

Highlights of [GAO-11-580](#), a statement before the Commission on Wartime Contracting in Iraq and Afghanistan

Why GAO Did This Study

The Department of Defense (DOD) obligated about \$367 billion in fiscal year 2010 to acquire goods and services to meet its mission and support its operations, including those in Iraq and Afghanistan. GAO's work, as well as that of others, has documented shortcomings in DOD's strategic and acquisition planning, contract administration and oversight, and acquisition workforce. These are challenges that need to be addressed by DOD and by the Department of State and the U.S. Agency for International Development (USAID) as they carry out their missions in Iraq and Afghanistan and prepare for future contingencies.

Today's statement discusses (1) contract management challenges faced by DOD, including those that take on heightened significance in a contingency environment; (2) actions DOD has taken and those needed to address these challenges; and (3) similar challenges State and USAID face. The statement is drawn from GAO's body of work on DOD contingency contracting, contract management, and workforce, as well as prior reports on State and USAID's contracting and workforce issues.

What GAO Recommends

GAO has made multiple recommendations to the agencies to address contracting and workforce challenges. The agencies have generally agreed with the recommendations and have efforts under way to implement them.

View [GAO-11-580](#) for key components. For more information, contact Paul L. Francis at (202) 512-4841 or francispl@gao.gov.

April 25, 2011

CONTINGENCY CONTRACTING

Observations on Actions Needed to Address Systemic Challenges

What GAO Found

DOD faces a number of longstanding and systemic challenges that hinder its ability to achieve more successful acquisition outcomes—obtaining the right goods and services, at the right time, at the right cost. These challenges include addressing the issues posed by DOD's reliance on contractors, ensuring that DOD personnel use sound contracting approaches, and maintaining a workforce with the skills and capabilities needed to properly manage acquisitions and oversee contractors. The issues encountered with contracting in Iraq and Afghanistan are emblematic of these systemic challenges, though their significance and impact are heightened in a contingency environment. GAO's concerns regarding DOD contracting predate the operations in Iraq and Afghanistan. GAO identified DOD contract management as a high-risk area in 1992 and raised concerns in 1997 about DOD's management and use of contractors to support deployed forces in Bosnia. In the years since then, GAO has continued to identify a need for DOD to better manage and oversee its acquisition of services.

DOD has recognized the need to address the systemic challenges it faces, including those related to operational contract support. Over the past several years, DOD has announced new policies, guidance, and training initiatives, but not all of these actions have been implemented and their expected benefits have not yet been fully realized. While DOD's actions are steps in the right direction, DOD needs to (1) strategically manage services acquisition, including defining desired outcomes; (2) determine the appropriate mix, roles, and responsibilities of contractor, federal civilian, and military personnel; (3) assess the effectiveness of efforts to address prior weaknesses with specific contracting arrangements and incentives; (4) ensure that its acquisition workforce is adequately sized, trained, and equipped; and (5) fully integrate operational contract support throughout the department through education and predeployment training. In that regard, in June 2010 GAO called for a cultural change in DOD that emphasizes an awareness of operational contract support throughout all aspects of the department. In January 2011, the Secretary of Defense expressed concerns about DOD's current level of dependency on contractors and directed the department to take a number of actions. The Secretary's recognition and directions are significant steps, yet instilling cultural change will require sustained commitment and leadership.

State and USAID face contracting challenges similar to DOD's, particularly with regard to planning for and having insight into the roles performed by contractors. In April 2010, GAO reported that State's workforce plan did not address the extent to which contractors should be used to perform specific functions. Similarly, GAO reported that USAID's workforce plan did not contain analyses covering the agency's entire workforce, including contractors. The recently issued *Quadrennial Diplomacy and Development Review* recognized the need for State and USAID to rebalance their workforces and directed the agencies to ensure that they have an adequate number of government employees to carry out their core missions and to improve contract administration and oversight.