The History of the Army’s Logistic Civilian Augmentation Program: an Analysis of its Oversight from Past to Present

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December 2005

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The purpose of this MBA Project was to investigate and provide a comprehensive overview of the utilization of contractors on the battlefield while specifically focusing on the effectiveness and efficiency of oversight provided on Logistics Civil Augmentation Program (LOGCAP) contracts in Iraq. The study begins by providing a historical road map of contractors on the battlefield leading up to the introduction of LOGCAP, which has provided the US Army and other government organizations logistical support services for over two decades. The study continues with an overview of the LOGCAP program; the utilization of LOGCAP; a historical perspective on GAO reporting on oversight issues associated with LOGCAP contracts, and an analysis of the efficiency and effectiveness of oversight of LOGCAP contracts in Iraq. Evidence also reveals that LOGCAP's management and oversight challenges continue to exist in Operation Iraqi Freedom. The empirical data presented shows a correlation between the lack of centralized authority of control and deficient civilian supervision of the contractors. Review and analysis of empirical data was conducted using General Accounting Office (GAO) audit reports. These reports provided the primary basis for this study along with interviews and literature research. Analysis is applied to the data gathered to develop recommendations to optimize the use of effective and efficient logistic civilian support in a combat environment. Upon completion of the analysis, suggested recommendations and/or solutions are provided.
THE HISTORY OF THE ARMY’S LOGISTIC CIVILIAN AUGMENTATION PROGRAM: AN ANALYSIS OF ITS OVERSIGHT FROM PAST TO PRESENT

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ABSTRACT

The purpose of this MBA Project is to investigate and provide a comprehensive overview of the utilization of contractors on the battlefield while specifically focusing on the effectiveness and efficiency of oversight provided on Logistics Civil Augmentation Program (LOGCAP) contracts in Iraq. The study begins by providing a historical road map of contractors on the battlefield leading up to the introduction of LOGCAP, which has provided the US Army and other government organizations logistical support services for over two decades. The study continues with an overview of the LOGCAP program; the utilization of LOGCAP; a historical perspective on GAO reporting on oversight issues associated with LOGCAP contracts; and an analysis of the efficiency and effectiveness of oversight of LOGCAP contracts in Iraq. Evidence reveals that LOGCAP’s management and oversight challenges continue to exist in Operation Iraqi Freedom. The empirical data presented shows a correlation between the lack of centralized authority of control and deficient civilian supervision of the contractors. Review and analysis of empirical data was conducted using General Accounting Office (GAO) audit reports. These reports provided the primary basis for this study along with interviews and literature research. Analysis is applied to the data gathered to develop recommendations to optimize the use of effective and efficient logistic civilian support in a combat environment. Upon completion of the analysis, suggested recommendations and/or solutions are provided.
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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>ACO</td>
<td>Administrative Contracting Officer</td>
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<td>AFSC</td>
<td>Army Field Support Command</td>
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<td>AMC</td>
<td>Army Materiel Command</td>
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<td>AOR</td>
<td>Area of Responsibility</td>
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<td>BRS</td>
<td>Brown and Root Services</td>
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<td>CONUS</td>
<td>Continental United States</td>
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<td>COTR</td>
<td>Contracting Officer’s Technical Representative(s)</td>
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<td>CPSR</td>
<td>Contractor Purchasing System Review</td>
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<td>DCMA</td>
<td>Defense Contracting and Management Agency</td>
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<td>Defense Contracting and Audit Agency</td>
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<td>DA</td>
<td>Department of the Army</td>
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<td>DoD</td>
<td>Department of Defense</td>
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<td>FAR</td>
<td>Federal Acquisition Regulation</td>
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<td>FARA</td>
<td>Federal Acquisition Reform</td>
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<td>FASA</td>
<td>Federal Acquisition Services Act</td>
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<td>GAO</td>
<td>General Accounting Office</td>
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<td>HNS</td>
<td>Host Nation Support</td>
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<td>LOGCAP</td>
<td>Logistics Civil Augmentation Program</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<td>OFPP</td>
<td>Office of Federal Procurement Policy</td>
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<td>PCO</td>
<td>Procuring Contracting Officer</td>
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<td>TUSA</td>
<td>Third United States Army</td>
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<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
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EXECUTIVE SUMMARY

Contractors are not limited to military acquisition and logistic support functions. Today, they perform work on virtually every military installation and their presence on the battlefield is a reality as they accompany the military into war zones and into battle. Research reveals that the number of contractors on the battlefield has increased with each war or contingency operation. “During Operation Desert Storm, there was [one] contractor for every 100 military personnel.”1 While in Bosnia, the ratio of contractors versus military personnel was nearly [one] to [one] at times.2 Even in Iraqi Freedom, the Army employed civilian contractors by using a Logistic Civil Augmentation Program (LOGCAP) contract that also provided a wide variety of support.3 This steady increase in number of contractors has become a key component of activity management in both the private and public sectors.4 In addition, management and oversight concerns associated with the increase have been under the scrutiny of the General Accounting Office (GAO) for some years now. Recently, internal auditors investigated the Army’s LOGCAP contracts and recommended a higher level of oversight5 and coordination. The Defense Department agreed with the recommendation.6 Although the investigation revealed evidence that there was a lack of oversight, could a higher level of oversight prove to be a viable solution or just an immediate response to a problem that is receiving high visibility? Our research explores the oversight of LOGCAP from past to present and provides a historical background leading up to its implementation.

2 Ibid.
3 Ibid.
5 http://www.pogo.org/p/contracts/co-040301-iraq.html. For the purpose of this paper, oversight means documentation of proper performance throughout the life of a contract. It includes oversight measures performed to protect government interests, ensure the government gets what it pays for, and identify deficiencies that may delay performance.
First, research for this review includes a collection of data that builds upon the information using the applied research method. This method provides a possible solution to the above question. In “Contractors in Contingency Operations: Panacea or Pain?” Manker and Williams investigated the possible consequences and issues surrounding contractors on the battlefield. The authors provided a sound background on the history of contractors on the battlefield.

Secondly, although this history is common in most articles reviewed, their unique usage of the background information provided an excellent and an appropriate foundation to begin our research. Our research includes a collection of data that utilizes their investigations. This collection of data afforded us a framework to conclude with a list of possible courses of actions to explore or address in future studies.

Finally, our research employed two methodologies: (1) weighted literature reviews from General Accountability Office (GAO) reports, polices and guidelines utilizing oversight, magazines articles; and websites; and (2) personal interviews with representatives from deployed locations.

Although the primary focal point of our research was oversight of the LOGCAP program, other keys issues discovered included: (1) lack of guidance and contractor tracking mechanisms; (2) authority, roles, and rotation of personnel; (3) varied policies/guidance; (4) continued planning/oversight issues; (5) use of contractor purchasing system review (CPSR) as a means of oversight; (6) examination of Contractor’s Purchasing System; (7) Consent to Subcontract; (8) Contractor Purchasing System Review Considerations; (9) Use of CPSR in Iraq; (10) CPSR Effectiveness in Iraq; and (11) Stateside CPSR Audit Results.

While this report covers many issues dealing with oversight of LOGCAP, many areas require further research. Areas of interest for further research include processes and procedures of LOGCAP; training of deployed personnel; contractors’ purchasing systems in a deployed environment; and the impact of short personnel rotation on the efficiency of LOGCAP.
I. INTRODUCTION

A. RESEARCH BACKGROUND

The U.S. Army has traditionally employed civilian contractors in noncombatant roles to supplement military forces. Initially, their primary roles or duties consisted of providing supplies and services to U.S. troops. Since the early 1990s, much of this support has come from logistics support contracts—contracts that are awarded prior to the beginning of contingencies and are available to support the troops as needed. These contracts are currently utilized by the Services in more than half a dozen countries, and specifically, Iraq.

Logistic Civilian Augmentation Program (LOGCAP) provides for the use of civilian contractors during wartime and unforeseen military emergencies to augment the U.S. Army combat support service capability. Under the LOGCAP program, a civilian contractor provides a wide array of logistical and engineering services to deployed forces. The use of LOGCAP to support U.S. troops in Iraq is the largest effort in the history of the implementation of LOGCAP; both in number of troops supported and in land mass.

As stated above, LOGCAP is a large undertaking and requires personnel with the correct knowledge and expertise to manage and oversee the contractors. The Defense Contracting Management Agency (DCMA) administrative contracting officers assist deployed contracting officers in providing such oversight. DCMA is an independent combat support agency within the Department of Defense (DoD) that serves as the Department’s contract manager, responsible for ensuring that federal acquisition programs, supplies, and services are delivered on time, within cost, and meet performance requirements.

8Ibid.
The oversight of contracts ultimately rests with the contracting officer, who is responsible for ensuring that contractors meet the requirements set forth in the contract. However, most contracting officers are not located at deployed locations. Although oversight of a contract is the contracting officer’s responsibility, the contracting officer may delegate oversight responsibilities to DCMA.

DCMA normally uses contracting officers’ technical representatives (COTRs). Contracting officers’ technical representatives are individuals designated by their unit, appointed, and trained by the administrative contracting officer. They provide technical oversight of the contractor’s performance, but they cannot direct the contractor by making commitments or changes that are contrary to existing terms and conditions specified in the contract.

Challenges to effective and efficient oversight include recurring contractor problems such as poor cost reporting; difficulties with producing and meeting schedules; and inadequate controls over purchasing, which make the LOGCAP contract more difficult to administer. Since 1997, GAO has reviewed, identified, and recommended management and oversight control measures for LOGCAP; nonetheless, there has been limited specific guidance established and implemented.9 Research shows that both Congress and DoD have acted on the GAO report findings but implementation of new guidance is still a work in progress.

B. RESEARCH OBJECTIVE

The objective of this report is to examine and explore the means by which Logistic Civil Augmentation Program (LOGCAP) can effectively operate in a contingency environment and provide support to warfighters effectively. LOGCAP contracts have provided a wide variety of services and commodities in support of U.S. forces in times of war and contingency operations. Recently, internal auditors

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investigated the Army’s LOGCAP contracts and recommended the need for a higher level of oversight and coordination. This research addresses the auditor’s investigation along with the utilization of LOGCAP. It also covers Army regulations, A-76 guidance and policy, GAO responses and investigations, Government Directives and Regulations, Contracting Purchasing System Review, policy, objectives, plans, experience and knowledge of the contracting infrastructure and other studies and analysis.

The report is broken down into the following research areas: 1) an introduction to what LOGCAP is, a description and history of LOGCAP, and a snapshot of the evolution of LOGCAP’s history of contractors on the battlefield; 2) administrative challenges on the battlefield, oversight and problems of LOGCAP; 3) a discussion of management and oversight of LOGCAP specifically in Iraq; and 4) survey and interview results compared to GAO reports, conclusion and recommendations to improve the efficiency and effectiveness of future LOGCAP missions.

C. PRIMARY RESEARCH QUESTIONS

The primary research question is: Outsourcing the War in Iraq: was oversight of the Army’s Logistic Civilian Augmentation Program (LOGCAP) effectively and efficiently conducted? The secondary research questions are:

1. What was the policy and objective regarding oversight of contractors on the battlefield?

2. What were the planned processes for contractor oversight/contractor usage?

3. Were there deviations from the plan or policy?

4. Is there a lack of oversight with LOGCAP?

5. Is there a problem with tracking the number of contractors on the battlefield?
6. Does the military have enough people, whether military members or civilian employees, to conduct oversight?

7. How are contractors on the battlefield (LOGCAP) addressed in the War Plan?

8. What are the experience levels of the Administrative Contracting Officers (ACO) in the area of performance and how often do they rotate from the war zone?

9. Is the field manual for using contractors on the battlefield and its primary regulation for obtaining contractor support in wartime operations available now?

D. SCOPE OF PROJECT

This research:

1. Explores the history of contractors on the battlefield through literary reviews; and,

2. Assesses factors that may influence the lack of oversight on contracts and try to validate whether these factors existed on the battlefield.

- What were the policy and objectives regarding contractors on the battlefield?

- What were the planned processes for contractor oversight/contractor usage?

- Were there deviations from the plans and/or policies?

- What are possible causes for the deviations, where, when, and to what extent?
3. Describe typical methods of administration and surveillance in a normal situation.

4. Describe methods of administration and surveillance of contracts using the Contractor Purchasing System Review (CPSR) as a means of oversight.

5. Gather feedback from interviews with LOGCAP’s PCOs, ACOs, and CORs.

6. Devise lessons and recommendations for improvement utilizing LOGCAP.

E. METHODOLOGY/ LITERATURE REVIEW

The methodology used in this report includes a literature review of GAO reports about LOGCAP’s contracting polices and guidelines, websites, periodical reviews and magazines. The researchers also conducted personal interviews with representatives from DCMA Headquarters. The methodology followed for this thesis consists of the following:

1. Research contractors functions on the battlefield, normal contract administration and surveillance processes through documentation.

2. Research the situation:

   a. What were the existing policies and objectives regarding oversight of contractors on the battlefield in Iraq?

   b. What was the plan?

   c. What were the planned processes?

   d. Deviations from the plan and/or policy:

   e. Possible causes: What, where, when and to what extent
3. Research the verification, validation and accreditation process of the administration and surveillance processes.

4. Describe typical contract administration and surveillance procedures.

5. Determine whether these functions are performed the same on the battlefield.

6. Describe factors that present a challenge to conducting normal contract administration and surveillance.

7. Conduct a comparative analysis of interview feedback and data gathered from documentation.

8. Induce lessons from the findings

9. Conduct a search of acquisition related web sites.

Research literature available in the form of GAO reports, books, journal articles, and other library information sources.

F. ORGANIZATION OF THE STUDY

The results of the research are presented in five chapters. The first chapter discusses the background and provides a framework for this research. Chapter II presents the history of contractors on the battlefield, how LOGCAP was formed and the utilization of LOGCAP. Chapter III discusses the oversight problems of LOGCAP. Chapter IV provides an analysis of the policy, procedures, and plans of oversight and insight of LOGCAP while paying special attention in Iraq based upon the information obtained through GAO reports; and Chapter V provides specific questions and answers conducted by personal interviews and conclusions and recommendations resulting from all the information gathered.
G. **BENEFIT OF RESEARCH**

This study provides valuable lessons learned on providing contract management and oversight on the battlefield. It has the potential to bring to light some impediments and transparencies that may influence the effectiveness and efficiency of oversight procedures and mechanisms.

H. **DEFINITIONS**

*Administrative Contracting Officer (ACO)* -- the FAR delineates specific functions to be performed only by the ACO. The ACO assumes responsibility for administering the day-to-day contractual activities after an award has been made.

*CIRCULAR NO. A-76*—The Office of Federal Procurement states the purpose of Circular-No. A-76 is to establish Federal policy regarding the performance of commercial activities and implements the statutory requirements of the Federal Activities Inventory Reform Act of 1998, Public Law 105-270. The Supplement to this Circular set forth the procedures for determining whether commercial activities should be performed under contract with commercial sources or in-house using Government facilities and personnel.

*Contract* – The FAR 2.101 defines a contract as a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the U.S. Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

*Contract Administration.*—The Office Federal Procurement Policy defines contract administration as those inherently governmental activities performed by warranted contracting officers (CO), the contracting officer's technical representatives (COTR), and related payment evaluation staff. Contract administration is not to be
confused with contract quality control, performance evaluation or inspection, which are defined as commercial activities by this Supplement and OFPP Policy Letter 92-1.

*Contracting* – FAR part 2.101 defines contracting as purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources.

*Contracting Officer (CO)* – FAR part 2.101 defines a CO as a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings.

*Contracting Officer’s Representatives (CORs)*--are representatives of the Contracting Officer who assist with the technical monitoring and administration of a contract. The information submitted to the Contracting Officer by the requiring organization when recommending an individual for appointment as a COR must include all required qualifications and verification that required training has been met.

*Inherently Governmental Functions*—The Office of Federal Procurement Policy definition is functions that is that are so intimately related to the public interest as to mandate performance by Government employees. These functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgements in making decisions for the Government. Governmental functions normally fall into two categories: (1) the act of governing, i.e., the discretionary exercise of Government authority; and (2) monetary transactions and entitlement.

*Inherently Governmental Activity.*—The Office of Federal Procurement Policy defines an inherently governmental activity as one that is so intimately related to the public interest as to mandate performance by Federal employees. Activities that meet these criteria are not in competition with commercial sources, are not generally available from commercial sources, and are, therefore, not subject to Circular A-76 or this Supplement. Guidance to avoid an unacceptable transfer of official responsibility to contract performance may be found in the Office of Federal Procurement Policy (OFPP) Policy Letter 92-1.
**Procuring Contracting Officer (PCO)** – The FAR part 2.101 defines a PCO as a person responsible for all contractual activities from receipt of the initial procurement package, preparing and issuing the Request for Proposal (RFP), participating in the source selection process, to awarding the contract.
II. WHAT IS LOGCAP?

A. INTRODUCTION

The Logistics Civil Augmentation Program (LOGCAP) has provided the US Army and other government organizations support services for over two decades. Military operations have required civilian contractor support as far back as the Revolutionary War and the number of civilian contractors on the battlefield has steadily increased over the years. Today, the support is not just limited to civilian logistic support functions. The support has evolved into a teaming of military operations with civilian contractors. This civil augmentation program now provides a wide variety of services and support to our US soldiers in almost every type of military operations.

In accordance with ARMY Regulation 700-137, Logistics Civil Augmentation Program (LOGCAP) dated 16 December 1985; LOGCAP is “advanced acquisition planning which provides for the use of civilian contractors during wartime and unforeseen military emergencies to augment the U.S. Army combat support service capability. The contractor support will be arranged through combined advance acquisition and operations planning for peacetime planning for the use of civilian contractors in wartime and other contingencies.”

B. HISTORY OF LOGCAP

LOGCAP was derived from the concept of contractors on the battlefield, which is nothing new to the DoD; civilian contractors on the battlefield have been acknowledged as far back as the 16th century. Even before the institution of the United States Army in 1775, American military leaders were accustomed to relying on civilian contractors to fulfill the needs of their troops on campaigns. In 1775, civilian contractors escorted American armies on the battlefield. George Washington contracted civilians to deliver

Supplies using sutlers. Sutlers were civilians who followed the armies and were officially appointed to supply soldiers with a long list of approved items and provisions. During the Civil War, both the Union and Confederate army regiments were allowed one sutler to provide support to the troops. In these camps, soldiers could purchase from vendors such items as food, newspapers, books, tobacco, razors, tin plates, cups, cutlery, and illegal alcohol. For the most part, since World War II, civilian contractors have contributed to the support and aid of our armies on the battlefield and have come to be viewed as an indispensable part of the Army’s war fighting and peacekeeping capability.

**The Evolution of LOGCAP**

As mentioned earlier, the Army has relied on contractors as far back as the Revolutionary War. By 1783, private contractors were generally accepted as the primary system for providing the U.S. Army with food, forage, fuel, clothing, equipment, weapons, transport and additional labor. However, the Army was slowly weaned from this system of private contractors. In the 1820s, Secretary of War, John C. Calhoun did much to end reliance on private contractors to feed the Army by centralizing subsistence procurement in the office of the Commissary General of Subsistence.

In 1846, the rapid recruitment and movement of U.S. forces into Mexico put severe strains on the Army’s procurement system. It forced the Army to reconsider the role they wanted the contractors to play. Between 15 August 1845 and the end of 1846, the Quartermaster Department (a department of officers whose duty is to provide

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12 http://www.civilwarhome.com/terms.htm


14 Ibid.

15 Ibid.
quarters, provisions, storage, clothing, fuel, stationery, and transportation for a regiment or other body of troops, and superintend the supplies) alone placed over 400 contracts, most of these contracts were for transportation services. In the postwar period of the Indian wars from 1865 to 1890, the Army found the use of private contractors to provide food, fuel, and transportation to the frontier outposts to be a satisfactory supplement to the Army’s own system of arsenals, clothing factories, and storehouses.

In World War II, the use of contractors on the battlefield continued to increase due to the heavy involvement of civilians in war-related projects. Workers were hired individually or through contracts with private firms to provide the support services required by U.S. forces in all the theaters of war. This practice remained in place up until the Korean War.

At the conclusion of the Korean War, contractor support had accounted for a wide range of services and contractors had become an essential element of logistical support capabilities by the Vietnam era and the Gulf War. For example, in the Gulf War, the GAO estimates, in addition to 5,000 U.S. Government civilians, 9,200 contractor employees were deployed in support of U.S. Forces. These contractors provided construction, base operations, water and ground transportation, petroleum supply and maintenance and technical support for high-technology systems.

Therefore, the history of our country’s wars and contingencies reveals that our military has become increasingly dependent upon the civilian sector for support. Today, logistical support but has moved even more towards jobs that would normally be considered as inherently governmental functions. The Office of Federal Procurement Policy (OFPP) Policy Letter 92-1 defines inherently governmental functions as a “function that is so intimately related to the public interest as to mandate performance by

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government employees. These functions include those activities that require either the exercise of discretion in applying government authority or the making of value judgments in making decisions for the Government.”

Over the years, almost all the logistic support functions have transitioned from being performed by military personnel to being performed by civilians. During Operation Desert Storm, the use of contractors on the battlefield escalated. There was one contractor for every 100 military personnel. While in Bosnia, at times, the ratio was nearly one to one. The need for more contractors on the battlefield may be attributed to declining budgets and reduction in military force structure. The DoD has been forced to seek less expensive and more efficient processes and ways of doing business because of peace dividends accrued at the end of the Cold War. The requirement to achieve these ends can be seen as a response to external forces, such as changes in the world order and threats to the country. These forces, along with downsizing and the development of more technological weaponry systems requiring skill-sets the military has yet to provide to its active-duty workforce, can be viewed as the driving forces for transforming the military workforce to depend on civilian contractors. Whatever the case may be, history reveals the number of contractors on the battlefield is steadily increasing and evolving with each war and/or contingency operation.

C. DEFINING LOGCAP

LOGCAP is a U.S. Army initiative for peacetime planning for the use of civilian contractors in wartime and other contingencies. These contractors perform selected

http://www.whitehouse.gov/omb/circulars/a076/a076sa5.html


21 Ibid.

services to support U.S. forces in support of DoD missions. Use of contractors in a theater of operations allows the release of military units to perform other missions or to fill contingency shortfalls. This program provides the Army with additional means adequately supporting the current and programmed forces.

Today, the need to condense military budgets and the transfer of various governmental functions to private business has made contractors on the battlefield a vital one for American political and military leaders. Almost every general logistics support function has been outsourced during this century, support functions such as providing food, laundry, sanitation, shower service, security, recreation, translator service, terminal and base camp operations, water and power production, and medical service support. In use of these support functions, contractors require their integration in accordance with TRADOC Pamphlet 525-53, Combat Service Support:

[Civilians] . . . will provide an ever-increasing number of capabilities in support of future Army operations battle command environment and into the CSS framework, as well as mission training for the civilians involved.

1. Background

As previously stated, the Army has used contractors to provide supplies and services during both peacetime and contingencies dating back to the Revolutionary War. Currently, the role of civilian contractors on the battlefield has been partially addressed by the Army in AR 700-137, LOGCAP. Although LOGCAP may provide additional support in areas with formal Host Nation Support (HNS) agreements, where other contractors are involved, or where peacetime support contracts exist, it is primarily designed for use in areas where no bilateral or multilateral agreements exist.

LOGCAP is funded by the Department of the Army (DA) and managed by the Army Materiel Command (AMC). It is available during Continental United States (CONUS) mobilizations to assist the CONUS support base and help units get ready for

war. Its objective is to preplan for the use of civilian contractors to perform selected services in wartime to supplement Army forces. Employment of civilian contractors in a contingency environment/battlefield releases military units for other missions or unmanned positions.

2. **Utilization of LOGCAP**

The first utilization of the LOGCAP program was in 1985 when the Third United States Army (TUSA) requested that the U.S. Army Corps of Engineers (USACE) contract out a management plan to construct and maintain two petroleum pipeline systems in Southwest Asia in support of contingency operations. According to GAO Report, GAO/NSIAD-97-63 Contingency Operations, the initial LOGCAP contractor was Brown and Root Services (BRS) Corporation of Houston, Texas. The Army conducted a competitive selection for an umbrella support contract for military contingency operations under its Logistics Civil Augmentation Program. This contract was competitively awarded to Brown and Root Services on August 3, 1992 as a cost-plus-award-fee contract with a one-year base period and a four-year option. (Later, the Army contracted with more than 100 firms to obtain needed goods and services in the Balkans.) This contract was one of the Army’s largest single contracts. Provisions of the basic contract provided a broad range of logistics and engineering services support for U.S. forces throughout the Balkans Theater. It included providing support for Bosnia, Kosovo, Macedonia, as well as other Balkan countries, and Hungary. The kind of services detailed food preparation and service, laundry, logistics support such as local transportation, building large portions of the base camps in Kosovo, and performing other


construction as directed by the Army. Figure 1 illustrates the proportion of services the Army required and BRS provided.²⁶

![Bar Chart]

Source: Our analysis based on BRS data.

Figure 1. Selected Support Services Provided by BRS and Kosovo in Fiscal Year 1999

LOGCAP contracts have been in place in at least thirteen counties since its commencement. The countries include Kuwait, Jordan, Iraq, Turkey, Uzbekistan, Afghanistan, Djibouti, Philippines, Republic of Georgia, Rwanda, Somalia, East Timor and Bosnia. The logistics services provided included: force provider, setup & maintenance, base camp operations and maintenance, facilities management, theater transportation/distribution support, fuel distribution, prime power, water/ice production,

laundry & bath, airfield operations, supply operations, firefighting, security assistance, mortuary affairs and the list continues. LOGCAP contracts have taken over a wide variety of support services and functions; however, recently internal auditors investigated the Army’s LOGCAP contracts and recommended that a higher level of oversight and coordination was needed. The DoD agreed with the recommendation.

Although the GAO investigation revealed evidence that there was a lack of oversight, does requiring a higher level of oversight provide a viable solution. Billions of tax dollars are spent on the LOGCAP contracts that support the war efforts; for this reason, the lack of oversight has become a major concern of the public. The spending and deficient oversight is increasing the public’s lack of trust and confidence in the Government’s ability to provide effective and efficient oversight. A GAO audit report identified a few of the challenges that have arisen with the DoD’s increasing dependency on contractors on the battlefield. Our research explores a few of these challenges.

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III. CONTRACT OVERSIGHT

A. WHY OVERSIGHT?

Defense regulations require contract oversight, which is also called surveillance. It involves documentation of proper performance throughout the life of the contract, but does not detail oversight procedures. Oversight protects Government interests, ensures the Government gets what it pays for, and identifies deficiencies that may delay performance.

Consequently, lack of oversight can lead to favoritism, waste, abuse, and even fraud. "If surveillance is not conducted, not sufficient or not well documented, DoD is at risk of being unable to identify and correct poor contractor performance in a timely manner". Another implication of improper surveillance is that the Pentagon may not receive the needed quality and quantity of goods or services specified in the contract.

The GAO published in report GAO-05-274 that the Defense Department, the Government's largest buyer of contractor services, often fails to fully oversee contracts. The report attributed the shortcoming to lack of personnel and training, improper documentation, and the low priority assigned to oversight. In some contracts that lacked proper oversight, GAO found that contract values increased more than threefold over their life span. As reported by GAO, the lack of contract oversight is becoming a serious problem; "Inadequate oversight for U.S. forces logistics contracts in Kuwait and Iraq "is a serious problem," reported the chief of the U.S. General Accounting Office.

A recent GAO report suggested that interagency contracts were at greater risk for improper oversight. Of forty-five interagency contracts studied in the report, twenty-five lacked proper scrutiny. Additionally, earlier this year, GAO identified interagency contracting as a high-risk area. For example, in a review of ninety contracts, valued over

29http://www.pogo.org/p/contracts/co-040301-iraq.html
30Ibid.
31Ibid.
$385.7 million, GAO found that contract oversight was insufficient for twenty-six of these contracts and sufficient for only sixty-four contracts.  

B. CHALLENGES TO OVERSIGHT

In the article entitled, “Contractors were poorly monitored, GAO says”, Witte Griff identifies a few challenges that have arisen with the DoD’s increasing dependency on contractors on the battlefield. The challenges include concerns surrounding the DoD’s authority to compel the contractor to continue to perform on the battlefield in the presence of danger and who is in charge of the contractors. More specifically, does the Army have the personnel to effectively manage these contractors? Based on the article, the answer is no.

The Army awarded contracts to civilians to keep track of, and monitor, their own contracts. The question arises as to whether this is an inherently governmental function. Civilian assistance today is not only for logistical support but also for jobs that could previously have been considered as inherently governmental. OMB Circular A-76 provides guidance that encourages agencies to obtain reliable internal cost and performance information before acquiring goods and services from the private sector, commonly referred to as competitive sourcing. Directives to compete a percentage of the FAIR Act inventory create a perverse incentive to reclassify inherently governmental functions.”  

As an effort to save money, the circular established policy and procedures federal agencies must follow in determining whether existing federal government commercial activities should be outsourced. As stated earlier, civilian involvement is nothing new to DoD; however, the degree and type of involvement is expanding rapidly.

There are also other frequently overlooked factors in government competitive sourcing and they include “negative effects on the direct cost and quality of services;
social costs on workers who receive lower wages and benefits; indirect costs, such as conversion costs and litigation costs; and, most importantly, the mixing of private with public interests.”

The irony of competitive sourcing is that while more jobs are sourced out and government personnel are downsized, the requirement for oversight and management of these outsourced functions, inherently a governmental function, requires labor.

Still, an increase in the process of competitive sourcing to private company tasks that used to be inherently governmental exists. The functions sourced out range from routine jobs, such as cooking and cleaning, to specialized ones, such as maintaining and repairing sophisticated weapons systems, translating and transcribing and interrogating Iraq prisoners. Michael P. Peters, a career Army officer and the executive vice president of the Council on Foreign Relations, states that the United States would be unable to sustain its military operation in Iraq, or anywhere else in the world, without the use of private contractors. Peters also goes on to say “there aren’t enough soldiers in today’s smaller services to perform all the jobs required to maintain the armed forces; the number of active-duty military personnel dropped to 1.4 million in 2002 from just over 3 million in 1970, according to the Department of Defense. This includes personnel to conduct oversight on contracts. Moreover, in order to make service more attractive, the military had to eliminate a lot of the less-glamorous aspects of soldiering, such as cooking and cleaning duties.”

Although the Government has no profit motive, it does have the responsibility to optimize the use of scarce taxpayer resources. Federal employees possess enormous knowledge, expertise, and loyalty that are not available from the private sector. While the hiring of civilian contractors to support military operations may provide an avenue to optimize the use of scarce taxpayer dollars, the above research points out that oversight

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challenges stemming from a lack of personnel to monitor these civilians may be creating an environment ripe for fraud, waste and abuse.

**Administrative Challenges**

The administrative issues that may affect oversight stem from who controls the contractor, and the government’s ability to handle the administrative burden interposed by the increasing use of contractors on the battlefield. In accordance with Federal Acquisition Regulation (FAR) Part 1.602, the procuring contracting officer (PCO) and the administrative contracting officer (ACO) are the only ones with the authority to direct the performance of the contractor. The contractor is only obligated to perform based on the terms and conditions of a contract unless otherwise directed by the ACO and/or PCO. ACOs and PCOs have the authority to enter into, administer, or terminate contracts and make related determinations and findings, and may bind the Government to the extent of the authority delegated to them. These contracting officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. In order to perform these responsibilities, contracting officers are allowed wide latitude to exercise business judgment.

However, in a time of war, management and administration of the contractors becomes an issue in itself. Commanders are responsible for the personnel in their respective area of responsibility (AOR), which includes contractors. In order to direct the contractor to perform, the commander has to go through the PCO or ACO, who has the authority to direct the contractor. This adds an additional level in the chain of command and challenges the efficiency of operations in support of the war mission. The implementation of immediately needed changes is threatened to the point where if the change is not made in a timely manner, a loss of lives could be suffered. This is why in a time of war, contractor personnel are “expected to adhere to all guidance and to obey all

36 [http://www.arnet.gov/far/farqueryframe.html](http://www.arnet.gov/far/farqueryframe.html)
37 Ibid.
instructions and general orders issued by a Combatant Commander or Combatant Commander’s Representative.”

The key is to avoid or prevent the contract employees from appearing to be performing as a Government employee. Performing in such a manner may be considered a personal service contract, which is prohibited under FAR Part 36. The express terms and administration of the contract shall not be presented in such a manner as to which the contract takes on terms and conditions similar to a personal services. Therefore, administration of the contracts becomes a very challenging issue.

As stated earlier, studies suggest that there has been a significant increase in the number of contractors on the battlefield. With this increase, an increase in the requirement or need for personnel to administer and manage the contracts arises. Although the primary duty of managing the contractors resides with the contracting officer, some responsibilities can be delegated to appointed representatives such as administrative contracting officers (ACOs) and Contracting Officer’s Technical Representative(s) (COTR). Of course, the number of contracts and the complexity or scope of work included in the contract dictates the number of administrators or COTRs required for effective administration and management.

As the requirement of contractors on the battlefield increases, the number of ACOS and COTRs required to manage the contractors’ performance increases. This point is best stated in an article by Wendell C. Lawther, Contracting for the 21st Century: a Partnership Model, and Pricewaterhouse Coopers Endowment for the Business of Government, Jan 2002, page 11. The article quotes David Walker, United States Comptroller General as follows, “…if you are going to contract out something, you’ve got to maintain an adequate number of public employees to manage cost, quality, and performance.” To effectively manage these contractors the oversight process must be able to keep track of them and know what particular goods and services they provide. As stated in the article entitled “Army Not Equipped to Manage Contractors on the Battlefield, written by Roxana Tiron, “Of particular concern is the inability to track and

oversee growing numbers of contractors. Additionally, military commanders worry that they are not always aware of what contractors were hired to do and how they should be managed.”

What happens when the work the contractor has been directed to perform is not written in the existing contract?

When a contractor is directed to perform work that is unique to the Combatant Commander’s war situation, it could be considered outside of the scope of the contract or outside of the terms and conditions specified in the contract. If additionally specified work is outside the scope of the contract and existing clauses, then a new contract must be executed. However, the contracting process takes time and in a combat environment time is at a premium. In order to mitigate future problems, to include tracking and knowing what the contractors are hired to do, the Army must hire contractors to administer and manage their contracts. The Army recently awarded a $10 million contract, under which “we actually pay a contractor to come to account for contractors,” said Chambers in remarks to the National Defense Industrial Association’s armaments conference, in Parsippany, N.J. Based on the Army’s decision, the importance of effectively administrating and managing these contracts has become a very important issue in regards to the cost versus the benefits of hiring contractors on the battlefield.

As stated in the above paragraphs, as the number of contractors providing support on the battlefield continues to increase, the more prevalent administrative and management issues surrounding their presence likewise affects the oversight issue. The DoD eventually must seriously address the issue concerning the real value gained from hiring contractors on the battlefield. The rate in which the Government is sending contractors to the battlefield is so high that it is becoming very difficult to manage and provide oversight of contracts. With the steady increase, the number of contractors on the battlefield may pass the optimum level of contractor support that is efficient and effective. Mentioned previously, the Army has resorted to hiring contractors to manage


40 Tiron, Roxana. Army Not Equipped to Manage Contractors on the Battlefield, September 03. Defense Magazine.
and provide oversight of the contractors in an effort to keep track of the contracts. GAO is quoted in a CorpWatch article stating that “Given the billions of additional dollars the Army plans to spend on LOGCAP contract activities, the importance of the contract to the success of current military operations…we believe that high-level oversight and coordination are needed,’ GAO said.”

IV. MANAGEMENT AND OVERSIGHT OF LOGCAP IN IRAQ

A. INTRODUCTION

The use of LOGCAP to support U.S. troops in Iraq is the largest effort in the history of LOGCAP. Although LOGCAP has proven to be effective in providing support to military missions throughout the years, the GAO has identified inefficiencies in its management and oversight, and the source of guidance for managing and providing oversight also has issues. Guidance has been identified as varying per military agency based on the type of contract, performance, and agency within DoD. The LOGCAP contract in Iraq is a cost-plus-award-fee type that provides for the reimbursement of all-allowable, allocable, and reasonable cost incurred in accordance with the terms and conditions of the contract.

Cost-plus-award-fee type contracts provide financial incentives based on the contractor’s performance and the criteria stated in the contract. The Government is able to evaluate the contractor’s performance in accordance with specified contract criteria. Therefore, an award-fee amount can be granted within the designated parameters specified in sections I and section H (Special Provisions) of the contract. Thus, award fees can serve as a valuable tool to help control program risk and encourage excellence in contract performance. However, in evaluating performance, effective management and oversight are always paramount whether it includes an audit of the contractor’s purchasing system and/or surveillance of performance activities. This can include but is not limited to cost and expenditures.

Since 1997 the, GAO has reviewed, identified, and recommended management and oversight control measures for LOGCAP; however, there has been limited specific guidance established and implemented. Initially, GAO reporting focused on the peacekeeping mission in Bosnia and at the same time provided information on the use of

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43 Ibid.
LOGCAP in Somalia, Rwanda, and Haiti. Since then, many reviews have been performed addressing lack of effective and efficient management and oversight of the LOGCAP contracts. While improvements have been made in a number of areas, GAO reports have continued to identify management and oversight issues. Two areas identified remain to be seen as adequate: 1) formal processes for obtaining economy and efficiency when using LOGCAP; and 2) a lack of coordination of contract activities between stakeholders. Within this chapter, a general chronological summary of the GAO reports is provided leading up to specific issues and guidance established in Iraq.

B. HISTORICAL PERSPECTIVE OF CONTRACT MANAGEMENT AND OVERSIGHT: GAO REPORTINGS


As reported in GAO/NSIAD-97-63, *Contingency Operations: Opportunities to Improve the Logistics Civil Augmentation Program*, program management and contract oversight had been the responsibility of the U.S. Army Corps of Engineers since 1992. However, this responsibility transferred to the U.S. Army Material Command (AMC) October 1, 1996.44

Although contractors on the battlefield were nothing new to DoD, at the time, there was little guidance in existence on managing LOGCAP. The main deficiencies were that there was little guidance on how to manage contractor resources effectively, and how to integrate these contractors into military force structure units. In the Bosnian mission, U.S. Army, Europe officials had limited or no experience with LOGCAP and lacked guidance on how to prepare planning documents and what type of management

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and oversight structure to establish. As a result, the officials had to develop ad hoc procedures and systems to ensure they were effectively managing LOGCAP in Bosnia.

The GAO report also noted that U.S Army, Europe officials did not have the necessary information to track cost of operations, expenditure of LOGCAP funds, or monitoring of contractor performance because financial reporting and contract monitoring systems during the early phases of the mission were inefficient. Commanders were not able to make informed decisions without these systems. They could not conclude whether the contractor was adequately controlling costs, whether there were possibly more economical support alternatives, whether a valid requirement existed, or whether work was performed in accordance with contract terms and conditions. Although AMC officials worked with U.S. Army, Europe to improve program planning and management costs for future operations, similar issues continued to surface in other operations. Thus, in September of 2000, the GAO issued another report on controlling cost in the Balkans.

2. Authority, Roles, and Rotation: GAO/NSIAD-00-225

GAO report NSIAD-00-225, Contingency Operations: Army Should Do More to Control Contract Cost in the Balkans, continued to reveal issues pertaining to the lack of effective and efficient management and oversight. Although the support contract utilized in the Balkans was not a LOGCAP contract, it provided the same types of logistical support service as the Bosnia LOGCAP contract. As with the Bosnia LOGCAP contract, cost control was still a management issue and cost was not always considered in making decisions on new requirements. GAO report NSIAD-00-225 states:

In fact, some of the same problems we identified in our February 1997 report on Army management of contractor support in Bosnia in 1996, such as that commanders were sometimes unaware of the cost ramifications of their decisions, emerged in Kosovo. While we recognize the importance

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46 Ibid.
of quickly deploying and properly caring for U.S. personnel in the Balkans, we believe that more considerations could be given to costs.47

Again, GAO reports reveal issues concerning lack of effective management and oversight, and provide recommendations for future missions. However, this time the GAO report further identified that there was a lack of understanding of the Balkans Support Contract, which hindered oversight. The report identified three areas that limited effective oversight: 1) there was confusion over the Government’s authority under the contract; 2) personnel assigned to contract oversight roles in the theater had not been trained sufficiently; and 3) frequent personnel rotations of short duration precluded continuity of oversight efforts.48 Meanwhile, contractors continue to provide services to deployed forces and management and oversight inefficiencies continue to show up in GAO reports. The lack of common guidance was identified as another contributing factor to inefficiencies and ineffectiveness.


GAO report 03-695 reviewed Kosovo and the Persian Gulf, along with Bosnia. The report revealed that management and oversight issues were beginning to be addressed but there were still concerns about lack of standardized guidance. For example, means of managing and overseeing contractors varied widely from component to component, and guidance to establish baseline policies to promote the efficient use of the contractors was not in existence. GAO report 03-695 stated, “We found that general oversight of contractors appeared to be sufficient but that broader oversight issues existed. These include inadequate training for staff responsible for overseeing contractors and limited awareness by many field commanders of all the contractor activities taking place in the area of operations.”49 Some contributing factors may have

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48 Ibid.

been lack of guidance for essential contractor services and issues with contract language and oversight.

Contractors were providing DoD with a wide variety of services. They were now considered a part of the total force mix. Field commanders’ awareness of contractors providing essential services during crises was critical to effective and efficient oversight. However, DoD did not include essential contractor services in its operational and strategic planning. Furthermore, as early as 1988, DoD had noted this lack of central policy or oversight mechanism.\(^{50}\) Consequently, DoD Instruction 3020.37 was issued in 1991 shortly before the Department of Defense Inspector General reported on the issues again. The Inspector General’s report concluded that although DoD’s instruction provided the needed central policy that promotes the continuation of emergency essential services during crisis and hostile situations, the instruction needed revision to provide additional assurance such as the identification of war-stopper services and an annual reporting system identifying the numbers of emergency essential contracts and their personnel.\(^{51}\) DoD Instruction 3020.37 states:

…assigns responsibilities and prescribes procedures to implement DOD policy to assure that components (1) develop and implement plans and procedures that are intended to provide reasonable assurance of the continuation of essential services during crisis situations and (2) prepare a contingency plan for obtaining the essential service from alternate sources where there is a reasonable doubt about the continuation of that service. Responsibility for ensuring that all contractor services are reviewed annually, to include new and existing contracts, to determine which services will be essential during crisis situations rests with the heads of DOD components.\(^{52}\)

Although DoD concurred with the Inspector General’s report, the services and agencies were given time to implement the instruction because the instruction had just been issued. While DoD was allowing time for implementation of guidance for essential

\(^{50}\) GAO, Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans, GAO-03-695 (Washington, D.C.: June 24, 2003).

\(^{51}\) Ibid.

\(^{52}\) Ibid.
contractor services such as LOGCAP, guidance, contract language, and oversight were other possible contributing factors that needed to be addressed.

Guidance, contract language and oversight varied within DoD and the services. Guidance at the DoD, combatant-command, and service levels regarding the use of contractors to support deployed forces varied widely as did the mechanisms for managing the contractors - challenges were created that hindered the commander’s ability to oversee and manage the contractors efficiently. DoD had not provided central guidance for reference data on policy for oversight and management of the contractors in support of the deployed forces. However, the Army was leading the way at the service level with the development of their guidance on managing effectively the contractors supporting the deployed forces. The following examples were obtained form GAO report 03-069:

Army Regulation 715-9—Contractors Accompanying the Force—provides policies, procedures, and responsibilities for managing and using contracted U.S. citizens who are deployed to support Army requirements.

Army Field Manual 3-100.21—Contractors on the Battlefield—addresses the use of contractors as an added resource for the commander to consider when planning support for an operation. Its purpose is to define the role of contractors, describe their relationships to the combatant commanders and the Army service component commanders, and explain their mission of augmenting operations and weapons systems support. It is also a guide for Army contracting personnel and contractors in implementing planning decisions and understanding how contractors will be managed and supported by the military forces they augment.

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

These documents provided comprehensive and detailed direction to commanders, contracting personnel, and contractors on what their roles and responsibilities were and

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how they should meet them.\textsuperscript{54} Nevertheless, the differences in the guidance at DoD and service level were sometimes contradictory and complicated implementation of the guidance.

Although the Army was leading the way with their guidance on management and oversight of contractors in deployed locations, guidance remained varied throughout DoD and service levels. This is viewed as adding further inefficiencies to the management and oversight process. Guidance was identified as being contradictory and confusing to military commanders. Even within the Army regulations, guidance regarding force protection of contractor personnel varied significantly. Joint guidance stated that force protection was the responsibility of the contractor whereas Army guidance places the responsibility with the commander. Furthermore, the Air Force used a hybrid of the two. This lack of uniformed guidance made it more complicated to oversee and manage the contractors. To complicate the matter even more the contracts did not include language to ensure efficient oversight and management of the contractors or how to implement policy.

At the time, contracts for support of deployed forces did not often include language that fostered efficient oversight and management. There was no specific contract language related to the deployment and support of contractors. So contracting officers tailored their particular contracts with language they deemed appropriate for their situation. However, they may not have addressed all necessary oversight and management issues. The lack of guidance limited visibility of the contractors. A result, there was a lack of accountability of contractors arriving to deployed locations. At the regional level, contractors had been arriving on the battlefield with no knowledge of the ground commander and without the support from the Government to perform in accordance with the terms and conditions of the contract. Moreover, ground commanders had little visibility over the totality of contractors that provided services at their

\footnotesize{\textsuperscript{54} GAO, \textit{Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans}, GAO-03-695 (Washington, D.C.: June 24, 2003).}
installations, which caused concerns regarding safety and security.\textsuperscript{55} This lack of guidance was seen as contributing to ineffective oversight and management.


After implementing lessons learned from prior contingencies and operations, planning and oversight was still among the four areas of concern in GAO reports. GAO report 04-869T, \textit{Contract Management: Contracting for Iraq Reconstruction and for Global Logistics Support}, revealed mixed results regarding the four areas reviewed: planning, oversight, efficiency, and personnel. They found the use of the LOGCAP contract in Kuwait and Iraq was neither properly planned nor planned in accordance with the Army’s new guidance. For instance, there was no comprehensive statement of work, there were issues in reaching agreement on terms, specifications and prices of services to be delivered, and there were problems in personnel – personnel shortages and proper contract management training. Despite these shortcomings in oversight and contract management, contractors worked well with the military services to provide life and logistics support to more than 165,000 soldiers and civilians under some of the most difficult security circumstances in Iraq, Afghanistan, Kuwait, and Djibouti.\textsuperscript{56} Consequently, customers reported that they were generally pleased with the services they received from contractors.

Effective and efficient contract management and oversight is usually associated with proper prior planning and standardized guidance. GAO report 04-869T found that while some customers adequately planned and adhered to established service guidance, this was not the case concerning the use of LOGCAP in Kuwait and Iraq. The report stated that Army guidance was not followed and that the overall planning was inadequate. One example given was a documented statement from an official of the 101\textsuperscript{st} Airborne


Division, stating that there was a lack of detailed planning for the use of LOGCAP at the theater and division levels for the sustainment phase of the operation. Regarding planning and contract oversight, a closer working relationship with contractors and divisions would potentially be mutually beneficial to both the contactors as well as the customers.

The primary responsibility for contract management and oversight lies with the contracting officer. However, some oversight responsibilities may be delegated to the Defense Contract Management Agency (DCMA). This did not work well in some instances. For example, in situations where knowledge of field operations was needed, DCMA contract administrators usually appointed technical representatives to provide technical oversight of the contractor’s performance. These technical representatives were typically customers who have been designated by their units, appointed, and trained by the administrative contracting officer. The challenge with this arrangement was that there were major sites in Iraq (which used contract services extensively) that did not have an appointed representative. There was no designated person to coordinate and track the activities of the contractor. This was seen as contributing to problems with coordination and effective contract management and oversight.

C. COORDINATION OF CONTRACT ACTIVITIES

Webster’s Ninth New Collegiate Dictionary defines coordination as the “harmonious functioning of parts for most effective results.” The lack of early coordination and planning for the use of LOGCAP contracts is often viewed as having a negative impact on the effectiveness of oversight and management. Because of the lack of early coordination and planning, lines of authority were not established or clear, oversight processes were not established, requirements were not properly identified, award fee board information was not systematically collected, and separate chain of commands were active. The following coordination and planning problems were identified in the DEFENSE LOGISTICS: High-Level DOD Coordination Is Needed to Further Improve the Management of the Army’s LOGCAP, GAO report 05-328:
• The Army Central Command—the Army command responsible for LOGCAP planning in Iraq and Kuwait—did not follow the planning process described in Army regulations and guidance as it prepared for operations in southwest Asia. While AMC was aware that the Army Central Command’s plan for the use of the contract was not comprehensive, it lacked the authority to direct better planning.

• Effective oversight processes were not established by customers at several locations. A senior Army division-level logistician who returned from Iraq in late 2004 told us that there was nothing in the division’s operations orders that identified its responsibilities in managing or overseeing LOGCAP contract activities. Furthermore, the logistician had not seen the contract statement of work that described the division’s requirements nor had he seen the contractor’s technical execution plan that described how the contractor planned to meet the division’s requirements. He also said that the division had not prepared any formal assessment of the contractor’s performance that could be used at award fee boards. AMC has no authority to direct contract oversight by LOGCAP customers.

• In our July 2004 report, we discussed a disagreement between the LOGCAP contractor and DCAA involving at least $88 million in food service charges to feed soldiers in Iraq. This occurred because the Army had defined a population for each base camp in the statement of work and had directed the contractor to feed that number. The actual number of soldiers served, however, was lower than the number specified in the contract for most locations. The contractor requested payment based on the base camp numbers in the contract but DCAA believes that the contractor should have been paid based on the actual number of meals served. These differing views created a billing disagreement. According to the 101st Airborne Division official responsible for coordinating LOGCAP activities in the division’s sector in Iraq, the division was not aware of the cost implications of the disparity. He also said that the next higher headquarters for the 101st was not interested in the number of people who were using the dining facility, unless the number exceeded the number contracted for in the statement of work.

• Information for award fee boards was not systematically collected from some customers, making it difficult to hold a board that could comprehensively evaluate the contractor’s performance. Award fee boards can serve as a valuable tool to control program risk and encourage contractors’ performance. AFSC recently told us that it had to convert some LOGCAP task orders to cost-plus-fixed-fee task orders partly because it lacked the information to hold an award fee board. AMC is aware of these problems and has attempted to influence how the other DOD components carry out their roles by deploying personnel to assist the customer in using the LOGCAP contract effectively. However, while
AMC can ask the DOD components to carry out their responsibilities, it cannot direct their activities. This affects the extent to which it can control how effectively the contract is utilized. For example, in response to a series of questions we posed to AFSC regarding managing LOGCAP, an AFSC official provided the following examples where it has no ability, or limited ability, to influence contract activities:

- Commanders on the ground ultimately make decisions regarding the composition of task orders and required services based on their operational needs. While AFSC provides input to the planning process, once the commander on the ground makes a decision, AFSC’s mission is to execute that action within established legal, regulatory, and contractual parameters. As an example, an AFSC official said that the command aggressively pursued the reduction of the major task order for services in Iraq (Task Order 59) with the customer. However, the customer’s decision was to maintain the task order in its current form with a planned increase in scope for the follow-on effort. Consequently, AFSC will execute the customer’s requirement.

- AFSC’s procuring contracting officer has the primary responsibility for monitoring the contractor’s performance, and DCMA serves as the contracting officer’s agent in theater to monitor the performance of the contractor. However, DCMA makes an independent assessment regarding the level of staffing and resources allocated to perform its mission. AMC’s command relationship to the other DOD components is shown in figure 1. As shown, the DOD components with LOGCAP responsibilities have separate chains of command leading to the Secretary of Defense and only the Office of the Secretary of Defense is in a position to exercise overall coordination of the four components.57

Coordination of the contracts largely depends on the combined efforts of a number of separate DoD components to include AMC, the combatant commander, deployed units, DCMA, and Defense Contract Audit Agency (DCAA). *AMC Pamphlet 700-30, Logistics Civil Augmentation Program* (January 2002) designates AMC, DCMA and the customer as the responsible agents for monitoring contract performance. The pamphlet also provides a fundamental understanding of LOGCAP. It designates twenty-two LOGCAP responsibilities. Two or more components share the responsibilities; however, one component has the sole responsibility of six. The one component is AMC. AMC has limited power but acts as the executive agent directing worldwide, regional, and country-specific planning, development, and execution of a LOGCAP contract. Consequently, AMC does not have command authority over the other components. The limited power and lack of centralized control can be seen as a contributing factor to the overall coordination and oversight ineffectiveness across the DoD components.

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However, there are also other means of providing oversight and management. How effective the mechanisms are can be debated.

D. CONTRACTOR PURCHASING SYSTEM REVIEW (CPSR) AS A MEANS OF OVERSIGHT

A CPSR determines the adequacy of a contractor’s purchasing system and with a favorable systems review, a contractor’s purchasing system receives less oversight on expenditures of Government funds during the course of contract performance. Upon review, many processes are examined such as: make or buy decisions; the selection of vendors; quoted prices and negotiation; placing and administering of orders; and expediting materials. Could the review provide a false sense of security in the contractor’s purchasing system, thereby increasing the risk of excessive costs?

Under normal conditions, the oversight of material cost and subcontractor cost passed on to the Government is decreased upon determination of an approved purchasing system. Therefore, the risk of cost overruns and administration is also decreased. Under other than normal conditions, such as war, a CPSR can increase risk of performance because of unknown factors that can influence the accuracy of the review.

Although deficiencies may be identified during the stateside reviews of the contractor’s purchasing procedures, Iraq provides a more challenging market environment and condition that demands a different form of oversight over the contractor’s processes. Normal competition and billing processes may not be possible in a wartime situation, and cost that normally would be termed as unreasonable may be considered reasonable depending on the urgency of need and possible lives impacted. Thus, the results of a CPSR conducted in a stable stateside environment under normal conditions may not accurately depict the effectiveness and the efficiency of a contractor’s purchasing systems in an unstable wartime environment.
1. Examination of Contractor’s Purchasing System

The contractor’s purchasing system is the process and procedures by which a contractor obtains subcontracts and purchases other materials. The objective of the CPSR is to evaluate the efficiency and effectiveness of the contractor’s purchasing system as it relates to the expenditure of Government funds and compliance with Government policies, thereby mitigating possible risk.59

The Government may place itself at risk when prime contracts are awarded non-competitively or when the contract with the Government allows the contractor to pass all subcontractor costs on to the Government.60 Regulatory requirements for competition are relaxed during wartime and contingency situations; therefore, the probability of awarding non-competitive contracts increases based on the situation and environment. Although CPSRs are performed for each DoD and NASA contract with an estimated negotiated sales amount expected to exceed annual expenditures in excess of $25 million, the CPRS does not provide a means to mitigate the risk and the Consent to Subcontract clause provides little reliability as well.61

2. Consent to Subcontract

If the contractor does not have an approved purchasing system, the Consent to Subcontract clause is incorporated in the contract. This clause requires the contractor to obtain approval from the Government prior to subcontracting. An approved purchasing system decreases the number of subcontracts required to be approved by the Government. This approval is based on the adequacy of the purchasing system as determined by the Contractor Purchasing System Review.


60 Ibid.

61 Ibid.
3. Contractor Purchasing System Review Considerations

CPSR also examines volume, complexity, dollar value of the contractor’s purchasing system, subcontracting activity, and past performance. The results of the review are used to determine the adequacy of a contractor’s purchasing system. With a favorable systems review, a contractor’s purchasing system receives less oversight on expenditures of Government funds during the course of contract performance. This is a major contributing factor in the mitigation of cost risks.

Could the review provide a false sense of security in the contractor’s purchasing system? The below paragraphs examine the CPSR as an administrative oversight tool for the LOGCAP contract in Iraq. Under normal conditions, the oversight of material cost and subcontractor cost passed on to the Government is decreased upon determination of an approved purchasing system. Therefore, the risk of cost overruns and administration is also decreased. Under other than normal conditions, such as war, a CPSR can increase risk of performance because of unknown factors, which can influence the accuracy of the review.

4. Use of CPSR in Iraq

The Army’s LOGCAP was established to manage the use of various civilian contractors to perform services in support of Defense missions during times of war and other mobilizations. Although the concept of LOGCAP is nothing new to DoD, oversight of LOGCAP contracts in Iraq has become an increasing concern of the public and the Government. The root cause of these concerns have been identified in GAO reports as stemming from inadequate cost estimating, deficient accounting and inadequate documentation practices. Of particular concern is current prime contractor, Kellogg Brown and Root (KBR).

KBR, the prime contractor for LOGCAP in Iraq during the fall of Baghdad, was also a subsidiary of the Halliburton Company. Defense auditors have criticized KBR for

inadequate cost estimating as well as weak (or ineffective) accounting and documentation practices. As of September 2004, K.B.R. had received $8.6 billion under the LOGCAP contract as part of the military's effort to reduce its personnel and costs by outsourcing noncombatant jobs such as providing logistic and engineering services, food preparation, laundry, housing, and construction in support of military operations. However, a number of outstanding issues concerning KBR, particularly food services have been noted.

The logistical and engineering service needs of the military in Iraq are extensive, change constantly, and are real time driven. In a war or contingency environment, timely response is a critical factor to effectively meet these needs. Lives depend on these services. Consequently, these needs promulgate the use of cost-type contracts. Typically, when there is reliable estimation of cost, firm or fixed price contracts are used. However, when urgency and uncertainty does not afford this type of estimation, the cost-type contract is considered more appropriate.

a. CPSR Effectiveness in Iraq

The LOGCAP contract is a cost-plus award fee basis and provides that the contractor be reimbursed for reasonable, allowable, and allocable costs incurred as prescribed in the contract. This type of contract provides for incentives that are based on performance. However, as stated earlier, timely response and reaction to constantly changing requirements is the key to performance in a wartime or contingency environment. With the LOGCAP contractor having to respond swiftly to unstable requirements in an unstable market environment, the CPSR is an ineffective tool to mitigate the cost risk.

Under normal conditions, contracting for goods and services with the DoD is very challenging and constrained by rules, regulations and laws. Despite the relaxation

64 Ibid.
65 Ibid.
and waiver of purchasing rules, laws, and regulations during wartime, humanitarian, and contingency operations, challenges in acquiring goods and services are prevalent. Hence, the result of a CPSR performed stateside is not always applicable to the market environment present during wartime, particularly in Iraq. Therefore, the result is not always a good indicator of the level of risk associated with contractor’s and subcontractor’s costs which are usually past on to the Government.

b. Stateside CPSR Audit Results

On May 3, 2004 Defense Contract Audit Agency Audit Report no. 3311-2002, K11010001 was released. Although the audit only covered the billing processes in Houston, Texas, it revealed that KBR was not being authorized for direct billing. The report disclosed several deficiencies in KBR’s billing system. The deficiencies included billings to the Government that were not prepared in accordance with applicable laws, regulations and contract terms. System deficiencies resulted in material invoicing misstatements that were not prevented, detected and/or corrected in a timely manner. Notwithstanding the identification of these deficiencies, the Government still awarded KBR several large dollar value contracts in Iraq and Kuwait that increased the risk of possible cost impacts to the Government. In the auditor’s opinion, the contractor’s billing system was rated inadequate in part. So, why award large dollar contracts to a contractor with known deficiencies in their purchasing and cost systems?

Although these deficiencies were identified during the stateside inspection of the contractor’s purchasing procedures, the environment in Iraq and Kuwait provides a more challenging market environment and condition that demands a different form of oversight over the contractor’s processes. Normal competition and billing processes may not be possible in a wartime situation, and costs that normally might be termed as unreasonable may be considered reasonable depending on the urgency of need and possible lives impacted. The logistical support requirements in Iraq provide a contracting environment that is rather abnormal. Thus, the results of a CPSR conducted in a stable stateside environment under normal conditions may not accurately depict the
effectiveness and the efficiency of a contractor’s purchasing systems in a wartime environment.
V. SURVEY RESPONSES, RECOMMENDATION AND CONCLUSION

A. INTRODUCTION

This final chapter addresses three areas. First, primary research questions are addressed through real-time responses from survey participant(s). The responses are compared to management and oversight issues covered in past GAO reports. Secondly, recommendations submitted as to what should be focused on in future research projects that address management and oversight issues. Lastly, an outline of the conclusions drawn from the research are provided.

B. SURVEY RESPONSES COMPARED WITH GAO REPORTS

1. What was the Policy and Objective Regarding Oversight of Contractors on the Battlefield?

As stated earlier in Chapter IV, GAO report 03-695 found that general oversight of contractors appeared to be sufficient but broader oversight issues existed. The broader issues included inadequate training for staff responsible for overseeing contractors and limited awareness by many field commanders of all the contractor activities taking place in the area of operations.66

Based on our current interview with COL McQuinn during his tenure in Iraq between Jan-July 2005, he stated, “there didn’t seem to be a policy. No one on the ground seemed to be able to get their arms around the hundreds of contractors operating outside of LOGCAP. These contractors moved in and out of Iraq on a daily basis and supported multiple DoD and Department of State organizations. DCMA, my

organization, was responsible for KBR, the LOGCAP contractor, and maintained accountability and oversight of all KBR personnel through daily SITREPS from KBR.”

2. What were the Planned Processes for Contractor Oversight/Contractor Usage?

GAO/NSIAD-97-63, *Contingency Operations: Opportunities to Improve the Logistics Civil Augmentation Program*, stated that program management and contract oversight had been the responsibility of the U.S. Army Corps of Engineers since 1992. However, this responsibility transferred to the U.S. Army Material Command (AMC) October 1, 1996.

The normal process of contract oversight and contractor management is the responsibility of the contracting officer who may delegate some of the responsibility to DCMA or a COTR. According to GAO report 05-328, a draft regulation is in the works that proposes significant changes in three areas.

The most significant policy change in terms of contract management and oversight is the recommendation that the supported unit (that is, the customer) be responsible for providing day-to-day control of contractors’ activities. Contract managers will continue to be responsible for the business aspects of managing the contractor workforce. The other two changes deal with (1) the accountability and support of contractor employees and (2) the medical screening, training, and equipping of contractor employees prior to deployment.

Based on GAO report 04-854, contract oversight processes were generally good but not always properly planned and there was room for improvement.

While oversight of a contract is the contracting officer’s responsibility, the contracting officer may delegate some oversight responsibilities to

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67 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.


DCMA. The contracting officers for LOGCAP, AFCAP, and BSC have all delegated significant portions of contract oversight to DCMA, while the Navy retains all contract administration and oversight responsibilities for the CONCAP contract. While DCMA’s contract oversight generally resulted in cost savings, opportunities exist to improve oversight.70

Based on an interview with COL McQuinn,

Contractor oversight for LOGCAP was provided by DCMA. The U.S. Army Corps of Engineers (USACE) also provided oversight for construction projects. I can’t speak to oversight of contract work outside of LOGCAP and USACE. Regarding contractor usage, the use of contractors was a necessity when it came to life support and LOGCAP also provided approx. 35-40 percent of the Combat Service Support. Multi-national Force Iraq (MNFI) and Department of State both had structured processes for identifying requirements and determining the appropriate source for the related support to include expedited review and approval processes for emergencies.71

3. Were there Deviations from the Plan, Policy?

Guidance at the DoD, combatant-command, and service levels regarding the use of contractors to support deployed forces varied widely as did the mechanisms for managing the contractors. This lack of standardization was a challenge that hindered the commander’s ability to oversee and manage the contractors efficiently.72 DoD had not provided central guidance that baselined policy for oversight and management of the contractors in support of the deployed forces. However, the Army was leading the way at the service level with the development of their guidance on managing effectively the contractors supporting the deployed forces.

Based on our interview with COL McQuinn, deviations to guidance happened occasionally. “Occasionally a customer would go directly to the LOGCAP contractor to

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71 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.

get work done, but as the force became more familiar with the approved requirements process these instances became rare.”

4. **Is there a Lack of Oversight with LOGCAP?**

GAO reports 04-854 states that DCMA’s contract oversight generally resulted in cost savings; however, opportunities exist to improve oversight. As stated earlier, oversight of contracts ultimately rests with the contracting officer. In deployed locations, this may not be the case. Most of the time, the contracting officers are not located in the deployed locations. As a result, personnel from DCMA, an independent combat support agency within DoD oversee the contractor’s performance. DCMA then ensures that the contract terms and conditions in terms of delivery, cost, and schedule, and performance requirements are met.

In COL McQuinn’s opinion, “no; DCMA, with support from USACE was able to provide full oversight of all medium and high risk projects. Our surveillance plans were based on the contract Statement of Work (SOW) and our Letter of Delegation from the Army Field Support Command. We approached all surveillance based on risk.”

We asked COL Jake Hansen, currently deployed DCMA representative in Iraq, the same question and he responded as follows:

Well, that depends. Do parents have a lack of oversight with their teenagers? What is enough? If you ask someone from GAO or AAA, they will tell you there is not enough oversight. I believe I have a prudent number of people in country right now given the security considerations we are working under.

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73 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.

74 Ibid.

75 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom. Personal Interview conducted by email on December 1, 2005.
COL Hansen went on to say that given the security concerns, he believed the number of people he had was appropriate and that it lessened the risk of serious injury or death. “The more people I have in country, the greater the risk of serious injury or death.”

5. Is there a Problem with Tracking the Number of Contractors on the Battlefield?

COL McQuinn’s comment: See Question #1.

6. Does the Military have Enough People, Whether Military Members or Civilian Employees, to Conduct Oversight?

In the article entitled “Contractors were poorly monitored, GAO says”, Witte Griff identifies a few challenges that have arisen with the DoD’s increasing dependency on contractors on the battlefield. More specifically, does the Army have the personnel to effectively manage these contractors? Based on the article, the answer is no. The Army awarded contracts to civilians to keep track and monitor their contracts.

Based on COL McQuinn’s response, they had enough personnel to conduct oversight. “Yes. We used a combination of DCMA personnel and appointed CORs (members of the force) to conduct oversight.” As COL Hansen stated in question two above, given the security considerations, he felt he had the proper number of people working in country. He had a presence of sixty-eight individuals at sixteen locations throughout Iraq. However, “DoD reduced its acquisition workforce from 460,516 to

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76 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom. Personal Interview conducted by email on December 1, 2005.


78 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom. Personal Interview conducted by email on December 1, 2005.
230, 556 personnel, about 50 percent, from… [Fiscal Year] 1990 to…1999; however, the workload has not been reduced proportionately. …”

7. **How are contractors on the Battlefield (LOGCAP) Addressed in the War Plans?**

In 2003, Michael Anderson and Gary Flaherty addressed a similar issue in their research entitled *Analysis of the Contingency Contracting Support Plan within the Joint Planning Process framework*. Their research concluded the following:

There is a lack of contracting details in the OIF Logistics Annex. The contingency contracting actions taken during OIF suggest a lack of thorough planning and integration of the CCSP with the Logistics Annex of the OPLAN. The omission of a detailed CCSP within the LOGPLAN creates weaknesses that can be avoided if involvement of a CCO within the Joint planning cells are conducted. This includes transportation of supplies, Combat Service Support (CSS) organizations deployed to the theatre too late, and shortages of Class II, III, and IX items.

At the time of their research, they concluded that contractors were not sufficiently addressed in the Contingency Contracting Support Plans (CCSP). The authors went on to state that “an area that can be strengthened involving LOGCAP support contracts is whether they are successfully integrated in support of the OPLAN and whether enough attention and accountability is provided during actual contract execution.”

Since then, and based on our research interview with COL McQuinn, strides have been made to integrate LOGCAP into operational planning. COL Quinn’s comments

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regarding this matter are as follow, “I didn’t have any insight into war plans, but the LOGCAP contractor was integrated into operational planning.”

8. What are the Experience Levels of the Administrative Contracting Officers (ACO) in the Area of Performance and How Often do they Rotate from the War Zone?

Based on the interview response from COL McQuinn, deployment rotation provided a challenge and does cause some continuity issues, but all of the civilian CCAS members are volunteers and they had no provisions for establishing permanent (1yr) positions for either civilians or military within DCMA.

COL McQuinn also added, “The DCMA ACOs were very experienced. All are DAWIA Level II or III certified and warranted ACOs, and many have multiple contingency deployments.”

In addition, COL Hansen stated that almost all of his ACO’s have deployed with Level II certification. He had the below comments which include the impact of personnel rotation.

Everyone in DCMA Iraq (except me) is here on a six month rotation. While it would be ideal to have the people here for longer rotations, it is not realistic. About 25% of my workforce are civilian volunteers. The other 75% are from all military services that belong to DCMA CMOs worldwide. They are on loan to me for the six-month period and then they go home to their home CMOs. Almost all my ACOs come here at least level two DAWIA certified and most are warranted.

82 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.
83 Ibid.
84 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom Personal Interview conducted by email on December 1, 2005.
85 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.
86 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom. Personal Interview conducted by email on December 1, 2005.

As stated in Chapter IV, the 1997 GAO report cited an absence of guidance on effectively managing LOGCAP. The report stated that improvements were needed. Since then, the Army wrote two documents that provided guidance on using LOGCAP. In January 2003, the Army reissued Field Manual 3-100.21, Contractors on the Battlefield, and it is currently rewriting Army Regulation 715-9, Contractors Accompanying the Force. The documents were lauded to improve support forces’ understanding of the Army policies, responsibilities, and procedures for the best use of contractors on the battlefield. The manual provided guidance for planning, management, and the use of contractors at each level of operations. It described the relationship between all the stakeholders such as between contractors and both the Combatant Commanders and the Army’s Service Component Commanders. However, at the time of the GAO report 05-328 in March of 2005, the Army’s regulation for contractors accompanying the force was still in draft form. An Army official working on the draft regulation said that once the regulation is finalized, the field manual will be revised to incorporate the changes.

Upon further research, COL McQuinn stated, “the manual and regulations are available now”, as of 11 November 2005.

D. CONCLUSION

Based upon the research outlined in the preceding chapters, GAO reports have consistently identified concerns regarding management and oversight of LOGCAP contracts. The reports are not all inclusive; however, they do reveal that management and oversight is improving after working through the early years of poor planning and growing pains. Therefore, our research concludes that better management, oversight is a

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88 Ibid.
89 COL Paul M. McQuinn, USA, Commander, Defense Contracting Management Agency Dallas Personal Interview conducted by email on November 11, 2005.
continuous work in progress, and plans of action have been incorporated to mitigate existing inefficiencies. Policies and objectives covering the management and oversight of the LOGCAP contractors initially varied dramatically in DoD but a standardized manual has been established. Although not fully implemented, it is currently with deployed units and is being utilized. The following is a list of initiatives underway:

Some of the initiatives the Army has completed or has under way that should contribute to stronger management of LOGCAP include (1) rewriting its guidance, including its field manual for the use of contractors on the battlefield, and its primary regulation for obtaining contractor support in wartime operations; (2) implementing near- and longer-term training for commanders and logisticians; (3) developing a deployable unit to provide training and assistance for commands using LOGCAP; (4) restructuring the LOGCAP contracting office to provide additional personnel resources in key areas; and (5) eliminating the backlog of contract task orders requiring definitization and conducting award fee boards in order to improve the financial oversight and control of LOGCAP.90

Consequently, some inefficiency continues to show up in the GAO reports, which was also identified in our recent research survey questionnaire. Those issues include a lack of a formal process for seeking economy and efficiency and coordination of contract activities.

Based on GAO report 05-328 and our research, coordination of contract activities still needs attention. The GAO reports and our research reveal a lack of coordination between the various components, which includes no customer involvement in monitoring the contractor’s performance. We have sited in Chapter IV of this research numerous examples of problems with coordination.

The other issue that continues to be of concern is the lack of a formal process for seeking economy and efficiency. GAO recommended in 2004 that subject matter expert teams be created to travel to contract locations and evaluate contractor support.91

Although DoD concurred, no action has been taken to remedy this problem as of the publishing date of GAO report 05-328, 21 March 05.

E. RECOMMENDATIONS

Three recommendations are provided herein as a result of the research and comparison to GAO reports and interviews. Because the recommendations that GAO provided in their report have not been implemented, our recommendations remain consistent with the GAO reports. GAO report 05-328 recommends the following:

• Designate a LOGCAP coordinator with the authority to participate in deliberations and advocate for the most effective and efficient use of the LOGCAP contract. Areas where we believe this coordinator should provide oversight include (1) reviewing planning for the use of LOGCAP to ensure it is in accordance with Army doctrine and guidance; (2) evaluating the types and frequency of services to be provided; and (3) evaluating the extent to which the contract is being used economically and efficiently.

• Direct the coordinator to advise the Secretary of unresolved differences among the DOD components on how best to use LOGCAP, and to report to the Secretary periodically regarding how effectively LOGCAP is being used.92

However, our third recommendation is based on an interview response from COL Hansen. COL Hansen made a suggestion that supports implementation of the guidance at the foundation or core of our personnel training. He recommended that we begin at the school houses by teaching our people LOGCAP doctrine and integrating it into our peacetime planning. His interview comment is as follows:

We need to work really hard to get the doctrine of LOGCAP in our school houses. We have also not done well integrating LOGCAP into our peacetime planning processes either. We need to use the luxury of

peace time planning to really think about and exercise LOGCAP into our OPLANs.93

Implementing these recommendations is not an overnight process but involves a change of culture in the way the military views contractors on the battlefield. Obtaining the most efficient and effective oversight involves collaborating with the contractors early on in the planning stages of war and deployments. In order for contractors to better support the military, they need to be involved and included in all stages of the process. Again, this is best supported by COL Hansen’s e-mail interview comments. They are as follow:

Are they [KBR] an "arms length" contractor or a true partner on the team? Culturally, the military is not comfortable calling them a true partner. We still have "Government only" meetings. The truth is that we need to integrate KBR in absolutely everything we do here. How can they properly support us if we don't include them in everything we do? They need to be completely integrated in our planning and thought processes. That is very hard for the military to do! It is counter to everything we were taught about military relations with contractors. The difference is that LOGCAP has taken over functions that used to be done by the military. We must integrate them into our fold.94

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93 COL Jake B. Hansen, USA, Commander, Defense Contracting Management Agency, Deployed Iraq, Centcom. Personal Interview conducted by email on December 1, 2005.

94 Ibid.
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