



Highlights of [GAO-12-750](#), a report to congressional committees

Why GAO Did This Study

State has taken on unprecedented responsibilities in Iraq and Afghanistan. In doing so, it has relied heavily on contractors. For some critical goods and services, such as fuel, security, and basic support like dining and laundry services, State turned to DOD to acquire the goods and services on its behalf through interagency acquisitions. Because of the risks associated with assisted interagency acquisitions, agencies need to carefully consider whether their use is a sound business decision and formally document roles and responsibilities in interagency agreements.

To better understand how State is managing its responsibilities in Iraq and Afghanistan, GAO evaluated (1) the nature and extent of State's reliance on DOD for the acquisition of critical goods and services, (2) factors that contributed to this reliance, and (3) whether State and DOD are making and implementing decisions regarding this reliance consistent with regulation and guidance. GAO reviewed documentation for 22 acquisitions, including State's requests for assistance, comparing them to regulation and guidance.

What GAO Recommends

GAO recommends that State assess its planning for sufficient and appropriate acquisition personnel and that State and DOD take certain steps to bring existing and planned interagency acquisitions into compliance with regulation and guidance and resolve their positions on State's payment for DOD's services. Both State and DOD agreed with the recommendations.

View [GAO-12-750](#). For more information, contact John P. Hutton at (202) 512-4841 or huttonj@gao.gov.

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IRAQ AND AFGHANISTAN

State and DOD Should Ensure Interagency Acquisitions Are Effectively Managed and Comply with Fiscal Law

What GAO Found

To help the Department of State (State) meet its requirements for critical goods and services in Iraq and Afghanistan, the Department of Defense (DOD) supported State on 22 acquisitions. On State's behalf, DOD awarded and manages 20 acquisitions, known as assisted interagency acquisitions, under the authority of the Economy Act with an estimated value of almost \$1 billion for basic support goods and services and security services. DOD also supported two of State's acquisitions for medical services and unmanned aerial vehicles. Across the 22 acquisitions, DOD has been involved in one or more aspects of the acquisition cycle, including planning, award, management, and oversight. GAO identified at least 128 DOD personnel with contracting and subject matter expertise who provided support for these acquisitions.

In justifying requests in 2010 for DOD's acquisition assistance, State officials cited the urgency of ensuring requirements were met as the two departments prepared for U.S. military forces to withdraw from Iraq at the end of 2011. Underlying that sense of urgency was the insufficient capacity and expertise of State's acquisition workforce. Specifically, State and DOD concluded that State lacked sufficient personnel, both in numbers and expertise, to conduct acquisition activities and that it did not have the requisite time to increase its workforce to the capacity required to have contracts in place following the transition to a State-led presence in Iraq. State has taken some steps to address the acquisition workforce gaps that prompted it to seek DOD's help. However, State has not fully assessed whether its effort to increase its workforce is sufficient to meet requirements; it has the proper skill and government/contractor mix; or it has sufficient numbers of qualified oversight personnel to support its own acquisition efforts in Iraq and Afghanistan in the future.

State and DOD did not comply with requirements for use and management of assisted acquisitions. For 12 of the 20 assisted acquisitions GAO reviewed, State did not comply with Office of Management and Budget and Federal Acquisition Regulation requirements for determining that using DOD contracts was the best procurement approach. For example, State did not assess the cost-effectiveness of using DOD's contracts for five of the interagency acquisitions. Further, State and DOD did not meet requirements for interagency acquisition agreements in 13 cases, resulting in confusion regarding oversight responsibilities and payment for DOD's assistance. Accordingly, the departments' positions regarding State's payment of DOD's costs prior to 2012 in connection with the award and administration of some acquisitions remain unresolved and the departments risk noncompliance with fiscal law. Some lessons have been learned since State's 2010 requests for DOD's acquisition assistance in Iraq. However, poor compliance with interagency acquisition requirements and missed opportunities to fully understand costs and needs for goods and services continue to limit State's ability to conduct acquisition planning. Over the next 18 months, as key contracts for Iraq are set to expire and the U.S. presence in Afghanistan evolves, the departments' opportunity is shrinking to determine whether continued reliance is appropriate or State should develop its own capacity. Otherwise, State risks again relying on assisted acquisitions with DOD by default rather than through sound business decisions.