



Highlights of [GAO-10-39](#), a report to congressional requesters

Why GAO Did This Study

In fiscal year 2008, the DOD obligated \$200 billion on services contracts, including \$42 billion for professional and management services. GAO previously identified weaknesses in DOD's management and oversight of services contracts, contributing to DOD contract management being on GAO's high-risk list.

For selected professional and management support contracts, GAO was asked to examine (1) the extent to which DOD considered the risks of contractors closely supporting inherently governmental functions at key decision points, (2) how DOD implemented performance-based practices, (3) the extent to which DOD designated trained surveillance personnel, and (4) whether a new review process may improve DOD's management of such contracts.

GAO reviewed federal regulations, agency policies and guidance, and analyzed seven acquisitions approved from 2004 to 2007 and 64 related task orders for services.

What GAO Recommends

GAO recommends that DOD consider and document how contractors closely support inherently governmental functions during management reviews and to mitigate related risks before issuing task orders, provide additional guidance on enhanced oversight techniques, and better monitor the designation of trained surveillance personnel. DOD concurred with each of the recommendations.

[View GAO-10-39 or key components.](#)
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DEFENSE ACQUISITIONS

Further Actions Needed to Address Weaknesses in DOD's Management of Professional and Management Support Contracts

What GAO Found

DOD policies do not require assessments of the risks associated with contractors closely supporting inherently governmental functions as part of its management reviews of acquisition strategies nor when task orders are issued for professional and management services. Such risks include the potential loss of government control over and accountability for mission-related policy and program decisions. Though all seven acquisitions and more than 75 percent of the task orders GAO reviewed provided for such services, GAO found no evidence that these risks were among those considered in the documentation reviewed. DOD guidance issued after these acquisitions were approved requires that consideration be given to using civilian personnel rather than contractors when the activities closely support inherently governmental functions. This guidance, however, does not require DOD personnel to consider and document risks posed when contractors perform these activities. Further, DOD personnel were unaware of the need to provide enhanced oversight when contracting for such services.

DOD faces challenges in defining requirements and outcome-based measures when acquiring professional and management services. DOD personnel generally expressed task order requirements in terms of a broad range of activities that contractors may perform, but used standards and measures that were not always well-suited to assess outcomes. DOD made more use of objective measures to assess cost and schedule performance, but generally relied on subjective measures to assess the quality of the contractors' work. For example, DOD often measured quality based on the number of complaints lodged against the contractor, which provided little detail into how desired outcomes were achieved. DOD also missed opportunities to include objective measures that may have been better suited to assess outcomes. DOD officials stated that developing outcome-based, objective measures is challenging, but noted that initiatives are under way to better utilize such approaches.

DOD has made progress in ensuring that trained surveillance personnel are assigned to monitor contract performance. Surveillance personnel were assigned to all 64 of the task orders GAO reviewed, and all but 3 had received required training. GAO identified, however, 3 instances of surveillance personnel who were not assigned before the contractor began work on a task order and 20 instances of personnel who did not receive training prior to beginning surveillance duties.

In September 2008, DOD implemented a new peer review process that is tasked to address, among other issues, contractors closely supporting inherently governmental functions, the use of performance-based practices, and contractor surveillance. As of October 2009, four pre-award reviews and one post-award review of professional and management support contracts have been conducted and it is too early to tell whether such reviews will encourage DOD personnel to address these issues across the range of DOD's services contracts.