



Highlights of [GAO-05-201](#), a report to congressional committees

Why GAO Did This Study

In recent years, federal agencies have increasingly turned to interagency contracts—where one agency, for example, places an order under an existing contract for another agency—as a way to streamline the procurement process. Interagency contracting can offer benefits of improved efficiency, but this approach needs to be effectively managed.

To learn more about some of the challenges of interagency contracting, we reviewed the process that the Department of Defense (DOD) used to acquire interrogation and certain other services through the Department of the Interior to support military operations in Iraq. On behalf of DOD, Interior issued 11 task orders, valued at over \$66 million, on an existing contract.

This report identifies breakdowns in the procurement process, contributing factors that led to the breakdowns, and the extent to which recent actions by Interior and DOD address these contributing factors.

What GAO Recommends

A number of corrective actions are already underway, such as clarifying policies and adding training requirements. GAO makes recommendations on steps that Interior and DOD should take to further refine their efforts. In written comments, both agencies agreed with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-05-201.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David E. Cooper at (202)-512-4841 or cooperd@gao.gov.

INTERAGENCY CONTRACTING

Problems with DOD's and Interior's Orders to Support Military Operations

What GAO Found

DOD, faced with an urgent need for interrogation and other services in support of military operations in Iraq, turned to the Department of the Interior for contracting assistance. Numerous breakdowns occurred in the issuance and administration of the orders for these services. The breakdowns included

- issuing orders that were beyond the scope of the underlying contract, in violation of competition rules;
- not complying with additional DOD competition requirements when issuing task orders for services on existing contracts;
- not properly justifying the decision to use interagency contracting;
- not complying with ordering procedures meant to ensure best value for the government; and
- inadequate monitoring of contractor performance.

Because the officials at Interior and the Army responsible for the orders did not fully carry out their roles and responsibilities, the contractor was allowed to play a role in the procurement process normally performed by the government.

A lack of effective management controls—in particular insufficient management oversight and a lack of adequate training—led to the breakdowns. When these management controls are not in place, particularly in an interagency fee-for-service contracting environment, more emphasis can be placed on customer satisfaction and revenue generation than on compliance with sound contracting policy and required procedures. Significant problems in the way Interior's contracting office carried out its responsibilities in issuing the orders for interrogation and other services on behalf of DOD were not detected or addressed by management. Further, the Army officials responsible for overseeing the contractor, for the most part, lacked knowledge of contracting issues and were not aware of their basic duties and responsibilities.

In response to the above concerns, Interior and DOD have taken actions to strengthen management controls. For example, Interior has re-issued or clarified several policies for its contracting personnel and has required them to take training on the proper use of General Service Administration contracts. DOD has issued a new policy requiring that military departments and defense agencies establish procedures for reviewing and approving the use of other agencies' contracts. These actions are a positive step toward addressing some of the contributing causes to the breakdowns GAO found, but it is too soon to tell how effective they will be.