycle Management Command. We also went to Kuwait and Iraq. In Kuwait, we visited the MRAP Sustainment Facility and MRAP Operational Supply Stock building. In Iraq, we visited the MRAP Headquarters Forward in Balad, the Balad RSA, and the Camp Liberty RSA. While in Kuwait and Iraq, we interviewed JPO MRAP Forward personnel, OEM FSRs, Red River Army Depot mechanics, and Quality Control and Quality Assurance personnel.

The audit team limited the scope of this audit to include only OEM FSRs and Instructors. FSR and Instructor services are ordered under separate contract line item numbers. During the team's initial review of the MRAP contracts, FSR and Instructor services were ordered using the same contract line item numbers; therefore, we included Instructors in our audit scope. We did not visit Afghanistan as part of this audit.

Use of Computer-Processed Data

We relied on computer-processed data from the Electronic Document Access Web site. Electronic Document Access is a web-based system that provides online access of acquisition-related documents. We used these documents to determine the number of FSRs ordered from each of the five OEMs. We compared our analysis of the contracts

with data provided by the contracting office to verify the number of FSRs ordered. From these procedures, we are confident that the Electronic Document Access Web site was sufficiently reliable for the purpose of acquiring contract documents for our analysis of FSRs.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), the DOD Inspector General (DOD IG), and the U.S. Army Audit Agency (AAA) have issued four reports discussing the MRAP vehicles. Unrestricted GAO reports can be assessed over the Internet at <http://www.gao.gov>. Unrestricted DOD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>.

GAO

GAO Report No. GAO-08-884R, “Rapid Acquisition of Mine Resistant Ambush Protected Vehicles,” July 15, 2008

DOD IG

DOD IG Report No. D-2009-046, “Procurement and Delivery of Joint Service Armor Protected Vehicles,” January 29, 2009

DOD IG Report No. D-2007-107, “Procurement Policy for Armored Vehicles,” June 27, 2007

AAA

AAA Report No. A-2009-0221-ALA, “Effect of the Mine Resistant Ambush Protected Vehicle Upon Tactical Vehicle System Requirements,” September 21, 2009

Department of the Navy Comments



THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000
MAR 29 2010

MEMORANDUM FOR DEPARTMENT OF DEFENSE (DOD) OFFICE OF THE DEPUTY
INSPECTOR GENERAL (IG) FOR AUDITING, ACQUISITION AND
CONTRACT MANGEMENT

SUBJECT: DoDIG Audit Draft Report Titled, "Government Oversight of Field Service
Representative and Instructor Services in Support of the Mine Resistant Ambush
Protected Vehicle Program," (project no. D2009-D00CK-0100.000)

While this report is only draft, the Commander, Marine Corps Systems Command, has already begun mitigation efforts based on the recommendations. Specifically, government oversight of Field Service Representatives (FSRs) is being strengthened through a contractually formalized Quality Assurance Surveillance Plan.

It is important to recognize that previous to this report a great deal of effort was made by the Joint Program Office to ensure FSRs were properly monitored. Government representatives were located at theater, country and site activities to oversee FSRs. The level of oversight is evidenced by a historical readiness level of more than 90%. Additionally, customers themselves served to provide additional oversight.

Although not as formalized as the procedures suggested in the draft report, the controls in place protected the warfighter and provided good stewardship of the taxpayer's dollar. Thank you for your efforts in strengthening the Department's number one priority program.

My point of contact for this action is [REDACTED]

A handwritten signature in black ink, appearing to read "SJS", is positioned above the name Sean J. Stackley.

Sean J. Stackley

Attachment:
As stated

U.S. Marine Corps Systems Command Comments



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

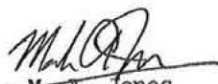
IN REPLY REFER TO:
7510
RFR-80
5 Mar 10

FIRST ENDORSEMENT on Commanding General, MCSC ltr of 4 Mar 10

From: Commandant of the Marine Corps (P&R,RFR)
To: Department of Defense Office (DOD) of the Deputy
Inspector General (IG) for Auditing, Acquisition and
Contract Management
Via: Assistant Secretary of the Navy, Research, Development
and Acquisition
Subj: DODIG AUDIT DRAFT REPORT TITLED, "GOVERNMENT OVERSIGHT OF
FIELD SERVICE REPRESENTATIVE AND INSTRUCTOR SERVICES IN
SUPPORT OF THE MINE RESISTANT AMBUSH PROTECTED VEHICLE
PROGRAM," (PROJECT NO. D2009-D00CK-0100.000)
Ref: (a) DODIG memorandum of 16 February 2010
Encl: (1) Marine Corps official comments

1. In accordance with reference (a), the Marine Corps has reviewed the subject draft report and provides comments at the enclosure. These comments were also provided to the Mine Resistant Ambush Protected (MRAP) Vehicle, Joint Program Office by the Commanding General, Marine Corps Systems Command (MCSC).

2. For questions regarding this response, you may contact _____
_____, Headquarters U. S. Marine Corps Audit Liaison
Officer, at _____ or email
HQMCAuditLiaisons@usmc.mil.


M. A. Jones
By direction



UNITED STATES MARINE CORPS
MARINE CORPS SYSTEMS COMMAND
2200 LESTER ST
QUANTICO, VIRGINIA 22134-6050

IN REPLY REFER TO:
MAR 04 2010

From: Commander
To: Inspector General, Department of Defense

Subj: GOVERNMENT OVERSIGHT OF FIELD SERVICE REPRESENTATIVE AND
INSTRUCTOR SERVICES IN SUPPORT OF THE MINE RESISTANT
AMBUSH PROTECTED VEHICLE PROGRAM (PROJECT NO. D2009-
D000CK-0100.000)

1. Purpose. This letter provides Marine Corps Systems Command's (MCSC) response to the Department of Defense, Office of Inspector General (DoDIG) Draft Report on Government Oversight of Field Service Representative (FSR) and Instructor Services in Support of the Mine Resistant Ambush Protected Vehicle Program (MRAP) (Project No. D2009-D00CK-0100.000)

2. DoDIG Findings

a. MCSC internal Controls were ineffective

b. MCSC contracting officials did not provide adequate Government oversight of FSRs and New Equipment Training Instructors as required by Government regulations. As a result, Joint Program Office (JPO) MRAP officials ordered \$815.4 Million in FSR and New Equipment Training Instructor services from April 2007 to October 2009 without a written quality assurance process to ensure the services provided were performed in accordance with contract requirements. Instead, the JPO MRAP officials relied on the contractors to monitor themselves.

3. MRAP Overall Summary. The report suggests the funds spent on FSRs were not spent wisely and that the JPO did not manage the FSRs at all. We understand your comments and the references in the Federal Acquisition Regulation (FAR); however, we believe we did manage them sufficiently. The indication of success was reflected in a Mission Capability Rating (MCR) of 94% or higher which exceeded the required readiness rate goal. Our readiness rate demonstrates that we managed, controlled, and had overall checks and balances to manage the FSRs.

Specific Comments:

a. The Logistics team has oversight of the process via an integrated and engaged chain of command throughout the JPO MRAP

Enclosure (1)

Subj: GOVERNMENT OVERSIGHT OF FIELD SERVICE REPRESENTATIVE AND INSTRUCTOR SERVICES IN SUPPORT OF THE MINE RESISTANT AMBUSH PROTECTED VEHICLE PROGRAM (PROJECT NO. D2009-D000CK-0100.000)

enterprise. We have theater leads, country leads, site leads, proponents, Integrated Process Teams (IPTs), data collectors, Defense Contracting Management Agency (DCMA) representatives, Quality Assurance/Quality Control (QA/QC) teams, and others who oversee and actively manage the FSRs, our logistics team, and the logistics process. This active management provides robust oversight of the program. We understand the Contracting Officer's Representative (COR) requirement; however, we believe the JPO fulfilled the intent of this requirement with numerous people and teams, including our customers, by providing oversight of our activities and reporting on those activities daily.

b. More specifically, the DoDIG team was shown that the JPO MRAP has a forward deployed cell stationed in Iraq which is responsible for the daily management of all MRAP FSRs stationed in theater. Each group of FSRs and Instructors are under the management of a Regional Support Activity (RSA) Commander and service representative even though we did not designate a COR in the contract. The DoDIG was shown and received an explanation of the two key metrics used to identify positive performance: customer complaints and Vehicle Mission Readiness (VMR) percentages, an objective measure of performance. The customer complaints are immediately addressed and resolved. VMR data is reported to the JPO and DoD leadership on a weekly basis. The fact that VMR data meets or exceeds readiness rates clearly indicates the FSRs are performing their duties in accordance with JPO MRAP contract requirements. The ratings consistently show the FSRs are engaged and excelling at the work they are on contract to perform and are providing vehicles with a MCR of 94%, higher than the requirement.

With CDRL A073, each Original Equipment Manufacturer (OEM) provides detailed information, on a weekly basis to include identifying FSR support which includes location of support, type of support, and the mission being supported. This information provides the JPO with immediate insight as to where FSRs are performing, what they are doing, the mission they are supporting, and how well they are performing.

c. For the Marine Corps, the JPO conducts weekly Secret-level Video Teleconferences (SVTCs) with II Marine Expeditionary

Subj: GOVERNMENT OVERSIGHT OF FIELD SERVICE REPRESENTATIVE AND INSTRUCTOR SERVICES IN SUPPORT OF THE MINE RESISTANT AMBUSH PROTECTED VEHICLE PROGRAM (PROJECT NO. D2009-D000CK-0100.000)

Force Forward (MEF (Fwd)) to discuss MRAP operations. The Commanding General, Marine Corps Logistics Command receives a daily briefing on readiness which includes detailed MRAP operational status. For the Army, our JPO Forward elements collocate and are attached to the Army Field Support Brigades (AFSB). These AFSBs have embedded Brigade Logistics Support Teams (BLSTs) down to unit level where many of our FSRs operate. Information from these commands is consolidated and briefed weekly for each Life Cycle Management Command commodity area in the field to the Commanding General, Army Materiel Command to address the material readiness, support and performance of deployed equipment. The JPO is integrated into this process.

These activities demonstrate active management of the FSRs and their mission. We recommend that the DoDIG include the achieved objective measure of effectiveness in their report and describe the activities associated with managing the FSRs. To suggest that assigning CORs and completing Quality Assurance Surveillance Plans (QASP) would constitute greater management or would have produced a more positive result for the over \$800M in funds spent on FSRs is misleading. The MRAP JPO actively managed and monitored FSR performance successfully.

4. DoDIG Recommendation

a. Recommend that the Assistant Commander of Contracts (AC CT), Marine Corps Systems Command require contracting officials develop and implement a systematic, Government-controlled quality assurance program for services procured from the five MRAP contracts to ensure adequate Government oversight of FSRs and New Equipment Training Instructors.

b. Recommend that the Program Manager, JPO MRAP, MCSC, develop and provide a Quality Assurance Surveillance Plan (QASP) to the contracting officer, specifically for ongoing and planned contract actions for services supporting MRAP vehicles to ensure the quality and cost-effectiveness of services.

5. MRAP Response

a. The Assistant Commander of Contracts concurs with the DoDIG recommendation (a) listed in section 4 above. The MRAP

Subj: GOVERNMENT OVERSIGHT OF FIELD SERVICE REPRESENTATIVE AND
INSTRUCTOR SERVICES IN SUPPORT OF THE MINE RESISTANT
AMBUSH PROTECTED VEHICLE PROGRAM (PROJECT NO. D2009-
D000CK-0100.000)

JPO Lead Contracting Officer is working with the MRAP Joint Program Office Program Manager (JPO PM) to develop a systematic Government-controlled quality assurance program for each of the five MRAP Indefinite Delivery/Indefinite Quantity (IDIQ) contracts to strengthen government surveillance of FSRs and Instructor support procured, as a requirement, under the IDIQ contracts. The MRAP JPO is coordinating a QASP for the MRAP JPO Program Manager's signature and, once signed, the JPO contracting office will provide the QASP to the Contracting Officer Representative Team. The MRAP JPO contracting office identified the requirement for 38 CORs to provide onsite Government surveillance of MRAP FSRs and Instructors. CORs at six of seven OCONUS locations have been identified and appointed and CORs at seven of the 31 CONUS locations have been identified and appointed. All CORs will receive an appointment letter plus level I and level II COR training. In addition, to the COR element of the surveillance program, the procuring contracting officer is ultimately responsible to ensure effective quality assurance and contract oversight for services procured. Therefore, the MRAP JPO contracting office is drafting a contract administration plan which will detail how the Procuring Contracting Officer (PCO) will independently review contractor performance and how the COR team will work together. Once the surveillance infrastructure is in place, as part of the independent assessment, the MRAP JPO contracting office will receive monthly COR reports from each of the 38 CORs to address surveillance results and annually the PCO will conduct on-site review of the CORs' surveillance files.

A second aspect of the surveillance efforts by the MRAP JPO, although the DoDIG did not address this in the draft report, is to ensure all five IDIQ contractors' performance is assessed and entered into the Past Performance Information Retrieval System.


The MCSC milestones for program implementation are as follows:

08 March 2010:	PM and PCO approve QASP
10 March 2010:	Mod contracts to include clause and attach the QASP
15-19 March 2010:	Continue with obtaining COR assignments
15-19 March 2010:	Set up PPIRS and get APMs and PCOs in system

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AMBUSH PROTECTED VEHICLE PROGRAM (PROJECT NO. D2009-
D000CK-0100.000)

22 Mar-22 April 2010:	Complete COR Level I Training
23 Apr-21 May 2010:	Conduct COR Level II Training
Feb-Mar 2011:	Conduct Annual COR File Reviews

b). The Program Manager, JPO MRAP, MCSC, concurs with the DoDIG recommendation (b) listed in section 4 above. A QASP is being finalized. We expect the JPO PM will sign the QASP and provide it to the AC CT by the end of March 2010.


M. M. BROGAN



Inspector General Department of Defense

