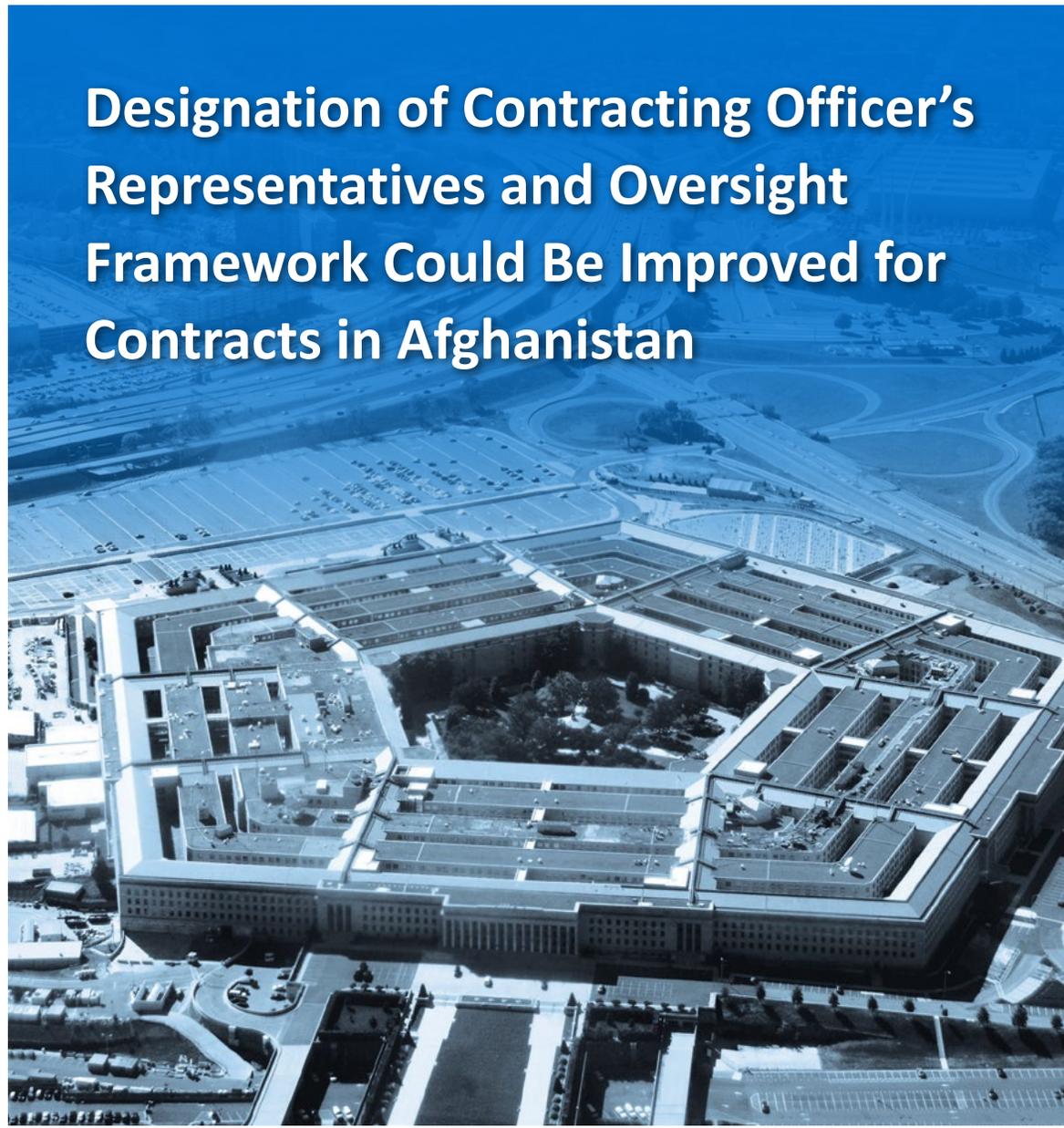




# INSPECTOR GENERAL

*U.S. Department of Defense*

AUGUST 30, 2016



## Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan

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# Results in Brief

## *Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan*

August 30, 2016

### Objective

We determined whether contracting officer's representatives (CORs) were properly appointed and trained, and were able to effectively perform their oversight responsibilities for contracts performed in Afghanistan. A COR is an individual designated by a Government contracting officer to perform specific technical or administrative functions for Government contracts.

We performed this audit in response to a February 2015 U.S. Forces-Afghanistan policy memorandum requesting the DoD Office of Inspector General to review COR performance in the Combined/Joint Operations Area-Afghanistan. We nonstatistically selected 16 contracts, some with multiple CORs.

### Findings

We determined that CORs in Afghanistan generally met training requirements. However, we determined that CORs were not properly appointed after COR designation guidelines were revised. None of the 24 COR designation letters dated after DoD guidelines for designation letters were revised in March 2015 met the additional requirements included in the revised guidelines. Specifically, the designation letters did not include certification that the COR met qualification requirements, identify all required contractual information, address standards of conduct or conflicts of interest, and were not signed by the COR's management. CORs were not appointed

### Findings (cont'd)

in accordance with DoD guidelines because the contracting activities did not update COR policies or standardized appointment documentation. As a result, CORs may not be fully aware of contract requirements and the importance of contract oversight to the requiring activity. The designation letter is the written notification from the contracting officer to the COR specifying the extent of the COR's authority to act on behalf of the contracting officer, and the omission of the required elements may result in CORs being unaware of the responsibilities they are agreeing to perform.

CORs and in-country representatives<sup>1</sup> could effectively perform oversight on 12 of 16 contracts. However, for 4 of 16 contracts, the contracting activities did not establish an effective oversight framework to ensure contracted services conformed to contract requirements. Specifically:

- A U.S. Naval Sea Systems contract did not have a quality assurance surveillance plan because the contracting officer did not follow Defense acquisition guidelines.
- An in-country representative for a U.S. Naval Sea Systems contract did not receive guidance on oversight duties from the COR because the quality assurance surveillance plan did not specify oversight responsibilities for in-country representatives.
- One COR assigned to two contracts for U.S. Army Contracting Command-Rock Island was also assigned to multiple other contracts and performed many other duties, and may not have had sufficient time to perform all COR oversight responsibilities.

Without a strong oversight framework, the contracting activities had limited assurance that these four contractors were meeting the performance standards required by the contracts.

<sup>1</sup> An in-country representative is a Government official who validates requirements for contract performance in his or her country of residence and coordinates with the requiring activity and the COR in the continental United States.



# Results in Brief

## *Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan*

### **Findings (cont'd)**

Three contracting activities took corrective action as a result of our audit. Specifically, U.S. Transportation Command, U.S. Special Operations Command, and the Defense Contract Management Agency revised their instructions to ensure COR designation letters followed the revised DoD guidelines.

### **Recommendations**

We recommend that officials from Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics, update their contract management system and the COR designation sample template form to include all DoD requirements.

We also recommend that officials from U.S. Army Contracting Command–Rock Island, U.S. Army Contracting Command–Aberdeen Proving Ground,<sup>2</sup> U.S. Army Corps of Engineers, and U.S. Naval Sea Systems develop guidance that requires contracting officers to review all future COR designation letters for contracts in Afghanistan for compliance with DoD guidelines before issuance. In addition, we recommend that all six contracting activities included in the audit review all their COR designation letters for contracts in Afghanistan produced since the issuance of revised DoD guidelines for designation letters and before the implementation of the activities' revised contracting policies to confirm that the letters comply with DoD guidelines. We recommend that the activities issue updated designation letters to address all requirements in the revised DoD guidelines.

### **Recommendations (cont'd)**

We recommend that officials from U.S. Naval Sea Systems issue guidance to contracting officers to obtain a quality assurance surveillance plan for all service contracts, and ensure that the plan includes specific oversight responsibilities for in-country representatives when the COR is based outside Afghanistan. Finally, we recommend that officials from U.S. Army Contracting Command–Rock Island coordinate with the requiring activities to ensure nominated CORs have sufficient time to perform oversight responsibilities.

### **Management Comments and Our Response**

Comments from officials at the U.S. Army Corps of Engineers, U.S. Naval Sea Systems Command, and U.S. Transportation Command addressed all specifics of the recommendations and no further comments are required.

The Executive Director, U.S. Army Contracting Command–Rock Island, and the Executive Director, U.S. Army Contracting Command–Aberdeen Proving Ground submitted comments on the draft report too late to include them in the final report. The Director, Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Commander, U.S. Special Operations Command, did not respond to the recommendations in the report. We request that these officials provide comments in response to this report. Please see the Recommendations Table on the following page.

<sup>2</sup> Contracts for U.S. Army Communications–Electronics Command were managed by U.S. Army Contracting Command–Aberdeen Proving Ground.

## ***Recommendations Table***

<b>Management</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Director, Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics	A.1	
Executive Director, U.S. Army Contracting Command–Rock Island	A.2.a, A.2.b, B.2	
Executive Director, U.S. Army Contracting Command–Aberdeen Proving Ground	A.3.a, A.3.b	
Commanding General, U.S. Army Corps of Engineers		A.4.a, A.4.b
Commander, U.S. Naval Sea Systems Command		A.5.a, A.5.b, B.1.a, B.1.b
Commander, U.S. Transportation Command		A.6
Commander, U.S. Special Operations Command	A.7	

Please provide Management Comments by September 30, 2016.





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

August 30, 2016

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,  
TECHNOLOGY, AND LOGISTICS  
UNDER SECRETARY OF DEFENSE FOR POLICY  
COMMANDER, U.S. CENTRAL COMMAND  
COMMANDER, U.S. FORCES-AFGHANISTAN  
DIRECTOR, JOINT STAFF

SUBJECT: Designation of Contracting Officer's Representatives and Oversight Framework  
Could Be Improved for Contracts in Afghanistan (Report No. DODIG-2016-131)

We are providing this report for review and comment. Contracting officer's representatives appointed after the release of DoD Instruction 5000.72 were not designated in accordance with the Instruction. In addition, some contracts did not have quality assurance surveillance plans, did not define responsibilities for in-country representatives, or had a contracting officer's representative who was assigned to multiple contracts and may not have been able to perform all oversight responsibilities. We conducted this audit in accordance with generally accepted government auditing standards.

We considered comments on a draft of this report. DoD Instruction 7650.03 requires that recommendations be resolved promptly. The Executive Director, U.S. Army Contracting Command-Rock Island, and the Executive Director, U.S. Army Contracting Command-Aberdeen Proving Ground submitted comments on the draft report too late to include them in the final report. The Director, Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics, and Commander, U.S. Special Operations Command, did not provide comments on the draft report. Please provide comments that state whether you agree or disagree with the findings and recommendations. If you agree with our recommendations, describe what actions you have taken or plan to take to accomplish the recommendations and include the actual or planned completion dates of your actions. If you disagree with the recommendations or any part of them, please give specific reasons why you disagree and propose alternative action if that is appropriate. You should also comment on the internal control weaknesses discussed in the report. Therefore, we request comments on the recommendations and internal control weaknesses by September 30, 2016.

Please send a PDF file containing your comments to [cmp@dodig.mil](mailto:cmp@dodig.mil). Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

A handwritten signature in blue ink, appearing to read "M. Roark", is located below the text.

Michael J. Roark  
Assistant Inspector General  
Contract Management and Payments

# Contents

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## Introduction

Objective .....	1
Background .....	1
Review of Internal Controls .....	6

## Finding A. CORs Generally Met Training Requirements But Some COR Designations Did Not Meet

<b>DoD Requirements</b> .....	7
CORs Generally Met Training Requirements .....	7
CORs Were Not Designated in Accordance with DoD Instruction .....	7
Contracting Activities Did Not Update Policy and Documentation to Include DoD Instruction Requirements .....	10
Oversight of Some Contracts in Afghanistan May Not Be Effective .....	12
Management Actions Taken .....	12
Recommendations, Management Comments, and Our Response .....	13

## Finding B. Contract Oversight Framework in Afghanistan Could Be Improved

CORs and In-Country Representatives Could Effectively Perform Oversight on Most Contracts .....	17
Contracting Activities Did Not Establish an Effective Oversight Framework for Four Contracts .....	19
Contracting Activities May Have Limited Assurance of Contractor Performance .....	20
Recommendations, Management Comments, and Our Response .....	21

## Appendixes

Appendix A. Scope and Methodology .....	23
Use of Computer-Processed Data .....	24
Appendix B. Prior Coverage .....	25
Appendix C. Selected Contracts .....	27

## Management Comments

U.S. Army Corps of Engineers Comments .....	30
U.S. Naval Sea Systems Command Comments .....	32
U.S. Transportation Command Comments .....	35

<b>Acronyms and Abbreviations</b> .....	36
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# Introduction

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## Objective

We determined whether contracting officer's representatives (CORs) were properly appointed and trained, and were able to effectively perform oversight responsibilities for contracts in Afghanistan. To maximize the number of contracts reviewed, we focused on whether the CORs were properly appointed and trained and had the resources available to effectively perform oversight responsibilities. We did not determine whether the CORs were performing their required duties. See Appendix A for the scope and methodology and Appendix B for prior coverage related to the objective.

## Background

Contracting officers have the authority to enter into, administer, and terminate Government contracts and make related determinations and findings. A COR is an individual designated and authorized in writing by the contracting officer to perform specific technical or administrative functions related to a specific contract. An in-country representative is a Government official who validates requirements for contract performance in the country in which he or she resides and who coordinates with Continental United States (CONUS) requiring activities.<sup>3</sup>

On January 21, 2015, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics [USD(AT&L)] issued a memorandum that updated requirements for all DoD contracts performed in Afghanistan.<sup>4</sup> One new requirement was that all contracts have an in-country COR or an in-country representative.

In a February 2015 policy memorandum,<sup>5</sup> U.S. Forces–Afghanistan (USFOR-A) requested the DoD Office of Inspector General (DoD OIG) to review COR performance in the Combined/Joint Operations Area–Afghanistan. According to the request, USFOR-A was concerned that:

- DoD contracts in Afghanistan did not have in-country CORs or alternates,
- COR experience and training were not sufficient to adequately perform duties and provide effective oversight of contracts and contractors, and
- CORs did not have enough time to effectively perform COR duties because of excessive additional duties.

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<sup>3</sup> The requiring activity is the organization providing either the technical oversight of the requirement or receiving the contracted services.

<sup>4</sup> Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "Theater Business Clearance Update for Afghanistan," January 21, 2015.

<sup>5</sup> Chief of Staff, U.S. Forces–Afghanistan National Support Element Memorandum, "Recommended External Audits and Reviews," February 28, 2015.

## ***U.S. Forces–Afghanistan***

USFOR-A's mission is to train, advise, and assist Afghan forces to help the Afghans build an enduring, sustainable, and secure Afghanistan. USFOR-A is also responsible for reducing (drawing down) the number of military troops and personnel and redistributing equipment and materials. The Operational Contract Support Integration Cell, a Component under USFOR-A, was established in August 2012 to manage the planned drawdown of contracts, the contractor workforce, and associated equipment in Afghanistan. The Operational Contract Support Integration Cell has reduced contract requirements in Afghanistan, resulting in a decrease in contractors.

## ***Contracts Reviewed in Afghanistan***

The Operational Contract Support Integration Cell provided a universe of DoD contracts in Afghanistan as of September 2, 2015, from the Synchronized Predeployment and Operational Tracker database. From the universe of contracts in Afghanistan, we ranked the contracting activities by the number of contract actions.<sup>6</sup> We then selected the following six contracting activities with the highest number of contract actions:

- U.S. Army Corps of Engineers (USACE);
- U.S. Army Contracting Command–Rock Island (ACC-RI);
- U.S. Army Communications–Electronics Command (USCECOM);<sup>7</sup>
- U.S. Special Operations Command (USSOCOM);
- U.S. Transportation Command (USTRANSCOM); and
- U.S. Naval Sea Systems Command (USNAVSEA).

From these six contracting activities, we nonstatistically selected 3 contracts per contracting activity,<sup>8</sup> for a total of 18 contracts in our sample. We selected contracts based on the nature of work performed, the number of personnel assigned to the contract, and the period and location of performance. We removed 2 USSOCOM contracts from our sample because they were classified, leaving 16 contracts.

Because some contracts had more than one designated COR, the 16 contracts in our sample had 29 CORs. For the review of training requirements, we tested each COR individually. Because some CORs were designated to more than one contract, the

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<sup>6</sup> We defined contract actions as unique lines in the Synchronized Predeployment and Operational Tracker database. These contract actions were either entire contracts with no task orders or contracts with specific task orders, where each task order was considered a contract action.

<sup>7</sup> Contracts for USCECOM were managed by U.S. Army Contracting Command–Aberdeen Proving Ground (ACC-APG), and therefore we will refer to ACC-APG for the USCECOM contracts.

<sup>8</sup> Contracting activity means an element of an agency designated by the agency head and delegated broad authority over acquisition functions.

16 contracts had 38 COR designation letters. For the review of designation letters, we tested each letter individually. Finally, to determine the ability of the CORs to conduct contract oversight, we tested each of the 16 contracts individually.

### ***Contract Surveillance Requirements***

The Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), DoD Instructions, and Defense Acquisition University guidelines provide requirements and guidance for the designation, training and experience, and oversight responsibilities for CORs.

#### *Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement*

FAR subpart 46.1<sup>9</sup> requires contracting officers to verify that the contractor fulfills the contract quality requirements and to identify nonconformances. The contracting officer must establish the significance of a nonconformance when considering the acceptability of supplies or services that do not meet contract requirements. However, the contracting officer is allowed to designate contract oversight responsibility to CORs.

The FAR establishes general criteria for COR designation and training. FAR subpart 1.6<sup>10</sup> requires the contracting officer to designate and authorize a COR in writing, specifying:

- the extent of the COR's authority to act on behalf of the contracting officer,
- the limitations on the COR's authority,
- the period covered by the designation,
- that the authority is nonredelegable, and
- that the COR may be personally liable for unauthorized acts.

FAR subpart 1.6 requires the COR to maintain a file for each assigned contract. The file must include, at a minimum:

- a copy of the contracting officer's letter of designation and other documents describing the COR's duties and responsibilities,
- a copy of the contract administration functions delegated to a contract administration office that may not be delegated to the COR, and
- documentation of COR actions taken in accordance with the delegation of authority.

<sup>9</sup> FAR Part 46, "Quality Assurance," Subpart 46.1, "General."

<sup>10</sup> FAR Part 1, "Federal Acquisition Regulation System," Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities."

DFARS subpart 246.4<sup>11</sup> states that a contracting officer should prepare a quality assurance surveillance plan (QASP) for service contracts in order to facilitate assessment of contractor performance.<sup>12</sup> Furthermore, DFARS subpart 237.1<sup>13</sup> requires that a QASP for service contracts be prepared at the same time as the statement of work and should be tailored to address performance risks for the contract type and work effort.

### *DoD Standard for Certification of COR for Service Acquisition*

A March 2010 USD(AT&L) memorandum<sup>14</sup> introduced structure and rigor to COR responsibilities and performance. The memorandum identified DoD COR certification requirements as well as minimum COR competencies, experience, and training according to the nature and complexity of the requirement and contract performance risk. The memorandum also addressed the requiring activity's responsibilities for surveillance of service contracts, including when a COR is required. The memorandum required the contracting officer to provide the requiring activity a list of proposed responsibilities for the COR.

Additionally, an August 2008 memorandum from the Deputy Secretary of Defense<sup>15</sup> established guidance to ensure that properly trained CORs are assigned prior to contract award. The requiring activity submits nominations for CORs to the contracting activity. The COR nomination package:

- addresses the qualifications of the prospective COR;
- affirms that the COR will be afforded necessary resources to perform the designated functions;
- affirms that the prospective COR and the prospective COR's supervisors understand the importance of performance of the designated functions;
- affirms that performance of the designated functions will be addressed as part of the COR's performance assessments; and
- complies with the nomination provisions in the assignment of successor CORs.

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<sup>11</sup> DFARS Subpart 246.4, "Government Contract Quality Assurance," October 1, 2010.

<sup>12</sup> FAR Subpart 46, "General," 46.103, "Contracting office responsibilities," requires the activity responsible for technical requirements to propose a QASP for service contracts to the contracting officer.

<sup>13</sup> DFARS Subpart 237.1, "Service Contracts—General," December 11, 2014.

<sup>14</sup> Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "DoD Standard for Certification of Contracting Officer's Representatives (COR) for Service Acquisitions," March 29, 2010, incorporated into and canceled by DoD Instruction 5000.72, "DoD Standard for Contracting Officer's Representative (COR) Certification," March 26, 2015.

<sup>15</sup> Deputy Secretary of Defense Memorandum, "Monitoring Contract Performance in Contracts for Services," August 22, 2008, implemented by DoD Instruction 5000.72.

### *DoD Instruction 5000.72: DoD Standard for COR Certification*

DoD Instruction 5000.72<sup>16</sup> establishes policies and standards, assigns responsibilities, provides procedures to certify CORs, and establishes uniform guidance for identification, development, certification, and management of CORs in DoD. In addition, the Instruction requires DoD Component heads to use the DoD COR Tracking Tool (CORT Tool) in accordance with DFARS 201.602-2.<sup>17</sup>

DoD Instruction 5000.72 also restates FAR subpart 1.6 requirements for the contents of COR designation letters and expands these requirements. The Instruction establishes that the COR letter of designation from the contracting officer must:

- identify the COR by name and position;
- identify the contractor and contract number, including task or delivery order number, and date of award;
- state that the designation conforms to FAR 1.602-2;<sup>18</sup>
- address standards of conduct and personal conflicts of interest, either real or apparent;
- certify that the COR meets the qualification requirements;<sup>19</sup>
- state whether the COR will be a departmental accountable official;<sup>20</sup>
- state that the COR is responsible for notifying COR management and the contracting office if unable to continue performance as the COR;
- identify whether the COR must file an OGE Form 450;<sup>21</sup> and
- be signed by the contracting officer, COR management, and the COR.

In addition, the Instruction requires that designated CORs receive training based on the nature and complexity of the contract requirement and contract performance risk. Specifically, the Instruction establishes three types of “standards”—Types A, B, and C—used to categorize contracts for determining minimum COR competencies, experience, and training requirements. Training requirements include courses on COR duties, ethics, and trafficking in persons, and other training required by the contracting activities.

<sup>16</sup> DoD Instruction 5000.72, “DoD Standard for Contracting Officer’s Representative (COR) Certification,” March 26, 2015.

<sup>17</sup> DFARS Subpart 201.6, “Contracting Authority and Responsibilities,” PGI 201.602-2, “Responsibilities,” June 15, 2012.

<sup>18</sup> FAR subpart 1.602-2, “Responsibilities.”

<sup>19</sup> Some of the requirements are the type of contract and minimum training requirements, agency and technical experience, competency in subject matter, and any refresher training required.

<sup>20</sup> According to DoD Instruction 5000.72, a COR will be a departmental accountable official if the COR’s responsibilities include providing information, data, or services that are directly relied on by the certifying official in the certification of vouchers for payment.

<sup>21</sup> U.S. Office of Government Ethics Form 450, “Confidential Financial Disclosure Report.”

## ***VCE-COR and DoD CORT Tool***

Virtual Contracting Enterprise–Contracting Officer Representative (VCE-COR) is an internet-based information system developed and owned by the U.S. Army Contracting Command to nominate and track CORs electronically. VCE-COR was closed on October 30, 2015, to implement the requirement in DoD Instruction 5000.72 for all of DoD to use the DoD CORT Tool to appoint CORs. Owned by DoD, the DoD CORT Tool is an internet-based management application that provides automatic access to information about DoD CORs and allows a prospective COR, COR supervisor, and contracting officer to electronically process COR nomination for one or multiple contracts. The DoD CORT Tool was deployed in March 2011. As of June 2012, DFARS Procedures, Guidance, and Information 201.6<sup>22</sup> has required that all DoD contracting activities use the DoD CORT Tool.

## **Review of Internal Controls**

DoD Instruction 5010.40<sup>23</sup> requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses in designating CORs and in assigning oversight responsibilities between CORs located in the CONUS and the in-country representatives. Specifically, none of the CORs designated after the publication of DoD Instruction 5000.72 met the updated designation requirements. In addition, one contracting activity did not consistently assign oversight duties, which led to poor communication between the CONUS-based COR and the in-country representatives. We will provide a copy of the report to the senior officials responsible for internal controls at the contracting activities involved.

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<sup>22</sup> DFARS Procedures, Guidance, and Information 201.6, “Career Development, Contracting Authority, and Responsibilities,” 201.602-2, “Responsibilities,” June 15, 2012.

<sup>23</sup> DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013.

## Finding A

### CORs Generally Met Training Requirements But Some COR Designations Did Not Meet DoD Requirements

CORs in Afghanistan generally met training requirements. In addition, all 38 COR designation letters we reviewed met designation guidelines outlined in FAR subpart 1.6. However, none of the 24 letters dated after DoD Instruction 5000.72 was issued on March 26, 2015, met all the expanded requirements in the Instruction. Specifically, of the 24 COR designation letters:

- 23 did not certify that the COR met qualification requirements, such as having received required training;
- 21 did not contain all the required contractual information;<sup>24</sup>
- 1 did not address COR standards of conduct or conflicts of interest; and
- 22 were not signed by the COR's management.

CORs were not designated in accordance with DoD Instruction 5000.72 because the contracting activities did not update COR policies and standardized appointment documentation after USD(AT&L) revised DoD Instruction 5000.72.

As a result, CORs may not be fully aware of contract requirements and the importance of contract oversight to the requiring activity.

### CORs Generally Met Training Requirements

The 29 CORs designated for the 16 contracts reviewed generally met training requirements. For each contract, we determined whether standard Type A, B, or C applied, and we identified the training required by DoD Instruction 5000.72 for the contract's level of complexity. We obtained the designated CORs' training certificates and compared them to the training required in the Instruction.

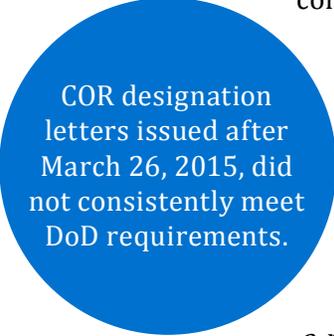
### CORs Were Not Designated in Accordance with DoD Instruction

For the 16 contracts in our sample, we reviewed 38 COR designation letters. The designation letters met the requirements outlined in FAR subpart 1.6. However, the 24 letters dated after the issuance of DoD Instruction 5000.72 on March 26, 2015,

<sup>24</sup> Required contractual information includes the name of the contractor whose performance was being monitored, the applicable contract number, and the contract award date.

did not meet the expanded designation letter requirements outlined in the Instruction. Specifically, the letters did not contain certifications that the CORs met qualification requirements, contractual information, a discussion of standards of conduct, or the signature of the CORs' management.

### ***COR Designation Letters Did Not Certify That CORs Met Qualification Requirements***



COR designation letters issued after March 26, 2015, did not consistently meet DoD requirements.

COR designation letters issued after March 26, 2015, did not consistently meet DoD requirements. Specifically, 23 of 24 letters did not certify that CORs met all the qualification requirements. DoD Instruction 5000.72 outlines the experience and training required for CORs who provide oversight on different types of contracts. For example, the Instruction states that CORs who provide oversight on fixed-price contracts without incentives and low performance risk (Type A standard) must have a minimum of 6 months of experience with the agency, technical experience as determined by the requiring activity, and must obtain specific mandatory training. DoD Instruction 5000.72 requires the designation letter to certify that the COR meets the qualification requirements established by the Instruction. The purpose of this step is to ensure that the designated COR is able to perform effective contract oversight. However, 23 of the 24 COR designation letters did not identify the type of standard set out in DoD Instruction 5000.72 or state that the COR designated to oversee contractor performance met the qualification requirements for that specific type of standard.

### ***COR Designation Letters Did Not Contain Contractual Information for the COR***

Of the 24 COR designation letters issued after March 26, 2015, 21 did not contain all the required contractual information for the contracts that the CORs were assigned to monitor. DoD Instruction 5000.72 states that the designation letter should identify the contractor and contract number, including task or delivery order number, and date of award.

### ***One Designation Letter Did Not Include Standards of Conduct or Conflicts of Interest***

One COR designation letter did not address COR standards of conduct or conflicts of interest. DoD Instruction 5000.72 states that the designation letter must address standards of conduct and personal conflicts, either real or apparent. Although the Instruction does not establish detailed COR standards

of conduct, FAR subpart 3.1<sup>25</sup> outlines these standards. The FAR states that Government business shall be conducted in a manner above reproach, with complete impartiality, and that transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The FAR also states that the general rule is to avoid any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships. To fulfill the requirement of DoD Instruction 5000.72, the contracting activities used language similar to FAR subpart 3.1 in the designation letters. For example, one USTRANSCOM designation letter states, “CORs shall avoid the appearance of a conflict of interests [sic] in order to maintain public confidence in the U.S. Government’s conduct of business with the private sector.” In its designation letters, USSOCOM includes a direct reference to FAR subpart 3.1. To fulfill the requirement in DoD Instruction 5000.72, the designation letters must address standards of conduct and personal conflicts of interest.

### ***Designation Letters Lacked Signature of COR Management***

Of the 24 COR designation letters issued after March 26, 2015, 22 were not signed by the COR’s management. DoD Instruction 5000.72 states that

Of the 24 COR designation letters issued after March 26, 2015, 22 were not signed by the COR’s management.

the designation letter to the COR must be signed by the contracting officer, COR management, and the COR. According to DoD Instruction 5000.72, COR management is defined as the specific chain of command within the requiring activity responsible for supervision and management of the COR. COR management is responsible for ensuring adequate resources, including time, supplies, and opportunity, are available for performance of COR responsibilities before the contract award. COR management is also responsible for discussing

with the COR nominee the COR responsibilities to be designated and the importance of the performance of COR responsibilities. Without the COR management’s signature, the COR could face conflicting duties or lack of support from management to perform oversight responsibilities. For example, on one contract, the COR stated that occasionally he could not conduct contract oversight duties because his chain of command did not always agree that COR duties should take priority over his other responsibilities.

<sup>25</sup> FAR Part 3, “Improper Business Practices and Personal Conflicts of Interest,” Subpart 3.1, “Safeguards.”

## **Contracting Activities Did Not Update Policy and Documentation to Include DoD Instruction Requirements**

CORs were not designated in accordance with DoD Instruction 5000.72 because the contracting activities did not update policy and standardized documentation after USD(AT&L) issued DoD Instruction 5000.72. While the six contracting activities reviewed used different systems and standard forms for issuing designation letters, none of the six captured all the requirements from the DoD Instruction.

### ***Contracting Management Systems Were Not Updated With New Requirements***

Four contracting activities used an automated system for contract management that was not updated with the new requirements of DoD Instruction 5000.72. Specifically, U.S. Army Contracting Command–Aberdeen Proving Ground (ACC-APG), ACC-RI, USACE, and USTRANSCOM used the VCE-COR tool to prepare COR designation letters. While the VCE-COR tool captured most requirements of DoD Instruction 5000.72, not all were included in the designation letter template.

When an activity uses the VCE-COR tool to prepare COR designation letters, the process of appointing a COR begins with the potential COR creating and submitting a VCE-COR nomination package to his or her supervisor. The COR's supervisor then reviews and approves the nomination package and submits it to the contracting officer. The contracting officer reviews the package and if the potential COR accepts the nomination, the contracting officer appoints the COR using the VCE system. The system then requires the COR's supervisor to certify that the COR does not have a conflict of interest, as required by DoD Instruction 5000.72. The VCE-COR system also contains the COR training certificates and the contractor's name, both of which are also required by the Instruction. However, the four contracting activities that used this system provided CORs with designation letters that did not contain all the designation letter requirements outlined in the Instruction. According to officials from ACC-APG, ACC-RI, USACE, and USTRANSCOM, these four contracting activities are migrating to the DoD CORT Tool for COR management.

### ***Two Contracting Activities Did Not Update Command COR Designation Guidance***

Two contracting activities did not update their COR designation guidance to comply with DoD Instruction 5000.72. Officials from USNAVSEA stated they followed their command's policies in designating CORs to the contracts reviewed. However, the new requirements outlined in DoD Instruction 5000.72 were not included in the command's guidance. A USNAVSEA official stated that USNAVSEA gathered the information required by DoD Instruction 5000.72, but did not include the required

elements in its designation letters. He stated that the command was reviewing its COR Instruction and plans to consider including the new requirements. USNAVSEA officials stated they are migrating to the DoD CORT Tool as required by DoD Instruction 5000.72.

Officials from USSOCOM also stated they followed their command's policies in designating CORs to the contracts reviewed. However, USSOCOM has taken corrective action to update its guidance and standardized forms to include the new requirements.

### ***DoD CORT Tool Will Not Guarantee Compliance With DoD Instruction 5000.72***

According to officials at USD(AT&L) Defense Procurement and Acquisition Policy, contracting officers can upload their own designation letters or use the sample template form provided by the DoD CORT Tool. However, the sample template form does not contain all elements required by DoD Instruction 5000.72. For example, the sample template form does not contain the contractor's name or certification that the COR met qualification requirements for the contract's type of standard from DoD Instruction 5000.72. The Under Secretary of Defense for Acquisition, Technology, and Logistics, Defense Procurement and Acquisition Policy, needs to update the DoD CORT Tool sample template form to include all requirements.

In addition, DoD Instruction 5000.72 does not require contracting officers to use a specific form, but states the contracting officer is responsible for ensuring the designation letter contains the required elements. ACC-RI, ACC-APG, USACE, and USNAVSEA should review future designation letters for compliance with DoD Instruction 5000.72, whether uploaded by the contracting officer or generated by the DoD CORT Tool, and include documentation for any missing requirements in the contract and COR files. In addition, all of the contracting activities reviewed during the audit should update existing COR designation letters to comply with DoD Instruction 5000.72.

## Oversight of Some Contracts in Afghanistan May Not Be Effective

As a result, CORs may not be fully aware of contract requirements and the importance of contract oversight to the requiring activity. The letter of designation is the written notification from the contracting officer to the COR specifying the extent of the COR's authority to act on behalf of the contracting officer. While DoD Instruction 5000.72 establishes procedures for the identification and review of training requirements and other required qualifications for CORs, the designation letter is the official certification that the COR met those requirements and understands the responsibilities he or she is accepting. If COR designation letters do not include the required elements outlined in DoD Instruction 5000.72, CORs may be unaware of the responsibilities they are agreeing to perform under the designation. In addition, COR management is responsible for discussing with the COR nominee the COR responsibilities to be designated and the importance of performing COR responsibilities. COR management is also required to sign the COR designation letter to acknowledge the importance of COR oversight responsibilities and to comply with DoD Instruction 5000.72.

## Management Actions Taken

During the audit, we briefed the contracting activities on our observations. In response, officials at USTRANSCOM, USSOCOM, and the Defense Contract Management Agency–Afghanistan<sup>26</sup> took corrective actions. Specifically, USTRANSCOM revised USTRANSCOM Instruction 63-5, “Contracting Officer’s Representative Program,” which provides policies and procedures for implementing DoD Instruction 5000.72. USSOCOM revised Special Operations Federal Acquisition Review Supplement, section 5601.604, and issued a policy memorandum requiring the use of DoD Instruction 5000.72. USSOCOM also drafted a designation letter template that aligns with DoD Instruction 5000.72. The Defense Contract Management Agency revised its designation letter template to include the missing information and it disseminated the new requirement to ensure compliance.

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<sup>26</sup> Defense Contract Management Agency manages one ACC-RI contract, and followed its own policies and procedures to nominate and designate CORs.

## Recommendations, Management Comments, and Our Response

### **Recommendation A.1**

**We recommend that the Director, Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics, update the DoD CORT Tool and the COR designation letter sample template form to include all the requirements in DoD Instruction 5000.72.**

#### *Management Comments Required*

The Director, Defense Procurement and Acquisition Policy, Under Secretary of Defense for Acquisition, Technology, and Logistics, did not respond to the recommendations in the report. We request that the Director provide comments on the final report.

### **Recommendation A.2**

**We recommend that the Executive Director, U.S. Army Contracting Command–Rock Island, direct contracting officers to:**

- a. review all future COR designation letters for contracts in Afghanistan for compliance with DoD Instruction 5000.72 before issuance, and**
- b. review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

#### *Management Comments Received Late*

We received U.S. Army Contracting Command comments on the draft report too late to include them in the final report. Therefore, if U.S. Army Contracting Command does not submit additional comments, we will consider those comments as the management response to the final report.

### ***Recommendation A.3***

**We recommend that the Executive Director, U.S. Army Contracting Command–Aberdeen Proving Ground, direct contracting officers to:**

- a. review all future COR designation letters for contracts in Afghanistan for compliance with DoD Instruction 5000.72 before issuance, and**
- b. review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

#### *Management Comments Received Late*

We received U.S. Army Contracting Command comments on the draft report too late to include them in the final report. Therefore, if U.S. Army Contracting Command does not submit additional comments, we will consider those comments as the management response to the final report.

### ***Recommendation A.4***

**We recommend that the Commanding General, U.S. Army Corps of Engineers, direct contracting officers to:**

- a. review all future COR designation letters for contracts in Afghanistan for compliance with DoD Instruction 5000.72 before issuance, and**
- b. review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

#### *Commanding General, U.S. Army Corps of Engineers Comments*

The Acting Deputy Director of Contracting, responding for the Commanding General, U.S. Army Corps of Engineers, agreed, stating that USACE contracting officers will review COR designations for compliance with DoD Instruction 5000.72 and ensure that all duties delegated to the COR are specified in the letter and that the COR meets the qualifications requirements prior to issuance. USACE will perform an audit of all COR designation letters listed in the DoD CORT Tool to determine if any designation letter does not meet the requirements of

DoD Instruction 5000.72. If any are found to be noncompliant, USACE will reissue designation letters that address all requirements in DoD Instruction 5000.72. USACE will also provide refresher training to contracting officers to ensure they understand their responsibility as it relates to COR designation.

### *Our Response*

Comments from the Acting Deputy Director of Contracting addressed all specifics of the recommendation, and no further comments are required.

## **Recommendation A.5**

**We recommend that the Commander, U.S. Naval Sea Systems Command, direct contracting officers to:**

- a. review all future COR designation letters for compliance with DoD Instruction 5000.72 before issuance, and**
- b. review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

### *Commander, U.S. Naval Sea Systems Command Comments*

The Commander, U.S. Naval Sea Systems Command, agreed with the recommendations. The Commander stated that NAVSEA COR Instruction 4200.17 is being revised and will include a revised COR designation template in compliance with DoD Instruction 5000.72. This revision should be completed by September 30, 2016. NAVSEA will direct all applicable contracting officers for NAVSEA contracts in Afghanistan to reissue active COR designations using the updated COR designation template that is compliant with DoD Instruction 5000.72. This should be completed by October 31, 2016.

### *Our Response*

Comments from the Commander, U.S. Naval Sea Systems Command addressed all specifics of the recommendation, and no further comments are required.

### ***Recommendation A.6***

**We recommend that the Commander, U.S. Transportation Command, direct contracting officers to review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

#### *Commander, U.S. Transportation Command Comments*

The Chief of Staff, responding for the Commander, U.S. Transportation Command, agreed with the recommendation to review all COR designation letters and update them if needed.

#### *Our Response*

Comments from the Chief of Staff, U.S. Transportation Command, addressed all specifics of the recommendation, and no further comments are required.

### ***Recommendation A.7***

**We recommend that the Commander, U.S. Special Operations Command, direct contracting officers to review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.**

#### *Management Comments Required*

The Commander, U.S. Special Operations Command, did not respond to the recommendations in the report. We request that the Commander provide comments on the final report.

## Finding B

### Contract Oversight Framework in Afghanistan Could Be Improved

For 12 of the 16 contracts reviewed in Afghanistan, CORs could effectively perform oversight responsibilities. However, for the remaining four contracts, the contracting activities did not establish an effective oversight framework to ensure contracted services conformed to contract requirements. Specifically:

- One USNAVSEA contract did not have a QASP because the contracting officer did not follow DFARS requirements to obtain a QASP from the requiring activity.
- One USNAVSEA contract's in-country representative received no guidance from the COR on the oversight he was to perform because the contracting activity did not ensure the QASP specified oversight responsibilities between the in-country representative and the CONUS-based COR.
- Two ACC-RI contracts were overseen by a COR who relied only on requiring activity complaints to monitor performance. The COR was assigned to multiple contracts and performed many other duties. He stated that he did not have enough time to perform surveillance in accordance with the applicable QASP.

As a result, the contracting activities had limited assurance that the contractors were meeting the performance standards required by the contracts.

### CORs and In-Country Representatives Could Effectively Perform Oversight on Most Contracts

For 12 of the 16 contracts reviewed, CORs could effectively perform oversight responsibilities. Specifically, the CORs:

- used a QASP that met FAR subpart 46.4<sup>27</sup> requirements;
- were located in Afghanistan, or maintained adequate communication with designated in-country representatives to ensure contract oversight could be performed; and
- performed contract oversight as their primary duties in areas of their expertise.

<sup>27</sup> FAR Part 46, "Quality Assurance," Subpart 46.4, "Government Contract Quality Assurance."

Although we did not confirm whether the CORs actually performed effective oversight for the contracts reviewed, we did determine that for these 12 contracts, quality assurance surveillance was adequately planned, personnel who could directly observe contractor performance were in place, and the primary duty of assigned CORs was contractor performance surveillance.

### ***Contract QASPs Met FAR Standards***

The QASPs designed for each of the 12 contracts met the standards in FAR subpart 46.4, which states a QASP should be prepared at the same time as the performance work statement and should specify all work that requires surveillance and the method of surveillance. All 12 contracts had a QASP that specified the work that required surveillance and the method of surveillance. For example, one QASP specified that the firefighting performance objective was to verify whether the contractor had met required response times. The QASP stated that the contractor's performance would be rated as met or not met on each emergency response, and stated the method of inspection would be a sample review of the latest emergency responses. The COR was to review responses for each type of emergency and document whether the contractor met applicable response times.

### ***Local Oversight of Contract Performance Was Sufficient***

For the 12 contracts, the CORs were located in Afghanistan or were based in CONUS and maintained adequate communication with in-country representatives. The DoD Theater Business Clearance Update for Afghanistan requires an in-country Government representative for all DoD contracts with contract performance in Afghanistan. This requirement ensures that an onsite Government representative is responsible for monitoring contractor services or receiving contractor products for the requiring activity, and for validating requirements for contractor performance in Afghanistan. For example, oversight for the USTRANSCOM contracts involved a team of four CORs, all located at Bagram Airfield so each could conduct oversight onsite.

### ***CORs Were Performing Contract Oversight as a Primary Duty***

The CORs assigned to the 12 contracts stated that contract oversight was their primary duty and was in their areas of experience. For example, the four CORs assigned to the USTRANSCOM contracts performed contract oversight as their only duty. In addition, four CORs assigned to an ACC-RI contract stated they were subject-matter experts in areas such as firefighting, electrical and environmental engineering, and ammunition. The CORs all had several years of experience in the fields in which they performed contractor oversight. The CORs assigned to these 12 contracts stated that they had the necessary experience and the time to effectively perform oversight responsibilities.

## Contracting Activities Did Not Establish an Effective Oversight Framework for Four Contracts

For 4 of the 16 contracts reviewed, the contracting activities did not establish an effective oversight framework to ensure contracted services conformed to contract requirements. Specifically:

- one contract did not have a QASP;
- one contract, whose COR was located outside Afghanistan, had an in-country representative who received no guidance from the COR on the oversight he was to perform; and
- two contracts were overseen by a COR who did not have sufficient resources to perform adequate oversight.

### ***Contract Oversight Was Performed for One Contract Without a QASP***

For one USNAVSEA service contract, oversight was performed without a QASP. The COR and the in-country representative relied on technical instructions to perform contract oversight. According to the contracting officer administering the contract, a QASP was not required for this contract because this contract was a cost-plus-fixed-fee type contract, which requires “best effort,” not a QASP. The contracting officer also stated this determination was made under previous contracts for this program and was applied to the follow-on contracts. DFARS subpart 246.401<sup>28</sup> states that QASPs should be prepared for service contracts. Additionally, DFARS subpart 237.172<sup>29</sup> requires that QASPs be prepared in conjunction with the statement of work or statement of objectives for service contracts. USNAVSEA contracting officers should obtain a QASP for all contracts, in accordance with DFARS.

### ***Oversight Responsibilities Not Explained to In-Country Representative***

For one USNAVSEA contract, the CONUS-based COR did not provide guidance to the in-country representative regarding the oversight he was to perform. The in-country representative stated that the CONUS-based COR did not provide any instructions on how frequently to check on the contractors. In addition, the in-country representative stated that he did not receive instructions to provide written or verbal reports to the CONUS-based COR. The CONUS-based COR stated that she did not receive reports from the in-country representative regarding oversight of the contract. However, she verified that she received weekly performance reports from the contractor.

<sup>28</sup> DFARS Subpart 246.401, “General,” October 1, 2010.

<sup>29</sup> DFARS Subpart 237.1, “Service Contracts–General,” and 237.172, “Service contracts surveillance,” December 11, 2014.

FAR subpart 46.4 states that a QASP should specify all work that requires surveillance and the method of surveillance that will be used to oversee contractor performance. The QASP for this particular USNAVSEA contract did not contain clear and concise oversight responsibilities. Specifically, the QASP did not identify oversight and reporting responsibilities for the in-country representative. The QASP should contain a specific list of oversight responsibilities for the COR and in-country representatives for each contract and task order.

### ***One COR Assigned to Multiple Contracts***

One COR with oversight responsibilities on two ACC-RI contracts in our sample stated that he relied only on complaints from the requiring activity to perform contract oversight. The COR was responsible for managing funding and costs for four contracts. The COR had oversight responsibilities for more than 500 contractor personnel in Afghanistan, and more than 60 contractor personnel in CONUS. He stated he had additional financial and management duties, and also managed an intelligence portfolio. The COR stated that because of his multiple complex duties, he was unable to travel to directly oversee contractor personnel; therefore, he relied heavily on feedback from the requiring activity to identify contractor performance issues. The COR also hosted biweekly meetings with the requiring activity to discuss contractor performance issues. Although DoD Instruction 5000.72 does not prohibit a COR from working on more than one contract, the Instruction requires the contracting officer to ensure that individuals designated as CORs are able to dedicate sufficient time to perform effective oversight on each designated contract. In addition, the Instruction states that consideration for multiple or alternate CORs should include: multiple regions or remote geographic locations of performance, contract complexity or performance risk, the need for increased surveillance, or magnitude of the contract requirement. Further, the Instruction requires the requiring activity to ensure adequate resources, including time, are available for performance of COR responsibilities. ACC-RI contracting officers, in coordination with the requiring activities, should review the workload of the CORs designated to oversee contracts in Afghanistan to ensure that a sufficient number of CORs have been designated and the CORs have sufficient time to perform their oversight responsibilities.

### **Contracting Activities May Have Limited Assurance of Contractor Performance**

Without adequate planning or implementation of effective oversight procedures, the contracting activities had limited assurance that the contractors were meeting the performance standards required by the contracts. Specifically, without a QASP, the COR may not understand the tasks that require surveillance, the method of

surveillance, or how to assess contractor performance for the task order. Without proper communication between CORs and in-country representatives, CORs may not be fully informed of contractor performance and other issues. Lastly, CORs who are designated to multiple, complex contracts may not have the resources to fully identify and take action on critical contractor noncompliance issues. Lack of effective oversight procedures increases the risk that the contracting activities received and paid for goods or services that did not meet contract performance standards. At the time of the audit, the four contracts with oversight deficiencies were valued at approximately \$233 million.

## Recommendations, Management Comments, and Our Response

### **Recommendation B.1**

**We recommend that the Commander, U.S. Naval Sea Systems Command, issue guidance to all contracting officers to:**

- a. obtain a QASP for all service contracts in Afghanistan, in accordance with DFARS guidance; and**
- b. ensure the QASP includes specific oversight responsibilities for in-country representatives for contracts where the COR is based outside Afghanistan.**

#### *Commander, U.S. Naval Sea Systems Command Comments*

The Commander, U.S. Naval Sea Systems Command, agreed with recommendations. NAVSEA will obtain a QASP for each active service contract in Afghanistan. The Commander stated that NAVSEA will ensure that QASPs for each service contract in Afghanistan include specific oversight responsibilities for in-country representatives where the COR is based outside Afghanistan. The Commander also stated that NAVSEA supplemental COR training has been revised to include this information. The target completion date is September 30, 2016.

#### *Our Response*

Comments from the Commander addressed all specifics of the recommendation, and no further comments are required.

## ***Recommendation B.2***

**We recommend that the Executive Director, U.S. Army Contracting Command–Rock Island, direct contracting officers to review the workload of the CORs designated to oversee contracts in Afghanistan, in coordination with the requiring activities, and ensure that a sufficient number of CORs have been designated and the designated CORs have sufficient time to perform oversight responsibilities.**

### *Management Comments Received Late*

We received U.S. Army Contracting Command comments on the draft report too late to include them in the final report. Therefore, if U.S. Army Contracting Command does not submit additional comments, we will consider those comments as the management response to the final report.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from August 2015 through April 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We nonstatistically selected 18 contracts from the universe of contracts in Afghanistan. The Operational Contract Support Integration Cell provided us with a universe of contracts in Afghanistan as of September 2, 2015, from the Synchronized Predeployment and Operational Tracker database. This universe contained 12,443 contract actions by 34 contracting activities. We implemented following limits:

- We removed all contract actions that were not from a DoD contracting activity. Because 13 of the 34 contracting activities were not affiliated with DoD, 21 DoD contracting activities remained. (11,756 contract actions remaining).
- We removed all contract actions that contained a blank task order end of performance date and a contract end of performance date before January 1, 2016. (454 contract actions remaining.) We selected this date as a cutoff to avoid selecting contracts that were scheduled to end during the fieldwork phase of our audit.

From the 454 remaining contract actions, we ranked the contracting activities by the number of contract actions. We identified the six contracting activities with the highest number of contracting actions. From each of these six contracting activities, we nonstatistically selected three contracts for a total of 18 contracts in our sample. We based our selection on the following criteria:

- Location: Bagram Airfield, Afghanistan.
- Number of contractors: When possible, we selected contracts that had a “total contractors” greater than 10.
- Contracted service: When possible, we selected contracts that pertained to the health, safety, and security of Bagram Airfield and its occupants.

We contacted each contracting activity and requested COR contact information, to include duty locations, for sampled contracts. Two contracts for USSOCOM were subsequently removed from our review because they were classified, leaving 16 contracts in the nonstatistical sample that we reviewed. See Appendix C for a list and description of each contract in the sample.

We requested training documentation for the CORs and reviewed it to determine whether the CORs completed the training required by DoD Instruction 5000.72. We also requested the nomination and designation documentation for the CORs, related to the sampled contracts, and reviewed it to determine whether it complied with the FAR and DoD Handbook. If the COR designation letters were dated on or after March 26, 2015, we also reviewed the documentation to determine whether the designation letters complied with DoD Instruction 5000.72.

We requested the QASPs for each contract in our sample and reviewed them to determine whether they met FAR requirements and Defense Acquisition University best practices. We also interviewed each COR to understand how each performs surveillance requirements and to understand COR communications with contracting officers. If other in-country representatives were identified, we interviewed them to understand how they were appointed, what responsibilities were communicated to them, and how they communicated their observations to the contracting officer or COR. We also inquired whether they had resources to conduct the required surveillance for their respective contracts.

We did not test whether the CORs were performing their required duties; but whether they were properly nominated and trained, and had the resources available to effectively perform oversight responsibilities.

## **Use of Computer-Processed Data**

We used computer-processed data to develop the universe and determine a nonstatistical sample. The audit team did not assess the sufficiency of the information obtained from the Synchronized Predeployment and Operational Tracker database because the information was not used to support the findings, conclusions, or recommendations contained in the report.

## Appendix B

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### Prior Coverage

During the last 5 years, the Government Accounting Office (GAO) and the Department of Defense Inspector General (DoD IG) have issued 12 reports on COR nomination, training, and oversight abilities for contracts in Afghanistan. Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>.

### **GAO**

Report No. GAO-15-102, "Oversight of Contractors' Use of Foreign Workers in High-Risk Environments Needs to Be Strengthened," November 2015

Report No. GAO-13-212, "DOD Needs Additional Steps to Fully Integrate Operational Contract Support Into Contingency Planning," February 2013

### **DoD IG**

Report No. DODIG-2016-004, "Army Needs to Improve Contract Oversight for the Logistics Civil Augmentation Program's Task Orders," October 28, 2015

Report No. DODIG-2015-163, "Plans for Assessing Contractor Performance for the Camp Lemonnier Base Operations Support Contract Needed Improvement," August 27, 2015

Report No. DODIG-2015-147, "U.S. Army Contracting Command-Rock Island Needs to Improve Contracting Officer's Representative Training and Appointment for Contingency Contracts," July 10, 2015

Report No. DODIG-2015-126, "Contract Oversight for Redistribution Property Assistance Team Operations in Afghanistan Needs Improvement," May 18, 2015

Report No. DODIG-2015-101, "Contingency Contracting: A Framework for Reform-2015 Update," March 31, 2015

Report No. DODIG-2015-059, "Military Construction in a Contingency Environment: Summary of Weaknesses Identified in Reports Issued From January 1, 2008, Through March 31, 2014," January 9, 2015

Report No. DODIG-2014-010, "U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan," November 22, 2013

Report No. DODIG-2013-052, "Inadequate Contract Oversight of Military Construction Projects in Afghanistan Resulted in Increased Hazards to Life and Safety of Coalition Forces," March 8, 2013

Report No. DODIG-2013-024, "U.S. Army Corps of Engineers Needs to Improve Contract Oversight of Military Construction Projects at Bagram Airfield, Afghanistan," November 26, 2012

Report No. D-2011-032, "Logistics Civil Augmentation Program Support Contract Needs to Comply with Acquisition Rules," January 7, 2011

## Appendix C

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### Selected Contracts

The following contracts were selected from each contracting activity for review.

#### ***U.S. Army Communications–Electronics Command***

- W15P7T-10-D-421 Task Order 0006 – Contract awarded July 29, 2010, to AASKI Technology Inc. Task Order awarded September 20, 2013, for \$297,681,721. Period of performance ends April 30, 2016. Services to be performed: Operations and sustainment support for the M3-MAISR.
- W15P7T-10-D-420 Task Order 004 – Contract awarded July 29, 2010, to Adams Communication & Engineering Technology, Inc. Task Order awarded September 20, 2012, for \$176,626,533. Period of performance ends May 18, 2016. Services to be performed: Operations and sustainment of Constant Hawk and tactical operations.
- W15P7T-10-D-413 Task Order 0023 – Contract awarded on July 29, 2010, to CACI Technologies Inc. Task Order awarded August 28, 2014, for \$16,375,921. Period of performance ends June 7, 2016. Services to be performed: flight operations and pilot support of MARSS aircraft.

#### ***U.S. Naval Sea Systems Command***

- N00024-12-C-5405 – Contract awarded December 27, 2011, to Raytheon Company for \$245,712,868. Period of performance ends September 30, 2016. Services to be performed: support for the Phalanx Enhancement Program.
- N00178-04-D-4018 Task Order FC01 – Contract awarded April 5, 2004, to BAE Systems Applied Technologies Inc. Task Order awarded September 16, 2013, for \$31,678,259. Period of performance ends September 15, 2016. Services to be performed: work efforts, training, and training presentation products in support of the Fielding Services Branch.
- N00178-04-D-4026 Task Order FC04 – Contract awarded April 5, 2004, to CACI Technologies Inc. Task Order awarded March 5, 2015, for \$31,670,343. Period of performance ends March 22, 2016. Services to be performed: engineering and technical services for the Electro-Optic Technology Division.

### ***U.S. Army Contracting Command–Rock Island***

- W560MY-15-C-0002 – Contract awarded February 6, 2015, to L-3 National Security Solutions for \$7,076,616. Period of performance ends July 9, 2016. Services to be performed: Service contract for Intelligence Support Services – Afghanistan.
- W560MY-15-C-0003 – Contract awarded February 6, 2015, to Mission Essential Personnel, LLC Corporate for \$8,529,717. Period of performance ends July 9, 2016. Services to be performed: service contract for Intelligence Support Service – Afghanistan.
- W52P1J-07-D0008 Task Order 0005 – Contract awarded June 27, 2007, to Fluor Intercontinental Inc. Task Order awarded July 7, 2009, to Fluor Intercontinental Inc. for \$634,183,267. Period of performance ends June 30, 2016. Services to be performed: Logistics Civil Augmentation Program, Base Life Support and Operations and Maintenance Services.

### ***U.S. Transportation Command***

- HTC711-10-D-R026 – Contract awarded September 30, 2010, to AAR Airlift Group, Inc. for \$4,700,000,000. Period of performance ends April 30, 2016. Services to be performed: other air support in Afghanistan.
- HTC711-14-D-R028 – Contract awarded January 3, 2014, to Red Bobtail Transport for \$78,769,367. Period of performance ends June 15, 2017. Services to be performed: National Afghan Trucking Services.
- HTC711-14-D-R030 – Contract awarded January 3, 2014, to Hasib German Logistic Services for \$78,038,367. Period of performance ends December 15, 2015. Services to be performed: National Afghan Trucking Services. Contract originally had additional option years extending beyond 2015, but the contractor was suspended during its first option year.

### ***U.S. Special Operations Command***

- H92222-13-C-0053 – We did not include this contract in our analysis because the performance work statement is classified at secret level.
- H92222-10-C-0005 – We did not include this contract in our analysis because the performance work statement is classified at secret level.
- H92222-13-D-0005 Task Order 0010 – Contract awarded January 25, 2013, to INSITU Inc. Task Order awarded November 21, 2014, for \$15,465,055. Period of performance ends February 29, 2016. Services to be performed: Mid-Endurance Unmanned Aircraft System – Intelligence, Surveillance, and Reconnaissance Services in Afghanistan.

### ***U.S. Army Corps of Engineers***

- W912DY-15-F-0023 – Contract awarded March 19, 2015, to EXP Federal Inc. for \$15,748,104. Period of performance ends May 21, 2017. Services to be performed: Inspection, update, and repair low voltage electrical power systems in Afghanistan.
- W912DY-10-D-0016 Task Order 0010 – Contract awarded January 7, 2009. Task Order awarded April 16, 2014, to Sterling Operations Inc. for \$35,703,976. Period of performance ends April 15, 2016. Services to be performed: Demilitarization operations of U.S. munitions stocks in Afghanistan.
- W912DY-10-D-0016 Task Order 0012 – Contract awarded January 7, 2009. Task Order awarded July 30, 2014, to Sterling Operations Inc. for \$248,973,821. Period of performance ends May 1, 2017. Services to be performed: clearances of battle areas, ranges, and mines in Afghanistan.

# Management Comments

## U.S Army Corps of Engineers Comments



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
U.S. ARMY CORPS OF ENGINEERS  
441 G STREET, NW  
WASHINGTON, DC 20314-1000

CECT

**Project:** D2015-D000JB-0239.000

**Audit Location:** Afghanistan

**Objective Designation:** A

**Objective Title:** DoDIG Audit of Contract Oversight in Afghanistan

**Objective:** To determine whether contracting officer's representatives were properly appointed and trained, and were able to effectively perform their oversight responsibilities for contracts in Afghanistan.

**Conclusion:** The Corps concurs with recommendation A.4 and our responses are detailed below.

**Recommendation(s):**

**Recommendation A.4.a.** DoDIG recommends the Commanding General, U.S. Army Corps of Engineers direct contracting officers to:

- a. Review all future COR designation letters for contracts in Afghanistan for compliance with the requirements in DoD Instruction 5000.72 prior to issuance.

**Action Taken or planned: Concur with recommendation.** The Corps Contracting officers will review COR designations for compliance with DoD Instruction 5000.72 and ensure that all duties delegated to the COR are specified in the letter and that the COR meets the qualification requirements prior to issuance. We understand that assigning unqualified individuals to monitor contractor performance could impact the success of the mission and take this responsibility seriously.

**Recommendation(s):**

**Recommendation A.4.b**

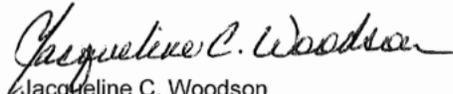
- b. Review all COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before the implementation of their revised contracting policies for compliance with the requirements in DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the instruction.

**Action Taken or planned: Concur with recommendation. The Corps** will perform an audit of all COR designation letters listed in the DoD COR Tracking Tool (CORT) to determine if any designation letters do not meet the requirements of DoD Instruction

## U.S Army Corps of Engineers Comments (cont'd)

5000.72. If any are found to be non-compliant, USACE will, in accordance with your recommendation, reissue designation letters that address all requirements in DoD Instruction 5000.72. USACE will also provide refresher training to contracting officers to ensure they understand their responsibility as it relates to designation of CORs.

The POC for this memorandum is [REDACTED] and he can be reached at [REDACTED] or at [REDACTED]



Jacqueline C. Woodson  
Deputy Director of Contracting, Acting  
Directorate of Contracting

## U.S. Naval Sea Systems Command Comments



DEPARTMENT OF THE NAVY  
NAVAL SEA SYSTEMS COMMAND  
1333 ISAAC HULL AVENUE, S.E.  
WASHINGTON NAVY YARD, DC 20376-0001

In Reply to  
7500  
Ser 00N/244  
8 Aug 16

From: Commander, Naval Sea Systems Command  
To: Department of Defense Inspector General

Subj: DRAFT REPORT "DESIGNATION OF CONTRACTING OFFICER'S REPRESENTATIVES AND OVERSIGHT FRAMEWORK COULD BE IMPROVED FOR CONTRACTS IN AFGHANISTAN" (Project No. D2015-D000JB-0239.000)

Ref: (a) Department of Defense Inspector General Draft Report dated 13 July 2016

Encl: (1) Naval Sea Systems Command Responses to Recommendations dated 1 August 2016

1. Enclosure (1) contains Naval Sea System Command's (NAVSEA) responses to Recommendations A.5.a, A.5.b, B.1.a, and B.1.b as contained in reference (a). NAVSEA concurs with these recommendations.

2. My POC for this matter is [REDACTED]. She can be reached at [REDACTED] or [REDACTED].

  
JOHN R. NEAL  
By direction

Copy to:  
NAVINGEN (N14)

## U.S. Naval Sea Systems Command Comments (cont'd)

### NAVSEA RESPONSE

DoDIG Project No. D2015-D000JB-0239.000

"Designation of Contracting Officer's Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan"

Date: 1 August 2016

Recommendation A.5 - We recommend that the Commander, U.S. Naval Sea Systems Command, direct contracting officers to:

- a. review all future COR designation letters for compliance with DoD Instruction 5000.72 before issuance, and

Response A.5.a:

CONCUR. The NAVSEA COR Instruction 4200.17 is being revised and will include a revised COR Designation template, which will comply with DoDI 5000.72.

Target completion date: 30 September 2016

- b. review all current COR designation letters for contracts in Afghanistan produced since the issuance of DoD Instruction 5000.72 and before implementation of their revised contracting policies for compliance with DoD Instruction 5000.72, and issue updated designation letters to address all requirements in the Instruction.

Response A.5.b:

CONCUR. We will direct all applicable contracting officers for NAVSEA contracts in Afghanistan to reissue active COR designations using the updated COR Designation template that is compliant with DoDI 5000.72.

Target completion date: 31 October 2016

Recommendation B.1 - We recommend that the Commander, Naval Sea Systems Command, issue guidance to all contracting officers to:

- a. obtain a QASP for all service contracts in Afghanistan, in accordance with DFARS guidance; and

## U.S. Naval Sea Systems Command Comments (cont'd)

**Response B.1.a:**

CONCUR. NAVSEA will obtain a QASP for each active service contract in Afghanistan.

Target completion date: 30 September 2016

- b. ensure QASPs for contracts in Afghanistan include specific oversight responsibilities for in-country representatives where the COR is based outside Afghanistan.

**Response B.1.b:**

CONCUR. NAVSEA will ensure QASPs for each service contract in Afghanistan includes specific oversight responsibilities for in-country representatives where the COR is based outside Afghanistan. NAVSEA supplemental COR training has already been revised to include this information.

Target completion date: 30 September 2016

## U.S. Transportation Command Comments



**UNITED STATES TRANSPORTATION COMMAND**  
508 SCOTT DRIVE  
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

25 Jul 16

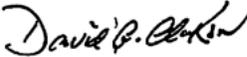
MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: TCCS

SUBJECT: Response to Recommendations in DODIG Project No. D2015-D000JB-0239.000,  
Designation of Contracting Officer's Representatives and Oversight Framework  
Could Be Improved for Contracts in Afghanistan

1. The United States Transportation Command staff has reviewed the subject report and concurs with the recommendation to review all COR designation letters and update them if needed (Recommendation A.6.)

2. For additional information or assistance, please contact [REDACTED] at [REDACTED] or email: [REDACTED]

  
DAVID G. CLARKSON  
Major General, U. S. Army  
Chief of Staff

cc:  
TCAQ

## Acronyms and Abbreviations

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<b>ACC-APG</b>	U.S. Army Contracting Command–Aberdeen Proving Ground
<b>ACC-RI</b>	U.S. Army Contracting Command–Rock Island
<b>CONUS</b>	Continental United States
<b>COR</b>	Contracting Officer’s Representative
<b>DFARS</b>	Defense Federal Acquisition Regulation Supplement
<b>CORT Tool</b>	DoD COR Tracking Tool
<b>FAR</b>	Federal Acquisition Regulation
<b>GAO</b>	Government Accounting Office
<b>USD(AT&amp;L)</b>	Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics
<b>QASP</b>	Quality Assurance Surveillance Plan
<b>USCECOM</b>	U.S. Army Communications–Electronics Command
<b>USACE</b>	U.S. Army Corps of Engineers
<b>USFOR-A</b>	U.S. Forces–Afghanistan
<b>USNAVSEA</b>	U.S. Naval Sea Systems Command
<b>USSOCOM</b>	U.S. Special Operations Command
<b>USTRANSCOM</b>	U.S. Transportation Command
<b>VCE-COR</b>	Virtual Contracting Enterprise–Contracting Officer Representative

# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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