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Management of Nontactical Vehicles in Support
of Operation Iraqi Freedom

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Acronyms and Abbreviations

CENTCOM	U.S. Central Command
COR	Contracting Officer's Representative
FAR	Federal Acquisition Regulation
GSA	General Services Administration
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MSD	Multi-National Security Transition Command-Iraq Support Division
NTV	Nontactical Vehicle
RCC	Regional Contracting Centers



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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NOV 20 2009

MEMORANDUM FOR COMMANDER, MULTI-NATIONAL FORCE-IRAQ
COMMANDER, MULTI-NATIONAL CORPS-IRAQ
COMMANDER, JOINT CONTRACTING COMMAND-
IRAQ/AFGHANISTAN

SUBJECT: Management of Nontactical Vehicles in Support of Operation Iraqi Freedom
(Project No. D2008-D000LH-0235.000)

We are providing this report for your information and use. We conducted this audit pursuant to Public Law 110-181, "The National Defense Authorization Act for Fiscal Year 2008," section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan," January 28, 2008. We considered management comments on a draft of this report in preparing the final report. The comments conformed to the requirements of DOD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the staff. Please direct questions to Mr. Timothy Wimette at (703) 604-8876 (DSN 664-8876).

A handwritten signature in blue ink, reading "Alice F. Carey".

Alice F. Carey
Acting Assistant Inspector General
Readiness, Operations, and Support



Results in Brief: Management of Nontactical Vehicles in Support of Operation Iraqi Freedom

What We Did

Our overall audit objective was to determine whether contracting for nontactical vehicles (NTVs) in support of Operation Iraqi Freedom was effective. Specifically, we audited NTV contracting and management processes.

What We Found

Although Multi-National Force-Iraq (MNF-I) and Multi-National Corps-Iraq (MNC-I) implemented some corrective actions to strengthen controls over NTV management, further actions are needed to improve the accountability of NTVs, as well as management of the size and distribution of the NTV fleet. Plans to decrease the U.S. presence in Iraq highlight the need to improve visibility of NTVs.

We estimate General Services Administration (GSA) NTVs cost about \$70 million to purchase and all 9,793 NTVs in the fleet cost about \$109.8 million annually to lease and maintain. However, NTV records were unreliable for making NTV allocation and distribution decisions. For example, 3,854 GSA NTVs (about 74 percent) were not accounted for properly. In addition, 531 GSA NTVs (about 10 percent) were not accounted for at all. These vehicles cost \$11.4 million to acquire and \$5.3 million annually to lease and maintain.

Without accurate NTV records, DOD cannot make effective decisions regarding the NTV fleet. MNF-I policy did not establish a standard procedure for NTV registration to ensure NTV records were accurate. In addition, MNF-I and MNC-I did not have a centralized strategy to identify and manage NTV requirements or acquisition. Appointing an NTV Program Manager and centralizing these processes will help identify long-term requirements and help acquire NTVs using the most cost-effective approach. Centralization may also improve contract administration of local leases because NTV managers, who register and report NTVs, could act

as contracting officer's representatives (CORs). Centralizing NTV management will also facilitate acquisition of more NTVs per contract than decentralized processes, which typically fill individual requirements. Decreasing the number of contracts should improve the contract file deficiencies we identified.

The issues we identified constitute weaknesses in the internal controls over NTV management. Implementing our recommendations will strengthen controls by improving NTV data reliability, reducing NTV costs, increasing contracting efficiencies, and reducing the occurrence of contract file deficiencies.

What We Recommend

We recommend that the Commander, MNF-I:

- appoint an NTV Program Manager to implement NTV policy and centrally manage NTV requirements and acquisition;
- implement a standardized procedure for NTV registration; and
- implement controls to accurately record and classify NTVs.

We also recommend that the Commander, Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) direct contracting officers to appoint NTV managers as CORs for local NTV lease contracts.

Management Comments and Our Response

Management comments were responsive to the recommendations. MNF-I and JCC-I/A agreed with the finding and recommendations. No additional comments are required. Although not required to comment, U.S. Central Command and MNC-I agreed with the finding and recommendations. We plan to follow up in 6 months to ensure that the commands implemented the agreed-upon actions.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Multi-National Force-Iraq		A.1.
Commander, Joint Contracting Command-Iraq/Afghanistan		A.2.

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Introduction

Objectives

Our overall audit objective was to determine whether contracting for nontactical vehicles (NTVs) in support of Operation Iraqi Freedom was effective. Specifically, we audited contracting processes as well as management of NTVs acquired in support of Operation Iraqi Freedom. We looked at the justification of need, contract award, and administration processes for NTV contracts awarded in Iraq in support of Operation Iraqi Freedom. See the Appendix for a discussion of the scope, methodology, and prior coverage.

We performed this audit pursuant to Public Law 110-181, “The National Defense Authorization Act for Fiscal Year 2008,” section 842, “Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan,” January 28, 2008. Section 842 requires “thorough audits to identify potential waste, fraud, and abuse in the performance of (1) Department of Defense contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan; and (2) Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.”

Background

In response to the Act, we collaborated with the Inspectors General of the Department of State and U.S. Agency for International Development, the Special Inspector General for Iraq Reconstruction, Auditors General of the U.S. Army Audit Agency and U.S. Air Force Audit Agency, and the Director of the Defense Contract Audit Agency to develop a comprehensive audit plan for Southwest Asia. The audit plan includes key issue areas, such as financial management, systems contracts, and human capital for contract administration. This plan highlighted ongoing and planned work for each of these agencies, and identified the purchasing and leasing of vehicles in support of Operation Iraqi Freedom as our audit issue area.

Roles and Responsibilities

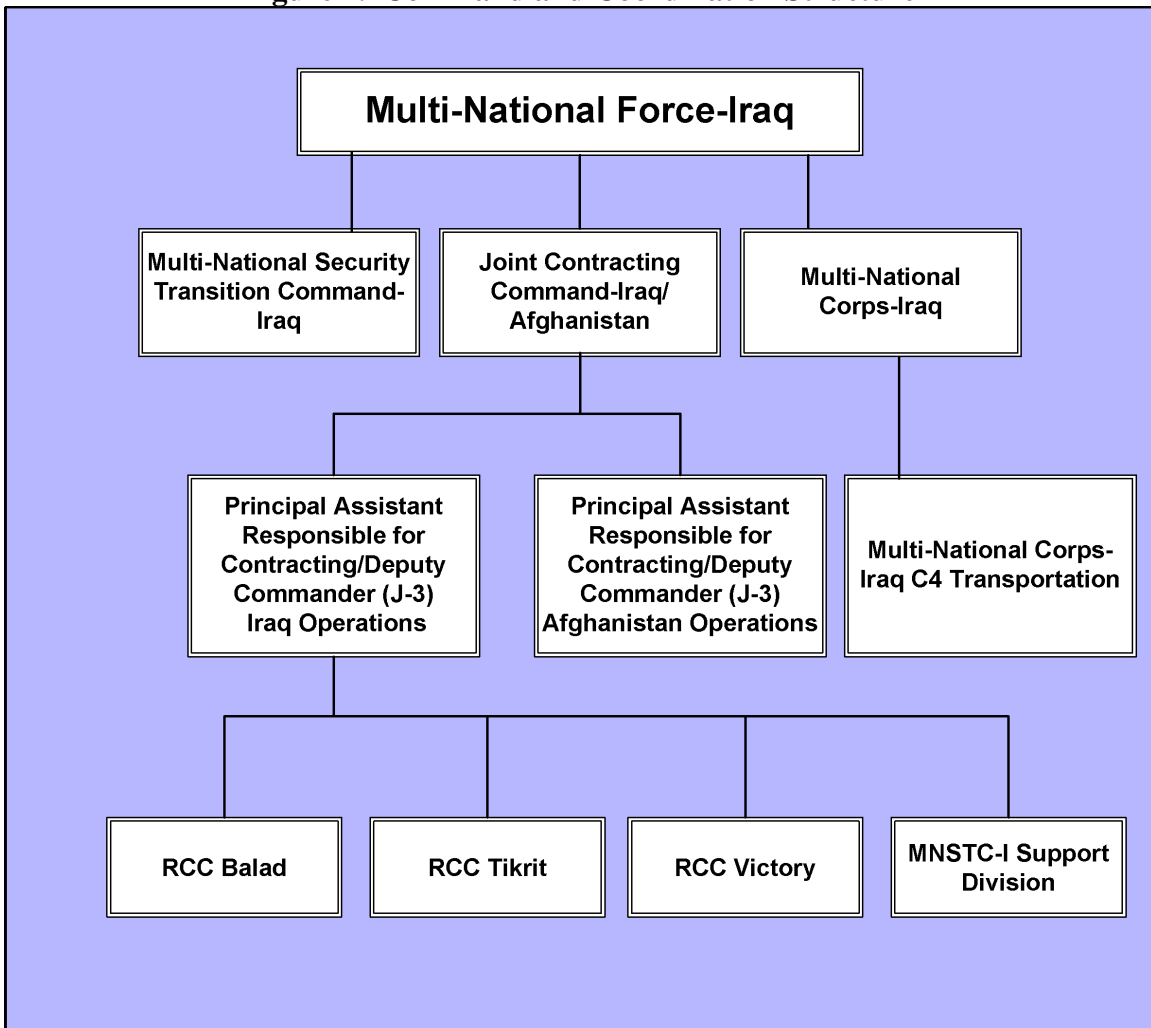
The Department of the Army is the executive agent for contracting for Operation Iraqi Freedom. The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) delegated the authority as head of contracting activity to the Commander, Joint Contracting Command-Iraq/Afghanistan (JCC-I/A). This authority applies to all contracting activities assigned or attached to U.S. Central Command, with the exception of the U.S. Army Corps of Engineers.

JCC-I/A provides operational contracting support for the coalition forces and the relief and reconstruction of Iraq and Afghanistan. This is done through two Principal Assistants Responsible for Contracting, one for Afghanistan and one for Iraq. JCC-I/A

also operates Regional Contracting Centers (RCCs) throughout Iraq and Afghanistan, which carry out the JCC-I/A mission by supporting the contracting requirements of local commands.

Multi-National Force-Iraq (MNF-I) is responsible for executing security and military operations in Iraq. Multi-National Corps-Iraq (MNC-I) and Multi-National Security Transition Command-Iraq (MNSTC-I) are MNF-I major units. The mission of MNC-I is to command and control the operations throughout Iraq. Assisting with this mission is MNC-I C4 Transportation, which is responsible for coordinating with other directorates and agencies concerning NTV management. MNC-I C4 Transportation is also responsible for establishing local policies and procedures for NTV use in Iraq as well as maintaining an up-to-date list of all registered vehicles in Iraq. The mission of MNSTC-I is to organize, train, equip, and mentor Iraqi Security Forces. Figure 1 below depicts the command and coordination structure.

Figure 1. Command and Coordination Structure



Federal and DOD Guidance

DOD guidance defines NTVs as any commercial vehicle or trailer acquired for and assigned to units based on authorization documents and used for providing administrative, direct mission, or operational transportation support of military functions. For purposes of this audit, we considered NTVs to include sedans, trucks, vans, and sport utility vehicles (armored and unarmored). We excluded buses from our review.

Acquiring NTVs for use in theater requires due diligence in identifying and justifying the need, documenting decisions for leasing or purchasing, and documenting award decisions. The Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement, Army Federal Acquisition Regulation Supplement, DOD regulations, and Army regulations provide guidance for acquiring NTVs. The Federal and DOD guidance collectively requires:

- contract files to contain sufficient documentation to provide an adequate audit trail to document decisions throughout the acquisition process, including justifications, approvals, and source selection documentation;
- consideration of leasing versus purchasing (cost benefit to the Government);
- contracting officers and contracting officer's representatives (CORs) to ensure that the goods and services delivered comply with the contract requirements; and
- internal policy, guidance, and standard operating procedures developed by heads of DoD Components to ensure effective and efficient administration of the procurement, operation, maintenance, and use of motor vehicles.

Review of Nontactical Vehicle Contracts

We examined a statistical sample of contract actions from October 1, 2005, through July 15, 2008, from the Joint Contingency Contracting System. We examined a sample of 38 contract actions from RCC Balad, 22 contract actions from RCC Tikrit, 74 contract actions from RCC Victory, and 21 contract actions from MNSTC-I Support Division (MSD)¹ (see the Appendix). These 155 contract actions totaled \$42,740,437 for 1,632 NTVs. The types of contract actions in the audit sample included individual contracts; task orders on indefinite-delivery, indefinite-quantity contracts; and orders against blanket purchase agreements. Table 1 identifies the number of vehicles, by type, included in our contract reviews.

¹ Our statistical sample originally included 183 contract actions. However, during the course of our review, we identified that one contract was awarded prior to October 1, 2005, one contract was terminated, and four contracts were for vehicles that did not meet our definition of an NTV. In addition, we were unable to obtain 6 contract files, and we could not verify that the files for 16 contracts from RCC Tikrit were complete. Therefore, we excluded these 28 contracts from our review. See the Appendix for a more detailed description of the contracts we reviewed.

Table 1. Vehicles by Type Included in Our Review of Contract Actions

	Sedans	Trucks	Vans	SUVs¹	Armored Vehicles	Total	Total Value
RCC Balad	0	135	35	96	0	266	\$ 3,633,645
RCC Tikrit	0	32	6	3	0	41	744,205
RCC Victory	0	72	7	109	0	188	4,498,030
MSD ²	427	448	142	9	111	1,137	33,864,557
Total	427	687	190	217	111	1,632	\$42,740,437

¹Sport Utility Vehicle (SUV)

²The contract actions from RCCs Balad, Tikrit, and Victory were for locally leased NTVs and the MSD contracts were for NTVs purchased for Iraqi forces. Therefore, we examined the MSD contract actions differently.

In addition to the 1,632 NTVs listed in Table 1, we reviewed NTVs acquired as of February 2009 through General Services Administration (GSA) leases, GSA purchases, and other means. In total, we reviewed documentation for 9,793 NTVs costing about \$109.8 million per year for leasing and maintenance.

Review of Internal Controls

DOD Instruction 5010.40, “Managers’ Internal Control (MIC) Program Procedures,” January 4, 2006, requires DOD organizations to implement a comprehensive system of internal controls to provide reasonable assurance that programs are operating as intended and evaluate the effectiveness of the controls. MNF-I and MNC-I have implemented corrective actions to strengthen NTV accountability and approval of requirements. However, we identified internal control weaknesses for MNF-I, MNC-I and JCC-I/A related to their management of NTVs. Specifically, MNF-I and MNC-I did not implement procedures to centrally manage NTV requirements and acquisition, and did not standardize theater-wide procedures to account for and track NTVs. In addition, MNF-I, MNC-I, and JCC-I/A did not provide CORs to oversee NTV lease contracts awarded to local vendors. Implementing all recommendations in the Finding will strengthen internal controls and should achieve the following benefits:

- improve the reliability of information about the NTV population so that commanders know how many NTVs they have and can make better decisions regarding the size and distribution of their NTV fleet;
- reduce NTV costs;
- gain efficiencies in the contracting process; and
- improve completeness of NTV contract files.

We will provide a copy of the report to the senior official responsible for internal controls at MNF-I, MNC-I, and JCC-I/A.

Finding. Management of Nontactical Vehicles in Iraq

MNF-I and MNC-I implemented corrective actions to strengthen controls over NTV management. However, MNF-I and MNC-I did not have reliable information to determine the size and distribution of the NTV fleet or to project increases or decreases in future requirements because:

- MNF-I and MNC-I did not have a centralized strategy to manage requirements for and acquisition of NTVs,
- MNF-I policy did not establish adequate procedures for NTV accountability, and
- MNF-I policy on NTV management did not clearly outline roles and responsibilities for agencies and contractors.

We commend MNF-I and MNC-I for corrective actions. However, decentralized management has resulted in an investment of about \$70 million to purchase GSA NTVs and of about \$109.8 million annually to lease and maintain the entire NTV fleet without assurance that NTV acquisition is cost-effective. The NTV management issues are exacerbated by the decrease of forces in Iraq, which has also highlighted the need for improved accountability and tracking of NTVs. Implementing a centralized NTV management process should result in more cost-effective acquisition options, increased efficiencies in the contracting process, improved NTV contract file documentation, and improved tracking of NTVs in Iraq.

Management of NTVs

The key processes in NTV management include identifying requirements, acquiring NTVs to meet those requirements, accounting for the NTVs, and tracking the NTVs throughout their useful life. DOD acquired NTVs in various ways, including leasing from local vendors and GSA, purchasing from GSA, and other means, such as restoring abandoned vehicles. Based on data we obtained as of February 2009, approximately 9,793 NTVs were in Iraq. GSA NTVs cost about \$70 million to purchase, and the entire NTV fleet in Iraq will cost about \$109.8 million annually to lease and maintain. Table 2 provides a summary of NTVs in Iraq and the cost for each vehicle category.

Table 2. Total Number NTVs in Iraq and Costs

Vehicle Category	Number	Purchase Cost (in millions)	Annual Cost¹ (in millions)
Local Leases	2,260	Not applicable	\$48.2
GSA Leases	2,104 ²	Not applicable	\$29.0
GSA Purchases	3,090	\$69.4	\$18.6
Other DOD-Owned	2,339	Unknown	\$14.0
Total	9,793	\$69.4	\$109.8

¹Annual cost includes lease, maintenance, and repair.

²The 2,104 GSA-leased NTVs excludes 37 buses because these were outside the scope of our audit.

Once acquired, NTVs should be accounted for and tracked using the theater property book and unit NTV reports. The theater property book is a tool for recording all Government-owned equipment in the Iraqi theater, and unit NTV reports outline a unit's assigned vehicles and mileage.

Management Actions to Improve NTV Management

In February 2009, we issued a memorandum stating our concerns about NTV management to the Director, MNF-I CJ 1/4/8. The memorandum highlighted challenges regarding NTV requirements processes, NTV tracking, and the clear delegation of roles and responsibilities for NTV management. The Director, MNF-I CJ 1/4/8, responded in March 2009 by stating that the information provided was right and that he was personally engaged to ensure immediate improvements were made in all areas. A significant improvement occurred in May 2009 when MNF-I updated policy on NTV acquisition, management, and use. The 2009 policy:

- assigns joint responsibility for NTV management to MNF-I directorates, MNC-I C4 Transportation, and major subordinate commands;
- requires all MNF-I directorates and major subordinate commands to report NTVs to MNC-I C4 Transportation;
- requires MNC-I C4 Transportation to maintain a list of all registered vehicles, monitor monthly usage, and make recommendations to the MNC-I Chief of Staff on the allocation and distribution of the NTV fleet; and
- emphasizes the need to properly account for all Government-owned NTVs in the theater property book and report all NTVs in monthly NTV reports to MNC-I C4 Transportation.

Also in March 2009, the Commanding General, MNF-I issued policy that required that all requests for vehicles be coordinated with MNC-I C4 Transportation and approved by the MNF-I Chief of Staff. The policy also required that 339 leased NTVs at Victory Base Complex be turned in immediately.

MNF-I also published policy for units that are requesting NTVs. This policy outlines specific procedures and information necessary to request an NTV. The policy requires all NTV requests to be reviewed and approved at the chief of staff level.

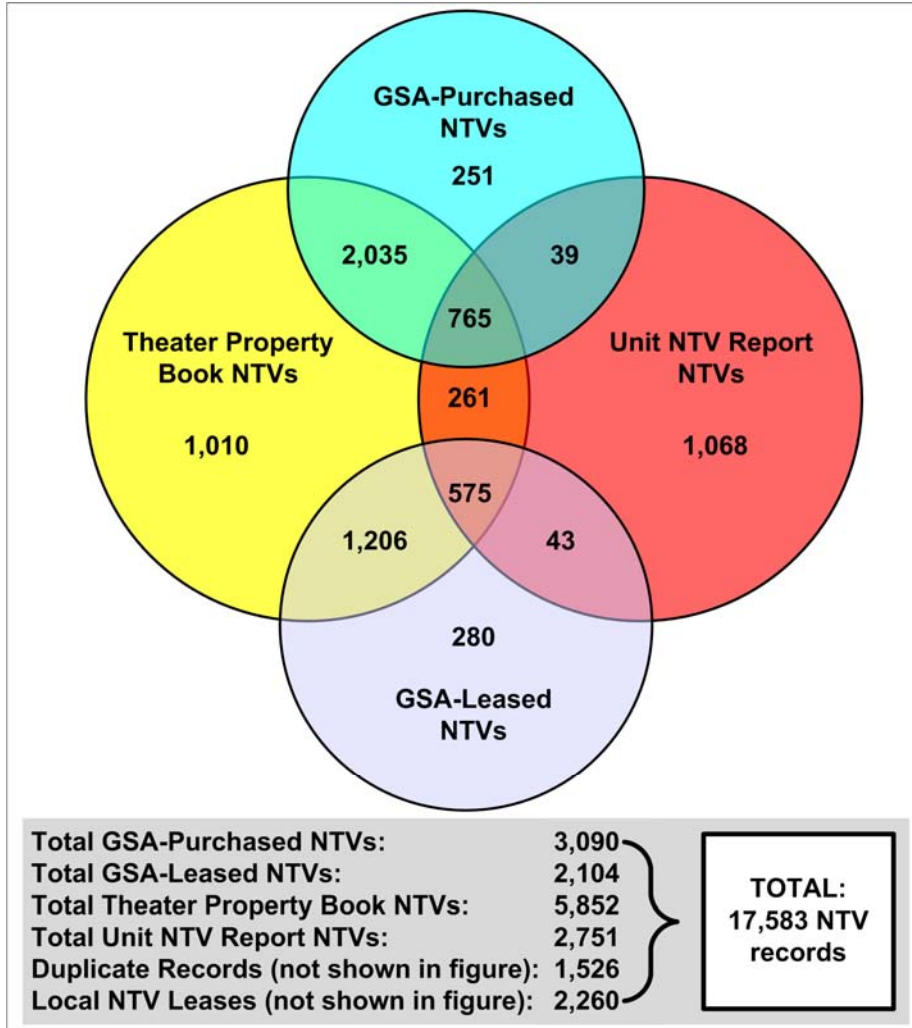
Although these policies will improve some aspects of the NTV management process, additional controls will help ensure that NTVs in Iraq are managed effectively. Specifically, additional controls will provide MNF-I and MNC-I with more reliable information to make decisions regarding their NTV fleet, which is critical to effectively manage the NTV fleet, especially with the planned and ongoing drawdown efforts in Iraq.

Reliability of NTV Data

MNF-I and MNC-I did not have reliable information to determine the size and distribution of the NTV fleet. Specific issues we identified included missing, inaccurate, and duplicate information. The lack of reliable information significantly hinders command decisions regarding the management of NTVs, specifically in regard to the drawdown in Iraq.

The theater property book and unit NTV reports should record all purchased and leased GSA NTVs in Iraq. At the time of our audit, 5,194 GSA NTVs were in Iraq; however, 3,854 (or about 74 percent) were not accounted for in both the theater property book and unit NTV reports. In addition, 531 GSA NTVs were not accounted for on either the theater property book or a unit NTV report. Figure 2 shows whether GSA-purchased and GSA-leased NTVs were properly recorded in the theater property book or unit NTV reports.

Figure 2. Accountability of GSA-Purchased and GSA-Leased NTVs



There were 251 GSA-purchased NTVs and 280 GSA-leased NTVs that were not recorded in either the theater property book or the unit NTV reports. We concluded that the 531 NTVs not accounted for cost \$11.4 million to acquire and \$5.3 million in each subsequent year for leasing fees, maintenance, and repair.

We also concluded that the theater property book and unit NTV reports contained inaccurate NTV information. According to 49 Code of Federal Regulations sec. 565.4 (2005), each vehicle must have a 17-character vehicle identification number assigned by the manufacturer. However, we determined that the NTV data for 425 NTVs included vehicle identification numbers that were either shorter or longer than 17 characters. We also identified 3,464 GSA vehicles that were not properly classified as GSA vehicles or they were not classified as GSA-purchased, GSA-leased, Government-owned, or locally leased.

In addition to the missing and inaccurate information, we also concluded that theater property book and unit NTV reports contained duplicate NTV records. Our analysis of NTV data revealed that the theater property book contained 689 duplicate NTV records and the unit NTV reports contained 837 duplicate NTV records. These 1,526 NTVs that were recorded multiple times in the theater property book and unit NTV reports may have contributed to an overstated number of NTVs in Iraq.

We concluded that MNF-I officials may have overstated the number of vehicles in the NTV fleet. At the time of our audit, MNF-I officials stated that there were more than 18,000 NTVs in Iraq, but we calculated only 9,793 NTVs. Figure 2 illustrates how counting each individual vehicle identification number rather than taking into account NTVs that were recorded in both the theater property book and unit NTV reports adds up to 17,583 NTVs.

The data issues we identified significantly impacted the reliability of NTV data, and will impair the ability of MNC-I C4 Transportation to maintain an accurate list of all registered NTVs, monitor monthly usage, or make efficient and effective recommendations regarding the allocation of the NTV fleet. The ongoing efforts to reduce the U.S. presence in Iraq compound this issue. Without accurate records on the number of NTVs in theater, commands cannot make decisions on the allocation and distribution of the NTV fleet.

Policy for NTV Management

MNF-I and MNC-I did not have reliable information about the NTV fleet because MNF-I and MNC-I did not have a strategy to centrally manage NTV requirements and acquisition. In addition, NTV management policy did not effectively establish procedures for the accountability of NTVs and did not specifically outline NTV management responsibilities for agencies and contractors.

Centralizing NTV Management

MNF-I and MNC-I did not have a centralized strategy to manage NTV requirements and acquire NTVs to fill those requirements. Tracking and oversight of NTVs is critical to projecting increases and decreases in requirements, and efficiently managing resources to meet those requirements. DOD Instruction 5000.02, "Operation of the Defense Acquisition System," December 8, 2008, states that Service acquisitions exceeding \$10 million but less than \$250 million require a program manager to use a strategic, enterprise-wide approach to plan and execute acquisitions. Annual NTV lease and maintenance costs total about \$109.8 million per year, which exceed the threshold identified in DOD Instruction 5000.2. Instead of strategically managing NTV requirements, MNF-I and MNC-I relied on independent, decentralized processes to identify and approve NTV requirements.

MNF-I did not have oversight of the number of locally leased vehicles because the NTV policy did not facilitate centralized NTV management processes. Units funded by MNC-I submitted individual requests to the local RCC through the Joint Facilities Acquisition Review Board (The Board) to lease NTVs. The Board reviewed NTV

requirements, justification, and funding documents, and issued an approval or disapproval. Units not funded by MNC-I submitted requests to the RCCs using a Military Interdepartmental Purchase Request that was not subject to The Board's review. The 2009 MNF-I policy on NTV management improved controls by requiring MNF-I or MNC-I Chiefs of Staff to approve locally leased NTVs. While these procedures may reduce the number of local leases, they do not facilitate a strategic enterprise-wide approach to planning for and managing NTV requirements.

NTV Accountability Policy and Procedures

MNF-I policy on NTVs did not effectively establish procedures for NTV accountability. Based on the 2009 MNF-I policy, accountability is achieved through registering NTVs, recording them in the theater property book, and reporting them in monthly NTV reports. The 2009 policy introduced requirements for vehicle registration, stating that each NTV manager² is responsible for setting up registration and dispatch procedures within their organization. The policy also stated that vehicles must be registered to obtain fuel privileges and that MNC-I C4 Transportation should maintain a current list of all registered vehicles in Iraq. While the added controls should result in registration of all NTVs, the NTV policy could improve accountability by linking registration procedures to recording NTVs in the theater property book and reporting them in monthly NTV reports.

Registration and dispatch are opportunities for NTV managers to verify that all Government-owned NTVs are properly recorded in the theater property book. We identified 1,150 NTVs³ that were reported in unit NTV reports but not recorded in the theater property book. Because the 2009 MNF-I policy requires vehicle registration to be linked to fuel privileges, NTV operators have an incentive to register their vehicles. Therefore, linking the NTV registration and dispatch processes to property book accountability could ensure more accurate theater property book records and more accurate information reported to MNC-I C4 Transportation.

NTV managers can also collect vehicle usage data for monthly NTV reports through the registration and dispatch processes. However, the format for monthly reporting requires only ending mileage to be reported. In order to calculate the usage rates for each time period, identify underused vehicles, and make effective allocation decisions; NTV managers must have the beginning and ending mileage for each NTV reported. Forty-five percent of the vehicles recorded on NTV reports we obtained did not include mileage, and the other vehicles recorded on NTV reports only reported ending mileage for that period, which was not sufficient to determine NTV usage or to make reallocation decisions. Recording the beginning and ending mileage will give MNC-I C4

² The 2009 MNF-I policy uses the terms NTV manager and transportation coordinator interchangeably throughout the policy. We will use the term NTV manager throughout the report when referring to the NTV manager or transportation coordinator.

³ Of these 1,150 vehicles, 82 were GSA vehicles, which are required to be recorded in the theater property book. We were unable to determine whether the other 1,068 vehicles were Government-owned or locally leased because JCC-I/A did not report vehicle identification numbers in the local lease inventory they provided. Local leases are not required to be recorded in the theater property book.

Transportation and NTV managers the information needed to calculate a usage rate, which will allow them to monitor use and make effective reallocation decisions. MNF-I should revise the format for monthly reporting to include beginning mileage.

We commend MNF-I for implementing corrective actions to update NTV policy to improve accountability of NTVs. However, the 2009 policy does not provide assurance that all NTVs are fully accounted for and reported in a way that provides decisionmakers with accurate and relevant information about the NTV fleet. By directly linking the NTV registration process with property book accountability and monthly NTV reporting, MNF-I can improve the controls over data reliability. This will establish more effective NTV accountability, which is needed as the decrease of U.S. forces in Iraq continues.

Roles and Responsibilities

MNF-I policy did not clearly assign roles and responsibilities for NTV management. The 2009 policy requires agencies and contractors to comply with registration and reporting guidance outlined in the policy. However, the policy does not designate responsibilities for registration or reporting vehicles used by agencies and contractors. Specifically, the policy does not outline to whom agencies and contractors should report vehicles. To ensure the most accurate data on the number of NTVs in Iraq, MNF-I should revise the 2009 policy to clearly identify NTV management responsibilities for agency and contractor NTVs.

When evaluated from a strategic level, the current NTV management program has independent processes in place that, if linked together, could enhance the management of NTVs in support of Operation Iraqi Freedom. Appointing an NTV program manager in accordance with DOD Directive 5000.2 to lead the implementation of a centralized approach to NTV management is the first step in improving NTV management. Also, linking the NTV registration and dispatch processes to recording vehicles in the theater property book and unit NTV reports will improve the accuracy of NTV data. The NTV program manager could then rely on the NTV data to determine an annual baseline number of NTVs and the length of the requirements, project increases or decreases in future requirements, and centralize the acquisition of NTVs to meet those requirements. In addition, with centralized, consolidated data; the NTV program manager, MNC-I C4 Transportation, and the NTV managers could make better allocation and reallocation decisions based on NTV usage rates, mission priority, and decrease of U.S. forces plans.

Benefits of Centrally Managing the NTV Program

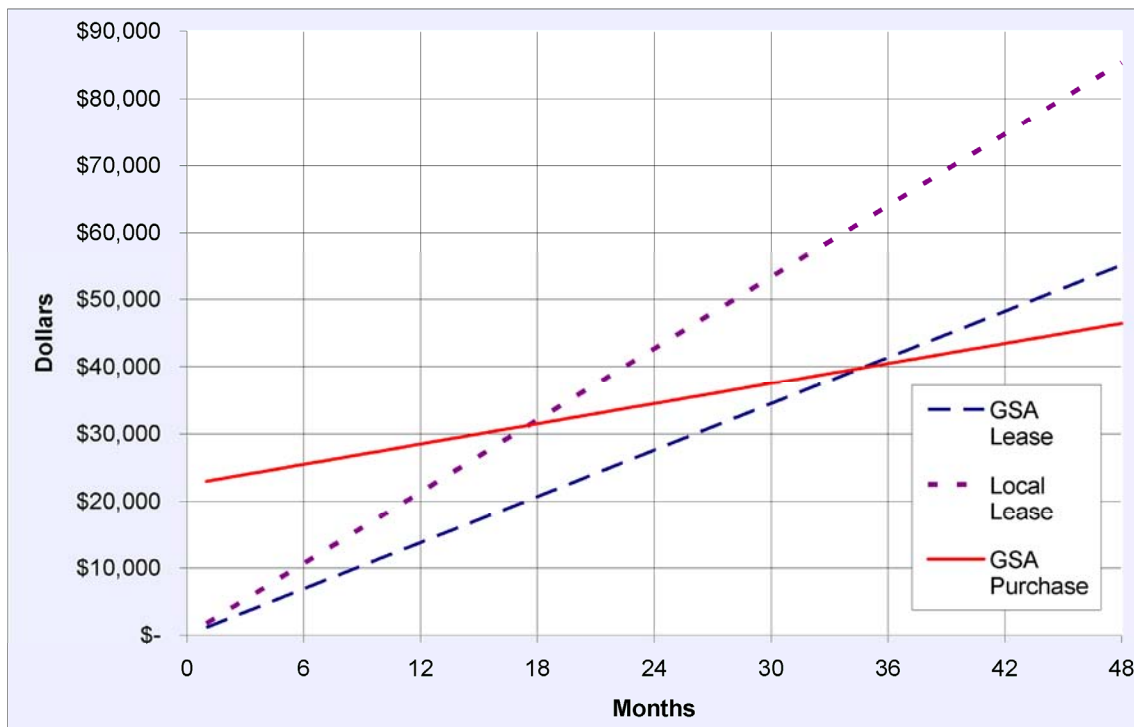
MNF-I and MNC-I had no assurance that NTV acquisition methods were cost-effective because they relied on decentralized processes. Almost \$70 million was invested to purchase GSA NTVs, and the entire NTV fleet in Iraq may cost approximately \$109.8 million annually to lease and maintain. Implementing a centralized NTV management process can help identify the most cost-effective acquisition options, increase efficiencies in the contracting process, and improve NTV contract file documentation.

Acquisition Options with Centralized NTV Management

Centralizing the NTV management process can help ensure that NTV acquisition is cost-effective. Strategically identifying NTV requirements and considering all acquisition options to fill those requirements will help ensure that the most cost-effective acquisition options are used to acquire NTVs.

Whether NTVs are purchased or leased from GSA or leased from a local vendor, each acquisition option has cost benefits, depending on the length of the requirement. Figure 3 shows the average estimated costs for GSA-leased, locally leased, and GSA-purchased NTVs, depending on the length of the NTV requirements.

Figure 3. Average Cost of NTVs Over Time Using Different Acquisition Approaches*



* We calculated average costs, including maintenance expenses, for each acquisition approach based on fleet composition. See the Costs of Different NTV Acquisition Approaches section of the Appendix for more details about these calculations.

As Figure 3 illustrates, leasing from GSA or local vendors is the most cost-effective acquisition approaches for NTVs required for 17 months or less, while purchasing GSA vehicles is more cost-effective than local leasing for requirements greater than 17 months. Local leasing becomes the most expensive acquisition option for requirements that extend beyond 17 months. The FAR states that purchasing is appropriate if the equipment will be used beyond the point in time when cumulative leasing costs exceed the purchase costs.

We determined from the contracts we reviewed that locally leasing NTVs was not always cost-effective for acquiring NTVs in support of Operation Iraqi Freedom. The FAR requires agencies to consider whether to lease or purchase equipment by comparing costs and other factors, such as the estimated time the equipment is to be used. Most local leases we reviewed did not have initial lease terms greater than 12 months because the contracts were funded with Operations and Maintenance appropriations, which expire after 12 months. Individually, these 12-month leases appeared to be a cost-effective acquisition option. However, of the 134 contracts⁴ we reviewed, 35 percent included lease renewals, either through new contract actions or extensions to existing leases. Table 3 summarizes vehicle lease renewals from the contract actions we reviewed.

Table 3. Total Lease Term for Renewed Vehicle Lease Contracts

Total Lease Term (in months, including renewals)	Number of Vehicles With This Lease Term
6-12	42
13-17	36
18-29	46
30 or more	34
Total Vehicle Lease Renewals	158

The significant number of NTV lease renewals that exceeded 12 months demonstrates that there are longer term NTV requirements that could be managed more cost-effectively using a centralized approach. Approximately 51 percent of the vehicle lease renewals we reviewed were locally leased for 18 months or more. As previously stated, local leases are the most expensive acquisition option beyond 17 months. By not considering the length of requirements when determining the best acquisition option, MNF-I has no assurance that local leasing is cost-effective.

Efficiencies in the Contracting Process

Using a centralized approach to identify NTV requirements and acquire NTVs to meet those requirements should result in reduced workload for contracting officers. While MNC-I C4 Transportation coordinates with GSA to obtain GSA NTVs, contracting officers at RCCs throughout Iraq contract with vendors to obtain local leases for individual units on an as-needed basis, often acquiring locally leased NTVs in small numbers throughout the year. Table 4 illustrates how often contracting officers at RCCs Balad, Tikrit, and Victory leased NTVs, based on the contracts we reviewed.

⁴ These 134 contracts from RCCs Balad, Tikrit, and Victory were to lease 495 vehicles.

Table 4. Quantity of NTVs Leased

Number of NTVs Leased per Contract	Number of Contracts With This Quantity
1	73
2-5	43
6-10	11
11-20	4
21 or more	3

This decentralized acquisition approach was inefficient compared to MSD, a contracting center that procured NTVs for the Iraq Security Forces based on centralized requirements. MNSTC-I coordinated with coalition training teams and the Iraqis to develop Mission Tables of Organization and Equipment, which included NTV requirements. MSD then acquired larger quantities of NTVs on one contract rather than awarding multiple contracts for small quantities of NTVs throughout the year. From the contracts we reviewed, the contracts awarded by MSD acquired an average of 54 NTVs per contract, and up to 359 NTVs on one contract, while RCCs acquired an average of between 3 and 4 NTVs per contract. Centralizing requirements for and acquisition of NTVs can help increase efficiencies in contract documentation and administration.

NTV Contract Documentation and Administration

Centralizing the NTV acquisition process may also help decrease the deficiencies we identified in contract file documentation related to NTV justification, contract award, and administration. These deficiencies were evident at the RCCs that implemented decentralized NTV acquisition practices.

FAR Subpart 4.8, “Government Contract Files,” provides guidance on contract file documentation, stating that contract files normally include documentation related to pre-solicitation, including justifications and approvals, and award, including a list of sources solicited, the solicitation, and a copy of each offer or quotation received. In addition, the Defense Federal Acquisition Regulation Supplement 201.602-2, “Responsibilities,” and its corresponding Procedures, Guidance, and Instructions outline procedures for documenting the appointment of contracting officer’s representatives (CORs).

We reviewed 134 NTV contract files from RCCs Balad, Tikrit, and Victory and concluded that contract files did not have sufficient required documentation. Specifically:

- 85 percent did not contain any acceptance documentation to show whether vehicles complied with contract requirements,
- 79 percent did not contain documentation to show that a COR was appointed to administer and oversee the contract,

- 54 percent did not contain sufficient documentation to determine why the contract was awarded to the selected contractor, and
- 57 percent did not contain documentation to show justification for the requested NTVs or the justification did not contain details regarding the planned use of the requested NTVs.

These documentation issues were more prevalent at the RCCs than documentation issues identified at MSD. MSD awarded fewer contracts and had fewer contract documentation issues than the RCCs. Of the 21 contracts awarded by MSD that we reviewed, only 1 did not contain adequate justification and approval for the NTVs, and only 2 did not contain acceptance documentation for all of the vehicles.

Although implementing a centralized requirements process should improve contract file documentation, these actions will not ensure that contracting officers assign CORs to monitor NTV lease contracts. A key function of a COR is to accept vehicles and ensure they comply with contract terms and requirements. As previously discussed, we identified that approximately 79 percent of the contracts we reviewed did not have documentation to show that a COR was appointed to administer the contract. Contracting personnel at RCC Victory stated that it was unreasonable to assign CORs to monitor local lease contracts because the limited personnel had more complex service contracts to monitor. We calculated that local NTV leases may cost approximately \$48.2 million per year, which highlights the fact that DOD may be spending millions of dollars annually accepting services without assurance that the services meet the terms of the contracts.

Appointing NTV managers as CORs should improve contract administration of local NTVs leases. The 2009 NTV policy states that NTV managers are responsible for vehicle registration and dispatch and that local NTV leases should be reported on unit NTV reports. Registration and dispatch provide an opportunity for NTV managers to inspect vehicles, verify that they are being properly maintained, and collect data for NTV reports. Therefore, NTV managers could perform COR duties, such as vehicle acceptance, for locally leased NTVs. This may also allow unit personnel to monitor other service contracts that they determine to need more oversight than NTV leases.

Conclusion

While MNF-I and MNC-I implemented corrective actions to improve controls over NTVs in Iraq, this report highlights opportunities for improvements in the management of NTV to support Operation Iraqi Freedom. As DOD efforts to relocate thousands of personnel and billions of dollars worth of equipment continue, it is critical that commanders have oversight of NTVs to ensure they are properly accounted for and managed. However, if current NTV management policy and procedures remain unchanged, MNF-I and MNC-I will continue to spend millions of dollars annually to acquire NTVs without assurance that NTVs are acquired using the most cost-effective acquisition options, and efficiencies during the decrease of U.S. forces could also be impacted.

Developing and implementing a centralized NTV program will improve the management of NTVs in Iraq. The first step is to appoint an NTV program manager to identify and manage NTV requirements and acquisition. Second, NTV registration processes should be linked to recording data in the theater property book and unit NTV reports, which will improve the accuracy of NTV data. This step is critical in the success of a centralized program for NTV management. If data on NTVs are inaccurate, the benefits of centralization cannot be realized because NTV managers cannot make effective decisions regarding the size and distribution of the NTV fleet. Third, from the NTV data, the NTV program manager can establish an annual baseline of NTV requirements and explore all acquisition options to obtain NTVs to meet those requirements. Implementing centralized NTV management will increase assurance in the cost-effectiveness of acquisition methods, efficiency at RCCs, and completeness of NTV contract files.

Management Comments on the Finding and Our Response

The Chief of Staff, U.S. Central Command (CENTCOM), provided a consolidated response for CENTCOM, MNF-I, MNC-I, and JCC-I/A. MNF-I and MNC-I have published guidance and procedures to register vehicles, terminate vehicle leases, and report monthly NTV inventories throughout Iraq, and have established NTV turn-in procedures as part of the responsible drawdown. The Chief of Staff stated that these actions will continue as MNF-I, MNC-I, and MNSTC-I combine to become United States Forces Iraq.

JCC-I/A provided general comments on the report and agreed that:

- centralizing management of NTVs will result in fewer contracting actions, improved contract file documentation, and cost savings;
- contracting officers should complete a lease-versus-purchase analysis on all vehicle requirements;
- contract files should contain documentation showing compliance with the contract terms and conditions;
- all contracts for leased vehicles should have a COR; and
- contract files should contain information supporting the award decision.

JCC-I/A stated that RCCs were not in the position to comment on the reasonableness of appointing CORs to monitor local lease contracts because the RCC is not privy to the unit workload. JCC-I/A agreed that CORs should be appointed but stated that COR resourcing is the responsibility of units and that the RCC should not comment on this point.

Our Response

We appreciate the consolidated response from CENTCOM. United States Forces Iraq compliance with current guidance and procedures should continue mitigating risk areas. In addition, we acknowledge that the RCCs do not provide CORs; however, the Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Instructions

requires contracting officers to appoint CORs prior to the beginning of contract performance. The contracting officers at the RCCs have a responsibility to appoint CORs and, therefore, are in the position to comment on the units appointing CORs for NTV lease contracts.

Recommendations, Management Comments, and Our Response

A.1. We recommend that Commander, Multi-National Force-Iraq revise and implement policy on nontactical vehicle management to:

a. Appoint a Nontactical Vehicle Program Manager with the authority to implement theater-wide nontactical vehicle policy to:

(1) Identify annual nontactical vehicle requirements, including the expected length of requirements, and evaluate all nontactical vehicle acquisition options, including internal reallocation of nontactical vehicles, to meet the requirements.

(2) Implement procedures to strategically plan for and execute nontactical vehicle acquisitions to ensure the most cost-effective acquisition approach is used based on the length of the requirement and to minimize the number of contract actions.

b. Clearly identify the responsibilities and procedures for agencies and contractors to register nontactical vehicles.

c. Implement a standardized procedure for nontactical vehicle registration, including those used by other agencies and contractors that is linked to maintaining the theater property book and collecting information for monthly nontactical vehicle reports.

d. Implement controls to accurately record vehicle identification numbers and classify nontactical vehicles (for example, General Services Administration lease, contractor vehicle, or local lease).

e. Revise the format for unit nontactical vehicle reports to include beginning mileage.

Multi-National Force-Iraq Comments

The Chief of Staff, CENTCOM, provided a consolidated response for CENTCOM, MNF-I, MNC-I, and JCC-I/A. MNF-I agreed and stated that MNF-I has appointed an NTV Program Manager and published policy in May 2009 on the acquisition, management, and use of NTVs. MNF-I stated that it will adjust the MNF-I NTV policy further, based on our findings.

Our Response

MNF-I comments are fully responsive, and the actions meet the intent of the recommendations. We plan to follow up in 6 months to determine whether the policy was updated accordingly. No further comments are required.

Multi-National Corps-Iraq Comments

Although not required to comment, the Chief of Staff, CENTCOM, provided a consolidated response, which included comments from MNC-I. CENTCOM and MNC-I agreed and stated that NTVs are centralized within the MNC-I C4 Transportation section. MNC-I also stated that it published policy in August 2009 that directs all NTV requests to be coordinated through the C4 Transportation NTV manager. The policy requires:

- 100 percent accountability of all NTVs,
- NTV managers at each geographic location, and
- NTVs that are not leased locally or from GSA to be recorded on unit theater property books.

MNC-I also stated that the MNC-I C4 Transportation NTV standard operating procedure directs unit NTV reports to include beginning mileage.

Our Response

We appreciate the comments from MNC-I. We acknowledge that the MNC-I C4 Transportation standard operating procedure now requires units to report beginning mileage; however, as our report states, NTV managers need beginning and ending mileage to calculate the usage rates for each time period and identify underused vehicles. Requiring beginning and ending mileage on unit NTV reports will help NTV managers and CORs determine monthly usage and will aid in reallocating NTV resources as necessary.

A.2. We recommend that the Commander, Joint Contracting Command-Iraq/Afghanistan direct contracting officers at regional contracting centers to appoint nontactical vehicle managers to act as contracting officer's representatives for local nontactical vehicle lease contracts.

Joint Contracting Command-Iraq/Afghanistan Comments

The Chief of Staff, CENTCOM, provided a consolidated response for CENTCOM, MNF-I, MNC-I, and JCC-I/A. JCC-I/A agreed and will coordinate with MNF-I to appoint NTV managers as CORs for NTVs lease contracts.

Multi-National Force-Iraq Comments

Although not required to comment, the Chief of Staff, CENTCOM, provided a consolidated response, which included comments from MNF-I. MNF-I agreed and stated that MNF-I will coordinate with JCC-I/A to appoint NTV managers as CORs for lease contracts for nontactical vehicles.

Our Response

JCC-I/A comments are responsive, and the action meets the intent of the recommendation. No further comments are required. We acknowledge the comments from MNF-I and agree that collaboration with JCC-I/A will help ensure that contracting officers appoint CORs for NTV lease contracts.

Appendix. Scope and Methodology

We conducted this performance audit from June 2008 through September 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit scope encompasses NTV contract actions from October 1, 2005, through July 15, 2008. We limited our scope to contracts awarded at RCCs Balad, Tikrit, Victory, and MSD. We reviewed official contract files for documentation of justification of need or requirement; lease-versus-purchase analysis; contract award; COR appointment; and vehicle acceptance, compliance, and use. We also reviewed the effectiveness of NTV requirements generation, accountability, cost, and long-term management and acquisition strategy. We reviewed the FAR as well as published guidance from DOD, Joint Contracting Command-Iraq/Afghanistan, and MNF-I. We interviewed personnel from the following organizations:

- Under Secretary of Defense for Acquisition, Technology, and Logistics, Defense Procurement, Acquisition Policy, and Strategic Sourcing;
- U.S. Central Command;
- Multi-National Force-Iraq Chief of Staff;
- Multi-National Force-Iraq CJ1/4/8;
- Multi-National Corps-Iraq Chief of Staff;
- Multi-National Corps-Iraq C4;
- Multi-National Corps-Iraq C8;
- Multi-National Security Transition Command- Iraq: Headquarters Commandant;
- Multi-National Security Transition Command- Iraq: J4;
- Multi-National Security Transition Command- Iraq Support Division;
- Joint Contracting Command-Iraq/Afghanistan;
- Principle Assistant Responsible for Contracting-Iraq;
- Multi National Division-North;
- Joint Base Balad: Installations Deputy Commander;
- Joint Base Balad: NTV COR;
- Joint Base Balad: Provost Marshal's Office, Vehicle Registration Office;
- Joint Base Balad: Air Force Temporary Motor Pool;
- Regional Contracting Center-Balad;
- Regional Contracting Center-Tikrit;
- Regional Contracting Center-Victory;
- Coalition Operating Base Speicher Provost Marshal's Office;
- Defense Contract Management Agency; and
- General Services Administration.

Use of Computer-Processed Data

We relied on five sets of computer-processed data for this audit. The data were provided by MNC-I C4 Transportation, JCC-I/A, and GSA. We significantly relied on the completeness of these data sources and the accuracy of associated NTV vehicle identification numbers, costs, and vehicle acquisition types to determine:

- the population of each NTV type, to include GSA purchases, GSA leases, local leases, and other Government-owned NTVs;
- the cost of each NTV type; and
- whether GSA NTVs were properly accounted for in the theater property book and unit NTV reports.

We tested the data for reliability. Our level of confidence that the data is reliable is discussed in the following paragraphs.

Joint Contingency Contracting System

We used computer-processed data from the Joint Contingency Contracting System to develop a statistical sample of NTV contracts from locations in Iraq. We reviewed contract actions from this sample to assess the effectiveness of various aspects of NTV contracting. We did not significantly rely on this data because we did not project our audit results. See the Use of Technical Assistance for additional information about the statistical sample.

GSA Inventory Lists, Invoices, and Shipping Documents

We significantly relied on GSA inventory lists, invoices, and shipping documents obtained from MNC-I C4 Transportation and GSA to determine the size and cost of the GSA NTV fleet in Iraq. We have confidence that the data were reliable, based on our use of it.

Theater-Wide Property Book and Unit NTV Reports

We are not confident the theater property book and unit NTV reports provided by MNC-I C4 Transportation are reliable based on our use of them. Specifically, the theater property book and unit NTV reports we obtained were incomplete and we identified duplicate and invalid vehicle entries in the data sources. We are not confident in the reliability of the theater property book and unit NTV report data; therefore, the number of Government-owned NTVs that we determined based on this data may not be accurate. Our concerns over discrepancies within the theater property book and the unit NTV reports are presented as part of the Finding in this report.

JCC-I/A Inventory of Locally Leased NTVs

According to JCC-I/A data, there were approximately 2,260 locally leased vehicles in Iraq. The data we reviewed did not contain vehicle identification numbers so we were unable to determine whether local leases were accounted for in the theater property book and unit NTV reports; therefore, we were unable to assess the data's reliability.

We determined that the JCC-I/A local lease data were reasonable by performing a test on NTV contracts found in the Joint Contingency Contracting System over a 1-year period. Using composite cost techniques, we determined that the 1-year period of NTV contracts in the Joint Contingency Contracting System included approximately 2,116 vehicles, compared to the 2,260 vehicles reported by JCC-I/A. Because of the small 6.4 percent difference in value, we believe the test indicates that the JCC-I/A local lease data are reasonable. However, information in the report pertaining to the number of locally leased vehicles may not be accurate because we could not determine its reliability.

NTV Maintenance Costs

The 2007 MNF-I operational needs statement for NTVs in support of Operation Iraqi Freedom obtained from MNC-I C4 Transportation estimates NTV maintenance costs. We conducted limited testing and, although these costs appear reasonable, we were unable to determine whether they were reliable. As a result, information pertaining to NTV costs over time and yearly NTV costs, which included maintenance costs, may not be accurate.

Costs of Different NTV Acquisition Approaches

In the Finding, we presented the 4-year cost of acquiring NTVs through GSA lease, GSA purchase, or local lease. Because different types of vehicles have different costs, we calculated the cost of an “average” NTV for each acquisition type so that they could be compared to each other. For example, we calculated the cost of an “average” GSA lease by adding the total invoiced leasing fees and estimated maintenance costs for all GSA leased NTVs and then dividing this cost by the number of GSA-leased NTVs. We performed a similar calculation for GSA-purchased NTVs; however, we were unable to perform this calculation for locally leased NTVs because we did not have lease cost data for all 2,260 locally leased NTVs.

For local NTV leases, we calculated the approximate cost of an “average” locally leased NTV using composite costing. Because GSA NTVs were intended to replace some local leases, we assumed that the locally leased NTV fleet would be composed of the same types of NTVs as the GSA fleet. For example, if 28 percent of the GSA fleet was comprised of medium-sized sport utility vehicles, we assumed that 28 percent of the locally leased NTV fleet included medium-sized sport utility vehicles. After determining local NTV fleet composition, we calculated the composite cost for an “average” local NTV lease in two steps.

Based on the NTV contracts we reviewed, we multiplied the average local lease cost for an NTV type by the percentage that the NTV type occurred in the fleet. For example, if the NTV contracts we reviewed showed that medium-sized sport utility vehicles cost an average of \$1,800 per month to lease and maintain, we multiplied \$1,800 by the percentage of fleet composition (in this example, 28 percent as stated above) to obtain \$504 as the composite cost element for medium-sized sport utility vehicles.

We then added the composite cost elements for each vehicle type to obtain the final composite cost for an “average” locally leased NTV. Based on the data we obtained, we calculated that the composite cost of an “average” locally leased NTV was \$1,778.64 per month.

Use of Technical Assistance

The Quantitative Methods and Analysis Division developed the statistical sample of NTV contracts awarded in Iraq and used a stratified sample design to ensure that RCCs Balad, Tikrit, Victory, and MSD were appropriately represented in the sample. The table shows the scope of Iraq NTV contracts.

Table. Scope of NTV Contracts Reviewed for Iraq

Subpopulation			Sample		Audited Sample	
RCC	Contract Actions	Value ¹	Contract Actions	Value ¹	Contract Actions	Value ²
Balad	142	\$14,029,685	40	4,661,707	38	\$3,633,645
Tikrit	153	14,905,033	40	3,406,070	22	744,205
Victory	330	21,366,799	80	4,207,500	74	4,498,030
MSD	23	38,339,396	23	38,339,396	21	33,864,557
Total	648	\$88,640,913	183	\$50,614,673	155	\$42,740,437

¹ Dollar value according to the Joint Contingency Contracting System.

² Dollar value based on official contract files.

For RCC Balad, our contract sample originally included 40 contracts, but we were unable to obtain 1 contract, and 1 contract was awarded prior to our review time frame. For RCC Tikrit, our contract sample originally included 40 contracts but 2 were for buses, which did not meet our definition of an NTV. In addition, contracting personnel stated that 16 contracts had been placed in storage. Because we could not determine whether all documentation pertaining to these contracts was available, we did not include these 16 contracts in our review. For RCC Victory, our contract sample originally included 80 contracts, but we were unable to obtain 5 contracts, and 1 contract was for buses, which did not meet our definition of an NTV. For MSD, our contract sample originally included 23 contracts, but 1 contract was terminated, and 1 contract was for fuel trucks, which did not meet our definition of an NTV.

Prior Coverage

During the last 5 years, DOD Inspector General (IG), Army Audit Agency, and Air Force Audit Agency have issued five reports addressing issues related to NTV contracting processes and tracking in Southwest Asia. Unrestricted DOD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Army Audit Agency reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>. Air Force Audit Agency reports can be accessed from .mil domains over the Internet at <https://afkm.wpafb.af.mil/ASPs/CoP/OpenCoP.asp?Filter=OO-AD-01-41> by those with Common Access Cards who create user accounts.

DOD IG

DOD IG Report No. D-2009-095, "Contracting for Transportation Services for U.S. Army Corps of Engineers, Gulf Region Division," July 29, 2009

DOD IG Report No. D-2009-085, "Contracting for Nontactical Vehicles in Support of Operation Enduring Freedom," June 8, 2009

DOD IG Report No. D-2009-007, "Procurement and Use of Nontactical Vehicles at Bagram Air Field, Afghanistan," October 31, 2008

Army

Army Audit Agency Report A2007-0011-ALL, "Audit of Nontactical Vehicle Usage in the Iraq Area of Operations, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom," November 16, 2006

Air Force

Air Force Audit Agency Report F2007-0004-FC4000, "Deployed Assets," January 26, 2007

U.S. Central Command, Multi-National Force-Iraq, Multi-National Corps-Iraq, and Joint Contracting Command-Iraq/ Afghanistan Comments




UNITED STATES CENTRAL COMMAND
OFFICE OF THE CHIEF OF STAFF
7115 SOUTH BOUNDARY BOULEVARD
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

28 October 2009

FOR: DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: United States Central Command Response to Draft DODIG Report,
"Management of Non-tactical Vehicles in Support of Operation Iraqi
Freedom" (Project No. D2008-DOOOLH-0235.000)

1. Thank you for the opportunity to respond to the recommendations presented in the draft report.
2. USCENTCOM, MNF-I, MNC-I and JCC I/A concur with the report and comments are attached.
3. The Point of Contact is _____, USCENTCOM Inspector General, _____.


JAY W. HOOD
Major General, U.S. Army

Encl:
Tab A: CENTCOM Consolidated Response

**DODIG Draft Report
Contracting for Non-Tactical Vehicles in Support of Operation Iraqi Freedom
(Report No. D2008-D000LH-0235.000)**

**CENTCOM Comments
To The Recommendations**

RECOMMENDATION A.1. (page 16, DODIG Draft Report)

DODIG recommends that Commander, Multi-National Force-Iraq revise and implement policy on nontactical vehicle management to:

a. Appoint a Nontactical Vehicle Program Manager with the authority to implement theater-wide nontactical vehicle policy to:

(1) Identify annual nontactical vehicle requirements, including the expected length of requirements, and evaluate all nontactical vehicle acquisition options, including internal reallocation of nontactical vehicles, to meet the requirements.

(2) Implement procedures to strategically plan for and execute nontactical vehicle acquisitions to ensure the most cost-effective acquisition approach is used based on the length of the requirement and to minimize the number of contract actions.

b. Clearly identify the responsibilities and procedures for agencies and contractors to register nontactical vehicles.

c. Implement a standardized procedure for nontactical vehicle registration, including those used by other agencies and contractors, which are linked to maintaining the theater property book and collecting information for monthly nontactical vehicle reports.

d. Implement controls to accurately record vehicle identification numbers and classify nontactical vehicles (for example, General Services Administration lease, contractor vehicle, or local lease).

e. Revise the format for unit nontactical vehicle reports to include beginning mileage.

MNF-I RESPONSE: MNF-I has appointed a Non-tactical Vehicle (NTV) Program Manager and published an NTV policy for Iraq on 28 May 2009. Additionally, based on the findings in the DODIG report, MNF-I will adjust the MNF-I NTV policy accordingly.

MNC-I RESPONSE:

a. Concur. MNF-I published a memorandum (Policy on Acquisition, Management and Use of NTV) on 28 May 09 and MNC-I published MNC-I FRAGO 0155 on 18 Aug 09. NTVs are centralized within the MNC-I C4 Transportation section. MNC-I FRAGO 0155 directs all NTV requests be vetted through the C4 Transportation NTV manager.

b. Concur. MNF-I published a memorandum (Policy on Acquisition, Management and Use of NTV) on 28 May 09.

c. Concur. MNC-I FRAGO 0155, dated 18 Aug 09 directs 100% accountability of NTVs, directs NTV managers at each geographical location, and ensures NTV that are not leased and GSA leased be placed on unit TPE property books.

d. Concur. Same as c.

e. Concur. MNC-I C4 NTV SOP directs this already.

RECOMMENDATION A.2. (page 16, DODIG Draft Report)

DODIG recommends that the Commander, Joint Contracting Command-Iraq/Afghanistan direct contracting officers at regional contracting centers to appoint nontactical vehicle managers to act as contracting officer's representatives for local nontactical vehicle lease contracts.

MNF-I RESPONSE: MNF-I concurs with recommendation, and will coordinate with JCC I/A to appoint NTV managers as contracting officer representatives for non-tactical vehicles lease contracts.

JCC I/A RESPONSE: JCC I/A concurs with recommendation and will coordinate with MNF-I to appoint NTV managers, from the unit's leasing the NTVs, as contracting officer's representatives for non-tactical vehicles lease contracts.

GENERAL COMMENTS ON THE REPORT

1. Non-tactical Vehicle (NTV) management has command attention throughout MNF-I. MNF-I and MNC-I have designated NTV Program Managers and established policies which have strengthened controls over NTV management throughout Iraq. MNF-I and MNC-I have published guidance and procedures to register vehicles, terminate leased vehicles, and to report monthly NTV inventories throughout Iraq. In addition, MNC-I has established NTV turn-in procedures as part of responsible drawdown. As MNF-I, MNC-I and MNSTC-I combine to become United States Forces Iraq (USF-I), these policies and procedures will continue under USF-I.

2. Page 7/12: DoDIG report states implementing a centralized NTV management process should result in more cost effective acquisition options, increased efficiencies in the contracting process, improved NTV contract file documentation, and improved visibility of NTVs in Iraq.

JCC-I/A concurs. Centralizing management of NTVs will result in less contracting actions and economies of scale. Reduced contracting actions will lessen the burden on

Contracting personnel and will result in improved file documentation. By ordering in "bulk" it is reasonable to assume that cost savings will result - economies of scale.

3. Page 14: DoDIG report states Contracting Officers award contracts for NTV s on an as-needed basis, and often leased NTVs from local vendors in small numbers.

JCC-I/A concurs. Contracting Officers react to customer requirements. If a customer requests 1 vehicle, Contracting Officers will satisfy the requirement. As noted above, JCC-I/A concurs on the recommendation to centralize the NTV management process.

4. Page 15: DoDIG report states for the 134 contract files we reviewed at RCCs Victory, Balad and Tikrit, over 80% did not contain a lease-versus-purchase analysis or have any vehicle documentation to show whether vehicles complied with contract requirements.

JCC-I/A concurs. Contracting Officers should complete a lease-versus-purchase analysis on all vehicle requirements. Additionally, the file should contain documentation showing compliance with the contract terms and conditions.

5. Page 15: DoDIG report states 77% did not have COR appointment letters.

JCC-I/A concurs. All contracts for leased vehicles should have a COR.

6. Page 15: DoDIG report states 57% did not contain documentation to determine why the contract was awarded to the selected contractor.

JCC-I/A concurs. Files should contain information supporting the award decision.

7. Page 15: DoDIG report states 54% did not contain adequate justifications for the NTVs.

JCC-I/A concurs. Files should contain information supporting the award decision.

8. Page 16: DoDIG report states contracting personnel at RCC Victory stated that it was unreasonable to assign CORs to monitor local lease contracts because the limited personnel had more service contracts to monitor.

JCC-I/A non-concurs. This may be true but the RCC should not be commenting on this. The user should comment as the COR is assigned by the user and the RCC is not privy to user workload.



Inspector General Department of Defense

