Report No. DODIG-2015-124

INSPECTOR GENERAL

U.S. Department of Defense

MAY 15, 2015

Improvements Needed for Awarding Service Contracts at Naval Special Warfare Command

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Report Documentation Page

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Results in Brief

Improvements Needed for Awarding Service Contracts at Naval Special Warfare Command

May 15, 2015

Objective

The objective of the audit was to determine whether Naval Special Warfare Command, San Diego, California, awarded service contracts and task orders in accordance with Federal and DoD guidelines. We conducted this audit in response to a request by the House Committee on Armed Services. We reviewed a nonstatistical sample of 35 contracts.

Finding

Naval Special Warfare Command contracting personnel did not award 9 of 35 service contracts, valued at approximately $3.4 million between October 1, 2011, and June 30, 2014, in accordance with Federal Acquisition Regulation Parts 6 and 7. Specifically, Naval Special Warfare Command contracting personnel awarded:

- five contracts, valued at approximately $1.5 million, with restrictive statements of work, statements of objectives, or performance work statements because contracting personnel did not challenge, or fully understand the nature of the requirements in accordance with Federal Acquisition Regulation Part 6 requirements for competition; and
- four contracts, valued at approximately $1.9 million, as sole source based on urgent and compelling training for recurring training needs because technical and logistics personnel did not perform adequate acquisition planning in accordance with Federal Acquisition Regulation Parts 6 and 7 requirements for competition and acquisition planning.

Finding (cont'd)

As a result, Naval Special Warfare Command contracting personnel inappropriately limited competition, which may have favored certain contractors. In addition, Naval Special Warfare Command was at risk for price increases.

Recommendations

We recommend the Commander, Naval Special Warfare Command:

- Establish procedures to ensure contracting personnel challenge performance work statements, statements of objectives, and statements of work requirements and ensure that restrictive requirements are adequately justified and documented.
- Establish controls to ensure that Naval Special Warfare Command personnel identify recurring requirements within their departments.
- Develop an acquisition strategy to award competitive long-term contracts for known training to reduce the need for urgent and compelling awards.
- Provide training to Naval Special Warfare Command personnel on the necessary lead times to complete the acquisition planning process for recurring training requirements and awarding sole-source contracts in accordance with Federal Acquisition Regulation Subpart 6.3.

Management Comments and Our Response

The Commander, Naval Special Warfare Command, addressed the specifics of all recommendations except for the recommendation to develop an acquisition strategy. The Commander only partially addressed that recommendation; therefore, we request that he provide additional comments on the final report. Please see the Recommendations Table on the back of this page.

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Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Naval Special Warfare Command	3	1, 2, 4

Please provide Management Comments by June 15, 2015

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

May 15, 2015

MEMORANDUM FOR COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
NAVAL INSPECTOR GENERAL

SUBJECT: Improvements Needed for Awarding Service Contracts at Naval Special Warfare Command (Report No. DODIG-2015-124)

We are providing this report for review and comment. Naval Special Warfare Command contracting personnel did not award nine service contracts, valued at approximately $3.4 million, in accordance with Federal Acquisition Regulation Parts 6 and 7. As a result, Naval Special Warfare Command contracting personnel inappropriately limited competition, which may have favored certain contractors. In addition, Naval Special Warfare Command was at risk for price increases. We conducted this audit in response to a request by the House Committee on Armed Services. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Comments from the Commander, Naval Special Warfare Command, addressed Recommendations 1, 2, and 4 and partially addressed Recommendation 3 in this report. We request the Commander provide comments on the final report by June 15, 2015.

Please send a PDF file containing your comments to audyorktown@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

Contents

Introduction

Objective

Our objective was to determine whether Naval Special Warfare Command (NSWC), San Diego, California, awarded service contracts and task orders in accordance with Federal and DoD guidelines. See Appendix A for scope and methodology and prior coverage.

Background

On February 4, 2014, the House Committee on Armed Services requested the DoD Office of Inspector General perform a review of certain aspects of procurement activities and command climate within NSWC. On May 7, 2014, we agreed to conduct an audit to determine whether NSWC personnel properly awarded contracting actions.

The United States Code[1] requires contracting officers to promote and provide for full and open competition when soliciting offers and awarding contracts. Promoting competition in Federal contracting presents opportunities for substantial cost savings. The Federal Acquisition Regulation (FAR)[2] further prescribes policies and procedures to promote full and open competition in the acquisition process. The FAR[3] also prescribes policies and procedures on developing acquisition plans.

United States Special Operations Command

United States Special Operations Command (USSOCOM) provides fully capable special operations forces to defend the U.S. and its interests and synchronize planning of global operations against terrorist networks. USSOCOM's four major component commands are:

- U.S. Army Special Operations Command,
- NSWC,
- Air Force Special Operations Command, and
- Marine Corps Forces Special Operations Command (MARSOC).

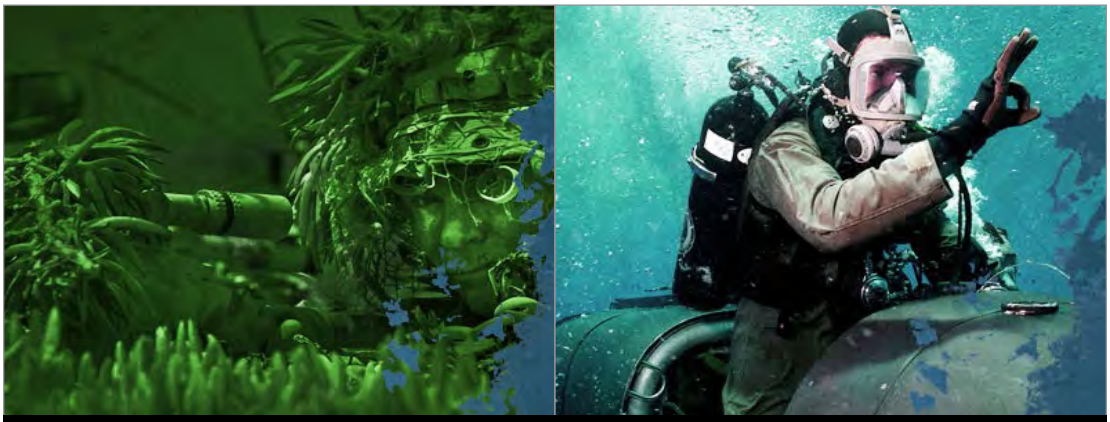
[1] Section 2304, title 10, United States Code (2014), "Contracts: Competition Requirements," and section 3301, title 41, United States Code (2014), "Full and Open Competition."

[2] FAR Part 6, "Competition Requirements."

[3] FAR Part 7, "Acquisition Planning."

Naval Special Warfare Command

According to the NSWC website, NSWC provides personnel, trains, equips, deploys, and sustains Naval Special Warfare forces for operations and activities abroad in support of combatant commanders and U.S. national interests. NSWC is the maritime component of USSOCOM, organized around eight sea, air, and land (SEAL) teams; one SEAL Delivery Vehicle Team; three special boat teams; and supporting commands, which deploy forces worldwide.



(Left) Figure 1. A sniper participates in jungle reconnaissance training.
(Right) Figure 2. A Naval Special Warfare operator emerges from a SEAL delivery vehicle.
Source: NSWC Public Affairs, Coronado, California

Contracts Reviewed at Naval Special Warfare Command

We queried the Federal Procurement Data System–Next Generation (FPDS-NG) and identified that NSWC contracting personnel awarded 296 service contracts, valued at $163.5 million, from October 1, 2011, through June 30, 2014. We reviewed a nonstatistical sample of 35 contracts, valued at $15.5 million. See Appendix B for contracts reviewed.

Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses with NSWC contracting personnel awarding contracts with restrictive requirements and not performing adequate acquisition planning thus awarding contracts as sole source based on urgent and compelling training for recurring training needs. We will provide a copy of the report to the senior officials responsible for internal controls at NSWC and USSOCOM.

Finding

Improvements Needed When Awarding Service Contracts at Naval Special Warfare Command

NSWC contracting personnel did not award 9 of 35 contracts, valued at approximately $3.4 million, in accordance with FAR Parts 6 and 7. Specifically, NSWC contracting personnel awarded:

- five contracts, valued at approximately $1.5 million, with restrictive statements of work (SOWs), statements of objectives (SOO), or performance work statements (PWS) because contracting personnel did not challenge or fully understand the nature of the requirements of those documents in accordance with FAR Part 6 requirements for competition; and
- four contracts, valued at approximately $1.9 million, as sole source based on urgent and compelling training for recurring training needs instead of awarding competitive long-term contracts because technical and logistics personnel did not perform adequate acquisition planning in accordance with FAR Parts 6 and 7 requirements for competition and acquisition planning.

As a result, NSWC contracting personnel inappropriately limited competition, which may have favored certain contractors. In addition, NSWC was at risk for price increases.

Naval Special Warfare Command Contracts Did Not Meet Guidelines for Competition and Acquisition Planning

NSWC contracting personnel did not award 9 of 35 contracts,[4] valued at approximately $3.4 million, in accordance with FAR Parts 6 and 7. Specifically, NSWC contracting personnel awarded five contracts with overly restrictive SOWs, SOO, or PWS, and NSWC personnel did not perform adequate acquisition planning for four contracts and NSWC contracting personnel awarded them as sole source based on urgent and compelling training requirements.

Overly Restrictive Contract Specifications May Have Limited Competition

NSWC contracting personnel did not award five contracts, valued at approximately $1.5 million, in accordance with FAR Part 6 requirements for competition. Specifically, NSWC contracting personnel awarded five training contracts with overly restrictive contract specifications.

The FAR[5] states that contracting officers shall provide for full and open competition using competitive procedures. The FAR[6] also states that agency and procuring activity advocates for competition are responsible for promoting full and open competition, challenging requirements that are not stated in terms of functions to be performed, and challenging barriers to the acquisition of commercial items and full and open competition such as unnecessarily restrictive statements of work[7] and unnecessarily detailed specifications.

The Special Operations Federal Acquisition Regulation Supplement Part 5601[8] requires the contracting officer to review and approve requests for proposals $150,000 and below. Additionally, the supplement requires USSOCOM personnel to approve requests for proposals over $150,000. Request for proposals included requirements documents such as SOW, SOO, and PWS. The following examples demonstrate that NSWC awarded training contracts with overly restrictive experience requirements.

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4 See Appendix B for a listing of the nine contracts referred to in this discussion.

5 FAR Part 6, Subpart 6.101, "Policy."

6 FAR Part 6, Subpart 6.502, "Duties and Responsibilities."

7 "Statements of work" also applies to performance work statements and statements of objectives.

8 Special Operations Federal Acquisition Regulation Supplement Part 5601, "The Federal Acquisition Regulation System," Attachment 5601-1, "USSOCOM Review and Approval Levels."

Restrictive Experience Requirements for Role-Player Training Contract

NSWC personnel included overly restrictive experience requirements in the PWS for a contract, valued at approximately $168,000, awarded in September 2013 that limited the number of contractors that could meet the requirements. Specifically, the PWS contained overly restrictive experience requirements for role-player personnel to assist in the biannual SEAL Team Final Battle Problem training.[9] The PWS required role players to be from a specific service and specific grade. The PWS required five role players consisting of one NSWC SEAL officer, one Army Special Forces officer, one MARSOC officer, one Navy Surface Warfare officer, and one intelligence officer with extensive special operations forces (SOF) experience. The PWS further required that:

- all role players must:
  - be retired at the rank of O-5 or above;
  - not be on active duty status; and
  - have experience either assigned to or have worked with Special Operations Command Central.
- one senior staff member (retired O-6 or above) shall have:
  - operational and strategic level experience;
  - must be SEAL, Army Special Forces, or MARSOC qualified; and
  - experience within the past 3 years or demonstrated currency through ongoing past performance in SOF initiatives or training programs.
- one senior enlisted staff member (retired E-9) shall have:
  - SOF and joint experience within the past three years; or
  - demonstrated currency through ongoing past performance in SOF support initiatives or training programs.

A subsequent comparable contract included less restrictive experience requirements. We identified a contract awarded in March 2014 for the same training course where the PWS requirements for the role players were less specific. The more recent contract removed the rank-level requirements, and instead required role players to have theater experience and familiarity with SEAL, Army Special Forces, MARSOC, Navy Surface Warfare, and Military Intelligence (Navy, Army, or Marine).

A subsequent comparable contract included less restrictive experience requirements.

[9] The Final Battle Problem training is a 10-day exercise to prepare both staff and operators for their upcoming deployment to theaters of operations around the world.

If NSWC contracting personnel had challenged the requirement and suggested revisions to require instructors to have the experience needed, instead of specific ranks, the PWS would have been less restrictive and allowed for more competition. Because the contracting officer did not challenge the specific requirements on the PWS, NSWC contracting personnel limited competition on the contract, which may have favored certain contractors, and may not have obtained the best value for the Government.

Restrictive Experience Requirements for Off-Road Driving Training Contract

NSWC personnel included restrictive experience requirements in the SOO for a contract awarded in June 2013, valued at approximately $122,000, for advanced off-road driving training, which limited the number of contractors that could meet the experience requirements. Specifically, the SOO required instructors to have significant, professional experience with rally racing in multiple environments along with "Camel Trophy" off-road event experience. The SOO also required that instructors have demonstrated successful teaching experience with NSWC.

When we discussed why the specific requirement for "Camel Trophy" experience was necessary, NSWC contracting personnel accepted the SOO requirements and stated they were not aware of what Camel Trophy experience was or why it was necessary. Requiring activity personnel stated they requested Camel Trophy experience because it best simulated the austere environments they anticipated operating in. They further stated the Camel Trophy competition challenged individuals to conduct solo driving with limited recovery and field repair equipment in tactical environments. According to requiring activity personnel, contractors could gain this knowledge only through time and experience. Therefore, the requiring activity requested the highest level of known experience for rugged, off-road driving to teach advanced training to individuals who would operate in similar conditions throughout the world.

The SOO already required instructors to have experience in long-range rally racing in multiple environments to include, but not limited to, arid, hot desert environments, cold, desolate desert environments, and jungle terrain. Additionally, the driving portion of the Camel Trophy competition ended in 1998, which was 15 years before this contract award.

Since the SOO required the course to teach vehicle recovery and repairs in a tactical environment, NSWC contracting personnel should have required the contractor to have the experience and capability to teach these elements rather than require the contractor to have Camel Trophy experience. As a result, the SOO would have been less restrictive and allowed for more competition. Additionally, the requirement for instructors to have successful teaching experience with NSWC limited competition to contractors personnel with prior NSWC teaching experience. Therefore, no new contractors were eligible to compete on the contract because they could not meet this requirement in the SOO, and NSWC contracting personnel may have favored a preferred contractor.

NSWC contracting personnel should have required the contractor to have the experience and capability to teach these elements rather than require the contractor to have Camel Trophy experience.

Restrictive Experience Requirements for High-Altitude Training Contract

NSWC personnel included restrictive experience requirements in the SOW for a high altitude training contract awarded in April 2013, valued at approximately $148,000, which could have limited the number of contractors able to meet the experience requirements. Specifically, the SOW required personnel to have experience in the development of tactics, techniques and procedures; and have a background with operations in steep technical terrain, and multiple deployments in harsh environmental conditions. The SOW further required personnel to have experience with NSWC high altitude or U.S. Marine Corps Mountain Warfare Training Center tactics, techniques and procedures. Personnel were also required to have NSWC command leadership experience to understand NSWC-specific training objectives and scenario design. The NSWC contracting specialists who worked on the contract could not justify the restrictive requirements within the SOW.

We identified a subsequent contract with similar requirements, awarded in December 2013, which USSOCOM personnel reviewed the SOW and concluded that the requirements were too restrictive, and NSWC contracting personnel revised the requirements before soliciting bids. Specifically, the revised SOW did not require, but preferred, personnel to have:

- experience in the development of tactics, techniques, and procedures;
- a background with operations in high altitude terrain; and
- multiple deployments in harsh environmental conditions.

The change from "required" to "preferred" was less restrictive and allowed for more competition. In addition, the subsequent contract requirements allowed contractors with knowledge and experience in equivalent service environmental training to compete. This requirement was also less restrictive because it allowed contractors with equivalent environmental training to compete instead of limiting the experience to the NSWC or U.S. Marine Corps. Finally, the subsequent contract SOW required SOF command leadership and SOF specific training objectives and scenario design versus limiting the requirement to NSWC.

NSWC contracting personnel limited competition on the contract and may have favored specific contractors.

Without the changes to the SOW, the contractor who won the subsequent contract would not have been eligible for the award and, according to the contractor's bid proposal, the contractor would not have met the NSWC experience requirement. Because NSWC contracting personnel did not challenge and revise the requirements for the contract in question, NSWC contracting personnel limited competition on the contract and may have favored specific contractors.

NSWC Contracting Personnel Limited Competition

By accepting overly restrictive contract requirements, NSWC contracting personnel limited competition inappropriately for five contracts because NSWC contract personnel did not challenge or fully understand the nature of the requirements. For the three examples, NSWC contracting personnel posted a request for proposals or quotations on the FedBizOpps website to solicit bids from available contractors; however, each time only one contractor bid on the training.

The requirements were overly restrictive and limited the number of contractors that met the contract specifications. Additionally, the contracting officers did not challenge or justify the specific requirements in the SOWs, SOO, or PWS. Finally, USSOCOM personnel did not review two of the five contracts we identified as restrictive because their projected value was below their review threshold of $150,000. The remaining three contracts were at $150,000 or exceeded the USSOCOM review threshold; and although USSOCOM personnel reviewed the PWS for role player training contract, in their review, they did not cite any issues with overly restrictive requirements. For the remaining two contracts, USSOCOM personnel could not determine why they did not review them. The Commander, NSWC should establish procedures to ensure that contracting personnel challenge PWS, SOO, and SOWs requirements and ensure that restrictive requirements are adequately justified and documented.

Lack of Adequate Acquisition Planning Unnecessarily Led to Urgent and Compelling Awards

NSWC contracting personnel did not award four contracts, valued at approximately $1.9 million, in accordance with FAR[10] requirements for competition and acquisition planning. Specifically, technical and logistics personnel did not perform adequate acquisition planning and NSWC contracting personnel awarded four contracts as sole source based on urgent and compelling training requirements.

The FAR states contracting without providing for full and open competition shall not be justified on the basis of a lack of advance planning by the requiring activity. Additionally, acquisition planning should begin as soon as the agency identifies the need, preferably well in advance of the fiscal year in which contract award or order placement is necessary. The FAR also states that requirements and logistics personnel should avoid issuing requirements on an urgent basis since it generally restricts competition and increases prices.

Three Urgent and Compelling Contracts Awarded for Recurring Training Since 2009

NSWC contracting personnel awarded three urgent and compelling contracts for training that recurred since FY 2009. In 2009, Navy procured four Scan Eagle Unmanned Aircraft Systems (UAS) with associated support equipment and spare parts. According to the justification and approval document prepared by the UAS training personnel and Navy contracting officer, the Scan Eagle UAS was highly technical with rapidly changing technology. NSWC personnel were required to have the most up-to-date training to operate new equipment and prevent loss and damage to the systems.

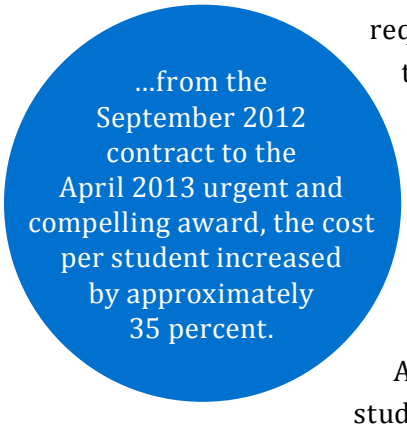
NSWC planned to award a long-term, indefinite-delivery indefinite-quantity (IDIQ) training contract but instead awarded three subsequent urgent and compelling contracts. In August 2012, NSWC technical personnel prepared a request for Scan Eagle training. In September 2012, NSWC contracting personnel issued a bridge[11] contract to cover training on the Scan Eagle through December 2012 to allow enough time for NSWC contracting personnel to compete a long-term IDIQ contract. In preparation for the permanent competed contract, in October 2012, NSWC contracting personnel posted a sources sought notice on the FedBizOpps website to determine the availability of commercial sources for the long-term contract.

[10] FAR Part 6, Subpart 6.301, "Policy," and FAR Part 7, Subpart 7.104, "General Procedures."

[11] A bridge contract is an interim contract authorized by an approved Justification and Approval used to provide continuity of services until a new contract is competitively awarded.

In November 2012, NSWC contracting personnel posted a request for proposal on the FedBizOpps website to solicit bids from available contractors. NSWC contracting personnel amended the proposal to remain open for 30 days. However, NSWC contracting personnel never awarded the long-term IDIQ contract but awarded three urgent and compelling contracts for the same requirement to the same contractor in January 2013, February 2013, and April 2013, valued at approximately $158,000, $309,000, and $813,000, respectively.

NSWC contracting personnel awarded urgent and compelling sole-source contracts to meet immediate training needs because NSWC technical and logistics personnel did not perform adequate acquisition planning to identify recurring training requirements. The Navy obtained Scan Eagle UAS technology in 2009 with the knowledge that the technology was rapidly changing and ongoing training would be necessary. NSWC technical and logistics personnel did not adequately plan or identify the upcoming Scan Eagle training requirements in time to provide the necessary lead times to complete the acquisition process in FY 2013.



NSWC contracting personnel received the contract requirements only 30 days before the award. According to NSWC contracting personnel, if the procurement was delayed to allow for the processing lead time required of a competitive procurement, it could result in operational mission failure. From FY 2009 through FY 2012, pricing on the recurring Scan Eagle training contracts stayed relatively steady. However, from the September 2012 contract to the April 2013 urgent and compelling award, the cost per student increased by approximately 35 percent.

If training acquisitions are not appropriately planned, NSWC personnel may not be mission ready for deployments, which could negatively affect operational missions. Additionally, NSWC personnel inappropriately limited competition by awarding sole-source contracts as urgent and compelling, which may have favored certain contractors, and was at risk for pricing increases.

Urgent and Compelling Bridge Contract Awarded for Recurring Training

NSWC contracting personnel awarded a sole-source bridge contract, valued at approximately $653,000, as urgent and compelling for recurring training requirements. In March 2012, the requiring activity prepared a request for contractual procurement for canine training services, which train, organize, deploy, maintain, and integrate a multi-purpose canine capability into deploying Squadrons for SEAL Groups One and Two. However, requiring activity personnel prepared the request less than 30 days before the requiring activity needed the services.

According to the justification and approval document prepared by the NSWC contracting officer, existing contracts were set to expire in April 2012 and May 2012; therefore, NSWC contracting personnel awarded a 6-month bridge contract effective until October 2012 as urgent and compelling. Although NSWC contracting personnel planned to award a long-term IDIQ contract for the canine training services, they did not initiate the action until just days before the September 2012 expiration. At that time, they posted a combined synopsis/ solicitation to determine the availability of commercial sources and to solicit bids from available contractors on the FedBizOpps website. Therefore, contracting personnel extended the bridge contract into November 2012.

NSWC contracting personnel awarded this urgent and compelling bridge contract to meet immediate training needs because NSWC technical and logistics personnel did not perform adequate acquisition planning to identify recurring training requirements. The requiring activity personnel provided the request for contractual procurement only 30 days before the award. Also, contracting personnel could not delay the procurement because this training requirement was essential for NSWC deployment theater requirements. Although NSWC did not experience price increases on the urgent and compelling sole-source bridge contract, lack of acquisition planning led to contracting personnel limiting competition, which may have favored certain contractors.

NSWC contracting personnel may have avoided the urgent and compelling bridge contracts and extended periods of performance on the bridge contract if contracting personnel and requiring activity personnel properly planned for this recurring training need. The Commander, NSWC should establish controls to ensure that NSWC personnel identify recurring requirements within their departments and develop an acquisition strategy to award competitive long-term contracts for known training to reduce the need for urgent and compelling awards. The Commander, NSWC should also provide training to NSWC personnel on the necessary lead times to complete the acquisition planning process for recurring training requirements and awarding sole-source contracts in accordance with FAR Subpart 6.3, "Other Than Full and Open Competition."

Conclusion

NSWC contracting personnel awarded five contracts with restrictive SOWs, SOO, or PWS because contracting personnel did not challenge or fully understand the nature of the requirements of those documents in accordance with FAR Part 6 requirements for competition. Additionally, NSWC contracting personnel awarded four contracts as sole source based on urgent and compelling training for recurring training needs instead of awarding long-term competitive contracts because technical and logistics personnel did not perform adequate acquisition planning in accordance with FAR Parts 6 and 7. As a result, NSWC contracting personnel inappropriately limited competition, which may have favored certain contractors, and was at risk for pricing increases. With recent and ongoing fiscal uncertainty, NSWC should seize every opportunity to increase competition and avoid unnecessary contracting costs.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Commander, Naval Special Warfare Command, establish procedures to ensure that contracting personnel challenge performance work statements, statements of objectives, and statements of work requirements and ensure that restrictive requirements are adequately justified and documented.

Commander, Naval Sepcial Warfare Command Comments

The Commander, NSWC, agreed, stating that NSWC personnel hired two additional analysts, and in FY 2015 implemented a package review process for each service contract request upon its submission to the Contracting Office.

Our Response

Comments from the Commander, NSWC, addressed all specifics of the recommendation, and no further comments are required.

Recommendation 2

We recommend that the Commander, Naval Special Warfare Command, establish controls to ensure that Naval Special Warfare Command personnel identify recurring requirements within their departments.

Commander, Naval Sepcial Warfare Command Comments

The Commander, NSWC, agreed, stating that NSWC developed a tool to manage requirements. He stated that as of April 1, 2015, all requirements are centrally tracked and incoming packages incur a review for potential future events.

Our Response

Comments from the Commander, NSWC, addressed all specifics of the recommendation, and no further comments are required.

Recommendation 3

We recommend that the Commander, Naval Special Warfare Command, develop an acquisition strategy to award competitive contracts for known training to reduce the need for urgent and compelling awards.

Commander, Naval Sepcial Warfare Command Comments

The Commander, NSWC, agreed, stating over the past 2 years NSWC personnel expanded the use of overarching service contracts with competitive acquisition strategies and, as a result, reduced the number of unusual and compelling justifications in those areas.

Our Response

Comments from the Commander, NSWC, partially addressed the recommendation. The Commander did not provide details of the acquisition strategies used over the past 2 years. We request the Commander, NSWC, provide additional comments on Recommendation 3 that describe the competitive acquisition strategies implemented.

Recommendation 4

We recommend that the Commander, Naval Special Warfare Command, provide training to Naval Special Warfare Command personnel on the necessary lead times to complete the acquisition planning process for recurring training requirements and awarding sole-source contracts in accordance with Federal Acquisition Regulation Subpart 6.3, "Other Than Full and Open Competition."

Commander, Naval Sepcial Warfare Command Comments

The Commander, NSWC, agreed, stating that NSWC personnel created a customer portal for access to acquisition planning resources, including acquisition timeline tools. Additionally, he stated the training has been added to training events beginning in May 2015 with a completion date of June 2015.

Our Response

Comments from the Commander, NSWC, addressed all specifics of the recommendation, and no further comments are required.

Appendix A

Scope and Methodology

We conducted this performance audit from July 2014 through April 2015 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. We conducted this audit in response to a request by the House Committee on Armed Services.

Audit Universe

We queried FPDS-NG to determine the contract universe and to obtain relevant fields. We limited our query to service contracts and limited the universe to contracts issued from October 1, 2011, through June 30, 2014. We determined that NSWC contracting personnel awarded 296 service contracts with a value, including base and option years, of approximately $163.5 million from October 1, 2011, through June 30, 2014. We excluded 45 contract actions that had:

- four or more offers received;
- contract actions authorized by statute.

After these exclusions, we selected a nonstatistical sample of 50 contracts from the remaining 251 contracts, valued at $50.4 million. We reviewed contract documentation while on site and eliminated 15 contracts to reach our intended sample size of 35 contracts valued at approximately $15.5 million including options.

Review of Documentation and Interviews

For the 35 contracts, we reviewed applicable contract file documentation such as:

- the Justification and Approval for Other than Full and Open Competition;
- records of market research;
- requirement documents (PWS, SOO, and SOW);
- price reasonableness determinations; and
- small business coordination records.

We obtained copies of the contract file documentation during our site visit in August 2014.

We interviewed NSWC contracting officials including the Director of Contracting, contracting officers, contracting specialists responsible for the 35 contracts, and personnel from the requiring activities. We discussed the service contract awards and obtained additional information regarding the service contract files reviewed, specifically the justification and approval, market research, and requirements documents. We also interviewed a competition advocate, small business representative, and requiring activities to gain an understanding of the role each entity played in service contract awards.

We evaluated contract documentation obtained against applicable criteria including:

- FAR Part 6, "Competition Requirements;"
- FAR Part 7, "Acquisition Planning;" and
- Special Operations Federal Acquisition Regulation Supplement Part 5601, "The Federal Acquisition Regulation System."

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Use of Technical Assistance

We received technical assistance from the Department of Defense Office of Inspector General's Quantitative Methods and Analysis Division. Based on their assistance, we decided to use FPDS-NG data to determine the universe of contracts and to select the nonstatistical sample of contracts to review.

Prior Coverage

No prior coverage has been conducted on NSWC contracting during the last 5 years.

Appendix B

Naval Special Warfare Command Service Contracts Reviewed

	Contract Number	Award Date	Competitive or Noncompetitive	Contract Value
1	H92240-12-C-0006[1]	04/12/2012	Noncompetitive	$555,000
2	H92240-12-C-0014	09/20/2012	Noncompetitive	$610,000
3	H92240-12-C-0018	09/29/2012	Competitive	$355,458
4	H92240-13-C-0005[1]	01/04/2013	Noncompetitive	$157,590
5	H92240-13-C-0006[1]	02/08/2013	Noncompetitive	$309,000
6	H92240-13-C-0007	02/25/2013	Noncompetitive	$335,245
7	H92240-13-C-0009	03/27/2013	Competitive	$382,641
8	H92240-13-C-0016[1]	04/11/2013	Noncompetitive	$812,800
9	H92240-13-D-0004	07/18/2013	Noncompetitive	$1,202,199
10	H92240-13-D-0009	09/20/2013	Noncompetitive	$1,009,800
11	H92240-13-D-0010	08/19/2013	Noncompetitive	$378,300
12	H92240-13-D-0013	08/22/2013	Competitive	$1,000,000
13	H92240-13-P-0056[2]	03/25/2013	Competitive	$149,510
14	H92240-13-P-0072[2]	04/24/2013	Competitive	$148,106
15	H92240-13-P-0110[2]	06/05/2013	Competitive	$121,979
16	H92240-13-P-0138	06/25/2013	Noncompetitive	$193,169
17	H92240-13-P-0192	09/04/2013	Competitive	$299,100
18	H92240-13-P-0206	09/24/2013	Competitive	$319,362
19	H92240-13-P-0248	09/04/2013	Competitive	$363,758
20	H92240-13-P-0257	09/05/2013	Competitive	$122,549
21	H92240-13-P-0384	09/30/2013	Competitive	$465,087
22	H92240-13-P-0385[2]	09/27/2013	Competitive	$167,736
23	H92240-14-D-0001	02/06/2014	Noncompetitive	$1,612,000
24	H92240-14-D-0002	02/24/2014	Noncompetitive	$562,500
25	H92240-14-D-0006	03/12/2014	Competitive	$396,000
26	H92240-14-P-0010	10/21/2013	Noncompetitive	$200,650
27	H92240-14-P-0012[2]	10/25/2013	Competitive	$903,120
28	H92240-14-P-0021	11/07/2013	Competitive	$170,937
29	H92240-14-P-0025	11/15/2013	Competitive	$486,760

Naval Special Warfare Command Service Contracts Reviewed (cont'd)

	Contract Number	Award Date	Competitive or Noncompetitive	Contract Value
30	H92240-14-P-0042	12/06/2013	Competitive	$346,060
31	H92240-14-P-0090	01/27/2014	Competitive	$124,500
32	H92240-14-P-0134	03/12/2014	Competitive	$319,682
33	H92240-14-P-0180	04/21/2014	Noncompetitive	$402,000
34	H92240-14-P-0247	05/22/2014	Competitive	$205,897
35	H92240-14-P-0269	06/14/2014	Noncompetitive	$259,756

[1] Contracts discussed in "Lack of Adequate Acquisition Planning Unnecessarily Led to Urgent and Compelling Awards."

[2] Contracts discussed in "Overly Restrictive Contract Specifications May Have Limited Competition."

Management Comments

Naval Special Warfare Command

DEPARTMENT OF THE NAVY
NAVAL SPECIAL WARFARE COMMAND
2000 TRIDENT WAY
SAN DIEGO, CALIFORNIA 92155-5599

5300
Ser 00/0338
29 Apr 15

From: Commander, Naval Special Warfare Command
To: Inspector General, U.S. Department of Defense

Subj: IMPROVEMENTS NEEDED FOR AWARDING SERVICE CONTRACTS AT COMMANDER, NAVAL SPECIAL WARFARE COMMAND

Ref: (a) DoD IG Draft Report (Project Number: D2014-D000CJ-0191.000)

1. In response to reference (a), Commander, Naval Special Warfare Command (COMNAVSPECWARCOM) concurs with all Department of Defense (DoD) Inspector General (IG) recommendations. Management Comments to each recommendation is as follows:

a. Recommendation 1. Establish procedures to ensure that contracting personnel challenge performance work statement, statements of objective, statement of work requirements, and ensure that restrictive requirements are adequately justified and documented.

(1) Management Comment: Concur. In 2014, COMNAVSPECWARCOM recognized the need to provide requirements review, hired two additional analysts, and in Fiscal Year (FY) 2015 implemented a package review process for each service contract request upon its submission to the Contracting Office.

b. Recommendation 2. Establish controls to ensure that COMNAVSPECWARCOM personnel identify recurring requirements within their departments.

(1) Management Comment: Concur. In 2014, COMNAVSPECWARCOM recognized the need for improvements and began development of a tool to manage requirements. As of 1 April 2015 all requirements are now centrally tracked and incoming packages incur a review for potential future events.

c. Recommendation 3. Develop an acquisition strategy to award competitive long-term contracts for known training to reduce the need for urgent and compelling awards.

(1) Management Comment: Concur. Over the past two years, COMNAVSPECWARCOM has broadly expanded its use of overarching

Naval Special Warfare Command (cont'd)

Subj: IMPROVEMENTS NEEDED FOR AWARDING SERVICE CONTRACTS AT COMMANDER, NAVAL SPECIAL WARFARE COMMAND

service contracts with competitive acquisition strategies; thus reducing the number of unusual and compelling justifications in those areas. As noted in the DoD IG report, the finding resulted from contacts awarded prior to FY 2014.

d. Recommendation 4. Provide training to COMNAVSPECWARCOM personnel on the necessary lead times to complete the acquisition planning process for recurring training requirements and awarding sole-source contracts in accordance with Federal Acquisition Regulation Subpart 6.3, "Other Than Full and Open Competition."

(1) Management Comment: Concur. COMNAVSPECWARCOM has created a customer portal for continuous access to acquisition planning resources, including acquisition timeline tools. Additionally, the subject has been added to the major force training events beginning in May 2015. Estimated completion date is 1 June 2015.

2. My points of contact for this matter are [redacted], who can be reached at COMM: [redacted] or e-mail: [redacted], and [redacted], who can be reached at COMM: [redacted] or e-mail: [redacted].

B. L. LOSEY

Copy to:
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Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System–Next Generation
IDIQ	Indefinite-delivery indefinite-quantity
MARSOC	Marine Corps Forces Special Operations Command
NSWC	Naval Special Warfare Command
PWS	Performance Work Statement
SEAL	Sea, Air, Land
SOF	Special Operations Forces
SOO	Statement of Objectives
SOW	Statement of Work
USSOCOM	United States Special Operations Command


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Media Contact
public.affairs@dodig.mil; 703.604.8324

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4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098