



Highlights of [GAO-11-771T](#), a report to Senate Subcommittee on Contracting Oversight, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The Departments of Defense (DOD) and State (State) and the United States Agency for International Development (USAID) have collectively obligated billions of dollars for contracts and assistance to support U.S. efforts in Afghanistan. The work of GAO and others has documented shortcomings in DOD's contract management and oversight, and its training of the non-acquisition workforce. Addressing these challenges can help DOD meet warfighter needs in a timely and cost-conscious manner; mitigate the risks of fraud, waste, and abuse; and minimize the operational risks associated with contractors.

This testimony addresses the extent to which (1) DOD's Contracting Officer's Representatives (COR) are prepared for their roles and responsibilities and provide adequate contract oversight in Afghanistan; (2) DOD, State, and USAID vet non-U.S. firms for links to terrorist and insurgent groups in Afghanistan; and (3) DOD has implemented GAO's past recommendations. The testimony is based on GAO's recently published reports and testimonies on operational contract support, including a June 2011 report on vetting of non-U.S. vendors in Afghanistan, as well as providing preliminary observations as a result of ongoing audit work in Afghanistan. GAO's work included analyses of a wide range of agency documents, and interviews with defense officials including CORs, contracting officers, and contract management officials in the United States and Afghanistan.

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OPERATIONAL CONTRACT SUPPORT

Actions Needed to Address Contract Oversight and Vetting of Non-U.S. Vendors in Afghanistan

What GAO Found

DOD has taken actions to better prepare CORs to conduct contract oversight and management in Afghanistan; however, CORs are not fully prepared for their roles and responsibilities to provide adequate oversight there. To improve the capability of CORs to provide contract management and oversight in contingencies, DOD has developed a new, contingency-focused COR training course, issued new guidance, and developed a COR certification program. Nonetheless, gaps in the training exist. For example, according to DOD personnel in Afghanistan, the required training does not provide CORs with enough specificity about contracting in Afghanistan, such as information about the Afghan First Program, which encourages an increased use of local goods and services, or working with private security contractors. Also, whether a COR has relevant technical expertise is not always considered prior to assigning an individual to oversee a contract, even though CORs have a significant role in determining if products or services provided by the contractor fulfill the contract's technical requirements. However, according to officials, some CORs appointed to oversee construction contracts have lacked necessary engineering or construction experience, in some cases resulting in newly constructed buildings that were to be used by U.S. or Afghan troops having to be repaired or rebuilt. According to CORs and commanders in Afghanistan, poor performance on construction contracts has resulted in money being wasted, substandard facilities, and an increased risk to bases. For example, contracting officials from one regional contracting center told GAO that construction of guard towers at a forward operating base was so poor that they were unsafe to occupy.

DOD and USAID have both established processes to vet non-U.S. vendors in Afghanistan, but GAO has identified limitations; additionally, State has not yet developed a vendor vetting process. The purpose of DOD's vetting process begun in August 2010—which includes the examination of available background and intelligence information—is to reduce the possibility that insurgents or criminal groups could use U.S. contracting funds to finance their operations. Additionally, in January 2011 USAID also began to implement a process to vet prospective non-U.S. contract and assistance recipients (i.e., implementing partners) in Afghanistan. GAO made recommendations, such as to formalize their vetting processes, which, both agencies concurred with. For example, USAID signed a mission order in May 2011 codifying the details of its vetting process. As of May 2011, State had not developed a vendor vetting process for non-U.S. vendors in Afghanistan, though officials stated they are considering several options.

GAO has made numerous recommendations in areas such as developing guidance, tracking contractor personnel, providing oversight personnel, and training, and DOD has made strides in addressing some of them. However, it has not fully implemented other previous recommendations, such as ensuring training for commanders and senior leaders and improvements to the contracting personnel tracking system in Afghanistan.