

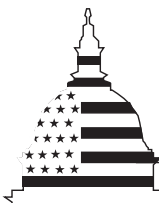
GAO

Report to the Subcommittee on
Readiness and Management Support,
Committee on Armed Services, U.S.
Senate

June 2003

MILITARY OPERATIONS

Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans



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Highlights of [GAO-03-695](#), a report to the Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

The Department of Defense (DOD) uses contractors to provide a wide variety of services for U.S. military forces deployed overseas. We were asked to examine three related issues: (1) the extent of contractor support for deployed forces and why DOD uses contractors; (2) the extent to which such contractors are considered in DOD planning, including whether DOD has backup plans to maintain essential services to deployed forces in case contractors can no longer provide the services; and (3) the adequacy of DOD's guidance and oversight mechanisms in managing overseas contractors efficiently.

What GAO Recommends

We are making a number of recommendations to the Secretary of Defense to improve the oversight and management of contractors' supporting deployed forces. These include (1) conducting required reviews to identify mission essential services provided by contractors and include them in planning; (2) developing and implementing the use of standard language for contracts; and (3) developing comprehensive guidance and doctrine to help the services manage contractors' supporting deployed forces. DOD agreed with most of our recommendations but believed a section of one was too burdensome. We do not agree and have retained the recommendation its entirety.

www.gao.gov/cgi-bin/getrpt?GAO-03-695.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Neal Curtin at (757) 552-8111 or curtinn@gao.gov.

MILITARY OPERATIONS

Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans

What GAO Found

While DOD and the military services cannot quantify the totality of support that contractors provide to deployed forces around the world, DOD relies on contractors to supply a wide variety of services. These services range from maintaining advanced weapon systems and setting up and operating communications networks to providing gate and perimeter security, interpreting foreign languages, and preparing meals and doing laundry for the troops. DOD uses contractor services for a number of reasons. In some areas, such as Bosnia and Kosovo, there are limits on the number of U.S. military personnel who can be deployed in the region; contract workers pick up the slack in the tasks that remain to be done. Elsewhere, the military does not have sufficient personnel with the highly technical or specialized skills needed in-place (e.g., technicians to repair sophisticated equipment or weapons). Finally, DOD uses contractors to conserve scarce skills, to ensure that they will be available for future deployments.

Despite requirements established in DOD guidance (Instruction 3020.37), DOD and the services have not identified those contractors that provide mission essential services and where appropriate developed backup plans to ensure that essential contractor-provided services will continue if the contractor for any reason becomes unavailable. Service officials told us that, in the past, contractors have usually been able to fulfill their contractual obligations and, if they were unable to do so, officials could replace them with other contractor staff or military personnel. However, we found that this may not always be the case.

DOD's agencywide and servicewide guidance and policies for using and overseeing contractors that support deployed U.S. forces overseas are inconsistent and sometimes incomplete, as in the following examples:

- Of the four services, only the Army has developed substantial guidance for dealing with contractors.
- DOD's acquisition regulations do not require any specific contract clauses or language to cover possible overseas deployments or changes in deployment locations for contract workers. Of 183 contractor employees planning to deploy with an Army division to Iraq, for example, some did not have deployment clauses in their contracts. This omission can lead to increased contract costs as well as delays in getting contractors into the field.
- At the sites that we visited in Bosnia, Kosovo, and the Persian Gulf, we found that general oversight of contractors appeared to be sufficient but that broader oversight issues existed. These include inadequate training for staff responsible for overseeing contractors and limited awareness by many field commanders of all the contractor activities taking place in their area of operations.

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United States General Accounting Office
Washington, DC 20548

June 24, 2003

The Honorable John Ensign
Chairman
The Honorable Daniel K. Akaka
Ranking Minority Member
Subcommittee on Readiness and Management Support
Committee on Armed Services
United States Senate

The U.S. military has long used contractors to provide supplies and services to deployed U.S. forces, and more recently contractors have been involved in every major military operation since the 1991 Gulf War, including the recent war in Iraq. Although the Department of Defense (DOD) considers contractors to be part of the total force, neither DOD nor the services know the totality of contractor support being provided to deployed forces.¹ However, military officials believe that the use of contractors for support to these forces has increased significantly since the 1991 Gulf War. Factors that have contributed to this increase include reductions in the size of the military, an increase in the numbers of operations and missions undertaken, and increasingly sophisticated weapons systems. You asked us to assess (1) the extent of contractor support to deployed U.S. forces and why DOD uses contractors; (2) the extent to which such contractors are considered in DOD planning, including whether DOD has backup plans to maintain essential services to deployed forces in case contractors can no longer provide them; and (3) the adequacy of guidance and oversight mechanisms in place to manage contractors effectively.

As agreed with your staff, we focused our efforts in the Balkans and Southwest Asia because the contractors in those theaters provide a broad range of contractor support activities. We examined a wide range of contracts in order to assess the diversity of contractor support and met with officials at all levels of command to gain a comprehensive

¹ Neither DOD nor the services have a single point that collects information on contracts to support deployed forces. As a result, DOD could provide us no information on the total cost of contractor support to deployed forces. However, based on the information and contracts we obtained during our review, we estimate that the costs of contractor support to deployed forces will exceed \$4.5 billion for the period fiscal years 2000 through 2005.

understanding of the contracting and contract management and oversight processes. We did not, however, compare the cost of contractors versus the cost of military personnel or make policy judgments on whether the use of contractors is desirable. We conducted our review from August 2002 through April 2003 in accordance with generally accepted government auditing standards. We discuss our scope and methodology in more detail in appendix I.

Results in Brief

DOD uses contractors to provide U.S. forces that are deployed overseas with a wide variety of services because of force limitations and a lack of needed skills. The types of services contractors provide to deployed forces include communication services, interpreters, base operations services, weapons systems maintenance, gate and perimeter security, intelligence analysis, and oversight over other contractors. The military uses contractors to support deployed forces for several reasons. One reason is that in some deployed areas, such as Bosnia and Kosovo, the Executive Branch has limited the number of U.S. military personnel who can be deployed in those countries at any one time. When these limits, known as force caps, are in place, contractors replace soldiers so that the soldiers will be available to undertake activities with the potential for combat. A second reason that DOD uses contractors is because either the required skills are not available in the military or are only available in limited numbers and need to be available to deploy for other contingencies. For example, when the Air Force deployed the Predator unmanned aerial vehicle, it required contractor support because the vehicle is still in development and the Air Force has not trained service members to maintain the entire vehicle. Finally, DOD uses contractors to conserve scarce skills to ensure that they will be available for future deployments.

DOD has not fully included contractor support in its operational and strategic plans. As early as 1988, DOD was aware of the need to identify contractors providing essential services but has done little to do so in the ensuing 15 years. In 1991, DOD instructed its components to identify essential services provided by contractors and develop plans to ensure the continuation of those services should contractors become unavailable. However, we found that DOD components have not conducted the directed reviews to identify those contracts providing essential services. We also found little in the way of backup plans in operational plans or as separate documents, finding only one written backup plan among the locations we visited, which included the Balkans and several Persian Gulf countries. Many service officials told us that contractors have supported contingencies in the past and, in their opinion, it was unlikely that

contractors would not be available to provide support to deployed forces. While most contractors with whom we met in the Persian Gulf stated their intention to remain in the event of war with Iraq, contractor employees, could become unavailable due to enemy attack or accidents. Some commanders noted that although they have not formalized backup plans, they assumed that should contractor support become unavailable, the personnel needed to continue the service would be provided either by other contractors or from military units. However, without firm plans, there is no assurance that the personnel needed to provide the essential services would be available when needed. Finally, DOD has done little to include contractor support in its strategic human capital planning.

While individual contract oversight in deployed locations appeared to be sufficient, we identified a number of broader issues associated with managing contractor support. At the sites we visited, contract oversight personnel for individual contracts were in place, and military members we spoke to were generally satisfied with contractor performance and service. However, broader oversight is lacking in key areas, making it difficult for commanders to manage contractors effectively. For example, visibility of all contractor support at a specific location is practically nonexistent at the combatant commands, component commands, and deployed locations we visited except in Bosnia, where a concerted effort has been undertaken to identify all contractor support. As a result, commanders at deployed locations have limited visibility and understanding of all contractor activity supporting their operations and frequently have no easy way to get answers to questions about contractor support. This lack of visibility inhibits the ability of commanders to resolve issues associated with contractor support such as force protection issues and the provision of support to the contractor personnel. Guidance at the DOD, combatant-command, and service levels regarding the use of contractors to support deployed forces varies widely, and mechanisms for managing these contractors are inconsistent, creating challenges that may hinder the efficient use of contractors. Only the Army has developed substantial guidance and policies to deal with contractor support to deployed forces. In addition, there is no standardization of necessary contract language for deployment of contractors. This situation can increase costs to the government as well as impede the local commander's ability to provide force protection and support to contractor personnel.

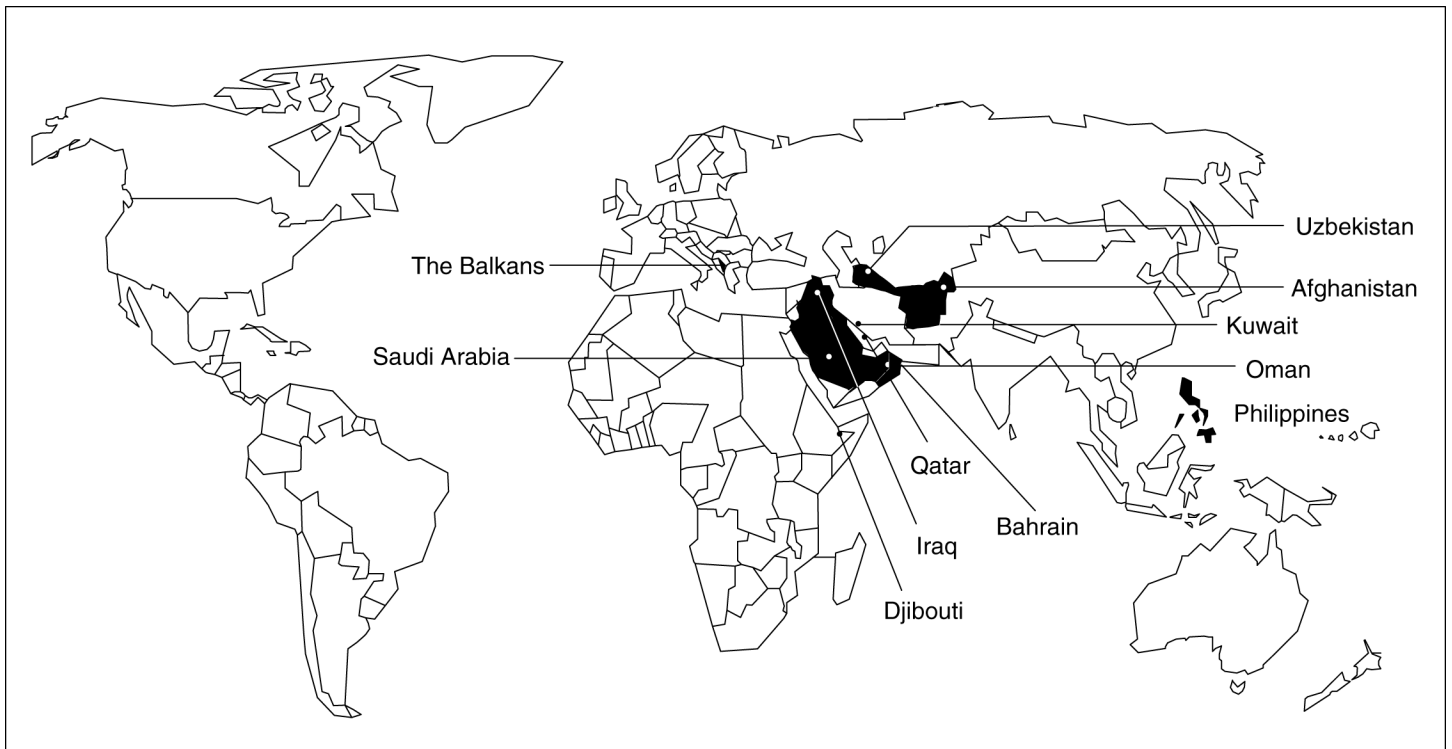
We are making a number of recommendations to improve guidance, training, and contractor visibility at all levels of command.

In written comments on a draft of this report, DOD agreed with three of our recommendations and partially agreed with three others. We modified two of our recommendations to address DOD's concerns. However, DOD expressed concern that our recommendation to provide commanders more information about the contracts used to support deployed forces could be overly burdensome. We continue to believe all the recommendations have merit and will not impose an undue burden. A detailed discussion of DOD's comments and our response is contained in the body of this report.

Background

Since the early 1990s, DOD has used contractors to meet many of its logistical and operational support needs during combat operations, peacekeeping missions, and humanitarian assistance missions, ranging from Somalia and Haiti to Bosnia, Kosovo, and Afghanistan. Today, contractors are used to support deployed forces at a number of locations around the world as figure 1 shows.

Figure 1: Selected Countries Where Contractors Are Supporting Deployed Forces, As of April 2003



Source: GAO.

A wide array of DOD and non-DOD agencies can award contracts to support deployed forces. Such contracts have been awarded by the individual services, DOD agencies, and other federal agencies. These contracts typically fall into three broad categories—theater support, external support, and systems support. Theater support contracts are normally awarded by contracting agencies associated with the regional combatant command, for example, U.S. Central Command or service component commands like U.S. Army-Europe or by contracting offices at deployed locations such as Bosnia and Kosovo. Contracts can be for recurring services—such as equipment rental or repair, minor construction, security, and intelligence services—or for the one time delivery of goods and services at the deployed location. External theater contracts are awarded by commands external to the combatant command or component commands, such as the Defense Logistics Agency, the U.S. Army Corps of Engineers, and the Air Force Civil Engineer Support Agency. Under external support contracts, contractors are generally

expected to provide services at the deployed location. The Army's Logistics Civil Augmentation Program contract² is an example of an external theater contract. Finally, system contracts provide logistics support to maintain and operate weapons and other systems. Systems may be new or long-standing ones, and often the contracts are intended to support units at their home stations. These types of contracts are most often awarded by the commands responsible for building and buying the weapons or other systems. Within a service or agency, numerous contracting officers, with varying degrees of knowledge about the needs of contractors and the military in deployed locations, can award contracts that support deployed forces.

Depending on the type of service being provided under a contract, contractor employees may be U.S. citizens, host country nationals,³ or third country nationals.⁴ Contracts to support weapons systems, for example, usually require U.S. citizens, while contractors that provide food and housing services frequently hire local nationals or third country nationals.

DOD Uses Contractors for a Wide Range of Services Because of Force Size Limitations and a Lack of Military Capability and Capacity

Contractors provide the military with a wide variety of services from food, laundry, and recreation services to maintenance of the military's most sophisticated weapons systems. DOD uses contractors during deployments because limits are placed on the number of U.S. military personnel assigned to a region, required skills may not be available in the service, or the services want to husband scarce skills to ensure that they are available for other contingencies.

² The Army's Logistics Civil Augmentation Program contract was established by the Army in 1985 as a means to (1) preplan for the use of contractor support in contingencies or crises and (2) take advantage of existing civilian resources in the United States and overseas to augment active and reserve forces.

³ A host country national is an employee of a contractor who is a citizen of the country where the work is being performed.

⁴ A third country national is an employee of a contractor who is neither a citizen of the United States nor the host country.

Contractors Provide a Full Spectrum of Services to DOD's Deployed Forces

Contractors provide a wide range of services at deployed locations. The scope of contractor support often depends on the nature of the deployment. For example, in a relatively stable environment such as the Balkans, contractors provide base operations support services such as food, laundry, recreational, construction and maintenance, road maintenance, waste management, fire-fighting, power generation, and water production and distribution services. Contractors also provide logistics support such as parts and equipment distribution, ammunition accountability and control, and port support activities as well as support to weapons systems and tactical vehicles. In a less secure environment, as was the case shortly after U.S. forces deployed to Afghanistan, contractors principally provided support to weapons systems such as the Apache helicopter and chemical and biological detection equipment. Table 1 illustrates some types of contractor support provided at selected deployed locations. We were completing our work as the 2003 war with Iraq began and so were unable to fully ascertain the extent of contractor support to U.S. forces inside Iraq.

Table 1: Selected Services Provided by Contractors in Deployed Locations

Service	Balkans	Southwest Asia	Central Asia
Weapons systems support	X	X	X
Intelligence analysis	X	X	X
Linguists	X	X	X
Base operations support	X	X	X
Logistics support	X	X	
Prepositioned equipment maintenance		X	
Non-tactical communications	X	X	
Generator maintenance	X	X	X
Biological/chemical detection systems		X	X
Management and control of government property	X	X	X
Command, control, communications, computers, and intelligence	X	X	X
Continuing education	X		
Fuel and material transport	X	X	X
Security guards	X	X	
Tactical and non-tactical vehicle maintenance	X	X	
Medical service		X	
Mail service	X		

Source: GAO.

DOD Uses Contractors Because of Limits on Force Size and a Lack of Military Capability and Capacity

Limits on the number of military personnel allowed in an area, called “force caps”, lead DOD to use contractors to provide support to its deployed forces. In some countries or regions the size of the force is limited due to law, executive direction, or agreements with host countries or other allies. For example, DOD has limited U.S. troops to 15 percent of the North Atlantic Treaty Organization force in Kosovo while the Philippine government limited the number of U.S. troops participating in a recent deployment to 660. Since contractors are not included in most force caps, as force levels have been reduced in the Balkans, the Army has substituted contractors for soldiers to meet requirements that were originally met by soldiers. In Bosnia, for example, the Army replaced soldiers at the gate and base perimeter with contracted security guards. In Kosovo, the Army replaced its firefighters with contracted firefighters as the number of troops authorized to be in Kosovo decreased.⁵ By using contractors the military maximizes its combat forces in an area.

In some cases, DOD lacks the internal resources to meet all the requirements necessary to support deployed forces. The military services do not always have the people with specific skill sets to meet the mission. Army National Guard members deployed to Bosnia told us that they used contractors to maintain their Apache and Blackhawk helicopters because the Guard has no intermediate maintenance capability.^{6,7} In addition, recently fielded systems and systems still under development may have unique technical requirements for which the services have not had time to develop training courses and train service personnel. For example, when the Army’s 4th Infantry Division deployed in support of the recent war in Iraq, about one-third of the 183 contractor employees that deployed with the division deployed to support the high tech digital command and control systems still in development. Similarly, when the Air Force deployed the Predator unmanned aerial vehicle, it required contractor support because the vehicle is still in development and the Air Force has not trained service members to maintain the Predator’s data link system.

⁵ As of October 2002, the Army estimated that contractors outnumbered military members 2 to 1 in the Balkans.

⁶ In the active Army both contractors and soldiers maintain Apache and Blackhawk helicopters.

⁷ Intermediate level maintenance is generally responsible for repairs to aircraft components such as engines, avionics, and armaments as well as the helicopter airframe. In addition, intermediate level maintenance may also undertake some of the tasks the helicopter unit is normally responsible for such as major inspections.

In addition, some weapons systems, such as the Marine Corp's new truck, were designed to be at least partially contractor supported from the beginning, or the services made the decision to use contractor support because the limited number of assets made contractor support cost effective in DOD's judgment. For example, the Army's Guardrail surveillance aircraft is entirely supported by contractors because, according to Army officials, it was not cost effective to develop an organic maintenance capability for this aircraft.

The increasing reliance on the private sector to handle certain functions and capabilities has further reduced or eliminated the military's ability to meet certain requirements internally. For example, at Air Force bases in the United States contractors now integrate base telephone networks with local telephone systems. Since the Air Force eliminated this internal capability to integrate the base telephone network with the local telephone networks, it no longer has the military personnel qualified to perform this task at deployed locations. Also, the use of commercial off-the-shelf equipment results in an increased use of contractors. For example, the Air Force and the Navy use commercial communications systems at deployed locations in Southwest Asia and support this equipment with contractors. According to one Navy official with whom we spoke, the Navy uses contractors because it does not train its personnel to maintain commercial systems.

In other cases, required skills are limited, and there is a need to conserve high-demand, low-density⁸ units for future operations. Air Force officials in Southwest Asia told us that they use contractors to maintain the generators that provide power to the bases there because the Air Force has a limited number of qualified maintenance personnel, and their frequent deployment was having a negative impact on retention.

Impact of Contractors on Training

While most commanders believed that replacing service members with contractors in deployed locations had no negative impact on the training of military members, some believed that service members who did not deploy with their units were missing valuable training opportunities. We found opinions varied depending on the skill or military occupation that

⁸ These are military units that are in high demand since their unique capabilities make them essential for a wide range of military operations. However, there are relatively few of these units. Hence, both their rate and length of deployment tends to be longer than for other military units.

was being replaced. For example, commanders told us that food service personnel and communications personnel would not benefit from deploying to Bosnia and Kosovo at this time because these locations no longer replicate field conditions, rather they more closely resemble bases in Germany or the United States. Other commanders told us that they believed that logistics personnel as well as vehicle maintenance personnel were missing the opportunity to work in high volume situations in a more intense environment.

At some locations, contractor employees who work with military personnel are providing training although such training may not be a requirement of the contract. Contractors are training soldiers on systems they ordinarily would not be exposed to, such as specially modified high mobility multipurpose wheeled vehicles (Humvees) in Bosnia and commercial power generators in Kuwait. They also train soldiers to operate and maintain the newest technologies, such as computers and communications systems supporting intelligence operations in Southwest Asia. Training is comprised of not only hands-on experience but often structured training classes as well.

DOD and the Services Have Not Identified Essential Services Provided by Contracts or Developed Plans for Their Continuation Should Contractors Not Be Available

Contractors provide DOD with a wide variety of services at deployed locations, and while DOD uses contractors as part of the total force mix and recognizes the need to continue essential contractor services⁹ during crises, it has not included them in operational and strategic planning. DOD policy requires its components¹⁰ to annually review all contractor services, including new and existing contracts to determine which services will be essential during crisis situations. Where there is a reasonable doubt about the continuation of essential services during crisis situations by the contractor, the cognizant component commander is required to prepare a contingency plan for obtaining the essential service from alternate sources. However, we found that the required contract reviews were not done, and there was little in the way of backup plans. Many commanders assumed that other contractors or military units would be available to provide the essential service if the original contractors were no longer available. However, the commanders had no way of knowing if these assets would actually be available when needed. Additionally, DOD has not integrated its contractor workforce into its human capital strategy.

DOD Has Directed the Identification of Contractor-Provided Essential Services That Need to Continue During Crises

As early as 1988, DOD noted the lack of a central policy or an oversight mechanism for the identification and management of essential contractor services. A DOD Inspector General report,¹¹ issued in November 1988, noted that DOD components could not ensure that the emergency essential services performed by contractors would continue during a crisis or hostile situation. The report also stated that there was “no central oversight of contracts for emergency essential services, no legal basis to compel contractors to perform, and no means to enforce contractual terms.” The report recommended that all commands identify (1) “war-stopper” services that should be performed exclusively by military personnel and (2) those services that could be contracted out, if a contingency plan existed, to ensure continued performance if a contractor

⁹ According to DOD Instruction 3020.37, contractor services are considered essential when (1) DOD components may not have military or civilian employees to perform these services immediately or (2) the effectiveness of defense systems or operations may be seriously impaired and interruption is unacceptable when those services are not available immediately.

¹⁰ DOD components include the Military departments, the Joint Staff, the Combatant Commands, and the Defense agencies.

¹¹ Audit Report, Office of the Inspector General, Department of Defense, *Retention of Emergency-Essential Civilians Overseas During Hostilities*, Report Number 89-026 (Washington, D.C.: Nov. 7, 1988).

does not perform. DOD concurred with the reports findings and recommendations and drafted a directive to address them. This effort led to the issuance of DOD Instruction 3020.37,¹² in November 1990, which addresses the continuation of essential contractor services during crisis situations.

In 1991, the Department of Defense Inspector General reported¹³ on this issue again. The Inspector General reported that generally “contingency plans did not exist to ensure continued performance of essential services if a contractor defaulted during a crisis situation.” The Inspector General’s report also stated that there was no central policy or oversight for the identification and management of essential services until DOD Instruction 3020.37 was issued. The Inspector General’s report noted that none of the major or subordinate commands that they visited could provide them with data concerning all contracts vital to combat or crisis operations. The report concluded that although DOD’s instruction provided the needed central policy that promotes the continuation of emergency essential services during crises and hostile situations, the instruction needed revision to provide additional assurances such as the identification of war-stopper services and an annual reporting system identifying the numbers of emergency essential contracts and their attendant personnel. DOD concurred with the report findings but believed that since DOD Instruction 3020.37 had just been issued, the services and agencies should be given time to implement it.

**DOD Instruction 3020.37
Requires Component Heads to
Take Action**

DOD Instruction 3020.37 assigns responsibilities and prescribes procedures to implement DOD policy to assure that components (1) develop and implement plans and procedures that are intended to provide reasonable assurance of the continuation of essential services during crisis situations and (2) prepare a contingency plan for obtaining the essential service from alternate sources where there is a reasonable doubt about the continuation of that service. Responsibility for ensuring that all contractor services are reviewed annually, to include new and existing contracts, to determine which services will be essential during crisis situations rests with the heads of DOD components. They must also

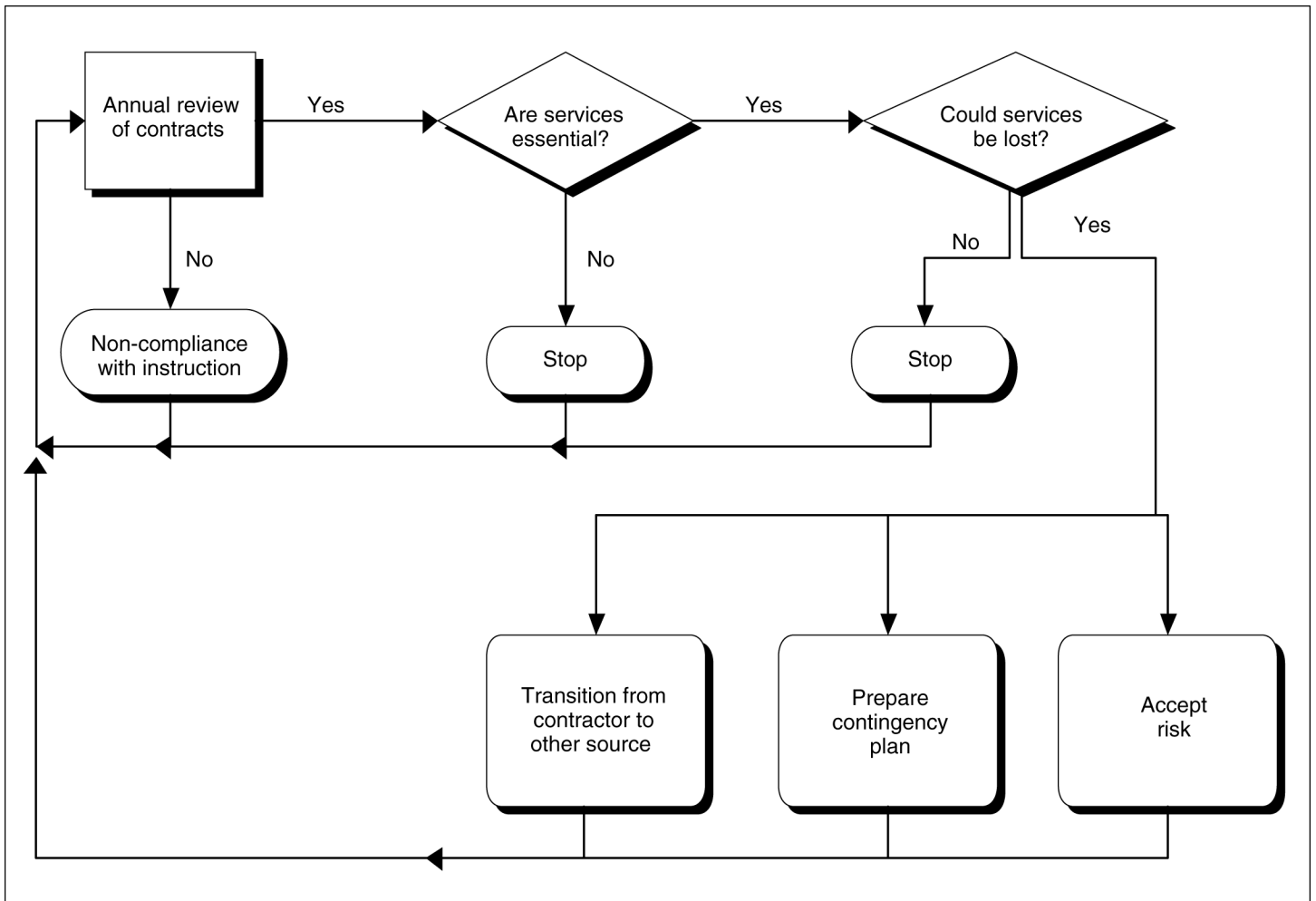
¹² Department of Defense Instruction 3020.37, Continuation of Essential DOD Contractor Services during Crises, Nov. 6, 1990 (Change 1, Jan. 26, 1996).

¹³ Audit Report, Office of the Inspector General, Department of Defense, *Civilian Contractor Overseas Support During Hostilities*, Report Number 91-105 (Washington, D.C.: June 26, 1991).

conduct an annual assessment of the unexpected or early loss of essential contractor services on the effectiveness of support to mobilizing and deployed forces. The results of these assessments are to be included in the affected contingency or operations plans.

Planning procedures for component activities using essential contractor services are specified in DOD Instruction 3020.37. The component is to identify services that are mission essential and designate them in the contract statement of work. Where a reasonable assurance of continuation of essential contractor services cannot be attained, the component activity commander is to do one of three things. The first is to obtain military, DOD civilian, or host nation personnel to perform the services concerned, and, in consultation with legal and contracting personnel, determine the proper course of action to transition from the contractor-provided services. The second is to prepare a contingency plan for obtaining the essential services from other sources if the contractor does not perform in a crisis. The third option for the commander is to accept the risk attendant with a disruption of the service during a crisis situation. Figure 2 shows the essential planning process required by DOD Instruction 3020.37.

Figure 2: DOD Instruction 3020.37 Essential Services Planning Procedures



Source: GAO.

DOD has also directed regional combatant commanders to identify contractors providing mission essential services and develop plans to mitigate their possible loss. In late 2002, the Joint Staff modified the logistics supplement to the Joint Strategic Capabilities Plan¹⁴ to require the development of a mitigation plan that details transitioning to other support should commercial deliveries and/or support become compromised. This

¹⁴ The Joint Strategic Capabilities Plan provides guidance to the combatant commanders and the Joint Chiefs of Staff to accomplish tasks and missions based on current capabilities.

was partly in response to problems with fuel deliveries in Afghanistan during Operation Enduring Freedom. Also, Joint Staff guidance for the development of operational plans by the regional combatant commanders requires that those plans identify mission essential services provided by contractors and identify the existence of any contingency plans to ensure these services continue.

Essential Contractor Services Have Not Been Identified

As noted earlier, DOD Instruction 3020.37 was issued in response to a 1988 DOD Inspector General report, and in 1991 DOD stated that the components should be given time to implement it. However, as of April 2003, 12 years later, we found little evidence that the DOD components are implementing the DOD Instruction. The heads of DOD components are required by the instruction to ensure that the instruction's policies and procedures are implemented by relevant subordinate organizations. However, none of the services are conducting the annual review to identify mission essential services that are being provided by contractors. Service and combatant command officials we spoke with were generally unaware of the requirement to review contracts annually and identify essential services. None of the regional combatant commands, service component commanders, or installations visited during our review had an ongoing process for reviewing contracts as required by DOD Instruction 3020.37. Without identifying mission essential contracts, commanders do not know what essential services could be at risk during operations. Furthermore, the commanders cannot determine when backup plans are needed, nor can they assess the risk they would have to accept with the loss of contractor services. One Air Force official indicated that our visit had prompted a review of their contracts to identify those that provided essential services and that he became aware of this requirement only when we asked about their compliance with the instruction.

Additionally, DOD has limited knowledge of the extent to which DOD Instruction 3020.37 is being implemented. The instruction states that an office within the Office of the Secretary of Defense will "periodically monitor implementation of this instruction." However, we found no evidence that the required monitoring had ever taken place. In discussion with the office that has primary responsibility for the instruction (located in the Office of the Under Secretary of Defense for Personnel and Readiness) we were told that the monitoring process is informal and that since DOD components have not advised the office of any significant problems in implementing the instruction (as required by the instruction) it is assumed that it is being implemented.

Backup Planning Is Not Being Done

We found little in the way of backup plans to replace mission essential contractor services during crises if necessary. This is not surprising since a prerequisite to developing a backup plan is the identification of those contracts that provide essential services. Many of the people we talked to assumed that the personnel needed to continue essential services would be provided, either by other contractors or organic military capability and did not see a need for a formal backup plan. The only written backup plan that we found was for maintenance of the Air Force's C21J executive aircraft.¹⁵ According to the plan, if contractors are unavailable, Air Force personnel will provide maintenance. However, according to Air Force officials, no one in the Air Force is trained to maintain this aircraft.

Our review of unclassified portions of operations plans¹⁶ addressing logistics support revealed no backup planning. For example, in our review of the logistics portion of the operations plan for the war in Iraq, which addresses contracting, we found that there were no backup plans should contractors become unavailable to provide essential services. The plan provides guidance on certain aspects of contracting, such as the creation of a joint contracting cell, but there is no language pertaining to backup plans. In addition, our review of operations plans for the Balkans did not identify any reference to plans for the mitigation of the loss of contractor support.

Lack of Backup Plans May Be Shortsighted

In response to our questions about a lack of backup plans, many DOD officials noted that contractors have always supported U.S. forces in deployed locations and the officials expect that to continue.¹⁷ While most of the contractor personnel we spoke with in the Persian Gulf indicated that they would remain in the event of war with Iraq, they cannot be ordered to remain in a hostile environment or replace other contractors that choose not to deploy. DOD can initiate legal action against a

¹⁵ At the time of our review these aircraft were located at Ramstein Air Base in Germany but could be deployed to the Balkans or Southwest Asia. During the 1991 Gulf War, these aircraft were deployed to Saudi Arabia.

¹⁶ We were able to review sections of a limited number of operations plans. Our review was restricted to those portions that address logistics support, including support by contractors.

¹⁷ It is DOD policy that contractors providing essential services are expected to use all means at their disposal to continue to provide such services, in accordance with the terms and conditions of the contract during periods of crisis, until appropriately released or evacuated by military authority.

contractor for nonperformance, but the mission requirement the contractor was responsible for remains.

Assuming that existing contractor employees will be available to perform essential services may not always be realistic. Reasons for the loss of contractor support can extend beyond contractors refusing to deploy to or remain in the deployed location. Contractors could be killed (seven contractor employees were killed in the 1991 Gulf War) or incapacitated by hostile action, accident, or other unforeseen events. Furthermore, there is no guarantee that a contractor will be willing to deploy to replace the original contractor.

Should contractors become unavailable, many of the people we talked to assumed that the personnel needed to continue essential services would be provided either by other contractors or organic military capability, or they would do without the service. However, these assumptions have not been vetted, and key questions remain.

The ability to replace existing contractor services with a new contractor can be dependent on the support being provided. Assumptions that military resources will be available may not recognize that multiple commands may be relying on the same unit as backup and that these units therefore may not be available, or organic capability may not exist. As we noted earlier the lack of organic capability is one reason that DOD uses contractors. The Air Force's lack of in-house maintenance capability for its C21J aircraft mentioned earlier and the Army's total dependence on contractor support for all its fixed wing aircraft are examples of the lack of organic capability. For some contracts, comparably skilled contractor personnel may not be available from other companies. For example, we were told at one location that only certain contractors have access to proprietary technical and backup data from the manufacturers of specific aircraft or systems. Additionally, the contracted services required for military operations may also be needed by others. For example, shortages of qualified linguists to support Operation Enduring Freedom in Afghanistan delayed interrogations and signals exploitation. Among the reasons given for the shortage were the competing demands of other government agencies for the same skills.

If the decision to do without the essential service is made, the risk associated with this decision must be examined and determined to be acceptable, particularly in light of the reliance on contractors. Without contractor support certain missions would be at risk. For example, Task Force Eagle in Bosnia relies on contracted linguistic and intelligence

analyst services. We were told that if the contracted services were lost, it would mean an immediate critical loss would occur for the military because DOD does not have service personnel with these skills. Another example is biological detection equipment used by the Army deployed in Afghanistan in October 2001. The equipment is operated by Army personnel but is entirely dependent upon contractor support for maintenance in the field. The loss of this contractor support would adversely affect the Army's ability to detect biological threats at deployed locations.

Contractors Are Not Included in DOD's Human Capital Strategic Plan

DOD relies on contractors as part of the total force. According to Joint Publication 4-05,¹⁸

"The total force policy is one fundamental premise upon which our military force structure is built. It was institutionalized in 1973 and ... as policy matured, military retirees, DOD personnel, contractor personnel, and host-nation support personnel were brought under its umbrella to reflect the value of their contributions to our military capability."

Furthermore, DOD policy states "the DOD Components shall rely on the most effective mix of the Total Force, cost and other factors considered, including active, reserve, civilian, host-nation, and contract resources necessary to fulfill assigned peacetime and wartime missions."¹⁹

While DOD policy may consider contractors as part of the total force, its human capital strategy does not. As we recently reported,²⁰ DOD has not integrated the contractor workforce into its overall human capital strategic plans.²¹ The civilian plan notes that contractors are part of the unique mix of DOD resources, but the plan does not discuss how DOD will shape its future workforce in a total force context that includes contractors. This situation is in contrast to what studies on human capital planning at DOD have noted. For example, the Defense Science Board's

¹⁸ The Joint Chiefs of Staff, *Joint Doctrine for Mobilization Planning*, Joint Publication 4-05 (Washington, D.C.: June 1995).

¹⁹ Department of Defense Instruction 3020.37.

²⁰ U.S. General Accounting Office, *DOD Personnel: DOD Actions Needed to Strengthen Civilian Human Capital Strategic Planning and Integration with Military Personnel and Sourcing Decisions*, [GAO-03-475](#) (Washington, D.C.: Mar. 28, 2003).

²¹ DOD's overall human capital strategy consists of three separate plans: one for civilians, one for military personnel, and one for quality of life issues for service members and their families.

2000 report on Human Resources Strategy²² states that DOD needs to undertake deliberate and integrated force shaping of the civilian and military forces, address human capital challenges from a total force perspective, and base decisions to convert functions from military to civilians or contractors on an integrated human resources plan. In addition, the National Academy of Public Administration noted that as more work is privatized and more traditionally military tasks require support of civilian or contractor personnel, a more unified approach to force planning and management will be necessary; serious shortfalls in any one of the force elements (military, civilian, or contractor) will damage mission accomplishment.²³

DOD disagreed with our March 2003 recommendation that it develop a departmentwide human capital strategic plan that integrates both military and civilian workforces and takes into account contractor roles.²⁴ In disagreeing, DOD said that it presently has both a military and civilian plan; the use of contractors is just another tool to accomplish the mission, not a separate workforce, with separate needs, to manage. The intent of our recommendation is that strategic planning for the civilian workforce be undertaken in the context of the total force—civilian, military, and contractors—because the three workforces are expected to perform their responsibilities in a seamless manner to accomplish DOD’s mission. We continue to believe that strategic planning in a total force context is especially important because the trend toward greater reliance on contractors requires a critical mass of civilian and military personnel with the expertise necessary to protect the government’s interest and ensure effective oversight of contractors’ work. Integrated planning could also facilitate achieving a goal in the Quadrennial Defense Review to focus DOD’s resources (personnel) in those areas that directly contribute to war fighting and to rely on the private sector for non-core functions.

²² The Defense Science Board Task Force on Human Resources Strategy, February 2000.

²³ The 2000 National Academy of Public Administration, *Civilian Workforce 2020: Strategies for Modernizing Human Resources Management in the Department of the Navy* (Washington, D.C.: Aug. 18, 2000).

²⁴ U.S. General Accounting Office, *DOD Personnel: DOD Comments on GAO’s Report on DOD’s Civilian Human Capital Strategic Planning*, [GAO-03-690R](#) (Washington, D.C.: Apr. 18, 2003).

Guidance and Contract Language and Oversight Vary within DOD and the Services

Guidance at the DOD, combatant-command, and service levels regarding the use of contractors to support deployed forces varies widely as do the mechanisms for managing these contractors, creating challenges that may hinder a commander's ability to oversee and manage contractors efficiently. There is no DOD-wide guidance that establishes baseline policies to help ensure the efficient use of contractors that support deployed forces. The Joint Staff has developed general guidance for regional combatant commanders. At the service level, only the Army has developed comprehensive guidance to help commanders manage deployed contractors effectively. Furthermore, there is little or no visibility of contractors or contracts at the regional combatant or service component command level. As a result, contractors have arrived at deployed locations unbeknownst to the ground commander and without the government support they needed to do their jobs. Moreover, ground commanders have little visibility over the totality of contractors that provide services at their installations, causing concerns regarding safety and security.

Guidance on the Use of Contractors to Support Deployed Forces Varies Widely

Guidance for issues that impact all the components originates at the DOD level. Typically, DOD will issue a directive—a broad policy document containing what is required to initiate, govern, or regulate actions or conduct by DOD components. This directive establishes a baseline policy that applies across the combatant commands, services, and DOD agencies. DOD may also issue an instruction—which implements the policy, or prescribes the manner or a specific plan or action for carrying out the policy, operating a program or activity, and assigning responsibilities. For example:

- DOD Directive 2000.12²⁵ establishes DOD's antiterrorism and force protection policy.
 - DOD Instruction 2000.16²⁶ establishes specific force protection standards pursuant to the policy established by DOD Directive 2000.12.
- In the case of contractor support for deployed forces, we found no DOD-wide guidance that establishes any baseline policy regarding the use of contractors to support deployed forces or the government's obligations to

²⁵ Department of Defense Directive 2000.12, DOD Antiterrorism/Force Protection Program, Apr. 13, 1999.

²⁶ Department of Defense Instruction 2000.16, DOD Antiterrorism Standards, June 14, 2001.

these contractors.²⁷ However, there are varying degrees of guidance at the joint and service level to instruct commanders on the use of contractors.

The Joint Staff has developed guidance for regional combatant commanders. *Joint Publication 4-0, Doctrine for Logistic Support of Joint Operations*, “Chapter V, Contractors in the Theater”²⁸ sets forth doctrine on the use of contractors and provides a framework for addressing contractor support issues. The Joint Publication describes the regional combatant commander’s general responsibilities, including

- integration of contractors as part of the force as reflected in the Time-Phased Force and Deployment Data,²⁹ logistics plans, and operation plans;
- compliance with international, U.S., and host nation laws and determination of restrictions imposed by international agreements on the status of contractors;
- establishment of theater-specific requirements and policies for contractors and communication of those requirements to the contractors; and
- establishment of procedures to integrate and monitor contracting activities.

No single document informs the combatant commander of his responsibilities with regards to contractors. Rather, there is a variety of guidance that applies to contractors and appears in joint or DOD publications. For example, in addition to Joint Publication 4-0, the following DOD documents address contractors at deployed locations:

- DOD Directive 2000.12 and DOD Instruction 2000.16, define the anti-terrorism and force protection responsibilities of the military. These include force protection responsibilities to contractors as well as requirements placed on contractors who deploy.

²⁷ DOD Instruction 3020.37 does not provide guidance on the use of contractors to support deployed forces or the government’s obligations to deployed contractors. Rather, it focuses on essential services and how to ensure that these services will be available in a crisis.

²⁸ Joint Chiefs of Staff, *Doctrine for Logistics Planning of Joint Operations*, Joint Publication 4-0 (Washington D.C.: June 1995).

²⁹ The Time-Phased Force and Deployment Data describes force requirements, how and when those forces are to be deployed, and the transportation assets needed to deploy them.

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- Joint Publication 3-11,³⁰ includes a requirement that mission-essential contractors be provided with chemical and biological survival equipment and training.
 - DOD Directive 4500.54³¹ requires all non-DOD personnel traveling under DOD sponsorship to obtain country clearance. While the directive does not specify contractors, it does apply to them, further complicating the ability of a commander to become aware of this responsibility.

Joint Publication 4-0 only applies to combatant commanders involved in joint operations. However, at the regional combatant commands we visited, contracting, logistics, and planning officials were not implementing the Joint Publication.

At the service level, only the Army has developed comprehensive guidance to help commanders manage contractors effectively. As the primary user of contractors while deployed, the Army has taken the lead in formulating policies and doctrine addressing the use of contractors in deployed locations. Army regulations, field manuals, and pamphlets provide a wide array of guidance on the use of contractors. The following are examples:

- Army Regulation 715-9—Contractors Accompanying the Force³²—provides policies, procedures, and responsibilities for managing and using contracted U.S. citizens who are deployed to support Army requirements.
- Army Field Manual 3-100.21—Contractors on the Battlefield³³—addresses the use of contractors as an added resource for the commander to consider when planning support for an operation. Its purpose is to define the role of contractors, describe their relationships to the combatant commanders and the Army service component commanders, and explain their mission of augmenting operations and weapons systems support. It is also a guide for Army contracting personnel and contractors in implementing planning decisions and understanding how contractors will be managed and supported by the military forces they augment.

³⁰ Joint Chiefs of Staff, *Joint Doctrine for Operations in Nuclear, Biological, and Chemical (NBC) Environments*, Joint Publication 3-11 (Washington, D.C.: July 2000).

³¹ DOD Directive 4500.54, Official Temporary Duty Travel Abroad, May 1991.

³² Department of the Army Regulation 715.9, Contractors Accompanying the Force, October 1999.

³³ Department of the Army Field Manual 3-100.21, Contractors on the Battlefield, November 2002.

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- Army Pamphlet 715-16—Contractor Deployment Guide³⁴—informs contractor employees, contracting officers, and field commanders of the current policies and procedures that may affect the deployment of contractors. The guide focuses on the issues surrounding a U.S. citizen contractor employee who is deploying from the United States to a theater of operation overseas.

These documents provide comprehensive and detailed direction to commanders, contracting personnel, and contractors on what their roles and responsibilities are and how they should meet them. Officials we spoke with at various levels of the Army were generally aware of the Army's guidance. For example, in Kosovo we received a briefing from the commander of the Area Support Group that included the applicable Army guidance on the use of contractors in deployed locations. Additionally, the Army Materiel Command has established a Web site³⁵ that contains links to primary and secondary documents that provide guidance on the use of contractors on the battlefield.

The other services make less use of contractors to support deployed forces. Nevertheless, their contractors provide many of the same services as the Army's contractors, often under similar austere conditions at the same locations and therefore have similar force protection and support requirements as Army contractors. For example, both Air Force and Army contractors work at bases in Kuwait and do not have significant differences in terms of their living and working conditions or the types of threats they face. Also, it is not uncommon to find Air Force contractors deployed in support of the other services, as is the case in Bosnia where Air Force contractors maintain the Army's Apache and Blackhawk helicopters.

However, the other services have not developed the same level of guidance as the Army to guide commanders and contracting personnel on how to meet those requirements. Like the Army, the Air Force uses contractors for base operations support (including security, trash removal, and construction services) in deployed locations. Contractors also provide many essential services to Air Force units deployed to Bosnia and Southwest Asia. In Southwest Asia contractors provide support for base communications systems, systems that generate the tactical air picture for

³⁴ Department of the Army Pamphlet 715-16, Contractor Deployment Guide, February 1998.

³⁵ <http://www.amc.army.mil/amc/rda/default.htm>.

the Combined Air Operations Center, and maintenance support for both the Predator unmanned aerial vehicle and the data links it uses to transmit information. In 2001, the Air Force issued a policy memorandum³⁶ addressing the use of contractors in deployed locations. The purpose of the memorandum is to provide consistent and uniform guidance on the use of U.S. contractor personnel to augment the support of Air Force operations in wartime and contingency operations. For example, the memorandum states as follows:

- Any determination regarding commercial support must consider the essential services that must be maintained and the risks associated due to contractor non-performance.
- Contractors may be provided force protection and support services such as housing and medical support commensurate to those provided to DOD civilians, if the contract requires it.
- Contractors should not be provided uniforms or weapons.

However, the Air Force has not developed the guidance to instruct its personnel on how to implement this policy. For example, the Air Force does not have a comparable document to the Army's Contractor Deployment Guide, to instruct contracting personnel or contractor employees on deployment requirements such as training, medical screening, and logistical support.

The Navy and the Marine Corps have also not developed much guidance on dealing with contractors in deployed locations. The Marine Corps has issued an order³⁷ addressing the use of contractors, which is limited to a statement that contractor personnel should not normally be deployed forward of the port of debarkation and that contractor logistics support requirements be identified and included in all planning scenarios. This guidance only addresses contractor support for ground equipment, ground weapons systems, munitions, and information systems. As with the Air Force memorandum, the Marine Corps does not have the guidance in place to instruct personnel on how to implement this order.

³⁶ Air Force memorandum, *USAF Guidance on Contractors in the Theater* (Unpublished: Feb. 8, 2001).

³⁷ Marine Corps Order 4200.32, *Contractor Logistics Support for Ground Equipment, Ground Weapons Systems, Munitions, and Information Systems*, December 2000.

Some Guidance Is
Contradictory and Causes
Confusion for Military
Commanders

The Navy does not have any guidance related to contractor support of deployed forces. Navy officials stressed that because most Navy contractors are deployed to ships, many of the issues related to force protection and levels of support do not exist. Nevertheless, some contractors do support the Navy ashore and therefore may operate in an environment similar to contractors supporting the Army. In fact, of the seven contractors killed in the 1991 Persian Gulf War, three were working for the Navy. Furthermore, we learned that there have been issues with the support of contractors deployed on ships. For example, officials at the Navy's Space and Naval Warfare Systems Command told us they were not sure if the Navy was authorized to provide medical treatment to their contractors deployed on ships.

The differences in the DOD and service guidance can lead to sometimes contradictory requirements, complicating the ability of commanders to implement that guidance. For example, guidance related to providing force protection to contractor personnel varies significantly. Joint guidance states that force protection is the responsibility of the contractor; Army guidance places that responsibility with the commander; and Air Force guidance treats force protection as a contractual matter, specifically, as follows:

- Joint Publication 4-0 "Chapter V," states "Force protection responsibility for DOD contractor employees is a contractor responsibility, unless valid contract terms place that responsibility with another party."
- Army Field Manual 3-100.21 states, "Protecting contractors and their employees on the battlefield is the commander's responsibility. When contractors perform in potentially hostile or hazardous areas, the supported military forces must assure the protection of their operations and employees. The responsibility for assuring that contractors receive adequate force protection starts with the combatant commander, extends downward, and includes the contractor."
- The Air Force policy memorandum states, "The Air Force may provide or make available, under terms and conditions as specified in the contract, force protection ... commensurate with those provided to DOD civilian personnel to the extent authorized by U.S. and host nation law."

As a result, the combatant commander does not have a uniform set of requirements he can incorporate into his planning process but instead has to work with requirements that vary according to the services and the individual contracts. In fact, an official on the Joint Staff told us that the combatant commanders have requested DOD-wide guidance on the use of

contractors to support deployed forces to establish a baseline that applies to all the services.

Many of the issues discussed in the balance of this report, such as the lack of standard contract language related to deploying contractors, the lack of visibility over contractors, and adequate support to deployed contractors stem in part from the varying guidance at the DOD and service levels. According to DOD officials, DOD is in the initial phase of developing a directive that will establish DOD policy with regard to managing contractors in deployed locations as well as a handbook providing greater detail. The officials expect this guidance to be issued by the end of 2003. DOD officials involved stated this guidance would bring together all DOD policies that apply to contractors who support deployed forces and clarify DOD policy on issues such as force protection and training. These officials indicated that the DOD directive and handbook would be based on the Army guidance on the use of contractors to support deployed forces.

Contracts for Support of Deployed Forces Often Do Not Include the Language to Ensure Efficient Deployments or Implement Policy

There is no standard contract language applicable DOD-wide (such as in the Defense Federal Acquisition Regulation Supplement) related to the deployment and support of contractors that support deployed forces. Contracting officers therefore may not address potential requirements related to deployments or may use whatever deployment language they believe to be appropriate, which may not address the necessary deployment requirements. The *Defense Acquisition Deskbook Supplement* entitled *Contractor Support in the Theater of Operations* includes suggested clauses for contracts in support of deployed forces. However, these clauses are not mandatory and did not appear to be widely known by contracting officers. As a result, there is no common baseline of contract language specifically addressing deployment that is required for contracts that may support deployed forces and no assurance that all of these contracts will properly address deployment requirements.

The degree to which individual contracts adequately address deployment requirements varies widely. System support contracts are often written before the need to deploy is identified, and the contracting officer may not have considered the possibility of deployment. Also, some weapons systems are being deployed before they are fully developed, and deployment language was not included in the development contracts. Some of the system support contracts we looked at did not include language clearly specifying that contractors may need to deploy to hostile and austere locations to provide support to deployed forces, as in the following examples:

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- The contract for an Army communications system needed to be modified when the system was relocated from Saudi Arabia to Kuwait (and would need to be modified again if the system were brought into Iraq) because the contract did not contain provisions for deployment to other locations.
 - The Air Force Predator unmanned aerial vehicle contract did not envision deployment since the Predator was developed as an advanced technology concept demonstration project.
 - An engineering support contract for the Navy did not contain a specific deployment clause but only stated that the contractor must support the Navy ashore or afloat.

The Army's Combined Arms Support Command found a similar situation when it reviewed system support contracts for the 4th Infantry Division. The 4th Infantry Division is the Army's first digitized division and serves as the test bed for the latest command and control systems, many of which are still under development. The Combined Arms Support Command study³⁸ reviewed 89 contracts that supported the division. The command determined that 44 of the 89 contracts would likely require that contractor personnel be deployed and found that 21 of the 44 either had no deployment language or vague deployment language. However, this did not impede the division's deployment for Operation Iraqi Freedom. According to Army officials, 183 contractor employees prepared to deploy in support of the 4th Infantry Division's deployment, including some whose contracts were noted in the 4th Infantry Division study as having had either no deployment language or vague deployment language. To ensure that problems do not arise when units deploy, the Army has taken steps to address some of the issues identified in the study. Specifically, in 2002, the Assistant Secretary of the Army for Acquisition, Logistics, and Technology issued the following memorandums:

- A January 2002 memorandum³⁹ stating that development contracts providing support contractor personnel shall contain appropriate deployment guidance if they have any likelihood of being deployed outside of the United States.

³⁸ U.S. Army, Combined Arms Support Command, Acquisition Liaison Office, *Systems Contractor Support of 4th Infantry Division*. (Ft. Lee, Va.: Aug. 2001).

³⁹ Memorandum from the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), *Contractor Systems Support During Contingency Operations*, (Unpublished: Jan. 28, 2002).

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- A June 2002 memorandum⁴⁰ stating that Program Executive Officers and Program Managers should strive to develop systems that do not require contractor support in forward deployed locations. Military officials we spoke with told us that the lack of specific deployment language in contracts could increase the time it would take to get contractor support to deployed forces as well as the cost of that support. For example, the contract for support of the Army's prepositioned equipment in Qatar did not include language that provided for a potential deployment to Kuwait. As a result, when the need arose to move the equipment to Kuwait, the contract needed to be modified. (The cost of the modification was \$53 million although it is not clear what amount, if any, the government could have saved had deployment language already been included in the contract.)

Contracts may also lack language to enforce policies pertaining to contractors in deployed locations. For example, Army policy requires that contractors follow all general orders⁴¹ and force protection policies of the local commander. However, these requirements were not always written into the contract documents and thus may not be enforceable. In such situations, commanders may not have the ability to control contractor activities in accordance with general orders. For example, judge advocate officials in Bosnia expressed their concern that the base commander was not authorized to prevent contractor personnel from entering a local mosque in a high threat environment. These officials suggested that commanders should always be able to control contractor activities where matters of force protection are concerned. Several officials indicated that many of these issues could be addressed if DOD implemented a policy that required all contracts that support deployed forces to include language that applies the general orders and force protection policies of the local commanders to contractor employees.

⁴⁰ Memorandum from the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), *Contractor Support Restrictions*, (Unpublished: June 11, 2002).

⁴¹ General Orders are permanent instructions, usually concerned with matters of policy or administration and issued in order form, that apply to all members of a command. Examples include orders restricting travel to or from a base and prohibitions on the use of alcohol.

Oversight of Individual Contracts at the Deployed Locations We Visited Appeared to Be Generally Sufficient

DOD has established specific policies on how contracts, including those that support deployed forces, should be administered and managed. Oversight of contracts ultimately rests with the contracting officer who has the responsibility for ensuring that contractors meet the requirements set forth in the contract. However, most contracting officers are not located at the deployed locations. As a result, contracting officers appoint monitors who represent the contracting officer at the deployed location and are responsible for monitoring contractor performance. How contracts and contractors are monitored at a deployed location is largely a function of the size and scope of the contract. Contracting officers for large scale and high value contracts such as the Air Force Contract Augmentation Program, the Army's Logistics Civil Augmentation Program, and the Balkan Support Contract have opted to have personnel from the Defense Contract Management Agency oversee contractor performance. These onsite teams include administrative contracting officers who direct the contractor to perform work and quality assurance specialists who ensure that the contractors perform work to the standards written in the contracts. For smaller contracts, contracting officers usually appoint contracting officer's representatives or contracting officer's technical representatives to monitor contractor performance at deployed locations. These individuals are not normally contracting specialists and serve as contracting officer's representatives as an additional duty. They cannot direct the contractor by making commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract. Instead, they act as the eyes and ears of the contracting officer and serve as the liaison between the contractor and the contracting officer.

At the locations we visited, we found that oversight personnel were generally in place and procedures had been established to monitor contractor performance, but some issues were identified. The officials we spoke with expressed their satisfaction with contractor performance and with the level of oversight provided for the contracts under their purview. However, officials mentioned several areas where improvements to the oversight process could be made. One area involved training of contracting officer's representatives. While the contracting officer's representatives we spoke with appeared to be providing appropriate contract oversight, some stated that training before they assumed these positions would have better prepared them to effectively oversee contractor performance. The Defense Federal Acquisition Regulation Supplement requires that they be qualified by training and experience commensurate with the responsibilities to be delegated to them. However, not all contracting officer's representatives were receiving this training. For example, most of the contracting officer's representatives we met with

in Southwest Asia did not receive prior training. As a result, they had to learn on the job, taking several weeks before they could efficiently execute their responsibilities, which could lead to gaps in contractor oversight.

Another area for improvement involved familiarization of commanders with using contractors. Several of the contracting officials we met with in the Balkans and Southwest Asia stated there was a lack of training or education for commanders and senior personnel on the use of contractors; particularly with regards to the directing of contractor activities and the roles of the contract monitors such as the Defense Contract Management Agency and contracting officer's representatives, as illustrated in the following examples:

- An Air Force commander sent a contractor from Kuwait to Afghanistan without going through the appropriate contracting officer. The contractor was ultimately recalled to Kuwait because the contract contained no provision for support in Afghanistan.
- A Special Operations Command official told us commanders were unfamiliar with the Defense Contract Management Agency and believed that the agency represented the contractor and not the military.
- An Army official told us that commanders sometimes do not know that they are responsible for requesting and nominating a contracting officer's representative for contracts supporting their command.

Some efforts are being made to address this issue. For example, U.S. Army, Europe includes contract familiarization during mission rehearsal exercises for Balkan deployments.

We also found that the frequent rotation of personnel into and out of a theater of operation (particularly in Southwest Asia) resulted in a loss of continuity in the oversight process as incoming oversight personnel had to familiarize themselves with their new responsibilities. We previously reported on the impact of frequent rotations in and out of the theater.⁴² In response to a recommendation made in our 2000 report, the Defense Contract Management Agency changed its rotation policy. According to

⁴² U.S. General Accounting Office, *Contingency Operations: Opportunities to Improve the Logistics Civil Augmentation Program*, [GAO/NSIAD-97-63](#), (Washington, D.C.: Feb. 11, 1997) and U.S. General Accounting Office, *Contingency Operations: Army Should Do More to Control Contract Costs in the Balkans*, [GAO/NSIAD-00-225](#) (Washington, D.C.: Sept. 29, 2000).

officials whom we met with in the Balkans and Southwest Asia, the Defense Contract Management Agency now staggers the rotation of its contract administration officials at deployed locations such as the Balkans and Southwest Asia to improve continuity and oversight. However, the issue of personnel rotation and the impact on contractor oversight remains for other officials. For example, the program manager of a major Army contract in Qatar indicated that it would be beneficial if Army personnel overseeing the contract were deployed for a longer period of time in order to develop a more durable relationship. In addition, Air Force officials in Qatar indicated they were planning on increasing the number of longer-term deployments for key leadership positions, including contracting positions, to help alleviate some of their continuity issues.

Some commands have established policies and procedures to provide additional tools to help manage contractors more efficiently, as in the following example:

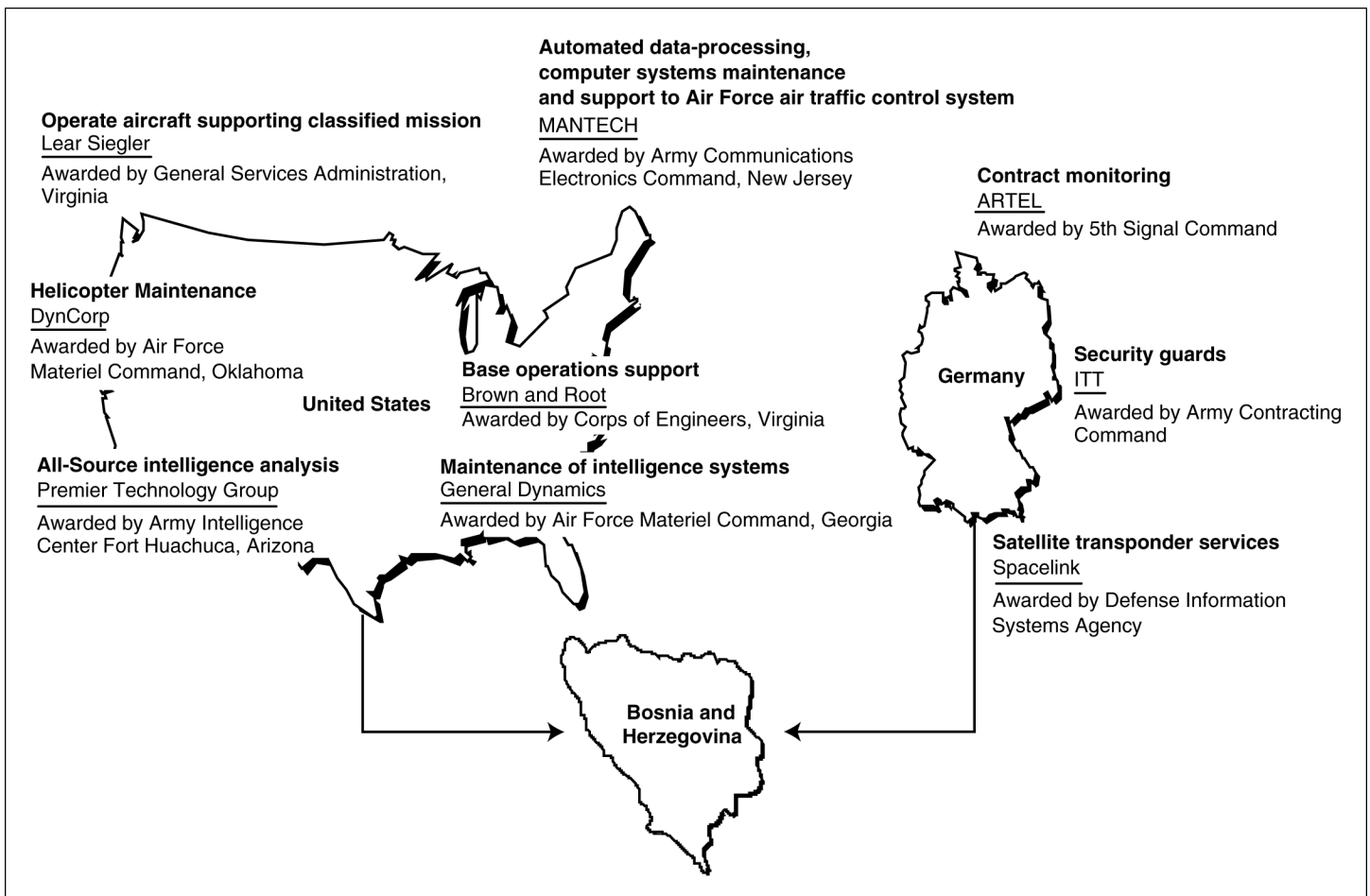
- U.S. Army, Europe established a joint acquisition review board during contingency operations. This board validates requirements for all proposed expenditures over \$2,500. The board also determines if the requirement is best met using contractor support, host nation support, or troop labor. The policy stipulates that U.S. Army, Europe headquarters must review expenditures over \$50,000.
- U.S. Army, Europe has established standards for facilities and support to soldiers in contingency operations. These standards specify the level of quality of life support (i.e. type of housing, size of chapels, provision of recreational facilities, and other amenities) based on the number of U.S. troops at the deployed location. Variations from these standards have to be approved by the U.S. Army, Europe deputy commanding general. Officials told us these standards helped to limit the growth of contractor services.

Lack of Visibility Overall Contractor Support Hampers Broader Oversight

Limited awareness by service and combatant command officials of all contractor activity supporting their operations can hamper their oversight and management responsibilities with regards to contractors supporting deployed forces. This limited awareness is due to the fact that the decision to use contractors to provide support to a deployed location can be made by any number of requiring activities both within and outside of the area of operations. As discussed earlier, contracts to support deployed forces can be awarded by many organizations within DOD or by other federal agencies. Figure 3 illustrates the broad array of contractor services being provided in Bosnia and the government agency that awarded each

contract. Bosnia is one of the few places we visited where contract information is collected centrally, giving the commander visibility over much of the contracting activity. Commanders at other locations we visited did not have this information readily available to them.

Figure 3: Contracts for Selected Services in Bosnia Are Awarded by Many Different Agencies



Source: GAO.

Because the decision to use contractors is not coordinated at the regional combatant commands or the component commands other than in Bosnia, no one knows the totality of contractor support being provided to deployed forces in an area of operation.

Despite the lack of visibility and involvement in decisions to use contractors, commanders are responsible for all the people in their area of

responsibility, including contractor personnel. This lack of visibility over contractor personnel inhibits their ability to resolve issues associated with contractor support. Contractor visibility is needed to ensure that the overall contractor presence in a theater is synchronized with the combat forces being supported and that adjustments can be made to contractor support when necessary. Additionally, in order to provide operational support and force protection to participating contractors, DOD needs to maintain visibility of all contracts and contractor employees. When commanders lack visibility, problems can arise. For example, one contractor told us when his employees arrived in Afghanistan, shortly after the beginning of Operation Enduring Freedom, the base commander had not been informed that they were arriving and could not provide the facilities they needed to maintain the biological identification equipment that they were contracted to maintain. Also, the lack of visibility may inhibit a commander's understanding of the impact of certain force protection decisions. For example, if there is an increased threat at a base and security is increased, third country nationals may be barred from entering the base. Third country nationals often provide services important to the quality of life of deployed soldiers, such as preparing and serving food and providing sanitation services. Without visibility over the totality of contractor support to his command, the commander may not know which support services rely heavily on third country nationals and is therefore less able to identify and mitigate the effects of losing that support.

Limited visibility of all contractor activity can create a variety of problems for ground commanders. Commanders may not be aware of the total number of contractor personnel on their installations at any point in time or what they are doing there. In Southwest Asia this situation is further complicated by the fact that many of the contractor employees are third country nationals, which can increase security concerns. While many officials at sites we visited indicated that they maintain accountability for their contractors by tightly controlling the process by which contractors receive their identification badges, we found problems remained. As illustrated in the following examples:

- In Kosovo, we found that badges were issued at multiple locations and provided access to multiple bases. This situation means a contractor employee could receive a badge at one site and come onto a different base without the base commander knowing who they were or why they were there.

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- Temporary badges (for visits of 30 days or less) at Eagle base in Bosnia have no pictures. The lack of photos means that anyone could use the badge to gain access to the base.
 - The contracting officer's representative for a forward base in Kuwait told us that contractor personnel have simply shown up without any advance notification and that he had to track down other officials to determine why the contractors were there.

Commanders may also be responsible for providing contractor employees with certain benefits and entitlements included in their contracts. The commanders' ability to meet these requirements (including providing chemical and biological protective gear, military escorts, billeting, and medical support) is hindered by their lack of visibility over the totality of contractor presence on their base. In addition, commanders may not be able to account for all their contractor personnel in the event of an attack on a base. Similarly, should issues such as those concerning "Gulf War Syndrome"⁴³ arise, DOD may be unable to determine if contractor personnel were in a location where they might have been exposed to potentially harmful substances. As a result, DOD may have no way to verify the claims of contractor personnel of health effects resulting from such exposure.

We also found that, at some bases, commanders do not have copies of all the contracts in effect on their base, as the following examples illustrate:

- U.S. Army Pacific Command officials told us it took several weeks for them to obtain the applicable contract terms to resolve questions regarding medical care for contractor employees in the Philippines because no one in the command had a copy of the contract.
- In the Balkans, some contractors and federal agencies refused to provide copies of their contracts to the task force officials.

We first reported this problem in May 2002.⁴⁴ At that time we recommended that the Secretary of Defense direct all components to forward to the executive agent for operations in a geographical area, such as the Balkans, a copy of all existing and future contracts and contract modifications. DOD concurred with this recommendation and agreed to

⁴³ "Gulf War Syndrome" is a non-scientific label that has frequently been used to describe those veterans who fought in the 1991 Persian Gulf War who later developed unexplained illnesses often characterized by fatigue, joint pain, skin rash, memory loss, and/or diarrhea.

⁴⁴ U.S. General Accounting Office, *Defense Budget: Need to Strengthen Guidance and Oversight of Contingency Operations Costs*, [GAO-02-450](#) (Washington, D.C.: May 21, 2002).

modify its Financial Management Regulation to require that a biannual report outlining the contracts be provided to the area executive agent.⁴⁵ The biannual report was limited, however, to contracts that used contingency appropriations for funding and did not include contracts that use a service's base program funds. However, Balkans operations are no longer being funded using contingency funds and would therefore not be included under the new financial management regulation. As of April 15, 2003, the change to the Financial Management Regulation had not been implemented. In addition, as we reported in May 2002, lack of visibility over contracts hinders DOD's ability to compare contracts and identify potential duplication of services or ensure that contractors are only receiving those services to which they are entitled.

Conclusions

Risk is inherent when relying on contractors to support deployed forces. DOD recognized this risk when it issued DOD Instruction 3020.37, which requires the services to determine which contracts provide essential services and either develop plans for continued provision of those services during crises or assume the risk of not having the essential service. However, neither DOD nor the services have taken steps to ensure compliance with this instruction. While most contractors would likely deploy or remain in a deployed location if needed, there are many other reasons contractors may not be available to provide essential services. Without a clear understanding of the potential consequences of not having the essential service available, the risks associated with the mission increase.

There are no DOD-wide policies on the use of contractors to support deployed forces. As a result there is little common understanding among the services as to the government's responsibility to contractors and contractor personnel in the event of hostilities. This lack of understanding can cause confusion at the deployed location and makes managing contractors more difficult because commanders often have contractors from several services at their location with different requirements, understandings, and obligations.

No standard contract language exists for inclusion in contracts that may involve contractors deploying to support the force. Therefore, we found

⁴⁵ The executive agent is the service designated by the regional combatant commander to provide life support to the forces in an area of operation.

that contracts have varying and sometimes inconsistent language addressing deployment requirements. For example, some contracts do not contain any language related to the potential requirement to deploy while others include only vague references to deployment. The lack of specific language can require adjustments to the contract when deployment requirements are identified. The need to negotiate contract adjustments in the face of an immediate deployment can result in increased costs to the government and may delay contractor support.

The lack of contract training for commanders, senior personnel, and some contracting officer's representatives can adversely affect the effectiveness of the use of contractors in deployed locations. Without training, many commanders, senior military personnel, and contracting officer's representatives are not aware of their roles and responsibilities in dealing with contractors.

Most commanders at the locations we visited had only limited visibility and limited understanding of the extent and types of services being provided by contractors. The lack of visibility over the types and numbers of contractors limits the contract oversight that can be provided and hampers the commander's ability to maintain accountability of contractors. Without this visibility there is no assurance that commanders understand the full extent of their operational support, life support, and force protection responsibilities to contractors, and there is no way to assure that contractors do not receive services they are not entitled to receive. Additionally, without this visibility commanders cannot develop a complete picture of the extent to which they are reliant on contractors to perform their missions and build this reliance into their risk assessments. Moreover, while DOD agreed to provide executive agents with a biannual report outlining the contracts in use in a geographical location, it is not clear that these reports, which are required for contracts funded with contingency funds only, will provide sufficient information regarding the services that contractors are providing to deployed forces and the support and force protection obligations of the government to those contractors to improve commanders' visibility and understanding of contractor services at their locations.

Recommendations for Executive Action

To promote better planning, guidance, and oversight regarding the use of contractors to support deployed forces, we recommend that the Secretary of Defense take the following actions:

-
- Direct the heads of DOD components to comply with DOD instruction 3020.37 by completing the first review of contracts to identify those providing mission essential services. This review should be completed by the end of calendar year 2004.
 - Direct the Undersecretary of Defense for Personnel and Readiness to develop procedures to monitor the implementation of DOD Instruction 3020.37.
 - Develop DOD-wide guidance and doctrine on how to manage contractors that support deployed forces. The guidance should (a) establish baseline policies for the use of contractors to support deployed forces, (b) delineate the roles and responsibilities of commanders regarding the management and oversight of contractors that support deployed forces, and (c) integrate other guidance and doctrine that may affect DOD responsibilities to contractors in deployed locations into a single document to assure that commanders are aware of all applicable policies. Additionally, we recommend that the Secretary of Defense direct the service secretaries to develop procedures to assure implementation of the DOD guidance.
 - Develop and require the use of standardized deployment language in contracts that support or may support deployed forces. The Defense Federal Acquisition Regulation Supplement should be amended to require standard clauses in such contracts that are awarded by DOD and to address deployment in orders placed by DOD under other agencies' contracts. This language should address the need to deploy into and around the theater, required training, entitlements, force protection, and other deployment related issues.
 - Develop training courses for commanding officers and other senior leaders who are deploying to locations with contractor support. Such training could provide information on the roles and responsibilities of the Defense Contract Management Agency and the contracting officer's representative and the role of the commander in the contracting process and the limits of the commanders' authority. Also, contracting officers should ensure that those individuals selected as contracting officer's representatives complete one of the established contracting officer's representative training courses before they assume their duties.
 - To improve the commander's visibility over, and understanding of, the extent and types of services being provided by contractors, the Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to implement the changes to the department's Financial Management Regulations previously agreed to with these modifications: (a) the Financial Management Regulations should specify that the biannual report include a synopsis of the services being provided and a list of contractor entitlements; (b) the report should include all contracts that directly support U.S. contingency operations including those funded by the

services base program accounts; and (c) the changes should be finalized by January 1, 2004.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD agreed fully with three of our recommendations and agreed in part with three others. The department's comments are reprinted in appendix II.

DOD agreed with our recommendations that it develop (1) procedures to monitor the implementation of DOD Instruction 3020.37, (2) DOD-wide guidance and doctrine on how to manage contractors that support deployed forces, and (3) standardized deployment language for contracts that support or may support deployed forces.

Although DOD agreed with our recommendation regarding the need for the heads of DOD components to complete the first review of contracts to identify those providing mission essential services, it expressed concerns that the components might not be able to complete this review by the end of calendar year 2003. We amended our recommendation to incorporate this concern by extending the recommended completion date to the end of calendar year 2004. We believe a completion date is important to provide some sense of urgency. DOD also stated that the effort needed to obtain information on contracts currently in place may outweigh possible benefits and suggested alternative methods for conducting this review, including the possibility of only reviewing new contracts. However, DOD Instruction 3020.37 requires a review of all contracts, and we continue to believe that a review that fails to include all contracts would not adequately address the issues that the instruction was designed to resolve—identifying essential services provided by contractors to deployed forces and ensuring the continuation of those services should contractors not be available.

DOD also agreed with our recommendation that appropriate training should be developed for commanding officers and other senior leaders who are deploying to locations with contractor support. However, DOD stated that while Web-based training may be the appropriate medium for such training, in some cases, alternative methods could be more beneficial. We accepted DOD's suggestion and amended the recommendation accordingly.

DOD agreed with our recommendation concerning changes to the department's Financial Management Regulations. However, DOD questioned the utility of a part of this recommendation that called for the

biannual report to include a list of contractor entitlements as well as all contracts that directly support U.S. contingency operations, including those funded by the services' base program accounts. DOD stated that the costs of making these changes to the system and collecting additional information could outweigh the perceived benefits. Further, DOD stated that the lack of collecting this information has not jeopardized the operation of any DOD mission in recent memory. DOD stated that other, less burdensome ways to ensure combatant commanders have all the necessary information for contractors that are supporting them need to be fully explored before pursuing more burdensome means, such as a costly centralized database. DOD said it would review this issue with the military departments to determine if obtaining the recommended information would be cost effective.

We do not believe this recommendation would be costly or burdensome to implement. As noted in the report, the Under Secretary of Defense (Comptroller) has already agreed to amend DOD's Financial Management Regulations to require that the components provide a biannual report outlining the existing and future contracts and contract modifications to the executive agent for operations in a geographic area, including a synopsis of services being provided. We believe that since the components will already be asked to provide the biannual reports, asking them to provide additional information summarizing contractor entitlements specified under those contracts would not substantially increase the effort required to generate these reports. This additional information would facilitate DOD's efforts to ensure that contractors receive only the services from the government to which they are contractually entitled. While DOD expressed concern about developing a costly centralized database to generate these reports, our recommendation contained no guidance on how the reports should be generated and makes no mention of a centralized database. We agree that DOD should look for the most cost-effective way to implement the recommendation. We also continue to believe that the biannual report should include information from contracts that directly support U.S. contingency operations but are funded from the services' base program accounts. As noted in the report, this would include contracts supporting operations in the Balkans. We do not believe that these contracts should be excluded from the report. While we did not find evidence that any DOD missions were jeopardized by not having information summarizing contractor services and entitlements, our recommendation was based on concerns raised by field commanders about oversight of contractors and the appropriate provisioning of support to contractors. As noted in the report, several commanders in the field told us their limited visibility of the extent and types of services being provided

by contractors created challenges for them. We continue to believe that without a more thorough understanding of contractor support, commanders will continue to face difficulties in identifying potential duplication of services or ensuring that contractors are only receiving those services to which they are entitled. Therefore, we still believe the recommendation in its entirety has merit.

We are sending copies of this report to the Chairman and the Ranking Minority Member, Subcommittee on Readiness, House Committee on Armed Services; other interested congressional committees; the Secretary of Defense; and the Director, Office of Management and Budget. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions, please contact me on (757) 552-8111 or by E-mail at curtinn@gao.gov. Major contributors to this report were Steven Sternlieb, Carole Coffey, James Reid, James Reynolds, and Adam Vodraska.



Neal P. Curtin
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To identify the types of services contractors provide to deployed U.S. forces we met with officials at the Department of Defense (DOD) who have responsibility for identifying contractor needs, issuing contracts, managing contracts once they are executed, and utilizing contractors to fulfill their missions. Because there was no consolidated list of contractors supporting deployed forces we asked DOD officials at the commands and installations we visited to identify their contractor support. These commands included the Central, European, and Pacific Commands and most of their service components and major installations in Bosnia, Kosovo, Kuwait, Qatar, and Bahrain. We focused our efforts in the Balkans and Southwest Asia because they provide a broad range of contractor support activities. We were completing our work as the 2003 war with Iraq began and so were unable to fully ascertain the extent of contractor support to U.S. forces inside Iraq. The scope of our review included system and theater support contracts. We also met with officials of selected contracting commands in the Air Force, Army, and Navy and at defense agencies including the Defense Logistics Agency. These officials included contracting officers and, where applicable, their representatives at deployed locations. We examined a wide range of contracts in order to assess the diversity of contractor support. While visiting deployed locations we met with representatives of the different DOD components and contractors stationed there to determine what contractor services are used to accomplish their missions.

To assess why DOD uses contractors to support deployed forces, we reviewed DOD studies and publications and interviewed DOD and contractor officials. We met with unit commanders during our visits to deployed locations to discuss the effects using contractors had on military training. We did not, however, compare the cost of contractors versus military personnel; make policy judgments as to whether the use of contractors is desirable; or look at issues related to government liability to contractors.

To assess DOD's efforts to identify those contractors that provide mission essential services and to maintain essential services if contractors are unable to do so, we reviewed applicable DOD Inspector General reports as well as DOD and its components' policies, regulations, and instructions for ensuring the continuation of essential services. In particular, we reviewed DOD Instruction 3020.37, which sets forth the policies and procedures for identifying mission essential services and the steps necessary to assure the continuation of such services. We held discussions with command, service, and installation officials on the extent to which the required review of contracts to identify mission essential services had been

conducted and on their backup planning should contractors not be able to perform such services for any reason. We also met with officials of the office responsible for monitoring implementation to ascertain what efforts they have undertaken. We reviewed the pertinent unclassified sections, related to contractor support, of operations plans for Iraq and the Balkans. We also discussed with deployed contractor employees their opinions of the extent of their responsibilities to continue to support military forces in crisis situations.

To assess the adequacy of guidance and oversight mechanisms in place to effectively manage contractors who support deployed forces we reviewed DOD's and its components' policies, regulations, and instructions that relate to the use of contractors that support deployed forces. We met with officials at all levels of command to gain an understanding of contracting and the contract management and oversight processes. At the locations we visited, we asked officials their opinions of the effectiveness of existing policy in helping them manage their contractor force and asked them for suggested areas of improvement. We also reviewed and discussed with them local policies and procedures for managing their contractors. We met with DOD's contract management officials as well as other military members to obtain their opinions of the quality of contractor-provided services and the quality of contract oversight. We also met with contractor representatives to discuss contract oversight and contract management from their perspective. Finally, we reviewed contracts that support deployed forces to assess the existence and adequacy of deployment language.

The DOD organizations we visited or contacted in the United States were

Office of the Secretary of Defense

- Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Washington, D.C.
- Civilian Personnel Management Service, Arlington, Va.

Chairman, Joint Chiefs of Staff

- J-4 Logistics, Washington, D.C.

Department of the Army

- Headquarters, Washington, D.C.

- Assistant Secretary of the Army (Acquisition, Logistics, and Technology), Falls Church, Va.
- Office of the Judge Advocate General, Rosslyn, Va.
- Army Contracting Agency, Falls Church, Va.
- U.S. Army Forces Command, Headquarters, Ft McPherson, Ga.
- 3rd Army Headquarters, Ft McPherson, Ga.
- 4th Infantry Division, Ft. Hood Tex.
- Corps of Engineers, Headquarters, Washington, D.C.
 - Corps of Engineers, Transatlantic Programs Center, Winchester, Va.
- Combined Arms Support Command, Ft. Lee, Va.
- Communications-Electronics Command, Ft. Monmouth, N.J.
- Training and Doctrine Command, Ft, Monroe, Va.
- Operations Support Command, Rock Island, Ill.
 - Logistics Civil Augmentation Program, Program Office, Rock Island, Ill.
- Army Materiel Command, Alexandria, Va.
- Network Enterprise Technology Command, Ft. Huachuca, Ariz.

Department of the Navy

- Headquarters, Washington, D.C.
- Naval Air Systems Command, Patuxent River, Md.
 - Naval Air Technical Data and Engineering Service Command, San Diego, Calif.
- Naval Sea Systems Command, Washington, D.C.
- Space and Naval Warfare Systems Command, San Diego, Calif.

Department of the Air Force

- Office of the Assistant Secretary of the Air Force for Acquisition, Rosslyn, Va.
- Air Force Materiel Command, Dayton, Ohio
 - F-117 Special Projects Office, Dayton, Ohio
- Air Force Civil Engineer Support Agency, Tilden Air Force Base, Fla.

Defense Agencies

- Defense Logistics Agency, Ft. Belvoir, Va.
 - Defense Energy Support Center, Ft. Belvoir, Va.
- Defense Contract Management Agency, Alexandria, Va.
- Defense Contract Audit Agency, Ft. Belvoir, Va.

The geographic combatant commands and component commands we visited or contacted were

- U.S. Central Command,
 - U.S. Army Forces Central Command
 - U.S. Naval Forces Central Command
 - U.S. Central Command Air Forces
 - U.S. Marine Forces Central Command

- U.S. European Command,
 - U.S. Army, Europe
 - U.S. Air Forces in Europe

- U.S. Pacific Command
 - U.S. Army Pacific
 - Pacific Air Forces
 - Special Operations Command Pacific
 - U.S. Marine Forces Pacific
 - U.S. Pacific Fleet
 - Naval Surface Forces, U.S. Pacific Fleet
 - Naval Air Forces, U.S. Pacific Fleet
 - Submarine Force, U.S. Pacific Fleet

The overseas activities and contractors we visited, by country, were

Bahrain

- Naval Support Activity
- Naval Regional Contracting Center
- USS Cardinal, MHC 60

Bosnia-Herzegovina

- Eagle Base, U.S. Army
 - Task Force Eagle, Area Support Group Eagle
 - Defense Contract Management Agency

- Eagle Base, Contractors
 - Mantech
 - Sprint
 - ITT

Germany

- Defense Contract Audit Agency, Wiesbaden
- Defense Contract Management Agency, Stuttgart
- Defense Energy Support Center, Wiesbaden

- Defense Logistics Agency, Wiesbaden
- Army Materiel Command Europe, Heidelberg

Serbia and Montenegro
Province of Kosovo

- Camp Bondsteel, U.S. Army
 - Task Force Falcon, Area Support Group Falcon
 - Defense Contract Management Agency
 - Army Materiel Command
- Camp Bondsteel, Contractors
 - TRW
 - Kellogg, Brown & Root Services
 - Premiere Technology Group
 - Engineering and Professional Services, Incorporated
- Camp Monteith, U.S. Army
 - 1st Infantry Division

Kuwait

- Camp Doha, U.S. Army
 - U.S. Army Kuwait
 - Army Corps of Engineers
 - Army Materiel Command
 - Defense Contract Management Agency
 - Coalition Forces Land Component Command
- Camp Doha, Contractors
 - KGL
 - Raytheon Aerospace
 - British Link Kuwait
 - CSA
- Ahmed Al Jaber Air Base, U.S Air Force
 - 332nd Air Expeditionary Wing
- Ahmed Al Jaber Air Base, Contractors
 - RMS
 - Dyncorp
 - Vinnell
 - ITT
 - Mutual Telecommunications Services

- Ali Al Salem Air Base, U.S. Air Force
 - 386th Air Expeditionary Wing
- Ali Al Salem Air Base, Contractors
 - Dyncorp
 - L3 Communications
 - TRW
 - General Atomics
 - Litton Integrated Systems
 - Anteon
 - RMS

Qatar

- U.S. Embassy, Doha, Qatar
- Camp As Sayliyah, U.S. Army
 - U.S. Army Forces Central Command-Qatar
 - U.S. Army Materiel Command
 - Defense Contracting Audit Agency
- Camp As Sayliyah, Contractors
 - ITT
 - Dyncorp
 - Stanley Associates
 - LESCO
- Al Udeid Air Base, U.S. Air Force
 - 379th Air Expeditionary Wing
 - Air Force Civil Augmentation Program, Program Office
- Al Udeid Air Base, Contractors
 - Dyncorp

We conducted our review between August 2002 and April 2003 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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JUN 16 2003

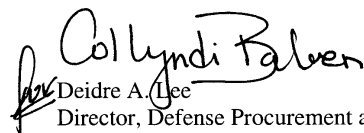
Mr. Steve Sternlieb
Assistant Director
Defense Capabilities and Management
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Sternlieb:

This is the Department of Defense (DoD) response to the GAO draft report GAO-03-695, "MILITARY OPERATIONS: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DoD Plans", dated May 7, 2003, (GAO Code 350239).

While in general better Department-wide guidance needs to be provided addressing various issues related to contractor employees on the battlefield, I note that the lack of such guidance has not jeopardized the operation of any DoD mission in recent memory. In fact the draft report even notes that the shortcomings have not impeded DoD missions. For example, on pages 30-31, the report notes that many contracts did not include language clearly specifying that contractors may need to be deployed to hostile and austere locations to provide support to deployed forces, including support contracts for the 4th Infantry Division. Nevertheless, as the report notes, "this did not impede the division's deployment for Operation Iraqi Freedom" and that contractor employees prepared to deploy in support of the 4th Infantry Division's deployment, including some whose contracts had either no deployment language or vague deployment language." Therefore, the benefits of any steps that provide greater guidance and obtain more information to ensure combatant commanders have a better picture of contractors on the battlefield must be weighed against the burdens and costs of such measures.

Please see the enclosed for more detailed comments. If you have any questions concerning this matter please contact Mr. William C. Timperley at 703-697-8336 or via e-mail at william.timperley@osd.mil.


Deidre A. Lee
Director, Defense Procurement and
Acquisition Policy

Attachment:
As stated



Now on p. 26.

GAO DRAFT REPORT – DATED MAY 7, 2003
GAO CODE 350239/GAO-03-695

**“MILITARY OPERATIONS: Contractors Provide Vital Services to Deployed Forces but Are
Not Adequately Addressed in DoD Plans”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the heads of DoD components to complete the first review of contracts to identify those providing mission essential services by the end of calendar year 2003. (Page 42/GAO Draft Report)

DOD RESPONSE: Partially concur. While such a review needs to be accomplished as required by DoD Instruction 3020.37, there may be problems that preclude completing such a review by the end of calendar year 2003, for several reasons. First, it is up to the Military Components to determine what services, equipment, or weapon systems are essential for the wartime mission. The Components define mission essential services, and these requirements may change with the crisis/war DoD is engaging. Part of the definition of essential contractor services includes when “DoD Components may not have military or DoD civilian employees to perform these services immediately.” This may be an ephemeral definition that can change in a relatively short period of time. Second, in numerous instances there are no electronic records of the contracts written for these services. These contracts are written by Contingency Contracting Officers (CCOs) in forward operating locations. Obtaining a listing of mission essential contracts will entail physically searching through manual records that may be stored in various locations. Finally, the problem is compounded when you address contracts written in CONUS, but supporting contingencies overseas. The majority of the CONUS-written contracts contain minimal language on deployments, and there may not be any record detailing whether or not the deployment occurred. A manual review of existing contracts will have to be completed, requirements validated, data manually gathered, and reported. Because the effort needed to obtain this information on contracts currently in place may outweigh the possible benefits, DoD will explore how best to conduct a review of contractor services supporting deployed forces, which may exclude some existing contracts. This flexibility is justified considering that the lack of the type of review recommended has not impeded military operations.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense (Personnel and Readiness) to develop procedures to monitor the implementation of DoD Directive 3020.37. (Page 42/GAO Draft Report)

DOD RESPONSE: Concur. However, OUSD(P&R/PPP) notes that reference is made to pages 2, 3, 11, 12, 19, and 21 regarding strategic planning and integrating the contractor workforce in the total workforce. This issue was a subject of review in GAO Report 03-475 (and follow-up report 03-690R) in February and March 2003. Our response remains as follows: “Non-concur.

Now on p. 35.

Now on p. 35.

The use of contractors is just another tool to accomplish the mission, not a separate workforce, with separate needs, to manage.”

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense develop DoD-wide guidance and doctrine on how to manage contractors who support deployed forces. The guidance should: (a) establish baseline policies for the use of contractors to support deployed forces, (b) delineate the roles and responsibilities of commanders regarding the management and oversight of contractors who support deployed forces, and (c) integrate other guidance and doctrine that may affect DoD responsibilities to contractors in deployed locations into a single document to assure that commanders are aware of all applicable policies. Additionally, GAO recommended that the Secretary of Defense direct the Service Secretaries to develop procedures to assure implementation of the DoD guidance. (Page 43/GAO Draft Report)

Now on pp. 35-36.

DOD RESPONSE: Concur.

RECOMMENDATION 4: The GAO recommended that the Secretary of Defense develop and require the use of standardized deployment language in contracts that support or may support deployed forces. The Defense Federal Acquisition Regulation Supplement should be amended to require standard clauses in such contracts that are awarded by DoD and to address deployment in orders placed by DoD under other agencies’ contracts. This language should address the need to deploy into and around the theater, required training, entitlements, force protection, and other deployment related issues. (Page 43/GAO Draft Report)

Now on p. 36.

DOD RESPONSE: Concur.

RECOMMENDATION 5: The GAO recommended that the Secretary of Defense develop a web-based training course for commanding officers and other senior leaders who are deploying to locations with contractor support. This website could provide information on the roles and responsibilities of the Defense Contract Management Agency and the contracting officer’s representative and the role of the commander in the contracting process and the limits of his/her authority. In addition, this website could provide answers to frequently asked questions and provide links to DoD and service policy and guidance and other on-line training courses. Also, contracting officers should ensure that those individuals selected as contracting officer’s representatives complete one of the established contracting officer’s representative training courses before they assume their duties. (Pages 43-44/GAO Draft Report)

Now on p. 36.

DOD RESPONSE: Partially Concur. DoD agrees that appropriate training will need to be developed as DoD develops Department-wide guidance. We will examine alternative training methods on how best to ensure commanding officers, senior leaders, and acquisition professionals are aware of DoD policies and guidance regarding the use of contractor employees that accompany deployed forces. Although web-based training may be an appropriate medium for such training, in some cases it may be more beneficial to incorporate training into already existing courses, including classroom courses for commanding officers.

Now on p. 36.

RECOMMENDATION 6: The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense (Comptroller) to implement the changes to the Department Financial Management Regulations previously agreed to with these modifications: (1) the financial management regulations should specify that the biannual report include a synopsis of the services being provided and a list of contractor entitlements; (2) the report should include all contracts that directly support U.S. contingency operations including those funded by the Services base program accounts; and (3) the changes should be finalized by January 1, 2004. (Page 44/GAO Draft Report)

DOD RESPONSE: Partially concur. The "DoD Financial Management Regulation" ("DoDFMR") will be updated to address the GAO recommendation. A draft of the proposed "DoDFMR" change is provided below:

230106. Elimination of Potential Duplicative Efforts. DoD Components utilizing funding provided from a transfer account like the Overseas Contingency Operations Transfer Fund (OCOTF) and the Defense Emergency Response Fund (DERF) appropriations are to forward to the executive agent for operations in the geographical area in which the contingency is being executed a biannual report outlining all existing and anticipated contracts and modifications to those contracts that directly support U.S. contingency operations. The biannual report shall include a synopsis of the services being provided. Furthermore, the executive agent for that area is to review all contracts to: (1) identify possible duplication of services, and (2) ensure that contractors receive only those services from the government to which they are contractually entitled. The executive agent is to take administrative action to ensure that duplicative services are not being purchased.

The portion of the recommendation requesting that the biannual report include a list of contractor entitlements and all contracts that directly support U.S. contingency operations, including those funded by the Services base program accounts, will be reviewed with the military departments to determine whether obtaining such information is cost-effective. The lack of collecting such information has not jeopardized the operation of any DoD mission in recent memory. Therefore, the benefits of any steps that will be taken to obtain more information to ensure that combatant commanders have a more complete picture of contractors on the battlefield must be weighed against the burdens and costs of such measures. Other, less burdensome ways to ensure combatant commanders have all the necessary information for contractors that are supporting them need to be fully explored before pursuing more burdensome means, such as a costly centralized database.

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Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

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