

Inspector General

United States
Department of Defense



DoD Countermine and Improvised Explosive
Device Defeat Systems Contracts for the
Vehicle Optics Sensor System

Report Documentation Page

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INSPECTOR GENERAL
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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
DIRECTOR, JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT
ORGANIZATION
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
NAVY INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: DoD Countermine and Improvised Explosive Device Defeat Systems Contracts for
the Vehicle Optics Sensor System (Report No. DODIG-2012-005)

This report is the third in a series covering DoD Countermine and Improvised Explosive Device (IED) Defeat Systems programs and associated contracts. Our objective was to determine whether the Joint Improvised Explosive Device Defeat Organization (JIEDDO) and Army procurements for the Vehicle Optics Sensor System (VOSS), used on RG-31¹ and Joint Explosive Ordnance Disposal Rapid Response Vehicles² in Iraq and Afghanistan, were developed, contracted, and managed in accordance with Federal and Defense acquisition regulations. We determined that JIEDDO and Army procurements for the VOSS were developed, contracted, and managed in accordance with Federal and Defense acquisition regulations.

The VOSS is a remotely controlled, gyro-stabilized, multi-sensor camera system. It possesses powerful zoom, night vision, and thermal capabilities and provides agile target assessment on-the-move. The VOSS enables enhanced detection of IEDs, their triggering sources, and other threats at distances significantly greater than the current IED countermeasures. This system allows for IED neutralization without jeopardizing troops. JIEDDO was established in February 2006 to lead, advocate, and coordinate all DoD actions in support of Combatant Commanders' and their respective Joint Task Forces' efforts to defeat IEDs. In October 2009, JIEDDO transferred the VOSS program to the Army Program Executive Office Ammunition.

VOSS Program Requirements and Development

The Army identified critical needs based on evolving in-theater IED threats. Therefore, VOSS program officials acquired 797 VOSSs through four Operational Need Statements (ONS) and Joint Urgent Operational Need Statements (JUONS) in accordance with the ONS and JUONS

¹ The RG-31 Mine Protected Armored Carrier is a 4 by 4 armored vehicle with all steel, welded armor and a hull that protects the crew against rifle fire and anti-tank mine detonations. The RG-31 carries a crew of 10 soldiers, 9 soldiers plus the driver.

² The Joint Explosive Ordnance Disposal Rapid Response Vehicle is a joint service vehicle whose 6 by 6 design has a ring mount for crew-served weapons and an armored V-shaped hull that deflects the blast from a medium-sized IED blast outward, increasing the chance for survival for those inside the vehicle. They are classified as Category II Mine Resistant Ambush Protection vehicles.

processes. These processes are detailed in the Chairman of the Joint Chiefs of Staff Instruction 3470.01, "Rapid Validation and Resourcing of Joint Urgent Operation Needs (JUONS) in the Year of Execution," July 9, 2007, and Army Regulation 71-9, "Force Development Materiel Requirements," April 30, 1997.

JIEDDO and Army G-8³ funded the acquisition of the 797 VOSSs because the VOSS is a commercial item and considered a non-Program of Record (non-POR). A non-POR does not receive Program Objective Memorandum (POM)⁴ funding and is not listed in the Future Years Defense Program.⁵

VOSS program officials used the Capabilities Development for Rapid Transition (CDRT)⁶ process, which allows Army programs to rapidly transition to sustained acquisition PORs. The VOSS program will be considered a sustained acquisition POR once it has an approved Capability Production Document, a Milestone C decision, and its own funding in the DoD budget. CDRT Iteration Number 6 recommended the VOSS for rapid transition to a sustained acquisition program of record. To prepare for this transition, the program office revised the capability production document, which included a requirement for the sustainment and support of 1,031 VOSS systems. In February 2011, the VOSS program office submitted the POM funding request for FYs 2013 through 2018. The program office estimated that if VOSS funding is included in the POM, as approved by the Secretary of Defense, the VOSS would become an Acquisition Category (ACAT) III program⁷ at the Milestone C (full-scale production) point. As of September 2011, this process was still ongoing, and the Army will not procure additional VOSSs unless another urgent need is approved by Central Command or the VOSS becomes a valid acquisition program of record.

³ Army G-8 is the Army's lead for matching available resources to the defense strategy and Army plan. Army G-8 plans, develops, and resources programs supporting soldiers and balances current force needs with future force needs.

⁴ The POM is the final product of the programming process within DoD. A DoD Component's POM contains the resources allocations decision, specifically the program needs for 6 years (for example, in FY 2008, POM 2010-2015 was submitted).

⁵ The Future Years Defense Program is a DoD database and internal accounting system that summarizes forces and resources associated with programs approved by the Secretary of Defense.

⁶ The CDRT is a process used to rapidly approve commercial or government-produced tactical nonstandard equipment, already in use in current military operations, to become sustained Army acquisition programs. The Army Requirements Oversight Council makes all final CDRT decisions, known as iterations, to either: (1) endure the capability and become an acquisition program, (2) sustain the capability, or (3) terminate the system.

⁷ ACATs are categories established to facilitate decision making, execution, and compliance with statutorily imposed requirements. The different categories determine the level of review, decision authority, and applicable procedures. ACAT III programs are defined as acquisition programs that do not meet the criteria of ACAT II programs.

VOSS Contracts Were Properly Awarded

The contracting officers complied with the Federal Acquisition Regulation (FAR) requirements relating to the acquisition of commercial items, source selection, and contract pricing.

Procedures for awarding the contracts included the following.

- **Justified Commercial Item Determinations:** The VOSS is a commercial item sold to the general public, such as private security firms and cinematographers.
- **Adequate Competition:** Contracting officers used the best value method to evaluate technical and price proposals for full and open competition from 5 offerors for procuring 597 VOSSs. They also used sole-source contracts to acquire spares and repair parts.
- **Appropriate Contract Type:** Contracting officers issued firm-fixed-price delivery orders for the VOSS and issued time-and-materials delivery orders for installation and training.
- **Acceptable Fair and Reasonable Price Determinations:** Contracting officers established price reasonableness with a price analysis that showed a comparison of proposed prices with an independent government cost estimate and a comparison of proposed prices with prices obtained through market research for the same item.

VOSS Program Management Complied With Requirements

Defense Contract Management Agency (DCMA) officials complied with FAR requirements for contract administration services associated with monitoring contractor performance.

Specifically, DCMA quality assurance representatives were co-located within the contractor's facility, allowing accurate reporting of contract performance. Quality assurance representatives performed production surveillance and inspected for count, kind, and condition of the VOSS. DCMA had not issued any product quality deficiency reports regarding the VOSS.

We verified written correspondence supporting contract administration procedures detailed in a December 5, 2008, memorandum of agreement between the Product Manager Countermine and Explosive Ordnance Disposal and DCMA St. Petersburg, Florida. The memorandum of agreement defined DCMA's responsibilities for reporting requirements and effective program management. In accordance with the agreement DCMA was required to provide contract administrative support, industrial specialist support, quality support, and transportation support.

Review of Internal Controls

JIEDDO and Army internal controls for developing, contracting, and managing the VOSS program were effective as they applied to the audit objectives.

Audit Methodology

We conducted this audit from March 2011 through October 2011 in accordance with generally accepted government auditing standards. Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

To meet each of our audit objectives, we reviewed three primary areas.

1. VOSS Program Requirements and Development

- We interviewed VOSS program office, contracting, and administrative personnel who developed VOSS requirements and the statement of work.
- We determined whether the VOSS program office performed the acquisition planning and market research in accordance with the FAR.
- We reviewed the contracting office determination that the VOSS item met the FAR definition of a commercial item and whether the contracting office complied with FAR and Defense Federal Acquisition Regulation Supplement requirements relating to the acquisition of commercial items and obtaining data other than certified cost or pricing data.
- We interviewed program office personnel and JIEDDO representatives regarding the Army's ONS and JUONS processes and their effect on the VOSS program.
- We obtained and reviewed all VOSS funding documents supporting the VOSS requirements in the ONS and JUONS process.

2. Voss Contract Awards

- We reviewed all VOSS contracts with the Marine Corps Systems Command and the Army Program Executive Office Ammunition and determined the total number of VOSS camera systems that the Army procured.
- We evaluated the request for proposal, statement of work, acquisition plan/strategy, source selection plan, price and technical evaluation board documents, source selection board documents, and the source selection decision document to determine whether there were any inconsistencies in the evaluation of the proposals and whether they were in accordance with FAR.
- We determined the order of the source selection/evaluation factors and the weight of each factor and concluded that the rating scheme was in accordance with FAR Subpart 15.3, "Source Selection." In addition, we determined that all award factors and significant sub-factors were clearly stated in the solicitation and that the agency evaluated competitive proposals and assessed relative qualities solely on the factors and sub-factors specified in the solicitation.
- We determined that the contracting personnel properly negotiated the basic contract; including determining that the price was fair and reasonable and that an independent government cost estimate was completed. See the following table for a summary of VOSS contracts reviewed.

VOSS Contracts Reviewed

Contract Number	Contract Date	Contract Cost	Competition Type	Fair and Reasonable Price
M67854-06-D-5034	5/31/06	\$53,808,000	Limited Competition	Yes
W909MY-07-C-0011	1/22/07	\$3,888,469	Letter Contract, Sole Source	Yes
W909MY-07-D-0002	8/27/07	\$43,400,000	Sole Source	Yes
W909MY-07-C-0023	9/10/07	\$24,950,000	Letter Contract, Sole Source	Yes
W909MY-08-D-0004	5/5/08	\$380,000,000	Full and Open	Yes
W909MY-11-P-0002	3/11/11	\$3,396,970	Sole Source	Yes

3. VOSS Program Management

- We determined that DCMA monitored contractor performance in accordance with the FAR, including the contracting officer's technical representative (COTR) technical evaluation procedures and execution of quality surveillance plans.
- We determined that the contract modifications in the contract delivery order and task orders were within the scope of the original contract in accordance with FAR Part 43, "Contract Modifications."
- We obtained written procedures and correspondence to support the contract administration procedures and the letters of delegation from the procurement contracting officer to the administrative contracting officer and COTR in accordance with the FAR and the Defense Federal Acquisition Regulation Supplement.

We visited the project manager for Close Combat Systems, Fort Belvoir, Virginia, and DCMA in St. Petersburg, Florida, to review the selected VOSS program acquisition and contracting documentation. We interviewed program personnel at JIEDDO, the VOSS program office, the Marine Corps Systems Command, and DCMA. At these locations, we reviewed requirements, contracting, and contract administration documentation from May 2006 to March 2011 to determine whether contract solicitations and awards met Federal and Defense acquisition regulations.

Use of Computer-Processed Data

We used computer-processed data to perform this audit. Specifically, we used posted notices on the Federal Business Opportunities Web site (<http://www.fedbizopps.gov>), the data reported in Federal Procurement Data System Next Generation, Excluded Parties List System, U.S. Federal Contractor Registration, and contract documentation from the Electronic Document Access and the Army Paperless Contract Files, posted from May 2006 through July 2011. We tested contracting data accuracy and consistency by comparing the data produced in these systems and determined the data to be sufficiently reliable for our audit purposes.

Prior Audit Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD Inspector General (IG) have issued 10 reports discussing DoD Improvised Explosive Device projects. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

GAO

GAO Report No. GAO-08-342, “More Transparency Needed over the Financial and Human Capital Operations of the Joint Improvised Explosive Device Defeat Organization,” March 2008

GAO Report No. GAO-10-95, “Warfighter Support: Actions Needed to Improve Visibility and Coordination of DoD’s Counter-Improvised Explosive Device Efforts,” October 2009

GAO Report No. GAO-10-186T, “Warfighter Support: Challenges Confronting DoD’s Ability to Coordinate and Oversee its Counter-Improvised Devices Effort,” October 29, 2009

GAO Report No. GAO-10-460, “Warfighter Support: Improvements to DoD’s Urgent Needs Processes Would Enhance Oversight and Expedite Efforts to Meet Critical Warfighter Needs,” April 2010

GAO Report No. GAO-10-660, “Warfighter Support: Actions Needed to Improve the Joint Improvised Explosive Device Defeat Organization’s System of Internal Control,” July 2010

DoD IG

DoD IG Report No. D-2007-107, “Procurement Policy for Armored Vehicles,” June 27, 2007

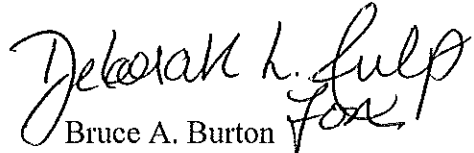
DoD IG Report No. D-2008-078, “Training Requirements for U.S. Ground Forces Deploying in Support of Operation Iraqi Freedom,” April 9, 2008

DoD IG Report No. D-2008-115, “Status of Training Vehicles for U.S. Ground Forces Deploying in Support of Operation Iraqi Freedom,” August 6, 2008

DoD IG Report No. D-2010-032, “DoD Countermine and Improvised Explosive Device Defeat Systems Contracts - Husky Mounted System,” December 31, 2010

DoD IG Report No. D-2011-105, "Competition for Interrogation Arm Contracts Needs Improvement," September 19, 2011

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9071 (DSN 664-9071). If you desire, we will provide a formal briefing on the results.

A handwritten signature in black ink, appearing to read "Deborah L. Fulp". The signature is written in a cursive style with a large initial 'D' and 'F'.

Bruce A. Burton
Deputy Assistant Inspector General
Acquisition and Contract Management



Inspector General Department of Defense

