

Inspector General

United States
Department of Defense



Afghan National Police Contract Requirements Were
Not Clearly Defined but Contract Administration
Improved

Additional Copies

To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at <http://www.dodig.mil/audit/reports> or contact the Secondary Reports Distribution Unit at (703) 604-8937 (DSN 664-8937) or fax (571) 372-7469.

Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing by phone (703) 604-9142 (DSN 664-9142), by fax (571) 372-7469, or by mail:

Department of Defense Office of Inspector General
Office of the Deputy Inspector General for Auditing
ATTN: Audit Suggestions/13F25-04
4800 Mark Center Drive
Alexandria, VA 22350-1500



Acronyms and Abbreviations

ACC-APG	Army Contracting Command-Aberdeen Proving Ground
ACC-RI	Army Contracting Command-Rock Island
ACO	Administrative Contracting Officer
ANP	Afghan National Police
CLIN	Contract Line Item Number
COR	Contracting Officer's Representative
CSTC-A	Combined Security Transition Command-Afghanistan
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
IJC	International Security Assistance Force Joint Command
NTM-A	North Atlantic Treaty Organization Training Mission-Afghanistan
MoI	Ministry of Interior
PCO	Procuring Contracting Officer
RSC-SW	Regional Support Command-Southwest
RTC	Regional Training Center
TPSO	Training Program Support Office



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

May 30, 2012

MEMORANDUM FOR DEPUTY COMMANDING GENERAL FOR SUPPORT,
NORTH ATLANTIC TREATY ORGANIZATION TRAINING
MISSION-AFGHANISTAN/COMBINED SECURITY
TRANSITION COMMAND-AFGHANISTAN
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, DEFENSE CONTRACT MANAGEMENT
AGENCY, AFGHANISTAN

SUBJECT: Afghan National Police Contract Requirements Were Not Clearly Defined but
Contract Administration Improved (Report No. DODIG-2012-094)

We are providing this report for your information and use. This is one in a series of reports on the DoD Afghan National Police contract. We considered management comments on a draft of this report when preparing the final report. The management comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9077 (DSN 664-9077).

Jacqueline L. Wicecarver
Jacqueline L. Wicecarver
Assistant Inspector General
Acquisition and Contract Management



Results in Brief: Afghan National Police Contract Requirements Were Not Clearly Defined but Contract Administration Improved

What We Did

This is one in a series of reports on the DoD Afghan National Police (ANP) contract. For this audit, we determined whether the Army appropriately administered the ANP contract, valued at approximately \$1.189 billion as of January 31, 2012, in accordance with Federal and DoD guidance.

What We Found

Army contracting officials at Army Contracting Command-Aberdeen Proving Ground (ACC-APG) did not appropriately award and administer the ANP contract in accordance with Federal and DoD guidance. Combined Security Transition Command-Afghanistan (CSTC-A) personnel made substantial changes to the statement of work immediately after contract award and the contractor more than doubled the size and cost of its program management office. CSTC-A, International Security Assistance Force Joint Command, and Army contracting officials did not adequately define contract requirements or identify that the contractor omitted key program office positions from its proposal during the source selection process. As a result, the cost of the ANP contract increased by \$145.3 million in the first 4 months of the contractor's performance and contractor officials still had not reached the staffing levels required in the contract at the time of our review.

The Defense Contract Management Agency (DCMA)-Afghanistan administrative contracting officer (ACO) inappropriately authorized the prime contractor to award a subcontract for a power plant upgrade that was outside the scope of the work of the prime

contract. As a result, the Army did not receive potential cost savings by competing the contract.

The ACC-Rock Island (RI) procuring contracting officer (PCO) made several improvements to the management of the ANP contract.

What We Recommend

We recommend that the Executive Director, ACC-RI, direct the ACC-RI PCO to verify that the contractor does not request funding for unnecessary positions and perform thorough cost analysis for contract changes. We recommend that the PCO, ACC-RI, document a formal determination on whether an out-of-scope contract action occurred. We recommend that the Deputy Commanding General for Support, CSTC-A, monitor deficiencies related to infrastructure for planned training efforts. We recommend that the Commander, DCMA-Afghanistan, review the actions of the ACO and determine whether any administrative actions are appropriate.

Management Comments and Our Response

Management comments were responsive to the recommendations. See the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Deputy Commanding General for Support, North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan		A.2, B.1
Executive Director, Army Contracting Command-Rock Island		A.1.a, A.1.b
Commander, Defense Contract Management Agency-Afghanistan		B.3
Procuring Contracting Officer, Army Contracting Command-Rock Island		B.2

Table of Contents

Introduction	1
Objectives	1
Background	1
Review of Internal Controls	3
Finding A. Undefined Requirements	4
Changes to the Statement of Work	4
Increase in Contractor Program Management Office	6
Inadequate Competition Resulted From Additional Requirements and an Expanded Program Management Office	9
Conclusion	10
Unsolicited Management Comments on the Finding and Our Response	10
Recommendations, Management Comments, and Our Response	11
Finding B. Out-of-Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan	13
Increased Life Support Mission at Helmand Regional Training Center	13
Electrical Problems Identified at Helmand Regional Training Center	14
Defense Contract Management Agency Did Not Approve Change in Subcontractors	15
Oversight of the Power Plant Upgrade	17
Combined Security Transition Command-Afghanistan and Defense Contract Management Agency-Afghanistan Responses to the Memorandum Regarding Out-of-Scope Work	18
Conclusion	19
Recommendations, Management Comments, and Our Response	19
Finding C. Army Contracting Command-Rock Island Improved Afghan National Police Contract Administration	22
Management of Fixed Fees and Contract Line Item Numbers	22
Invoice Review Process	23
Army Contracting Command-Rock Island Funds, Purchases, and Subcontracts Tracking	24
Use of Technical Guidance Letters	24
Summary	25

Table of Contents (cont'd)

Appendices

A. Scope and Methodology	26
Use of Computer Processed Data	26
Prior Coverage	27
B. Memorandum Regarding Out-of-Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan	29
C. Management Responses to Memorandum	37
Combined Transition Security Command-Afghanistan Comments	37
Defense Contract Management Agency-Afghanistan Comments	39
D. Unsolicited Management Comments on Finding A and Our Response	41
Management Comments	44
North Atlantic Treaty Organization Training Mission-Afghanistan/ Combined Transition Security Command-Afghanistan	44
U.S. Army Materiel Command	46
Defense Contract Management Agency	53
Army Contracting Command-Aberdeen Proving Ground	55

Introduction

Objectives

This is one in a series of audits on the DoD Afghan National Police (ANP) Mentoring/Training and Logistics Support contract. The overall audit objective was to determine whether DoD officials were using appropriate contracting processes to satisfy mission requirements and were conducting appropriate oversight of the contract in accordance with Federal and DoD policies. For this audit, we determined whether the Army was appropriately administering the DoD Afghan National Police Mentoring/Training and Logistics Support contract in accordance with Federal and DoD guidance.

Background

Army Contracting Command-Aberdeen Proving Ground (ACC-APG) officials awarded the ANP contract (W91CRB-11-C-0053), valued at approximately \$1 billion, to DynCorp International, LLC, (DynCorp) on December 20, 2010. The ANP contract was a cost-plus-fixed-fee contract that included a 120-day transition period for the contractor to become fully operational, a 2-year base period, and a 1-year option period. On May 1, 2011, the ANP contract became fully operational, and Army Contracting Command-Rock Island (ACC-RI) took over ANP contract management responsibilities for all new contracting actions. However, ACC-APG did not formally transfer the contract administration through a contract modification to ACC-RI until August 23, 2011. At the time of contract transfer, the increase in contract value was approximately \$145.3 million. As of January 31, 2012, 8 months into the contract performance, Army contracting officials increased the net contract value by approximately \$146 million from \$1.043 billion to \$1.189 billion.

The purpose of the contract was to assist the Government of the Islamic Republic of Afghanistan to build, develop, and sustain an effective and professional law enforcement organization. The contract provided mentorship and training aimed at enhancing public security, Ministry of Interior (MoI) and ANP morale, and public perception of the ANP. Specifically, the contractor supported the MoI/ANP training program by delivering classroom instruction, delivering “on the job” mentoring (post-classroom), and providing comprehensive logistics and life support at various facilities throughout Afghanistan. The goal of the program was to train and mentor the Afghans to manage all aspects of ANP training within 2 years of contract award.

Responsible Organizations

Multiple North Atlantic Treaty Organization and DoD Components are responsible for providing oversight of the MoI/ANP training program. Under the Commander, International Security Assistance Force /U.S. Forces–Afghanistan, two subordinate commands are responsible for supporting ANP development, training, and sustainment:

the North Atlantic Treaty Organization Training Mission-Afghanistan (NTM-A)/ Combined Security Transition Command–Afghanistan (CSTC-A) and the International Security Assistance Force Joint Command (IJC). CSTC-A is responsible for building MoI capacity and training, mentoring, and equipping the ANP; and IJC conducts joint security and stability operations to improve the effectiveness of the ANP. Within CSTC-A, two key officials, the Deputy Commander, Police, and the Deputy Commanding General for Support, are responsible for supporting the mentoring, training, and equipping of ANP forces.

Under the Deputy Commanding General for Support, the Training Program Support Office (TPSO) supports the execution and management of three major training and maintenance program contracts, including the ANP contract. TPSO is responsible for providing program management and oversight of training contracts. TPSO is led by a civilian program manager, who is supported by three contract product teams. TPSO also coordinates with the Defense Contract Management Agency (DCMA)-Afghanistan for execution and oversight of the contracts. The ACC-APG PCO delegated some contract administration responsibilities to DCMA-Afghanistan, to include oversight, consent to subcontract, and delegation of contracting officer's representatives. The DCMA-Afghanistan personnel assigned to the ANP contract work closely with the TPSO personnel.

Protests of the Afghan National Police Contract

DoD officials originally planned to award the ANP contract as a task order on the Counter Narcoterrorism Program Office, indefinite delivery, indefinite quantity contract. The Counter Narcoterrorism Program Office contract provided technology to DoD, other federal agencies, partner nations, and state and local authorities engaged in counter-drug and counter narcoterrorism operations. DynCorp filed a protest based on the decision to add the ANP work as a task order on the Counter Narcoterrorism Program Office contract. DynCorp officials did not agree that the scope of the ANP contract was within the scope of the Counter Narcoterrorism Program Office contract. The Government Accountability Office (GAO) sustained the protest on March 15, 2010, and agreed that the scope of work was outside the Counter Narcoterrorism Program Office contract. GAO recommended that the Army conduct a full and open competition for the ANP services or prepare the appropriate justification needed to limit competition.

The Army conducted full and open competition and awarded the ANP contract to DynCorp. USIS Worldwide, Inc. and L-3 Systems Company both protested the award of the contract. According to the April 6, 2011, GAO decision, USIS Worldwide, Inc. officials protested the award challenging the agency's evaluation of proposals under various evaluation factors, including technical, past performance, and cost. GAO denied the protest. According to an April 8, 2011, GAO decision, L-3 Systems Company protested the award challenging the agency's evaluation under past performance, cost, and technical evaluation factors; and stated that the agency did not conduct meaningful discussions. GAO also denied this protest.

Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," July 29, 2010, 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 identified internal control weaknesses within ACC-APG, DCMA-Afghanistan, and CSTC-A. CSTC-A, IJC, and Army Contracting personnel at ACC-APG did not adequately define contract requirements before awarding the ANP contract. CSTC-A and Army Contracting personnel at ACC-APG did not identify contractor omissions of key program office positions during the source selection process. Additionally, the DCMA-Afghanistan Administrative Contracting Officer (ACO) consented to a subcontract for the upgrade to a generator power plant that was not within the scope of the ANP contract. This occurred because he considered the upgrade to be a life and safety issue that needed to be addressed immediately and determined that the ANP subcontract was the most appropriate solution. We will provide a copy of the final report to the senior official responsible for internal controls in ACC-APG, DCMA-Afghanistan, and CSTC-A.

Finding A. Undefined Requirements

Army contracting officials at ACC-APG did not appropriately award and administer the ANP contract in accordance with Federal and DoD guidance. Specifically, CSTC-A personnel made substantial changes to the ANP contract statement of work immediately after contract award to include:

- additional job categories,
- increased qualifications for specific job categories, and
- additional contractor reporting requirements.

This occurred because CSTC-A, IJC, and Army contracting personnel at ACC-APG did not adequately define contract requirements before awarding the ANP contract. Additionally, the contractor more than doubled the size and cost of its program management office in the first 4 months of contract performance, adding key program office positions that should have been included as part of its contract proposal. The increase occurred because CSTC-A and Army contracting personnel at ACC-APG did not identify the omissions during the source selection process. As a result, in the first 4 months of contract performance, the cost of the ANP contract increased by \$145.3 million, approximately 14 percent, and ACC-APG contracting officials may not have awarded the ANP contract based on the best value. Additionally, contractor officials had not reached the mentor and trainer staffing levels required by the contract and may not be able to adequately train the Afghans to take full responsibility of the police force by the end of the ANP contract.

Changes to the Statement of Work

CSTC-A personnel made substantial changes to the statement of work less than 1 month after the ANP contract was awarded,¹ to include additional job categories, increased qualifications for specific job categories, and additional contractor reporting requirements. CSTC-A personnel initially drafted the ANP statement of work in June 2010. On October 12, 2010, CSTC-A personnel changed the date on the June 2010 statement of work and issued the ANP contract solicitation with the newly dated statement of work. In an e-mail on October 19, 2010, CSTC-A officials stated that the statement of work changes were necessary to reflect the current situation on the ground. ACC-APG officials awarded the ANP contract on December 20, 2010, based on the June 2010 statement of work; on January 18, 2011, CSTC-A officials created a modified statement of work.

The ACC-APG PCO stated that the additional requirements were not incorporated into the solicitation and initial contract because CSTC-A and Army contract officials needed

¹ ACC-APG modified the contract by inserting a new statement of work dated January 18, 2011, into the contract on February 7, 2011; however, the associated costs and increase in program management were not added to the contract until a modification issued in August 2011. The delay occurred because it took ACC and contractor personnel 7 months to negotiate the costs associated with the updated statement of work.

to stop making changes to the statement of work so they could award the ANP contract based on a “static” document. The ACC-APG PCO also stated that CSTC-A and ACC-APG personnel intended to add a modified statement of work to the contract after award. However the ACC-APG PCO did not know the extent of the changes to the statement of work. ACC-APG contracting officials should have incorporated the updated statement of work that included the additional requirements into the contract solicitation because the modified statement of work contained substantial changes. Further, CSTC-A and Army contracting officials may have received a better value by using the updated statement of work to award the ANP contract.

Additional Job Categories Identified After Award

CSTC-A personnel updated the statement of work less than 1 month after the ANP contract was awarded. According to the January 2011 statement of work, CSTC-A

*CSTC-A
personnel updated
the statement of
work less than
1 month after the
ANP contract was
awarded.*

personnel added the requirement for 31 subject matter experts to the contract to be part of a multi-instructor workforce providing instruction, coaching, and mentoring in their respective functional areas. CSTC-A personnel required subject matter experts in fields such as logistics, force integration, personnel movement, and police development in addition to instructors/medics; senior mentors; and senior trainers. The January 2011 statement of work required subject matter experts to have extensive experience in their associated functional areas.

Additionally, CSTC-A personnel added the requirement for 15 instructor/medics to the January 2011 statement of work. Instructor/medics duties included ensuring that adequate and current manuals, medical bags, practice mannequins, and other training aids were available for training instruction. CSTC-A required the instructor/medics to teach combat life support classes for medical staff, provide refresher training, and identify qualified ANP trauma assistance candidates for train-the-trainer programs. Instructor/medics were required to have emergency technician or physician’s assistant experience, or be a licensed practical nurse.

CSTC-A also added the requirement for four senior mentors in the January 2011 statement of work. The statement of work required senior mentors to lead or participate in a team of advisors providing technical assistance to their ANP counterparts. CSTC-A required the senior mentors to provide leadership training and coaching to the ANP. Furthermore, CSTC-A added a requirement for two senior trainers to review U.S. Field Manuals and apply them to the ANP, develop related course materials, and to provide classroom training.

Increased Qualifications

CSTC-A personnel also updated the statement of work to include increased qualifications for the additional job categories. The senior mentors were required to have a bachelor’s degree and 8 to 10 years of experience in program or project management. CSTC-A preferred former lieutenant colonel or colonel-level officers to fill the senior mentor positions. At a minimum, senior trainers were to have been at least a captain or first

sergeant with experience training at the battalion level or higher. According to the statement of work, CSTC-A desired recent experience in Afghanistan or Iraq. CSTC-A preferred all senior trainer candidates have a bachelor's degree, and the ability to obtain a top secret security clearance. Furthermore, CSTC-A personnel added qualifications to the job categories that existed in the previous statement of work. For example, in the January 2011 statement of work, a mentor was required to have experience as a major, lieutenant colonel, colonel, or command sergeant major, with at least 15 years of experience. In addition, trainers were required to have experience as a staff sergeant or sergeant first class, have battalion or brigade level training, and be able to obtain a top secret security clearance. The October 2010 statement of work, included in the basic contract, did not require mentor positions to have specific military experience or 15 years of experience.

After the work began on the ANP contract, the contractor had problems filling numerous training and mentoring positions, in part because the increased qualifications were not included in the solicitation. According to a memorandum from DynCorp to the ACC-RI PCO, some positions would cost more than originally proposed and could not be filled as quickly because of the increased qualifications. The ANP contract required that the contractor maintain a specified level of effort. If the contractor cannot meet the contract requirements and fill the mentor and trainer positions, then the U.S. may not be able to fully train the Afghans to take over the police force by the end of the contract.

Additional Reporting Requirements

CSTC-A personnel updated the statement of work to include additional contractor reporting requirements for quality assurance, quality control, and security. For example, the January 2011 statement of work required the contractor to create a human resources database system to track ANP personnel records. The contractor was then required to perform periodic and random quality assurance inspections against existing ANP/MoI human resources records to ensure accuracy. Additionally, the January 2011 statement of work required a trauma assistance personnel manager that was responsible for oversight of the trauma assistance program, including traveling to training sites to conduct quality assurance and quality control reviews. The January 2011 statement of work also obligated the contractor to provide additional security reporting for base life support services. The statement of work expanded the security reporting requirements, and required the contractor to provide a communications system and secure communications to all towers, positions, and patrols. Additionally, the January 2011 statement of work required the security site manager to attend scheduled and unscheduled briefings.

Increase in Contractor Program Management Office

The contractor more than doubled the size and cost of its proposed program management office after contract award, adding positions that should have been included as part of its contract proposal. The contractor added 44 personnel to their program management office, 17 positions as a result of requirements changes, and 27 other positions because the contractor omitted key program office positions from the contract price proposal. As a result, the contractor increased the number of personnel in the program office from 29 to 73, increasing the overall contract costs by \$16.1 million. FAR Part 16 states that a

cost-plus-fixed-fee contract provides the contractor payment of all allowable incurred costs as well as the negotiated fee that is fixed at the inception of the contract. A cost-plus-fixed-fee contract provides only a minimum incentive for the contractor to control costs.

Additional Program Management Positions Because of Requirements Changes

The ACC-APG PCO issued modification 005 to the ANP contract on August 23, 2011, to incorporate the additional estimated costs and fee as a result of the additional requirements added to the January 2011 statement of work. The DynCorp price proposal submission for the contract modification included an increased level of program management. The contract specialist and contracting officer's representative reviewed the DynCorp price proposal and, according to the prenegotiation objectives memorandum, determined that the contractor added 17 program management positions in modification 005 because:

- the requirements were not clearly defined by CSTC-A and Army contracting personnel during the contract solicitation, and
- the requirements changed after the contract solicitation.

For example, in modification 005, DynCorp proposed the addition of a stateside financial analyst in response to additional financial tracking requirements that were not previously defined. The contract specialist stated that the requirements for financial reporting were not clearly provided to the contractor during contract solicitation, and as a result, an additional fee was allowed. Other requirements also changed after the contract was awarded. For example, DynCorp requested additional administrative clerks to provide support in maintaining and arming security staff. The contract specialist stated that an additional fee for the increased number of administrative clerks was allowed because administrative requirements for arming of the security personnel changed after the contract solicitation.

Contractor Proposal Did Not Include All Necessary Program Management Positions

The DynCorp price proposal for modification 005 also included 27 program management positions that should have been incorporated into DynCorp's proposal for the basic contract. The contract specialist and contracting officer's representative reviewed the DynCorp price proposal for modification 005 and determined that the contractor added program management positions that were not warranted based on changes to the statement of work. The contract specialist and contracting officer's representative determined the contractor underbid on the ANP contract which resulted in additional program management costs after contract award. The contract specialist stated in the price negotiation memorandum for modification 005 that "this proposal almost doubles the size of the PMO [Program Management Office] with many of the positions being CONUS [Continental United States]-based."

The contractor also included a property book manager position in their proposal for modification 005. The contractor stated that DynCorp added a property book manager to the contract because the ANP equipment and materials included under the contract required property book and inventory management. The contractor added that a property book manager would ensure accurate property accountability and inventory. However, the contracting officer's representative determined in his review of the contractor's final cost proposal for modification 005 that the contractor "should have had one [property book manager] at least in the original submission. If none were identified, this is clearly a case of them missing a personnel requirement in the original proposal."

The contract specialist agreed with the statement and the contracting officer's representative review was provided as an attachment to the price negotiation memorandum. During the review of the DynCorp price proposal for modification 005, the contract specialist and contracting officer's representative determined that 27 full-time equivalent positions, covering 22 different labor categories, were added as a result of the contractor omitting key program office personnel from the contract price proposal and not because of Government changes in contract requirements. The prenegotiation objectives memorandum stated DynCorp officials should have included those positions in their final proposal revision during the source selection phase and DynCorp did not add those personnel in response to the Government contract changes. The contracting officer did not allow an additional fixed fee for positions added to the contract that the contract specialist determined the contractor should have included in their initial proposal.

CSTC-A and Army contracting personnel did not identify the DynCorp program office omissions during the source selection process. During contract competition, three contractors were considered equal in all areas except cost; therefore, ACC-APG contracting officials awarded the contract based on cost. However, the DynCorp program office increases surpassed the cost of one of the competitor's final price proposals in the program management contract line item number. Specifically, when ACC-APG contracting officials awarded the ANP contract, total program management costs proposed by DynCorp and accepted by the Government were approximately \$8.2 million. After the cost increases in modification 005, program management costs increased to \$24.3 million, an increase of approximately 200 percent. FAR 3.501 states that when a contractor submits an offer below their anticipated contract costs and subsequently increases the contract amount after award, those actions may decrease competition or result in poor contract performance. As a result, the best-value contractor may not have been awarded the contract because the final source selection was based on cost, and the costs of the ANP contract increased substantially after award. In addition, the contractor had minimal incentive to control costs after the contract award because a cost-plus-fixed-fee contract reimburses the contractor for all allowable incurred costs. Therefore, CSTC-A and the ACC-RI PCO should verify that additional program management positions and associated costs added by the contractor are necessary before modifying the ANP contract.

Inadequate Competition Resulted From Additional Requirements and an Expanded Program Management Office

Army contracting officials at ACC-APG may have violated the Competition in Contracting Act and may not have awarded the ANP contract based on the best value. According to 41 U.S.C. §3301 (2011), an executive agency is required to obtain full and open competition through the use of competitive procedures in accordance with the Federal Acquisition Regulation (FAR) when procuring property or services. According to FAR Part 6, “Competition Requirements,” which implements the Competition in Contracting Act, contracting officers must promote and provide for full and open competition when awarding out-of-scope modifications to existing Government contracts. GAO stated that out-of-scope modifications are those that would not have been reasonably anticipated by the offerors at the time of contract award. GAO decision, “Matter of MCI Telecommunications Corporation” File B-276659.2, 97-2 CPD para. 90 (1997), further expands on the Competition in Contracting Act requirements. The GAO stated that when determining whether a modification triggers the competition requirement in the Competition in Contracting Act, you must consider whether the solicitation for the original contract adequately advised offerors of the potential for the type of change found in the modification, or whether potential offerors would have reasonably anticipated the modification at the time of contract award. Additionally, in *American Air Filter Co.* File B-188408, 57 Comp. Gen. 567, 78-1 CPD para. 443 (1978) it states that:

the impact of any modification is in our view to be determined by examining whether the alteration is within the scope of the competition which was initially conducted. Ordinarily, a modification falls within the scope of the procurement provided that it is of a nature which potential offerors would have reasonably anticipated under the changes clause. To determine what potential offerors would have reasonably expected, consideration should be given, in our view, to the procurement format used, the history of the present and related past procurements, and the nature of the supplies or services sought.

CSTC-A personnel expected the number of trainers and mentors to change during the period of performance on the ANP contract. The contract stated that:

the situation on the ground in Afghanistan is constantly changing, and ANP force structure growth requirements may fluctuate to meet the current requirements. The Contractor shall respond to changes in requirements which fall within the scope of this SOW [statement of work]. Specifically, provide support to additional facilities and expansion at existing facilities, as necessary, to support ANP force requirements generated by the dynamic COIN [Counter Insurgency] environment.

For example, one contract modification for \$7 million added a life support location at an ANP training site in Islam Qualah and could have been expected by the offerors at contract award. However, CSTC-A personnel made substantial changes to the ANP contract statement of work 1 month after contract award and the contractor more than doubled the size and cost of its program management office in the first 4 months of

contract performance. Those changes resulted in a cost increase of \$145.3 million and could not have been reasonably anticipated by the offerors during the contract competition. As a result, Army contracting officials may not have awarded the contract based on best value.

Conclusion

The ANP contract costs increased by approximately \$145.3 million, or approximately 14 percent in the first 4 months of contract performance. Congress implemented the Competition in Contracting Act to increase cost savings through lower, more competitive pricing. When issuing a contract modification, the contracting office must consider

The ANP contract costs increased by approximately \$145.3 million, or approximately 14 percent in the first 4 months of contract performance.

whether the solicitation for the original contract adequately advised offerors of the potential for the type of change found in the modification. The contract stated that because of the fluid situation in Afghanistan, the contractor must be able to provide support to additional facilities and expansion of existing facilities to support ANP force requirements; therefore, additional facilities requiring support would have been contemplated by all offerors during the competition. However, the contract modification adding the statement of work was issued less than 2 months after contract award, and added job categories, personnel qualifications, and reporting requirements that could not have been expected by the offerors during the contract competition. Additionally, as a result of some of the statement of work changes, the contractor had not been able to fill the required training and mentoring positions for the ANP contract at the time of our review; therefore the U.S. may not be able to fully train the Afghans to take over the police force by the end of the contract.

The increased costs of \$16.1 million for additional program management personnel may have resulted in the Government not receiving the best value. Several offerors were found to be technically capable of filling the ANP contract requirements, and as a result, the contract was awarded based on the lowest proposed cost. In modification 005 to the contract, the contractor added 44 personnel to their program management office. The contract specialist stated that some of these positions were because the Government did not clearly define the requirements at contract award, and other increases were because the contractor “underbid” on the contract. When including the substantial statement of work changes with the increases in program management costs, Army contracting officials may have violated the Competition in Contracting Act, which may result in additional cost increases to the ANP contract in the future. The PCO should perform a thorough cost analysis before negotiating and modifying the ANP contract for any additional changes that increase costs to this contract.

Unsolicited Management Comments on the Finding and Our Response

A summary of the unsolicited comments provided by ACC-APG and our response are in Appendix D. We did not modify the report based on their comments.

Recommendations, Management Comments, and Our Response

A.1. We recommend that the Executive Director, Army Contracting Command-Rock Island, direct the procuring contracting officer to:

a. Verify that the contractor is not requesting additional funds for unnecessary program management positions before modifying the Afghan National Police contract.

Management Comments

The Executive Director, ACC-RI, agreed and stated that procedures were in place to ensure the recommendation is implemented. The Executive Director stated that the PCO has not granted the contractor any requests for additional funds for unnecessary positions since the contract transferred to ACC-RI. According to the Executive Director, the customer must request a contract change in a formal memorandum sent to the PCO through TPSO. Additionally, the Executive Director stated any contract change that would result in a cost increase or decrease would require that TPSO complete a technical evaluation and that the ACC-RI Contract Pricing Division complete a cost analysis. The Executive Director stated that the PCO would develop a Pre-Negotiation Objective Memorandum before negotiating the proposal and modifying the contract.

Our Response

The comments of the Executive Director, ACC-RI, were responsive, and no further comments are required.

b. Obtain a fair and reasonable price for any additional changes to the contract by performing a thorough cost analysis before negotiating a price and modifying the contract.

Management Comments

The Executive Director, ACC-RI, agreed and stated that procedures were in place to ensure the recommendation is implemented. The Executive Director stated that no changes have been made to the contract since the contract was transferred to ACC-RI without a thorough cost analysis. According to the Executive Director, the PCO requires that any changes to the statement of work be documented in a memorandum signed by TPSO and the customer directly affected by the change. The Executive Director stated that, as of March 20, 2012, the PCO required that the memorandum be signed by either the TPSO Director or Deputy Director to ensure proper visibility of the requested change. The Executive Director stated that the PCO will then request a proposal from DynCorp and that the contract will only be modified after obtaining a proper cost analysis, holding negotiations, and determining that the costs were fair and reasonable.

Our Response

The comments of the Executive Director, ACC-RI, were responsive, and no further comments are required.

A.2. We recommend that the Deputy Commanding General for Support, North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan, verify that the contractor is not requesting additional funds for unnecessary program management positions before requesting the procuring contracting officer to modify the Afghan National Police contract.

Management Comments

The Director, Security Assistance Office-Afghanistan, provided comments on behalf of the Deputy Commanding General for Support, NTM-A/CSTC-A. The Director agreed with the recommendation. The Director stated that the TPSO project managers instituted stakeholder meetings with the customer requirements owner, the COR, and the acquisition contracting officer to validate requests for additional program support or funds. The Director stated that the stakeholders verify that the contractors do not request funds for unnecessary positions. Additionally, the Director stated that the TPSO Program Manager signs any request for a funding modification once validated, and submits the request to the PCO.

Our Response

The comments of the Director, Security Assistance Office-Afghanistan, were responsive, and no further comments are required.

Finding B. Out-of-Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan

The DCMA-Afghanistan administrative contracting officer (ACO) inappropriately authorized the prime contractor to award a subcontract for a power plant upgrade at a regional training center, and the power plant upgrade was outside the scope of the work of the prime contract. As a result, the Army did not receive potential cost savings from competing the contract.

Additionally, the contracting officer's representative (COR) for the ANP contract did not oversee the work performed to upgrade the power plant. This occurred because DCMA-Afghanistan and TPSO personnel did not inform the COR of the upgrade work, or verify that the COR had the appropriate skills to oversee the work. As a result, CSTC-A had no assurance that they received the goods and services contracted for or that the work met the electrical standards.

Increased Life Support Mission at Helmand RTC

The DCMA-Afghanistan ACO inappropriately authorized the prime contractor to award a subcontract for a power plant upgrade at a regional training center, and the power plant upgrade was outside the scope of the work of the prime contract. The ANP life support statement of work required DynCorp to provide life support services at the Helmand RTC, located in Lashkar Gah, Helmand, Afghanistan. According to the ANP life support statement of work,

CSTC-A requires contracted life support services, to include training facility force protection (in some locations), dining facility services, MWR [Morale, Welfare and Recreation] facility services, communications support, operations and maintenance (in some locations), black and grey water disposal, solid waste removal (in some locations), and medical support services... These efforts directly support the US and NATO [North Atlantic Treaty Organization] missions to develop a trained and professional Afghan police force, enhancing public security, and supporting the rule of law in Afghanistan. Facilities covered under this requirement support various aspects of the training of the ANP, including providing life support for Afghans and mentors and trainers of the Afghan government, USFOR-A [U.S. Forces-Afghanistan], and Coalition Forces who support the training of the ANP.

According to the DCMA-Afghanistan ACO, the Helmand RTC had an influx of contractor personnel, military, and Afghan students because of an increased training mission. As a result, the DCMA-Afghanistan ACO explained in a memorandum that many facilities at Helmand RTC lacked the "proper tools" to provide adequate support and that the electrical grid and generators were among the areas that required improvements. The DCMA-Afghanistan ACO stated that the upgrade needed for the power plant was a life and safety issue and needed to be completed.

Electrical Problems Identified at Helmand RTC

In February 2011, NTM-A identified the Helmand Police Training Center² electrical grid as an issue. According to a NTM-A briefing on the Helmand Police Training Center transfer, there were extensive issues with the reliability of the electrical power at Helmand RTC; however, the briefing stated that the ANP contract did not cover complete rewiring, if required. The NTM-A briefing stated that the Regional Support Command-Southwest (RSC-SW) engineer must conduct a power grid assessment and determine the appropriate corrective action. The briefing further stated that RSC-SW was responsible for contracts for any major repairs to the power plant.

DynCorp officials stated that they sent a representative to conduct its initial site survey of the Helmand RTC in March 2011. DynCorp officials stated that the representative identified conditions that were “very out of date, unsafe, unhealthy, and not close to any workable standard.” According to the TPSO program manager, following the initial site survey, DynCorp personnel began to meet with RSC-SW officials to determine the improvements needed to make the site fully operational. However, there was conflicting information about who was responsible, and according to the TPSO program manager, no one took action to make the site improvements. RSC-SW officials stated that RSC-SW was responsible for institutional training, logistical partnering, temporary infrastructure construction, and the health and wellness of all coalition soldiers under the command. RSC-SW officials also stated that, in accordance with the ANP contract, DynCorp was responsible for the site upgrades because the upgrades impacted troop life and safety.

As a result of the discussions with TPSO and RSC-SW personnel, DynCorp created a subcontract statement of work on July 11, 2011, for the power plant upgrade at Helmand RTC. The scope of the project was to purchase and install a new power plant, provide site clearance and demobilization, and provide site security. According to the DynCorp site phase plan, the estimated cost of the power plant upgrade was approximately \$1.7 million. The site phase plan also specified that to upgrade the power plant, the contractor must purchase, deliver, and install new generators, and also purchase, deliver, install and put into operational use a fully synchronized and automated power system.

DynCorp submitted a consent to subcontract package for the upgrade of the power plant to the DCMA-Afghanistan ACO on September 6, 2011, 6 months after the life and safety issue was identified. The ACO approved the consent to subcontract package on September 19, 2011. The PCO stated that she saw the statement of work for the subcontract and directed the ACO to prepare a memorandum to justify that the power plant upgrade was within the scope of the ANP contract. The ACO provided the justification memorandum, “Lashkar Gah Power Grid Upgrade, contract W91CRB-11-C-0053,” to the PCO on October 13, 2011; however, the ACO dated the memorandum for July 24, 2011, to reflect the date the decision was made, at the request of the ACC-RI contract specialist.

² According to an Assistant Commanding General Police Transition Group official, Helmand RTC was formerly known as the Helmand Police Training Center.

In the justification memorandum, the ACO stated that a separate contract was issued to increase the training capacity of the site; however, the contract “overlooked” the improvements required for the electrical power grid and did not provide for coalition improvements to support the additional training. The DCMA-Afghanistan ACO stated that if the work was not completed immediately through the subcontract, there was a high risk that the camp would lose power as the requirements for electrical capacity increased. The DCMA-Afghanistan ACO stated that the loss of power would severely inhibit the training mission and place all onsite personnel at a higher risk for insurgent attacks. The memorandum stated that the power grid upgrade fell within the ANP contract statement of work in accordance with sections 3.6.1.3, corrective maintenance, and 3.6.1.5.1, emergency repairs. According to statement of work section 3.6.1.3, “the contractor shall perform corrective maintenance as required on all items and their subcomponents.” The statement of work section 3.6.1.5.1 further stated that emergency repairs are items that affect the residents’ health (such as sanitation, electrical, and fire hazards) and are to be repaired within 24 hours. However, the work performed on the subcontract was not corrective maintenance or emergency repairs and would not be completed within 24 hours. The ACO stated in the memorandum that the power grid needed extensive repairs and upgrades to adequately support the increased generators and power supply. Further, in an e-mail to the PCO, the ACO stated that the work did “not really” fit into the scope of the ANP contract statement of work and that they were “stretching the fine line of the operations and maintenance portion” of the contract. The ACO stated that the upgrade was “more construction than O&M [operations and maintenance],” but that the work needed to be completed.

DCMA-Afghanistan officials did not use the appropriate contract to address the life and safety issues that needed immediate attention. The work was not within the scope of the ANP contract and therefore, should have been awarded under a separate contract. FAR Part 6, “Competition Requirements,” requires contracting officers to promote and provide full and open competition in soliciting offers and awarding Government contracts

DCMA-Afghanistan officials did not use the appropriate contract to address the life and safety issues that needed immediate attention.

through the use of competitive procedures. The work might have been considered “unusual and compelling urgency,” which according to FAR subpart 6.303-1, “Justification Requirements,” requires the contracting officer to provide a justification of the award in writing, certify the accuracy and completeness of the justification, and obtain the required approval. The DCMA-Afghanistan ACO should have prepared a complete justification package that identified an appropriate contract to put the work on and submitted the package for approval to the PCO before consenting to the subcontract approval. Therefore, the Commander, DCMA-Afghanistan, should review the actions of the ACO and determine whether any administrative actions are appropriate.

DCMA Did Not Approve Change in Subcontractors

The DCMA-Afghanistan ACO did not approve the alternative subcontractor used for the power plant upgrade. After the subcontract award, the contractor canceled the

subcontract with the approved subcontractor and issued a new subcontract for the power plant upgrade without submitting a new consent to subcontract request. According to the DCMA Guidebook, ACO consent is required before a contractor awards a subcontract. The DCMA-Afghanistan ACO reviewed and approved the DynCorp consent to subcontract package for Arkel International to perform the power plant upgrade for approximately \$1.5 million. However, DynCorp personnel decided to cancel the subcontract with Arkel International after several requests for information were not provided by Arkel International and the company delayed the start of the project. DynCorp officials stated that they selected Orient Logistics Services as the subcontractor to replace Arkel International and upgrade the Helmand RTC power plant. DynCorp personnel awarded the subcontract to Orient for approximately \$1.2 million on October 25, 2011, and canceled the Arkel International subcontract on October 28, 2011. The DCMA-Afghanistan ACO stated DynCorp did not submit a consent to subcontract package for review before awarding the subcontract to Orient.

DCMA-Afghanistan officials provided the audit team with the documentation for the Arkel International subcontract in November 2011 and did not address the Orient subcontract. The ACC-RI PCO contacted DynCorp in December 2011 to obtain a copy of the Arkel subcontract and learned that DynCorp canceled the Arkel subcontract and awarded the power plant upgrade to Orient. The PCO was not aware of the change in subcontractors and contacted the DCMA-Afghanistan ACO. The DCMA-Afghanistan ACO stated that he received an e-mail from DynCorp on October 22, 2011, stating that because the original contractor “failed,” they would replace the vendor. However, the DCMA-Afghanistan ACO stated that he overlooked the fact that DynCorp did not submit a new consent to subcontract package for approval. On December 6, 2011, the ACO informed the PCO that he would contact DynCorp to submit a consent to subcontract package for the Orient subcontract.

DynCorp required Orient to have the work completed by December 15, 2011. However, in December 2011, DynCorp officials stated that the work would not be completed until March 2012, 1 year after DynCorp officials conducted their initial assessment of the site and 8 months after they submitted their phase plan to address the life and safety issues. In January 2012, DynCorp officials stated that the work would be completed sooner. Specifically, a DynCorp official in Afghanistan stated that the generators should arrive anytime between January 31 and February 7, 2012.

DynCorp officials stated that the work would not be completed until March 2012, 1 year after DynCorp officials conducted their initial assessment of the site and 8 months after they submitted their phase plan to address the life and safety issues.

DynCorp officials stated that once the generators arrive they would take approximately 7 days to install. However, on February 27, 2012, the ACC-RI PCO informed the audit team that because of weather delays, the generators had not been delivered to Helmand RTC and, therefore, the power grid upgrade had not yet been completed.

Oversight of the Power Plant Upgrade

The COR for the ANP contract did not oversee the work performed to upgrade the power plant. DCMA-Afghanistan and TPSO personnel did not direct the COR at Helmand RTC to provide oversight of the power plant upgrade and, according to the onsite COR, no one from the Government conducted oversight of the work. The COR stated that he was responsible for oversight of the life support provided by DynCorp at Helmand RTC and the power plant upgrade was not yet considered life support. He further stated that he

The COR for the ANP contract did not oversee the work performed to upgrade the power plant.

could not provide oversight of the power plant until the construction was complete, at which point the work would be deemed operations and maintenance and would be considered life support at Helmand RTC. The COR stated that TPSO personnel informed him when new work was added to the contract for him to oversee; however, the COR stated no one from TPSO or DCMA-Afghanistan notified him of the power plant upgrade. The COR also stated he was aware of the subcontract only because the DynCorp site manager inadvertently sent him a copy of the statement of work for the power plant upgrade. Further, the COR stated that DynCorp provided the only oversight of the power plant upgrade work performed by the subcontractor. According to the COR, DynCorp had a licensed electrician onsite and that DynCorp quality assurance personnel based in Camp Pinnacle, Kabul, were responsible for oversight of the work. The COR stated that he periodically checked on the progress of the power plant upgrade to determine when his oversight responsibility would begin, but he stated that was the extent of his responsibility.

The RSC-SW Commander stated that he performed weekly visits to Helmand RTC to inspect the progress on the upgrade of the power grid. The Commander stated that the upgrade to the power grid exceeded the technical scope of the COR assigned to Helmand RTC. Therefore, RSC-SW provided informal weekly military engineer visits, inspections, and technical oversight to ensure some level of government expertise guided the development of the plans and work.

According to the “ANP Training and Mentoring Contract Guide for Government Approval and Oversight of Contractor Purchasing and Invoicing,” June 27, 2011, the COR is the designated Government representative responsible for validating the services performed by the contractor on behalf of the Government. Further, at the time of our review, the PCO informed us that she would update the guide to require that the COR verify that all items on the contractors’ invoices were received before the invoices can be paid. If the COR does not have oversight of the power plant upgrade, the COR cannot validate the purchases for the subcontract or certify the product when the work is complete. Without the proper oversight, CSTC-A has no assurance the goods and services they contracted for are being provided or that the work meets applicable standards. The DCMA-Afghanistan ACO should ensure that there is a COR at Helmand RTC with the proper electrical expertise to oversee the power plant upgrade and ensure the work meets the applicable standards. If the onsite COR is to provide oversight of the work, the DCMA-Afghanistan ACO and TPSO personnel should ensure that the COR is aware of his oversight responsibilities and has the requisite experience. The

DCMA-Afghanistan ACO and TPSO personnel should also verify that oversight of the power plant upgrade is documented.

CSTC-A and DCMA-Afghanistan Responses to the Memorandum Regarding Out-of-Scope Work

We issued a memorandum on January 23, 2012, to notify CSTC-A, DCMA-Afghanistan, and ACC-RI officials of our preliminary findings on the out-of-scope work for the power grid upgrade at Helmand RTC, Afghanistan (see Appendix B). Our memorandum provided suggestions to CSTC-A and DCMA-Afghanistan for corrective action. CSTC-A and DCMA-Afghanistan officials provided written responses to the memorandum (see Appendix C).

CSTC-A Response

We suggested that CSTC-A and DCMA-Afghanistan personnel designate a COR to oversee and report on the Helmand RTC power plant upgrade, or ensure that the COR located at Helmand RTC was aware of all required oversight responsibilities and had the requisite expertise. The Deputy Commanding General for Support, CSTC-A, responded that CSTC-A assigned a DCMA appointed COR to Helmand RTC on June 16, 2011, and that both CSTC-A and DCMA have ensured that the COR was aware of all required oversight responsibilities. Additionally, the Deputy Commanding General for Support stated that RSC-SW will support the COR with additional power technical expertise during required audits of the power plant upgrade. He further stated that Task Force Power was scheduled to inspect the work performed by the subcontractor to verify that the subcontractor properly installed the generators for the power plant upgrade in January 2012. We also suggested that DCMA-Afghanistan and CSTC-A personnel require that any oversight of the power plant upgrade be documented. The Deputy Commanding General for Support replied that CSTC-A, along with DCMA, will ensure that oversight provided to the power plant upgrade was properly documented.

We suggested that CSTC-A review plans to ensure that RTCs contain sufficient infrastructure to support planned training efforts. The Deputy Commanding General for Support, CSTC-A, replied that the CSTC-A, Deputy Command for Support Operations, developed a process to properly assess all aspects associated with training at the RTCs. The Deputy Commanding General for Support stated the Deputy Command for Support Operations was in the process of ensuring that any identified deficiencies related to infrastructure support and sustainability were properly addressed and resolved. The Deputy Commanding General for Support, CSTC-A, should continue to monitor, address, and update identified deficiencies related to infrastructure support and sustainability to support planned training efforts.

DCMA-Afghanistan Response

We suggested that DCMA-Afghanistan determine whether an out-of-scope contract action occurred on the ANP contract for the upgrade of the Helmand RTC power grid. The Commander, DCMA-Afghanistan, responded and stated that the contracting officer's consent to a subcontract "does not constitute a determination of the acceptability of the

subcontract terms or price, or the allowability of costs.” The Commander, DCMA-Afghanistan, also stated that the PCO is ultimately responsible for determining whether work is within the scope of the contract. Therefore, the Commander, DCMA-Afghanistan, deferred to the PCO to make the scope determination. We also suggested that DCMA-Afghanistan determine whether other suitable contracts exist for the Helmand RTC power grid upgrade effort. The Commander, DCMA-Afghanistan, deferred the suggestion to TPSO. The Commander stated that DCMA-Afghanistan is not a procuring agency and assessing various methods and sources to contract an effort is the responsibility of the requiring activity, in coordination with the servicing contracting officer. Based on the responses provided by the Commander, DCMA-Afghanistan, we addressed our recommendations to the ACC-RI PCO and the TPSO program manager.

The Commander, DCMA-Afghanistan, agreed with our suggestion to coordinate with the Executive Director, ACC-RI, to develop plans to prevent improperly increasing the scope of existing contracts and to develop a formal communication plan to facilitate effective communication between the PCO and ACO. The Commander stated that they will continue to strengthen communication with ACC-RI and coordination between the PCO and ACO.

Conclusion

The DCMA-Afghanistan ACO decision to subcontract the upgrade resulted in work being performed on the ANP contract that should have been performed on a separate contract. Additionally, the Government may have achieved cost savings if the contract had been competitively awarded.

The DCMA-Afghanistan ACO did not determine whether the subcontract used to complete the upgrade was appropriate based on risks or sound business judgment, as required by FAR 44-202.1, “Consent Requirements,” because the DCMA-Afghanistan ACO overlooked the DynCorp notification that they awarded a new subcontract for the power upgrade. The DCMA-Afghanistan ACO did not determine whether:

- an adequate price analysis had been done by DynCorp,
- the decision to award the subcontract non-competitively was reasonable, or
- the responsibility of the subcontractor had been determined by DynCorp.

Further, TPSO personnel and the DCMA-Afghanistan ACO must ensure that the appointed COR continually provides and documents oversight of the upgrade to the power generator plant to have assurance that CSTC-A received the goods and services they contracted for and that the work was in accordance with applicable standards.

Recommendations, Management Comments and Our Response

B.1. We recommend that the Deputy Commanding General for Support, North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan, continue to monitor, address, and update any

identified deficiencies related to infrastructure support and sustainability to support planned training efforts.

Management Comments

The Director, Security Assistance Office-Afghanistan, provided comments on behalf of the Deputy Commanding General for Support, NTM-A/CSTC-A. The Director agreed with the recommendation. The Director stated that the Security Assistance Office, TPSO, implemented weekly customer meetings to enable information sharing on identified infrastructure support and sustainability deficiencies. The Director stated that customer requirements owners monitor and review deficiencies and validate proposed corrective actions prior to any contract coverage or modifications.

Our Response

The comments of the Director, Security Assistance Office-Afghanistan, were responsive, and no further comments are required.

B.2. We recommend that the procuring contracting officer, Army Contracting Command-Rock Island, document a formal determination on whether an out-of-scope contract action occurred with DynCorp on contract W91CRB-11-C-0053 for the upgrade of the Helmand Regional Training Center power grid and take appropriate action based on the determination.

Management Comments

The Executive Director, ACC-RI, agreed with the recommendation. The Executive Director stated the PCO advised that the effort was out-of-scope before the DCMA ACO approved the upgrade of the Helmand RTC power grid. The Executive Director stated that the PCO documented her determination in a formal memorandum on April 3, 2012, and included the memorandum in the contract file. The Executive Director provided a copy of the memorandum with his comments. Further, the Executive Director stated that the PCO will take appropriate action, in accordance with FAR 6.302-2(a)(2), and provide support for the award of the urgent requirement to upgrade the Helmand power grid without competition by completing a written justification and approval. The FAR stated that the justification and approval may be written and approved after contract award when the preparation and approval before award would unreasonably delay the acquisition.

Additionally, the Executive Director stated that the PCO conducted a meeting with TPSO personnel and the DCMA ACO to discuss the processes for approving purchase requests and consents to subcontract. As a result of the meeting, the PCO refined the process for approvals to ensure any future out-of-scope contract actions were handled appropriately. For the details of the updated process, see the management comments section of the report. The Executive Director stated that the new procedures were in the process of being updated in the Purchasing and Invoicing Guide for the contract. The Executive Director stated that the revised processes are currently being followed even though the document has not been completely updated and formally incorporated into the contract.

Our Response

The comments of the Executive Director, ACC-RI, were responsive, and no further comments are required.

B.3. We recommend that the Commander, Defense Contract Management Agency-Afghanistan, review the actions of the administrative contracting officer related to the out of scope work added to the Afghan National Police Mentoring/Training and Logistics Support contract to determine whether any administrative actions are appropriate.

Management Comments

The Commander, DCMA International, provided comments on behalf of the Commander, DCMA-Afghanistan. The Commander, DCMA International, stated that the DCMA-Afghanistan Commander conducted a review of the ACO's actions in January 2012 and determined that the ACO acted outside his authority. The Commander stated that the ACO was counseled and retrained on delegation authority, consent to subcontract requirements, and in-scope determinations and that the ACO was no longer deployed to Afghanistan. The Commander also stated that DCMA-Afghanistan updated its delegation matrix to no longer conduct consent to subcontract in theater. The Commander further stated that a theater-wide review was conducted to ensure the ACOs had a clear understanding of their authority.

Our Response

The comments of the Commander, DCMA International, were responsive, and no further comments are required.

Finding C. ACC-RI Improved ANP Contract Administration

The ACC-RI PCO made several improvements to the management of the ANP contract after taking over contract management responsibilities from the ACC-APG contracting office. Specifically, the ACC-RI PCO:

- identified fixed fee reductions of \$394,321;
- changed the contract line item number (CLIN) structure to better track contract costs and fixed fees;
- implemented additional requirements to the invoice review process to ensure proper payments;
- developed spreadsheets to track the status of contract funding, purchase requisitions, and subcontracts; and
- removed the contract requirement that allowed the COR to direct contract changes through technical guidance letters without PCO approval.

However, continued improvements are dependent on the ACC-RI PCO executing the established changes over the life of the contract. These changes will allow ACC-RI officials to better manage the ANP contract and the related costs.

Management of Fixed Fees and CLINs

The ACC-RI PCO improved the management of fixed fees after the contract was transferred from ACC-APG contracting officials. Specifically, the ACC-RI PCO calculated two fixed fee reductions totaling \$394,321. Further, the ACC-RI PCO changed the CLIN structure to separate the fixed fees from the incurred costs.

ACC-RI Initiated Fixed Fee Reductions

The ACC-RI PCO reduced the fixed fees on the ANP contract on two separate occasions, for a total of \$394,321, because DynCorp did not meet the level of effort required in the contract. The ANP contract included a level of effort clause that required the contractor to provide a specified level of effort. If the contractor did not provide the specified level of effort, the contract allowed the PCO to reduce the contractor fee or require the contractor to continue to perform work until it met the specified level of effort with no additional fee.

The ACC-RI PCO reduced the fixed fee by \$339,275 on two CLINs for the first time on May 26, 2011. According to the fixed fee reduction memorandum, DynCorp did not meet the requirements of the contract. The memorandum stated that DynCorp placed the overall mission at risk and increased the cost to the Government. The ACC-RI PCO reduced the fixed fee for the transition-in CLIN by \$326,204 and reduced the fee for the mentoring and training services CLIN by the remaining \$13,071.

The ACC-RI PCO reduced the fixed fee again on December 8, 2011, by \$55,046. The PCO applied the fixed fee reduction to the mentoring and training CLIN because

DynCorp did not fully perform contract requirements from August 1, 2011, through November 21, 2011. The ACC-RI PCO stated that she would continue to reduce the DynCorp fixed fee if they continued to be deficient in meeting the 100 percent staffing requirement.

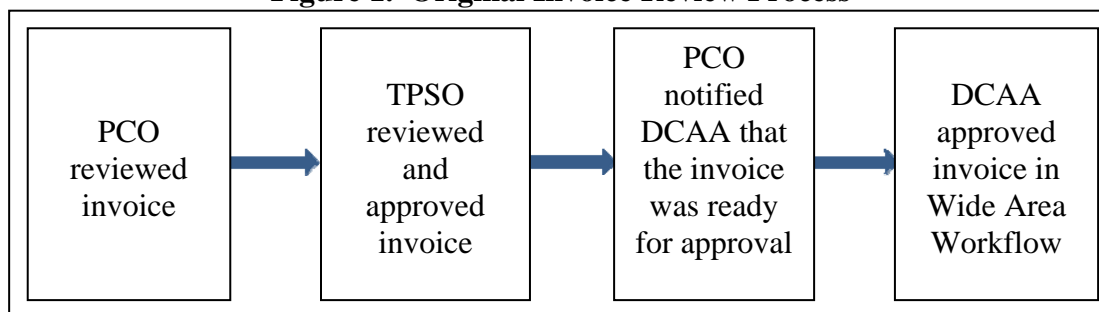
ACC-RI Changed the CLIN Structure

The ACC-APG contracting officials established the CLIN structure on the ANP contract. The original CLIN structure included costs and fixed fees in the same CLIN. Therefore, according to the ACC-RI PCO, it was difficult to track the fixed fees paid to DynCorp to ensure that DynCorp did not receive more than the negotiated fixed fee. On September 27, 2011, the ACC-RI PCO established a new CLIN structure so that each CLIN established by the ACC-RI PCO had a subCLIN for the associated fixed fee.

Invoice Review Process

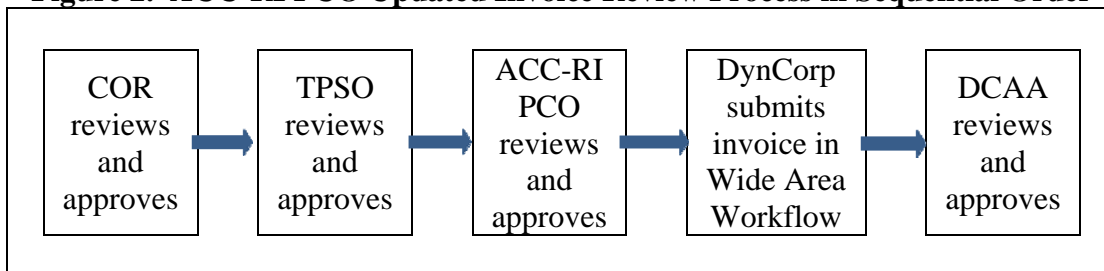
The ACC-RI PCO implemented additional requirements to the invoice review process to ensure proper payments. See Figure 1 for the original invoice review process as outlined in the “ANP Contract Guide for Government Approval and Oversight of Contractor Purchasing and Invoicing,” June 27, 2011.

Figure 1. Original Invoice Review Process



When ACC-RI officials took over management of the ANP contract, the PCO determined that additional controls were needed for the invoice review process. According to the ACC-RI PCO, the invoice review process already in place allowed the Defense Contract Audit Agency (DCAA) to approve DynCorp invoices, once they were submitted to Wide Area Workflow, without verifying whether the required officials reviewed the invoice. Therefore, the ACC-RI PCO began requiring the COR, TPSO officials, and the ACC-RI PCO to review and sign the invoice before DynCorp could submit the invoice to Wide Area Workflow. The ACC-RI PCO stated that she instructed DCAA personnel to confirm that all reviewing officials signed the invoice before approval. In addition, on September 13, 2011, the ACC-RI PCO required that a COR in Afghanistan also approve each invoice. The ACC-RI PCO further required that DCAA officials perform a 100 percent invoice review. Lastly, as of November 9, 2011, the ACC-RI PCO required that DynCorp include all supporting documentation for other direct costs with every invoice. The ACC-RI PCO stated ACC-RI contracting officials will conduct a sample review of the supporting documentation. Figure 2 shows the updated invoice review process implemented by the ACC-RI PCO.

Figure 2. ACC-RI PCO Updated Invoice Review Process in Sequential Order



As a result of the improved invoice review process, DCAA officials rescinded/resubmitted 14 invoices and rejected 3 invoices submitted by DynCorp, as of November 29, 2011. DCAA officials stated that some examples of why invoices were rescinded or rejected included subtotal errors, the use of incorrect CLINs, and discrepancies in the indirect rates.

ACC-RI Funds, Purchases, and Subcontracts Tracking

ACC-RI contracting officials took steps to make sure that sufficient tracking of the status of contract funding, purchase requisitions, and subcontracts occurred. According to ACC-RI contracting officials, ACC-APG officials did not track funding, purchase requisitions, or subcontracts during the ANP contract transition-in period. Once the ACC-APG contracting officials formally transferred contract management responsibilities to the ACC-RI contracting office, ACC-RI contracting officials created and updated tracking spreadsheets for funding, purchase requisitions, and subcontracts. Specifically, ACC-RI contracting officials stated that they created the funding spreadsheet based on their review of the funding information documented in the contract, modifications, and invoices. According to ACC-RI contracting officials, they obtained the purchase requisition and subcontract tracking spreadsheets from DCMA-Afghanistan. ACC-RI contracting officials stated that they reviewed the purchase requisition and subcontract spreadsheets for accuracy, missing data, and updates. ACC-RI officials determined that DCMA-Afghanistan officials did not possess all the information required to accurately track purchase requisitions and active subcontracts. Therefore, according to the ACC-RI officials, they began working with DynCorp to obtain missing documents to complete the purchase requisition and subcontract tracking spreadsheets. As of February 9, 2012, the ACC-RI PCO stated that ACC-RI officials were still working with DynCorp to obtain all documentation.

Use of Technical Guidance Letters

The ACC-RI PCO removed the contract requirement that allowed the COR to direct contract changes through technical guidance letters without PCO approval. According to the ANP basic contract, the COR could issue technical guidance letters to provide DynCorp the details of specific tasks outlined in the statement of work. The contract stated that each technical guidance letter was subject to the terms and conditions of the ANP contract and could not constitute an assignment of new work or changes of such nature to justify any adjustment to the fee, estimated costs, or delivery terms under the contract. However, the ACC-RI PCO stated that no one was tracking the technical

guidance letters and the corresponding changes to the contract. As a result, the ACC-RI PCO discontinued the use of technical guidance letters immediately upon the contract transfer. The PCO stated that she notified TPSO officials in Afghanistan that any contract changes would be issued through a notice-to-proceed, signed by the PCO. The ACC-RI PCO modified the ANP contract on January 12, 2012, to remove the technical guidance section from the contract. According to the ANP contract modification, the COR no longer had the authority to make changes or direct DynCorp to make changes to the ANP contract.

Summary

ANP contract management responsibilities were transferred from ACC-APG to ACC-RI after the contract solicitation and transition-in period. Once the contract was transferred to ACC-RI, the PCO developed and implemented processes and procedures that resulted in contract management improvements related to fixed fees, invoice reviews, and the tracking of contract funding. While the ACC-RI PCO improved the management of the ANP contract, continued improvements are contingent on the ACC-RI PCO commitment to continually executing the established changes over the life of the contract. These changes will allow ACC-RI officials to better manage the ANP contract and related costs.

Appendix A. Scope and Methodology

We conducted this performance audit from August 2011 through March 2012 in accordance with generally accepted government auditing standards. Generally accepted government auditing 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

This is one in a series of audits on contract W91CRB-11-C-0053, the ANP mentoring/training and logistics support contract. We reviewed the basic ANP mentoring/training and logistics support contract, awarded December 20, 2010, to DynCorp, and 10 subsequent contract modifications, dated February 7, 2011, through January 20, 2012. We reviewed contract file documentation including DynCorp cost and technical proposals; Government price negotiation memoranda; statement of work modifications; DCMA contract administration delegations; subcontractor documentation for the Helmand RTC power plant upgrade; fee reduction documentation; ACC-RI generated tracking spreadsheets; guidance specific to the ANP contract; and e-mail correspondence. We also reviewed pre-award acquisition documentation to determine how the contract was awarded. We focused our review on whether the Army appropriately administered the ANP mentoring/training and logistics support contract in accordance with Federal and DoD guidance. We reviewed the United States Code; FAR; DoD Instructions; and Army Regulations for criteria specific to our review of the ANP mentoring/training and logistics support contract.

We conducted site visits and interviewed contracting personnel at ACC-APG and ACC-RI. Additionally, we interviewed ANP contract and program personnel from the following:

- DCAA,
- DCMA-Afghanistan,
- CSTC-A, and
- RSC-SW.

Use of Computer-Processed Data

We relied on computer-processed data from the Electronic Document Access Web site and the Paperless Contract Files database. Electronic Document Access is a Web-based system that provides secure online access, storage, and retrieval of contracts and contract modifications to authorized users throughout the DoD. We used contract documentation retrieved from the Electronic Document Access to determine whether ACC-APG and ACC-RI properly maintained documentation for the ANP contract, to review the changes made to the ANP contract and statement of work, to assess whether the contracting officer made changes to the fixed fee for the ANP contract, and to determine whether the contracting officer used the appropriate funding for the contract. We compared the documents we retrieved from the Electronic Document Access to the documentation

provided by contracting personnel during our meetings and verified that the documentation we retrieved from Electronic Document Access was accurate.

The Paperless Contract Files database is a secure web-based, virtual contracting office application that works as a complete document management, storage, and workflow solution designed to combine existing business processes into an integrated, user-friendly interface. The Paperless Contract Files database tracks the review and approval cycles of each document. We retrieved contract documentation from the Paperless Contract Files database, particularly from the ACC-RI cabinet, to review the supplementary documentation associated with the contract modifications. We reviewed all other contracting documents placed in the Paperless Contract Files database by the ACC-RI contracting officer and contract specialist for the ANP contract as they related to our audit steps.

As a result of our analysis, we determined that the Electronic Document Access website and the Paperless Contract Files database were sufficiently reliable for the purpose of meeting our audit objectives and providing the necessary documents to answer our audit steps for the ANP contract.

Prior Coverage

During the last 5 years, the GAO, the DoD IG, the Department of State Office of Inspector General, and the Special Inspector General for Iraq Reconstruction have issued 8 reports discussing ANP challenges and contract administration issues. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DOD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Department of State Inspector General reports can be accessed at <http://www.oig.state.gov>. Unrestricted Special Inspector General for Iraq Reconstruction reports can be accessed at <http://www.sigir.mil>.

GAO

GAO Report No. GAO-11-402R, “Multiple U.S. Agencies Provided Billions of Dollars to Train and Equip Foreign Police Forces,” April 27, 2011

GAO Report No. GAO-09-280, “Afghanistan Security: U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation,” March 9, 2009

DoD IG

DoD IG Report No. SPO-2011-003, “Assessment of U.S. Government Efforts to Train, Equip, and Mentor the Expanded Afghan National Police,” March 3, 2011

DoD IG Report No. D-2010-042, “DoD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police,” February 9, 2010

Department of State Office of Inspector General and DoD IG

DOS Report No. AUD/CG-11-44 and DoD Report No. D-2011-102, “Afghan National Police Training Program Would Benefit From Better Compliance with the Economy Act and Reimbursable Agreements,” August 25, 2011

DOS Report No. AUD/CG-11-42 and DoD Report No. D-2011-095, “Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration,” August 15, 2011

DOS Report No. AUD/CG-11-30 and DoD Report No. D-2011-080, “DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program,” July 7, 2011

Special Inspector General for Iraq Reconstruction

SIGIR 10-008, “Long Standing Weaknesses in Department of State’s Oversight of DynCorp Contract for Support of the Iraqi Police Training Program,” January 25, 2010

Appendix B. Memorandum Regarding Out of Scope Work for the Power Plant Upgrade at Helmand RTC, Afghanistan



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

January 23, 2012

MEMORANDUM FOR DEPUTY COMMANDER FOR PROGRAMS, NORTH
ATLANTIC TREATY ORGANIZATION TRAINING
MISSION-AFGHANISTAN/COMBINED SECURITY
TRANSITION COMMAND-AFGHANISTAN
EXECUTIVE DIRECTOR, ARMY CONTRACTING
COMMAND-ROCK ISLAND
COMMANDER, DEFENSE CONTRACT MANAGEMENT
AGENCY, AFGHANISTAN

SUBJECT: Out of Scope Work for the Power Plant Upgrade at Helmand Regional
Training Center, Afghanistan

We are providing this memorandum for your immediate attention and action before we complete the Afghanistan National Police (ANP) Mentoring/Training and Logistics Support Contract audit. We determined that the Defense Contract Management Agency (DCMA) administrative contracting officer (ACO) approved a consent to subcontract for upgrading a generator power plant at Helmand RTC that was not within the scope of the ANP contract. Further, the contractor canceled the out of scope subcontract that was approved and issued a new subcontract for the power plant upgrade without submitting a new consent to subcontract request. Lastly, DCMA and the Combined Security Transition Command-Afghanistan's (CSTC-A) Training Program Support Office (TPSO) personnel did not assign a Government official to oversee the out of scope work.

We suggest that the Commander, Defense Contract Management Agency (DCMA)-Afghanistan, determine whether an out of scope contract action occurred and whether other suitable contracts existed for performing this work at Helmand RTC. Additionally, we suggest that the Commander coordinate with the Executive Director, Army Contracting Command-Rock Island (ACC-RI), to develop plans to prevent improperly increasing the scope of existing contracts. We also suggest CSTC-A and DCMA Afghanistan personnel designate a properly qualified contracting officer's representative (COR) to oversee and report on the Helmand RTC power plant upgrade. Further, we suggest that the Deputy Commander for Programs North Atlantic Treaty Organization Training Mission-Afghanistan (NTM-A)/CSTC-A, review plans to ensure that Regional Training Centers (RTC) contain sufficient infrastructure to support planned training efforts.

We announced the audit (Project No. D2011-D000AS-0271.000) of the ANP contract in August 2011. This audit is the first in a series of audits on the ANP contract. Our objective is to determine whether the Army appropriately administered the ANP contract in accordance with Federal and DoD guidance.

Background

On December 20, 2010, Army Contracting Command-Aberdeen Proving Ground (ACC-APG) awarded the ANP mentoring/training and logistics support contract W91CRB-11-C-0053 (ANP contract), valued at approximately \$1 billion, to DynCorp International. The ANP contract is a cost-plus-fixed-fee contract that included a 120-day transition period for the contractor to become fully operational, a 2-year base period, and a 1-year option period. On May 1, 2011, when the contract became fully operational, ACC-RI assumed contract management responsibilities of the ANP contract; however, ACC-APG did not officially transfer the contract administration to ACC-RI through a contract modification until August 23, 2011.

The purpose of the ANP contract is to assist the Government of Islamic Republic of Afghanistan to build, develop, and sustain an effective and professional law enforcement organization. The contractor will deliver classroom instruction and “on the job” mentoring and provide comprehensive logistics and life support at various facilities throughout the country. The ANP contract requirements were divided into two statements of work (SOW), one containing life support services requirements and the other defining the requirements for mentoring and training. According to the life support SOW,

CSTC-A requires contracted life support services, to include training facility force protection (in some locations), dining facility services, MWR facility services, communications support, operations and maintenance (in some locations), black and grey water disposal, solid waste removal (in some locations), and medical support services... These efforts directly support the US and NATO missions to develop a trained and professional Afghan police force, enhancing public security, and supporting the rule of law in Afghanistan. Facilities covered under this requirement support various aspects of the training of the ANP, including providing life support for Afghans and mentors and trainers of the Afghan government, USFOR-A, and Coalition Forces who support the training of the ANP.

As part of the life support SOW, DynCorp is required to provide life support services at the Helmand RTC, located in Lashkar Gah, Helmand, Afghanistan. The Regional Support Command-Southwest (RSC-SW) coordinates NTM-A's efforts to train, sustain, and maintain Afghan National Security Forces at Helmand RTC.

Multiple North Atlantic Treaty Organizations and DoD Components are responsible for providing oversight of the ANP training program. Under the Commander, International Security Assistance Force/U.S. Forces-Afghanistan, two subordinate commands are responsible for supporting ANP development, training, and sustainment: NTM-A/CSTC-A and the International Security Assistance Force Joint Command (IJC). The NTM-A/CSTC-A is responsible for training, mentoring, and equipping the ANP and building the Ministry of Interior (MoI) capacity. The IJC conducts joint security and stability operations to improve the effectiveness of the ANP. The Training Program Support Office (TPSO), under the direction of CSTC-A, provides program management and oversight for training and maintenance contracts. TPSO personnel coordinated with

DCMA for focused execution and oversight of the contracts. The ANP contract procuring contracting officer (PCO) delegated certain contract administration responsibilities to DCMA-Afghanistan. Those administration responsibilities included oversight functions, quality assurance, and property administration. DCMA also provided consent for subcontracts and appoints and trains the CORs.

Increased Life Support Mission at Helmand RTC

According to the DCMA-Afghanistan ACO, the Helmand RTC had an influx of contractor personnel, military, and Afghan students due to an increase in the training mission. As a result, the DCMA ACO explained in a memorandum that many facilities at Helmand RTC lacked the “proper tools” to provide adequate support and that the electrical grid and generators were among the areas that required improvements. The DCMA ACO stated in the memorandum that the upgrade needed for the power plant was a life and safety issue and needed to be completed. However, this work was not within the scope of the life support SOW for the ANP contract.

Electrical Problems Identified at Helmand RTC

In February 2011, NTM-A identified the Helmand Police Training Center^{*} electrical grid as an issue in the transfer of the site from the British to NTM-A. According to a NTM-A briefing on the Helmand Police Training Center transfer, there were extensive issues with the reliability of the electrical power at Helmand RTC; however, the briefing stated that the ANP contract did not cover complete rewiring, if required. The NTM-A briefing stated that the RSC-SW engineer must conduct a power grid assessment and determine the appropriate corrective action. The briefing further stated that RSC-SW was responsible for contracts for any major repairs to the power plant.

DynCorp officials stated that they sent a representative to conduct DynCorp’s initial site survey in March 2011. DynCorp officials stated that the representative identified conditions that were “very out of date, unsafe, unhealthy, and not close to any workable standard.” According to the TPSO program manager, following the initial site survey, DynCorp personnel began to meet with RSC-SW officials to determine the improvements needed to make the site fully operational. However, there was conflicting information on who was responsible, and according to the TPSO program manager, no one took action to make the site improvements. RSC-SW officials stated that RSC-SW was responsible for institutional training, logistical partnering, temporary infrastructure builds, and the health and wellness of all coalition soldiers under the command. RSC-SW officials also stated that, in accordance with the ANP contract, DynCorp was responsible for the site upgrades because the upgrades constituted a life and safety issue.

As a result of discussions with TPSO and RSC-SW personnel, DynCorp created a subcontract SOW on July 11, 2011, for the power plant upgrade at Helmand RTC. The

^{*}According to an Assistant Commanding General Police Transition Group official, Helmand RTC was formerly known as the Helmand Police Training Center.

scope of the project was to purchase and install a new power plant, provide site clearance and demobilization, and provide site security. According to the DynCorp site phase plan, the estimated cost of the power plant upgrade was approximately \$1.7 million. The site phase plan also specified that to upgrade the power plant the contractor must purchase, deliver, and install new generators and purchase, deliver, install and put into operational use a fully synchronized and automated power system.

DynCorp submitted a consent to subcontract package for the upgrade of the power plant to the DCMA ACO on September 6, 2011, which the ACO approved on September 19, 2011. The PCO stated that she saw the SOW for the subcontract and directed the ACO to prepare a memorandum to justify that the power plant upgrade was within the scope of the ANP contract. The ACO provided the justification memorandum, "Lashkar Gah Power Grid Upgrade, contract W91CRB-11-C-0053," to the PCO on October 13, 2011; however, the ACO dated the memorandum for July 24, 2011, at the direction of the ACC-RI contract specialist.

In the justification memorandum, the ACO stated that a separate contract was issued to increase the training capacity of the site; however, the contract overlooked the improvements needed for the electrical power grid and provided no coalition improvements to support the additional training. The DCMA ACO stated that if the work was not completed immediately through the subcontract, there was a high risk that the camp would lose power as the requirements for electrical capacity increased. The DCMA ACO stated that the loss of power would severely inhibit the training mission and place all onsite personnel at a higher risk for insurgent attacks. The memorandum stated that the power grid upgrade fell within the ANP contract SOW in accordance with sections 3.6.1.3, corrective maintenance, and 3.6.1.5.1, emergency repairs. According to SOW section 3.6.1.3, "the contractor shall perform corrective maintenance as required on all items and their subcomponents." The SOW section 3.6.1.5.1 further stated that emergency repairs are items that affect the residents' health (such as sanitation, electrical, and fire hazards) and are to be repaired within 24 hours. However, the work performed on the subcontract was not corrective maintenance or emergency repairs. The ACO stated, in the memorandum, that the power grid needed extensive repairs and upgrades to adequately support the increased generators and power supply, not corrective maintenance, and the work would not be completed in 24 hours. Further, in an e-mail to the PCO, the ACO stated that the work did "not really" fit into the scope of the ANP contract SOW and that they were "stretching the fine line of the operations and maintenance portion" of the contract. The ACO stated that the upgrade was "more construction than O&M [operations and maintenance]," but that the work needed to be completed.

DCMA-Afghanistan officials did not use the appropriate contract to address a life and safety issue that needed immediate attention. The work was not within the scope of the ANP contract SOW and should have been awarded under a separate contract. FAR Part 6, "Competition Requirements," requires contracting officers to promote and provide full and open competition in soliciting offers and awarding Government contracts through the use

of competitive procedures. The work might have been considered “unusual and compelling urgency,” which according to FAR subpart 6.303-1, “Justification Requirements,” requires the contracting officer to provide a justification of the award in writing, certify the accuracy and completeness of the justification, and obtain the required approval. The DCMA ACO should have prepared a complete justification package and submitted the package for approval to the PCO before consenting to the subcontract approval.

Miscommunication and Misinterpretation Led to Problems With the Upgrade

Miscommunication between the organizations responsible for the Helmand RTC and misinterpretation of the ANP contract SOW further contributed to the problems with the upgrade of the power plant. When multiple organizations have responsibilities at a training site, there should be an agreement that outlines each organization’s responsibilities. DoD Instruction 4000.19, “Interservice and Intragovernmental Support,” requires that broad areas of recurring intragovernmental support and cooperation be documented in a memorandum of understanding (MOU). For example, according to Army Regulation 25-50, “Preparing and Managing Correspondence,” a MOU documents mutually agreed-to statements of facts, intentions, procedures, or parameters for future actions and matters of coordination. While Government and contractor personnel said that issues no longer existed at the Helmand RTC, an agreement on each organization’s responsibilities at the beginning might have prevented any delay in completing the power grid upgrade.

DCMA Did Not Approve Change In Subcontractors

The DCMA ACO did not consent to the subcontractor that performed the work on the power plant upgrade. According to the DCMA Guidebook, ACO consent is required before a contractor awards a subcontract. The DCMA ACO reviewed and approved DynCorp’s consent to subcontract package for Arkel International to perform the power plant upgrade for approximately \$1.5 million. However, DynCorp personnel decided to cancel the subcontract with Arkel International after several requests for information from Arkel International and delays in the start of the project. DynCorp officials stated that they selected Orient Logistics Services as the subcontractor to replace Arkel and upgrade the Helmand RTC power plant. DynCorp personnel awarded the subcontract to Orient for approximately \$1.2 million on October 25, 2011, and canceled the Arkel subcontract on October 28, 2011. The DCMA ACO stated DynCorp did not submit a consent to subcontract package for review before awarding the subcontract to Orient.

DCMA officials provided the audit team with the documentation for the Arkel subcontract in November 2011 and did not address the Orient subcontract. The audit team contacted DynCorp in December 2011 to obtain a copy of the Arkel subcontract and learned that DynCorp canceled the Arkel subcontract and awarded the power plant upgrade work to Orient. The PCO stated that she was not aware of the change in subcontractors and contacted the DCMA ACO. The DCMA ACO stated that he received

an e-mail from DynCorp on October 22, 2011, stating that because the original subcontractor "failed," they would replace the vendor. However, the DCMA ACO stated that he overlooked the fact that DynCorp did not submit a new consent to subcontract package for approval. On December 6, 2011, the ACO informed the PCO that he would contact DynCorp to submit a consent to subcontract package for the Orient subcontract.

DynCorp required Orient to have the work completed by December 15, 2011. However, in December 2011, DynCorp officials stated that the work would not be completed until March 2012, 1 year after DynCorp officials conducted their initial assessment of the site and 8 months after they submitted their phase plan to address the life and safety issues. In January 2012, DynCorp officials stated that the work would be completed sooner. Specifically, a DynCorp official in Afghanistan stated that the generators should arrive anytime between January 31 and February 7, 2012. DynCorp officials stated once the generators arrive they would take approximately 7 days to install.

Oversight of the Power Plant Upgrade

DCMA-Afghanistan and TPSO personnel did not direct the COR at Helmand RTC to provide oversight of the power plant upgrade and, according to the onsite COR, no one from the Government conducted oversight of the work. The COR stated that he was responsible for oversight of the life support provided by DynCorp at Helmand RTC and the power plant upgrade was not yet considered life support. He further stated that he could not provide oversight of the power plant until the construction was complete, at which point the work will be deemed operations and maintenance and will fall under the life support at Helmand RTC. The COR stated that TPSO personnel inform him when new work is added to the contract for him to oversee; however, the COR stated no one from TPSO or DCMA notified him of the power plant upgrade. The COR also stated he was aware of the subcontract only because the DynCorp site manager inadvertently sent him a copy of the SOW for the power plant upgrade. The COR further stated that DynCorp provided the only oversight of the power plant upgrade work performed by the subcontractor. According to the COR, DynCorp had a licensed electrician onsite and that DynCorp quality assurance personnel based in Camp Pinnacle, Kabul, were responsible for oversight of the work. The COR stated that he periodically checked on the progress of the power plant upgrade to determine when his oversight responsibility will begin, but he stated that was the extent of his responsibility.

The RSC-SW Commander stated that he performed weekly visits to RTC Helmand to inspect the progress on the upgrade the power grid. The Commander stated that the upgrade to the power grid exceeded the technical scope of the COR assigned to RTC Helmand. Therefore, RSC-SW provided informal weekly military engineer visits, inspections, and technical oversight to ensure some level of government expertise guided the development of the plans and work.

According to the “ANP Training and Mentoring Contract Guide for Government Approval and Oversight of Contractor Purchasing and Invoicing,” April 27, 2011, the COR is the designated Government representative responsible for validating the services performed by the contractor on behalf of the Government. Further, the PCO informed us that she will update the guide to require that the COR verify that all items on the contractors’ invoices were received before the invoices can be paid. If the COR does not have oversight of the power plant upgrade, the COR cannot validate the purchases for the subcontract or certify the product when the work is complete. Without the proper oversight, CSTC-A has no assurance the goods and services they contracted for are being provided or that the work meets applicable standards. The DCMA ACO should ensure that there is a COR at Helmand RTC with the proper electrical expertise to oversee the power plant upgrade and ensure the work meets the applicable standards. If the onsite COR is to provide oversight of the work, the DCMA ACO and TPSO personnel should ensure that the COR is aware of his oversight responsibilities and has the requisite expertise. The DCMA-ACO and TPSO personnel should also ensure that oversight of the power plant upgrade is documented.

Suggested Actions

We suggest that the Commander, DCMA-Afghanistan:

- Determine whether an out of scope contract action occurred with DynCorp on contract W91CRB-11-C-0053 for the upgrade of the Helmand RTC power grid.
- Determine whether other suitable contracts exist for the Helmand RTC power grid upgrade effort. Consider:
 - taking action to transfer the upgrade to a more appropriate construction contract, or
 - creating a new contract with DynCorp using the other than full and open competition procedures based on FAR 6.302-2, Unusual and Compelling Urgency.
- Coordinate with the Executive Director, ACC-Rock Island to develop plans to prevent improperly increasing the scope of existing contracts, to include the development of formal communication plans to facilitate effective communication between PCOs in the continental United States and ACOs in contingency environments.

Additionally, we suggest that CSTC-A and DCMA Afghanistan personnel designate a COR to oversee and report on the Helmand RTC power plant upgrade, or ensure that the COR located at Helmand RTC is aware of all required oversight responsibilities and has the requisite expertise. DCMA Afghanistan and CSTC-A personnel should also ensure that any oversight of the power plant upgrade be documented.

Further, we suggest that the Deputy Commander for Programs, NTM-A/CSTC-A, review plans to ensure Regional Training Centers contain sufficient infrastructure to support planned training efforts.

We are performing this audit in accordance with generally accepted government auditing standards and are providing you these interim results, so you may start taking appropriate corrective actions. We anticipate issuing a draft report outlining the above issues identified as a result of the audit and the stated recommendations. We would like to give you credit in both the draft and final reports for any corrective actions taken as a result of this memorandum. Therefore, we request that you apprise us of all corrective actions you take or have taken to address the recommendations by February 10, 2012. Please contact

[REDACTED]

[REDACTED]

Program Director
Acquisition and Contract Management

Appendix C. Management Responses to Memorandum

CSTC-A Comments



HEADQUARTERS
NATO TRAINING MISSION – AFGHANISTAN
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
[REDACTED]

REPLY TO
ATTENTION OF

NTM-A/CSTC-A DCG-Support

3 February 2012

MEMORANDUM THRU

United States Forces - Afghanistan (CJIG), [REDACTED]
United States Central Command (CCIG), [REDACTED]

FOR Office of the Department of Defense – Inspector General, [REDACTED]
[REDACTED]

SUBJECT: NTM-A/CSTC-A Response to the DoD IG memorandum “Out of Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan”

1. Reference: Memorandum, dated 23 January 2012, Department of Defense Inspector General (DoD IG), subject as above.
2. The undersigned concurs with comments to the DoD IG’s memorandum.

[REDACTED]

EDWARD P. DONNELLY
Brigadier General, US Army
Deputy Commanding General for Support

Encl:
General Comments

Memorandum
“Out of Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan” (DoD IG Project No. D2011-D000AS-0271.000 Audit of the Afghan National Police Mentoring/Training and Logistics Support Contract)

NTM-A/CSTC-A
GENERAL COMMENTS ON THE MEMORANDUM

1. Page 7, Section “Suggested Actions” the Memorandum states:

CSTC-A and DCMA Afghanistan personnel designate a COR to oversee and report on the Helmand RTC power plant upgrade, or ensure that the COR located at Helmand RTC is aware of all required oversight responsibilities and has the requisite expertise. DCMA Afghanistan and CSTC-A personnel should also require that any oversight of the power plant upgrade be documented.

NTM-A/CSTC-A Response:

1. NTM-A/CSTC-A assigned a DCMA appointed Contracting Officer’s Representative (COR) to RTC Helmand on 16 June 2011. In accordance with the suggested actions, NTM-A/CSTC-A and DCMA have ensured that the COR is aware of all required oversight responsibilities in regards to the Afghan National Police Mentoring/Training and Logistics Support Contract. Regional Support Command-Southwest will support the COR with additional prime power technical expertise during the conduct of required audits of the power plant upgrade at RTC Helmand. NTM-A/CSTC-A and DCMA will ensure that oversight of the power plant upgrade is properly documented, to include audits, inspections, and minutes of project progress discussions and/or teleconferences. Additionally, Task Force Power is scheduled to inspect the project in late January 2012 in order to verify proper installation.

2. Page 8, Section “Suggested Actions” the Memorandum states:

Deputy Commanding General for Support, NTM-A/CSTC-A, review plans to ensure Regional Training Centers contain sufficient infrastructure to support planned training efforts.

NTM-A/CSTC-A Response:

2. NTM-A/CSTC-A (DCOM-SPO) developed a process in which all aspects associated with training at the RTCs have been properly assessed. This includes concerns that affect Manning the Force, Training the Force, Equipping the Force, Facilities and Sustainment. Currently DCOM-SPO is in the process of ensuring that any identified deficiencies with respect to infrastructure support and sustainability are properly addressed and resolved.

APPROVED BY:
COL Gregory Perchatsch
COL, SAO-A
Director

PREPARED BY:
Thomas. E. Davis
Deputy Program Manager, TPSO
NTM-A/CSTC-A
[REDACTED]

DCMA-Afghanistan Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
DCMA AFGHANISTAN



IN REPLY

REFER TO DCMA Afghanistan

10 February 2012

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION AND CONTRACT
MANAGEMENT, OFFICE OF INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Out of Scope Work for the Power Plant Upgrade at Helmand Regional Training
Center, Afghanistan

1. This responds to the recommendations for Commander, DCMA-Afghanistan on page 7 of
your memorandum, same subject, dated January 23, 2012, under the heading, "Suggested
Actions".

a. Suggestion: Determine whether an out of scope contract action occurred with DynCorp on
contract W91CRB-11-C-0053 for the upgrade of the Helmand RTC power grid.

DCMA-A response:

On 19 September 2012, the DCMA-A Administrative Contracting Officer (ACO) consented to
subcontract under the referenced contract in accordance with FAR 42.302(51). In accordance
with FAR Part 44, "consent to subcontract" is a process for ensuring that the proposed
subcontract is appropriate for the risks involved and consistent with current policy and sound
business judgment. Specifically, FAR 44.203(a) makes clear that unless otherwise specified, the
contracting officer's consent to a subcontract "does not constitute a determination of the
acceptability of the subcontract terms or price, or of the allowability of costs." Consent to
subcontract does not in and of itself authorize the contractor to perform work that is not included
in the contract. The role of determining what work is within the scope of the contract ultimately
resides with the Procuring Contracting Officer (PCO). Since the PCO has been involved with
this issue, DCMA-A defers to the PCO to make the scope determination for this case.

b. Suggestion: Determine whether other suitable contracts exist for the Helmand RTC power
grid upgrade effort. Consider:

- Taking action to transfer the upgrade to a more appropriate construction
contract, or
- Creating a new contract with DynCorp using the other than full and open
competition procedures based on FAR 6.302-2, Unusual and Compelling
Urgency

DCMA-A response: DCMA-A performs administrative functions for contracts that have been
delegated to it for that purpose; DCMA-A is not a procuring agency. Assessing various methods
and sources to contract for an effort is the responsibility of the requiring activity, in coordination

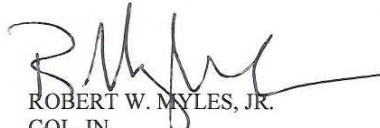
DCMA-A

Subject: Out of Scope Work for the Power Plant Upgrade at Helmand Regional Training Center,
Afghanistan

with its servicing contracting office. DCMA-A, therefore, defers to TPSO to determine whether other suitable contracts existed for this effort.

c. Suggestion: Coordinate with the Executive Director, ACC-Rock Island to develop plans to prevent improperly increasing the scope of existing contracts, to include the development of formal communication plans to facilitate effective communication between PCOs in the continental United States and ACOs in contingency environments.

DCMA-A response: DCMA-A concurs and will continue to strengthen communication with ACC-RI to bolster PCO/ACO coordination.



ROBERT W. MYLES, JR.
COL, IN
Commanding

Appendix D. Unsolicited Management Comments on Finding A and Our Response

Although not required to comment, the Executive Director, ACC-APG provided the following comments on finding A. For the full text of ACC-APG comments, see the Management Comments section of the report.

Management Comments on Undefined Contract Requirements

The Executive Director, ACC-APG, stated that the basis for our finding on undefined requirements was inaccurate. According to the Executive Director, ACC-APG, since the contract was for services performed in Afghanistan, the requirements of the contract were subject to vagaries, which was why they selected a cost-plus-fixed-fee contract type. The Executive Director stated that the uncertainties involved in the contract performance would not permit the use of a fixed price contract.

The Executive Director further stated that the Office of the Secretary of Defense was heavily involved in the solicitation and contract award phase and was aware that the requirements would change. The Executive Director also stated that the acquisition cycle was driven by the transfer of responsibility from the Department of State to the DoD, which generated a short turn-around time from the requirements development to contract award. According to the Executive Director, in order to facilitate a competitive environment, the requirements that were known at the time of solicitation created the basis for selecting the best value offeror. The Executive Director noted that the source selection withstood two GAO protests. The Executive Director stated that the urgent nature of the contract led to the necessity of balancing the changing requirements with the need to conduct a fair source selection as quickly as possible. He stated that ACC-APG, in coordination with DoD and Department of State, established the contract plan with the best information available at the time of solicitation and that the changes constituting 15 percent of the contract value was not a reflection of the adequacy of the plan, but the fluidity of the wartime environment.

Our Response

We did not indicate in Finding A that a fixed price type contract should be used and acknowledged the contract allowed changes to the requirements due to the wartime environment. As stated on report page 10, “the contract stated that because of the fluid situation in Afghanistan, the contractor must be able to provide support to additional facilities and expansion of existing facilities to support ANP force requirements; therefore, additional facilities requiring support would have been contemplated by all offerors during the competition. However, the contract modification adding the statement of work was issued less than 2 months after contract award, and added job categories, personnel qualifications, and reporting requirements that could not have been expected by the offerors during the contract competition.” Further, as indicated on report page 4, CSTC-A and ACC-APG personnel were aware that the SOW needed to be changed to reflect the situation on the ground before awarding the contract.

Management Comments on Contractor’s Program Management Costs

The Executive Director, ACC-APG, stated that it was improper to compare the contractor’s program management costs after contract modification to the costs proposed in response to the solicitation. The Executive Director stated that it was inappropriate to assume other offerors would not have responded to the requirements changes with additional program management costs and that it was an incomplete evaluation.

Our Response

We compared the solicitation cost proposals to costs proposed in modifications made after contract award because the contractor more than doubled the size and cost of their program office, to include 27 program management positions that should have been incorporated into DynCorp’s proposal for the basic contract. We understand that positions may be added due to changing contract requirements; however, the additional positions were not added as a result of contract changes. Report page 7 states “the contract specialist and contracting officer’s representative determined the contractor underbid on the ANP contract which resulted in additional program management costs after contract award.” Further, as stated on report page 8, “FAR 3.501 states that when a contractor submits an offer below their anticipated contract costs and subsequently increases the contract amount after award, those actions may decrease competition or result in poor contract performance. As a result, the best-value contractor may not have been awarded the contract because the final source selection was based on cost, and the costs of the ANP contract increased substantially since award.”

Management Comments on Source Selection

The Executive Director, ACC-APG, quoted our draft report statement “during contract competition, three contractors were considered equal in all areas except cost; therefore, ACC-APG contracting officials awarded the contract based on cost...As a result, the best-value contractor may not have been awarded the contract because the final source selection was based on cost, and the costs of the ANP contract increased substantially since award.” The Executive Director stated that the source selection process was conducted under FAR 15.101-1, tradeoff process, not 15.101-2, lowest price technically acceptable. According to the Executive Director, the award was made to the lowest cost offeror because it had an acceptable technical proposal and had the best past performance rating possible; therefore, the statement that final selection was based on cost was inaccurate. The Executive Director also stated that it was unreasonable to compare proposals submitted during solicitation to contract modifications made during contract performance.

Our Response

Our report did not state that the selection process was conducted under FAR 15.101-2, lowest price technically acceptable. Our statement “...three contractors were considered equal in all areas except cost; therefore, ACC-APG contracting officials awarded the contract based on cost,” acknowledged that the other areas were also considered, but

because they were equal, the decision was made based on cost. Further, as indicated in our previous response, we compared the costs to modifications made after contract award because the contractor more than doubled the size and cost of their program office, to include 27 program management positions that should have been incorporated into DynCorp's proposal for the basic contract. We understand that positions may be added due to changing contract requirements; however, 27 of the additional positions were not added as a result of contract changes.

North Atlantic Treaty Organization Training Mission- Afghanistan/Combined Security Transition Command- Afghanistan Comments



REPLY TO
ATTENTION OF

HEADQUARTERS
NATO TRAINING MISSION - AFGHANISTAN
COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

NTM-A/CSTC-A

26 APR 2012

MEMORANDUM THRU

United States Forces - Afghanistan (CJIG), APO AE 09356
United States Central Command (CCIG), MacDill AFB, FL 33621

FOR Office of the Department of Defense Inspector General (DoD IG), 4800 Mark Center
Drive, Alexandria, Virginia 23350

SUBJECT: NTM-A/CSTC-A Response to the Draft Report "Afghan National Police Contract
Requirements Were Not Clearly Defined but Contract Administration Improved" (DoD IG Audit
D2011-D000AS-0271.000)

1. Reference: Draft Report, dated 3 April 2012, Department of Defense Inspector General (DoD IG), subject as above.
2. The purpose of this memorandum is to provide formal comments to DoD IG's draft report.
3. Point of contact for this action is: [REDACTED]

Enclosure
General Comments on the Report

MATTHEW B. SCHWAB
COL, US Army
Director, SAO-A

DRAFT REPORT
“Afghan National Police Contract Requirements Were Not Clearly Defined but Contract Administration Improved” (DoD IG Audit D2011-D000AS-0271.000)

NTM-A/CSTC-A
GENERAL COMMENTS ON THE REPORT

Page 11, Section “Recommendations” the Report states:

A.2. We recommend that the Deputy Commanding General for Support, North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan verify that the contractor is not requesting additional funds for unnecessary program management positions before requesting the procuring contracting officer to modify the Afghan National Police contract.

NTM-A/CSTC-A Response:

Concur with Comment: Deputy Commanding General for Support (DCG-SPT), Security Assistance Office, Training Program Support Office (SAO-TPSO) project managers have instituted stakeholder meetings or teleconferences with the customer requirements owner, the DCMA COR, and the Acquisition Contracting Officer to validate requests for additional program support or additional funds. The stakeholders collectively verify that the contractor is not requesting additional funds for unnecessary positions. If the funding modification is validated, the TPSO Program Manager personally signs the request prior to submitting to the procuring contracting officer.

Page 18, Section “Recommendations” the Report states:

B.1. We recommend that the Deputy Commanding General for Support, North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan continue to monitor, address, and update any identified deficiencies related to infrastructure support and sustainability to support planned training efforts.

NTM-A/CSTC-A Response:

Concur with Comment: SAO TPSO has implemented weekly customer coordination meetings to enable greater information sharing on identified infrastructure support and sustainability deficiencies. Customer requirement owners, such as Deputy Commander for Support Operations (DCOM-SPO), monitor and review deficiencies and validate proposed corrective actions prior to any contract coverage or modifications.

APPROVED BY:
Matthew B. Schwab
COL, US Army
Director, SAO-A

PREPARED BY:
██████████
Program Manager, TPSO
NTM-A/CSTC-A
██████████

U.S. Army Materiel Command Comments



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
4400 MARTIN ROAD
REDSTONE ARSENAL, AL 35898-5000

AMCIR

MAY 7 2012

MEMORANDUM FOR Department of Defense Inspector General (DoDIG), ATTN:
[REDACTED] Program Director, Acquisition and Contract Management Audits,
4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Command Reply to DoDIG Draft Report – Afghan National Police Contract
Requirements Were Not Clearly Defined but Contract Administration Improved (Project No.
D2011-D000AS-0271.000)

1. The U.S. Army Materiel Command (AMC) has reviewed the subject draft report and the response from the U.S. Army Contracting Command (ACC). AMC endorses the enclosed ACC response.
2. The AMC point of contact is [REDACTED]

Encl

JOHN B. NERGER
Executive Deputy to the
Commanding General



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY CONTRACTING COMMAND
3334A WELLS ROAD
REDSTONE ARSENAL, AL 35898-5000

AMSCC-IR

24 APR 2012

MEMORANDUM FOR [REDACTED] Director, Internal Review and Audit Compliance
Office, Headquarters, U.S. Army Materiel Command, 4400 Martin Road, Redstone Arsenal, AL
35898

SUBJECT: Afghan National Police Contract Requirements Were Not Clearly Defined but
Contract Administration Improved, (Project No. D2011-D000AS-0271.000) (D1236) (10604)

1. Reference memorandum and audit report, Office of Inspector General – Department of
Defense, 3 April 2012, subject: same as above.
2. The Army Contracting Command (ACC) concurs with the enclosed comments provided by
ACC-Rock Island.
3. The ACC point of contact is [REDACTED]

Encl

CAROL E. LOWMAN
Executive Director



REPLY TO
ATTENTION OF:

CCRC

UNCLASSIFIED

DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND ROCK ISLAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-8000

APR 19 2012

FOR AMCIR, Attn: [REDACTED] U.S. Army Contracting
Command, 3334A Wells Road, Redstone Arsenal, AL 35898

SUBJECT: DoDIG Draft Report Project No. D2011-D000AS-0271.000
ANP Contract Requirements Were Not Clearly Defined but the
Transfer of Contract Management Resulted in Improvements to
Contract Administration

1. We have reviewed the subject report. Our comments are
enclosed.

2. The POC is [REDACTED]

ENCL

MICHAEL HUTCHISON
Executive Director
Army Contracting Command - Rock Island

UNCLASSIFIED

DoDIG Draft Report
Project No. D2011-D000AS-0271.000
ANP Contract Requirements Were Not Clearly
Defined but the Transfer of Contract
Management Resulted in Improvements to
Contract Administration

Finding A - Undefined Requirements:

Recommendations:

A.1. We recommend that the Executive Director, Army Contracting Command-Rock Island direct the procuring contracting officer to:

- a. Verify that the contractor is not requesting additional funds for unnecessary program management positions before modifying the Afghan National Police contract.
- b. Obtain a fair and reasonable price for any additional changes to the contract by performing a thorough cost analysis before negotiating a price and modifying the contract.

Command comments:

ACC-RI concurs with both recommendations from the DoDIG for Finding A and currently has procedures in place to ensure that these recommendations are currently being followed.

A.1.a. Since administrative duties of this contract were transferred to ACC-RI on 31 August 2011, the Procuring Contracting Officer (PCO) has not granted the contractor any requests for additional funds for unnecessary positions. Any requests for changes to the contract must initiate from the customer, through the Training Program Support Office (TPSO), to the PCO in the form of a formal memorandum. If DynCorp was to propose changes to the contract, the PCO would ensure that the TPSO coordinated with the customer and concurred on any changes to be made and documented the change in requirement in a memorandum. To date, DynCorp has not proposed any changes to the contract. Additionally, any changes that would be made resulting in a cost increase or decrease would have a technical evaluation completed by the TPSO and cost analysis completed by the ACC-RI Contract Pricing Division. The PCO would develop a Pre-Negotiation Objective Memorandum (POM) prior to negotiating the proposal with the contractor and modifying the contract.

A.1.b. Since the contract transferred to ACC-RI, the PCO has also ensured that no changes have been made to the contract without a thorough cost analysis. Before modifying the requirements of the contract, the PCO requires any and all changes to the Statement of Work, for both increases or decreases in the number of positions required under this contract, to come from the TPSO in the form of a memorandum that is signed by the customer directly affected by the change as well as the TPSO. As of 20 March 2012, the PCO has required that such TPSO concurrence be signed by either the TPSO Director or Deputy Director to ensure proper visibility of the requested change at the appropriate programmatic level. Once a properly signed memorandum is provided to the PCO, a proposal is then requested from DynCorp. The contract is only modified after obtaining a cost analysis, holding negotiations, and determining that the costs negotiated are fair and reasonable.

Finding B - Out of Scope Work for the Power Plant Upgrade at Helmand Regional Training Center, Afghanistan

B.2. We recommend that the procuring contracting officer, Army Contracting Command-Rock Island document a formal determination on whether an out-of-scope contract action occurred with DynCorp on contract W91CRB-11-C-0053 for the upgrade of the Helmand Regional Training Center power grid and take appropriate action based on the determination.

Command comments:

B.2. ACC-RI agrees with the recommendation given by DoDIG for Finding B. Prior to the DCMA ACO approving the upgrade of the Helmand (Lashkar Gar) Regional Training Center power grid, the PCO had advised it found this effort to be out-of-scope. The PCO has now documented her statements in a formal memorandum determining the requirement to upgrade the power grid was outside the scope of the contract. This memorandum, dated 3 April 2012, is filed in the contract file.

In accordance with FAR 6.302-2(a)(2), when the agency's need for the supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless the agency permitted to limit the number of sources from which it solicits bids or proposals, full and open competition need not be provided for. The PCO will take appropriate action of providing support for the award of the urgent requirement to upgrade the power grid at Helmand without competition by a

written justification and approval, which FAR 6.302-2(c)(1) states may be made and approved after contract award when preparation and approval prior to award would unreasonably delay the acquisition.

Additionally, the PCO held a meeting with the TPSO and DCMA ACO to discuss the processes for approving purchase requests and consents to subcontract; as a result of this meeting, the PCO refined the process for approvals in order to ensure that in the future any potential out-of-scope contract actions are handled appropriately. Prior to this meeting to refine the process, DynCorp was required to submit purchase requests and consents to subcontract directly to the ACO, who was then to coordinate with the TPSO and CORs to validate the request. As of 8 February 2012, DynCorp is now required to submit its requests directly to the TPSO, who will then coordinate with the customer and validate the requirement. If the TPSO runs into any issues with requests that are not validated by the customer or appear to be outside the scope of the contract, the TPSO will either reject the request or contact the PCO for a determination. Once the TPSO concurs on a purchase request or subcontract consent, TPSO will forward the signed request to the ACO, who will conduct its review. If the ACO has any issues with the price reasonableness of the proposed request, the ACO will reject the purchase or subcontract and return it to the contractor or contact the PCO for a determination. In the event the ACO rejects the request, the TPSO, the PCO, and DynCorp are simultaneously notified. This process change will ensure that all future requests are validated and within scope prior to submittal to the ACO for approval.

These procedures are in the process of being updated in the new Purchasing and Invoicing Guide for this contract. Final revisions to the guide are currently in process, and the PCO anticipates incorporating a revised Purchasing and Invoicing Guide into the contract via modification by 30 April 2012. However, all revised processes are currently being followed even though the document has not been completely updated and formally incorporated into the contract.

DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND—ROCK ISLAND
ROCK ISLAND, IL
MEMORANDUM FOR RECORD – CONTRACTING OFFICER’S IN-SCOPE DETERMINATION
CONTRACT W91CRB-11-C-0053

Afghan National Police/Ministry of Interior Development Program

1. On 16 September 2011, Army Contracting Command—Rock Island Contracting Office was notified of a requirement to upgrade the existing power grid at Lashkar Gah, Regional Training Center (RTC) Helmand. The power grid was in need of extensive repair in order to adequately support increased generators and power supply to be used by the facility. Failure to upgrade the power plant would result in a loss of power, which would inhibit the RTC’s ability to perform the mentoring and training mission, provide adequate life support for residents, and effectively secure the camp.

2. The current scope of contract W91CRB-11-C-0053 is to provide mentoring and training services in addition to maintenance and life support services in support of the Afghanistan Ministry of Interior (MoI) and Afghan National Police (ANP). Paragraph 3.6.1.3 of the Statement of Work (SOW) for the Maintenance and Life Support Services effort states, “The contractor shall perform corrective maintenance as required on all items and their subcomponents.” Paragraph 3.6.1.5.1 states, “The Contractor shall institute a commercial-off-the-shelf work order system that is integrated for all facilities/sites in which personnel (residents) may submit maintenance requests to the O&M Staff. These Work Orders shall be classified in two general areas : Emergency Repairs, items that impact resident’s health, i.e., sanitation, plumbing, electrical and fire hazards. Repaired within 24 hours...”

3. In an email dated 22 September 2011, the ACO stated that the work required to upgrade the power plant at Lashkar Gah was “more construction than O&M” and was not simply a corrective maintenance issue, therefore falling outside of the SOW O&M corrective maintenance requirement. Additionally, the work that was proposed to be performed would not have been completed within the 24 hour timeframe required for emergency repairs as required per the SOW. Instead, the power grid required extensive repairs and upgrades to adequately support the increased generators and power supply. This upgrade required the purchase and installation of a new power plant, installing a new concrete pad, cutting and installing trenches, plus site clearance and demobilization.

4. Based upon the above facts, the request to upgrade the existing power grid at Lashkar Gah did not fall into the category of an ‘Emergency Repair’, nor could be realistically be considered O&M or corrective maintenance in accordance with the requirements of the SOW. As a result, I hereby determine that this effort is NOT within the current scope of work for contract W91CRB-11-C-0053.



Date: 3 April 2012


Procuring Contracting Officer

Defense Contract Management Agency Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
3901 A AVENUE, BUILDING 10500
FORT LEE, VA 23801-1809

APR 20 2012

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION AND CONTRACT
MANAGEMENT, OFFICE OF INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Draft Report Project No. D2011-D000AS-0271.000 "Afghan National Police
Contract Requirements Were Not Clearly Defined but Contract Administration
Improved," dated April 3, 2012

REFERENCE: Draft Report Project No. D2011-D000AS-0271.000

We have attached the Headquarters, Defense Contract Management Agency's comments
to the recommendation as requested in the subject draft report.

Point of contact for [REDACTED]

for [Signature]
ROBERT J. GILBEAU
Rear Admiral, SC, USN
Commander, DCMA International

Attachments:
As stated

Draft Report Project No. D2011-D000AS-0271.000 "Afghan National Police Contract Requirements Were Not Clearly Defined but Contract Administration Improved," dated April 3, 2012

DCMA provides the following comments to the draft report.

RECOMMENDATION B.3: We recommend that the Commander, Defense Contract Management Agency- Afghanistan, review the actions of the administrative contracting officer related to the out of scope work added to the Afghan National Police Mentoring/Training and Logistics Support contract to determine whether any administrative actions are appropriate.

DCMA RESPONSE:

The Commander, DCMA Afghanistan, conducted a review of the Administrative Contracting Officer's (ACO) actions in January 2012 and concluded that the ACO acted outside his delegated authority. As a result, the ACO was counseled by the DCMA Afghanistan Central Commander and retrained on delegation authority, consent to subcontract requirements, and in-scope determinations. The ACO is no longer deployed to Afghanistan.

DCMA Afghanistan has also updated its delegation matrix to reflect that Consent to Subcontract, FAR 42.302a(51), will not be performed in theater. Additionally a theater-wide review of each administered contracts delegation matrix was conducted to ensure ACOs have a clear understanding of their authority and limitations.

Army Contracting Command-Aberdeen Proving Ground Comments



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY CONTRACTING COMMAND - ABERDEEN PROVING GROUND
4118 SUSQUEHANNA AVENUE
ABERDEEN PROVING GROUND, MD 21005-3013

CCAP

13 Apr 2012

MEMORANDUM FOR [REDACTED] Program Director Acquisition and Contract
Management, Department of Defense Inspector General

SUBJECT: Afghan National Police Contract Requirements Were Not Clearly Defined but
Contract Administration Improved (Project No. D2011-D000AS-0271.000)

1. Army Contracting Command – Aberdeen Proving Ground (ACC-APG) comments on the
subject draft report are enclosed.
2. Point of contact is [REDACTED]

Encl

Bryan J. Young
Bryan J. Young
Executive Director

ARMY CONTRACTING COMMAND – ABERDEEN PROVING GROUND (ACC-APG)
RESPONSE TO DRAFT DODIG REPORT FOR PROJECT NO. D2011-D000AS-0271.000

BACKGROUND

DoD Inspector General (DoDIG) conducted a review of contract W91CRB-11-C-0053, which was awarded by ACC-APG to DynCorp International LLC to provide mentoring/training and logistics support to the Afghan National Police through Combined Security Transition Command- Afghanistan (CSTC-A).

DoDIG concluded in Finding A that ACC-APG and CSTC-A, along with the International Security Assistance Force Joint Command, did not adequately define contract requirements before awarding the contract.

ACC-APG COMMENTS

1. The basis of Finding A, Undefined Requirements, is inaccurate. Because the contract is for services performed within Afghanistan, the requirements of the contract are subject to the vagaries of a wartime environment. The contract type, Cost Plus Fixed Fee, was selected specifically because the environment in which the contract is performed inherently creates circumstances that do not allow defining of requirements sufficiently to allow for a fixed price contract and the uncertainties known to be involved in contract performance would not permit costs to be estimated with sufficient accuracy to use any type of fixed price contract. The solicitation was issued with references made to known unknowns, as indicated on page 9 of the draft report.

It was known by the Office of the Secretary of Defense, who was heavily involved in the solicitation and contract award phases of this effort that the performance requirements would be changing. The types of services to be performed under this effort in the particular environment where these services are performed would create the expectation that change in the statement of work would occur during contract performance. The acquisition cycle time was driven by external events which necessitated a transfer of responsibility from Department of State to DoD. This generated an extremely short turn-around time from requirements development to contract award, particularly considering the value of the effort. In order to facilitate a competitive solicitation environment, the known requirements at the time of solicitation formed the basis for selecting the best value offeror to provide these services to the Government. The adequacy of the source selection withstood two GAO protests and a Court of Federal Claims case.

The urgent nature of the contract, as expressed by OSD throughout the acquisition lead time, led to the necessity of balancing changing requirements with the need to conduct a fair source selection as expeditiously as possible. As with any requirements performed within a wartime environment the plan itself may not survive initial contact with the enemy. The standard to

OFFICE SYMBOL: CCAP

SUBJECT: ACC-APG Response to DoDIG Project Number D2011-D000AS-0271.000

assess the initial plan is not that it requires changes, but that it is flexible enough to be changed and deliver required capability. ACC-APG, in coordination with DoD and Department of State, established the initial contract plan using the best information available at the time of solicitation. The fact that this planning subsequently required changes constituting 15% of the total contract value is not a reflection of the adequacy of the initial plan, rather it reflects the fluidity of the wartime environment.

2. Page 8 of the draft report indicates, "However, the DynCorp program office increases surpassed the cost of one of the competitor's final price proposals in the program management contract line item number."

To compare the costs of the contractor's program management costs after contract modification to the proposed costs of offers in response to the solicitation is improper. It is inappropriate to assume other offerors would not have responded to government requirements changes with additional costs in the program management contract line item. Therefore this comparison of only one contractor's changes is an "apples to oranges" comparison. This type of evaluation is incomplete.

3. Page 8 of the draft report indicates, "During contract competition, three contractors were considered equal in all areas except cost; therefore, ACC-APG contracting officials awarded the contract based on cost...As a result, the best-value contractor may not have been awarded the contract because the final source selection was based on cost, and the costs of the ANP contract increased substantially since award."

This source selection was conducted under FAR 15.101-1, Tradeoff process, not 15.101-2, Lowest price technically acceptable source selection process. The award was made to the lowest cost offeror in this instance because it also had an Acceptable technical proposal and was evaluated to have the best Past Performance rating possible under the solicitation. Therefore, the statement that the "final source selection was based on cost" is inaccurate. The final award was made based upon the best value presented to the government as a result of proposals received in response to the government's solicitation. It is unreasonable to compare proposals submitted in response to a solicitation and subsequent contract modifications made during the performance period of a contract.



Inspector General Department of Defense

