

October 2009

CONTINGENCY CONTRACTING

DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan



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Highlights of [GAO-10-1](#), a report to congressional committees

Why GAO Did This Study

The Departments of Defense (DOD) and State and the U.S. Agency for International Development (USAID) have relied extensively on contractors to provide a range of services in Iraq and Afghanistan, but as GAO has previously reported, the agencies have faced challenges in obtaining sufficient information to plan and manage their use of contractors.

As directed by the National Defense Authorization Act for Fiscal Year (FY) 2008, GAO analyzed DOD, State, and USAID data for Iraq and Afghanistan for FY 2008 and the first half of FY 2009 on the (1) status of agency efforts to track information on contracts and contractor personnel; (2) number of contractor personnel; (3) number of killed and wounded contractors; and (4) number and value of contracts and extent to which they were awarded competitively. GAO reviewed selected contracts and compared personnel data to other available sources to assess the reliability of agency-reported data.

What GAO Recommends

GAO recommends the agencies implement a plan to, among other matters, ensure consistent criteria for entering information into SPOT and improve its reporting capabilities to track statutorily required contracting data. DOD and State disagreed that a plan is needed, citing current coordination efforts. A plan with time frames would help to translate their coordination efforts into actions to address the issues GAO identified.

[View GAO-10-1 or key components.](#)

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CONTINGENCY CONTRACTING

DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan

What GAO Found

In response to a statutory requirement to increase contractor oversight, DOD, State, and USAID agreed to use the Synchronized Predeployment and Operational Tracker (SPOT) system to track information on contracts and contractor personnel in Iraq and Afghanistan. With the exception of USAID in Afghanistan, the agencies are in the process of implementing the system and require contractor personnel in both countries to be entered into SPOT. However, the agencies use differing criteria to decide which personnel are entered, resulting in some personnel not being entered into the system as required. Some agency officials also questioned the need to track detailed information on all contractor personnel, particularly local nationals. Further, SPOT currently lacks the capability to track all required data elements, such as contract dollar value and the number of personnel killed and wounded. As a result, the agencies rely on other sources for contract and contractor personnel information, such as periodic surveys of contractors.

DOD, State, and USAID reported nearly 226,500 contractor personnel, including about 28,000 performing security functions, in Iraq and Afghanistan, as of the second quarter of FY 2009. However due to their limitations, the reported data should not be used to identify trends or draw conclusions about contractor personnel numbers. Specifically, we found that the data reported by the three agencies were incomplete. For example, in one quarterly contractor survey DOD did not include 26,000 personnel in Afghanistan, and USAID did not provide personnel data for a \$91 million contract. The agencies depend on contractors to report personnel numbers and acknowledge that they cannot validate the reported information.

USAID and State reported that 64 of their contractors had been killed and 159 wounded in Iraq and Afghanistan during our review period. DOD officials told us they continue to lack a system to reliably track killed or wounded contractor personnel and referred us to the Department of Labor's Defense Base Act (DBA) case data for this information. However, because DBA is a worker's compensation program, Labor's data include cases such as those resulting from occupational injuries and do not provide an appropriate basis for determining how many contractor personnel were killed or wounded while working on DOD, State, or USAID contracts in Iraq or Afghanistan. Nevertheless, the data provide insights into contractor casualties. According to Labor, 11,804 DBA cases were filed for contractors killed or injured in Iraq and Afghanistan during our review period, including 218 deaths. Based on our review of 150 randomly selected cases, we estimate that 11 percent of all FY 2008 DBA cases for the two countries resulted from hostile actions.

DOD, State, and USAID reported obligating \$38.6 billion on nearly 85,000 contracts in Iraq and Afghanistan during our review period. DOD accounted for more than 90 percent of the contracts and obligations. The agencies reported that 97 percent of the contracts awarded during our review period, accounting for nearly 71 percent of obligations, were competed.

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Abbreviations

CENTCOM	U.S. Central Command
DBA	Defense Base Act
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System – Next Generation
LOA	letter of authorization
MEJA	Military Extraterritorial Jurisdiction Act
MOU	memorandum of understanding
NDAA for FY2008	National Defense Authorization Act for Fiscal Year 2008
SPOT	Synchronized Predeployment and Operational Tracker
UCMJ	Uniform Code of Military Justice
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, DC 20548

October 1, 2009

Congressional Committees

The Departments of Defense (DOD) and State and the U.S. Agency for International Development (USAID) have relied extensively on contractors to support troops and civilian personnel and to oversee and carry out reconstruction efforts in Iraq and Afghanistan. While the use of contractors to support military operations is not new, the extent to which the three agencies are relying on contractors in the two countries is unprecedented—both in terms of the number of contractors and the range of services they are providing. We and others have reported that the agencies have faced challenges in obtaining information on contracts and contractor personnel to plan and manage efforts in Iraq and Afghanistan.¹ Absent complete and accurate information on contractors supporting contingency operations, the agencies are limited in their ability to develop a complete picture of their reliance on contractors, the tasks being performed, and their associated costs. The importance of such information is heightened by the evolving U.S. efforts in the two countries as the agencies reduce their presence in Iraq while expanding their presence in Afghanistan. Reliable and meaningful data on contractors and the services they provide are a starting point for agency decisions on when and how to effectively use contractors; support contractors in terms of housing, transportation, security, and other services; and ensure that contractors are properly managed and overseen.

Congress has taken a number of actions to increase oversight of contracts with performance in Iraq and Afghanistan. Among these, the National Defense Authorization Act for Fiscal Year 2008 (NDAA for FY2008) directed DOD, State, and USAID to sign a memorandum of understanding (MOU) regarding matters relating to contracting in the two countries, including maintaining common databases of information on contracts and contractor personnel.² In their July 2008 MOU, the agencies designated the Synchronized Predeployment and Operational Tracker (SPOT) database as

¹See GAO, *Contingency Contracting: DOD, State, and USAID Are Taking Actions to Track Contracts and Contractor Personnel in Iraq and Afghanistan*, [GAO-09-538T](#) (Washington, D.C.: Apr. 1, 2009).

²Pub. L. No. 110-181, § 861, as amended by Pub. L. No. 110-417, § 854 (2008).

their system of record for information on contracts and contractor personnel working in Iraq and Afghanistan.

Congress directed us to annually review DOD, State, and USAID contracts in Iraq and Afghanistan and report on these reviews through 2010.³ This is our second report issued pursuant to that mandate.⁴ We are providing the results of our analyses of agency-reported data for fiscal year 2008 and the first half of fiscal year 2009 regarding (1) the agencies' implementation of SPOT, (2) the number of contractor personnel, including those performing security functions,⁵ working on DOD, State, and USAID contracts with performance in Iraq and Afghanistan, (3) the number of contractor personnel killed or wounded, and (4) the number and value of contracts⁶

³Pub. L. No. 110-181, § 863. While the mandate and our report address DOD, State, and USAID contracting in Iraq and Afghanistan, other federal agencies such as the Departments of Agriculture, Justice, and the Treasury have contracts with performance in Iraq and Afghanistan that are not included in the scope of the mandate or our report.

⁴For our first report issued pursuant to the mandate, see GAO, *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, [GAO-09-19](#) (Washington, D.C.: Oct. 1, 2008).

⁵The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417, § 854(d) amended section 864 of the NDAA for FY2008 to add a definition of "contractor personnel" as "any person performing work under contract for the Department of Defense, the Department of State, or the United States Agency for International Development, in Iraq or Afghanistan, including individuals and subcontractors at any tier." Section 864 of the NDAA for FY2008 defines private security functions as the "guarding of personnel, facilities or property of a Federal agency, the contractor or subcontractor, or a third party" and "any other activity for which personnel are required to carry weapons in the performance of their duties."

⁶Section 864(a)(2) of the NDAA for FY2008 defines a "contract in Iraq or Afghanistan" as "a contract with the Department of Defense, the Department of State, or the United States Agency for International Development, a subcontract at any tier issued under such a contract, or a task order or delivery order at any tier issued under such a contract (including a contract, subcontract, or task order or delivery order issued by another Government agency for the Department of Defense, the Department of State, or the United States Agency for International Development) if the contract, subcontract, or task order or delivery order involves work performed [sic] performed in Iraq or Afghanistan for a period longer than 14 days." The Federal Acquisition Regulation (FAR) defines a subcontract as a contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or other subcontracts. The FAR defines a task order as an order for services placed against an established contract or government sources. For purposes of this report, when we use the term contract, we intend it to refer to a "contract in Iraq or Afghanistan" as defined in the NDAA for FY2008.

that were active and awarded⁷ during our 18-month review period and the extent of competition for new contract awards.

We used the following methodologies to develop our findings:

- To assess SPOT's implementation, we reviewed DOD, State, and USAID's MOU and interviewed officials responsible for implementing SPOT to determine the agencies' criteria and practices for entering information into SPOT and the system's current and planned capabilities. We reviewed agency guidance and policy documents regarding the use of SPOT and took training courses designed for personnel who expect to use the system. We then compared the uses and capabilities of SPOT to the MOU requirements to determine the extent to which SPOT fulfills the terms of the MOU.
- For the number of contractor personnel, we obtained DOD, State, and USAID data on the number of U.S., third country, and local nationals working on contracts in Iraq or Afghanistan, including those performing security functions, during our review period. The agencies provided data from surveys of their contractors as well as the SPOT database. We assessed the reported data by comparing them to other available sources. Based on comparisons of each source, we concluded that the agency-reported data should not be used to draw conclusions about the actual number of contractor personnel in Iraq or Afghanistan or trends over time. However, we are presenting the reported data along with their limitations as they establish a minimum number of contractor personnel during our period of review.
- For contractor personnel killed or wounded during our review period, we analyzed State and USAID data; DOD did not collect and could not provide these data. We could not independently verify the completeness of the data reported by USAID and State. However, we report State's and USAID's data as they provide insight into the number of contractor personnel who were killed or wounded during our review period. In addition, we analyzed Department of Labor data on Defense Base Act (DBA) cases for incidents in Iraq and Afghanistan during fiscal year 2008 and the first half of fiscal year 2009. We determined the DBA data were

⁷Since the NDAA for FY2008 did not define what constitutes an "active" contract, we considered a contract active if funds were obligated or deobligated on that contract in fiscal year 2008 and/or the first half of fiscal year 2009. There were other contracts that had performance in Iraq or Afghanistan during that time period but had no obligations or deobligations; such contracts were not included in our analyses. Contracts awarded in fiscal year 2008 and the first half of fiscal year 2009 are a subset of the active contracts. Throughout the report, the term award refers to the issuance of a task or delivery order or the award of a new contract.

sufficiently reliable for the purposes of this report based on our prior reliability assessments. We also reviewed a random sample of 150 DBA case files, from a population of 2,500 cases, for incidents that occurred during fiscal year 2008 to determine, for example, whether the case was the result of a hostile incident and the severity of the contractor's injury.

- For the contracts, we obtained data from DOD, State, and USAID on the number of active and awarded contracts with performance in Iraq and Afghanistan during our review period, the amount of funds obligated on those contracts, and the extent of competition for new contract awards. Data were provided from the Federal Procurement Data System – Next Generation (FPDS-NG), agency-specific databases, and manually compiled lists of contract actions. We determined that the data were sufficiently reliable to determine the minimum number of active and awarded contracts and obligation amounts, as well as the number of competed contracts, based on our prior reliability assessments, interviews with agency officials, and verification of some reported data.

A more detailed description of our scope and methodology is included in appendix I. We conducted this performance audit from November 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.

Background

Section 861 of the NDAA for FY2008 directed the Secretary of Defense, the Secretary of State, and the USAID Administrator to sign an MOU related to contracting in Iraq and Afghanistan. The law specified a number of issues to be covered in the MOU, including the identification of each agency's roles and responsibilities for matters relating to contracting in Iraq and Afghanistan, responsibility for establishing procedures for the movement of contractor personnel in the two countries, responsibility for collecting and referring information related to violations of the Uniform Code of Military Justice (UCMJ) or the Military Extraterritorial Jurisdiction Act (MEJA), and identification of common databases to serve as repositories of information on contract and contractor personnel. The NDAA for FY2008 requires the databases to track at a minimum:

- for each contract,
 - a brief description of the contract,
 - its total value, and
 - whether it was awarded competitively; and

-
- for contractor personnel working under contracts in Iraq or Afghanistan,
 - total number employed,
 - total number performing security functions, and
 - total number who have been killed or wounded.

DOD, State, and USAID signed the MOU in July 2008.⁸ The agencies agreed that SPOT, a Web-based system initially designed and used by DOD, would be the system of record for the statutorily-required contract and contractor personnel information. The MOU specified that SPOT would include information on DOD, State, and USAID contracts with more than 14 days of performance in Iraq or Afghanistan or valued at more than the simplified acquisition threshold, which the MOU stated was \$100,000, as well as information on the personnel working under those contracts. In contrast, the NDAA for FY2008 established a 14-day threshold for inclusion in the database but did not specify a minimum dollar value.

As agreed in the MOU, DOD is responsible for all maintenance and upgrades to the SPOT database.⁹ The agencies further agreed to negotiate funding arrangements for any agency-unique requirements and for specialized training requirements. Each agency is to ensure that data elements related to contractor personnel, such as the number of personnel employed on each contract in Iraq or Afghanistan, are entered into SPOT and to require its contractors to enter that information accurately. Information entered into SPOT is more detailed than the number of contractor personnel as it is designed to track individuals by name and record information such as the contracts they are working under, deployment dates, and next of kin. Data elements, such as contract value and whether it was awarded competitively, are to be imported into SPOT from FPDS-NG, the federal government's system for tracking information on contracting actions.

⁸Pub. L. No. 110-417, § 854 amended section 861 of the NDAA for FY2008 by specifying additional matters to be included in the MOU regarding UCMJ and MEJA offenses and requiring the agencies to modify their MOU to address these additional matters by February 11, 2009. However, according to DOD officials, the required modifications to the MOU are still pending final approval.

⁹DOD, as the system owner, currently pays all development and maintenance costs for SPOT. However, DOD officials we spoke with said they are exploring options for having the agencies that use SPOT pay for some maintenance costs.

SPOT Not Yet fully Implemented to Track Contractor Personnel and Contracts

While implementation of SPOT is still under way, DOD, State, and USAID's criteria for deciding which contractor personnel to enter into the system differed from what was agreed to in the MOU and varied by country. This has resulted in not all contractor personnel being entered into SPOT as agreed to in the MOU. Further, SPOT currently does not have the capability to track all of the required contract information or readily generate reports on the total number of killed or wounded contractor personnel.

Agency Implementation and Criteria for Using SPOT Varied

For the majority of our review period, DOD, State, and USAID were phasing in the MOU requirement to use SPOT to track information on contracts and the personnel working on them in Iraq and Afghanistan. In January 2007, DOD designated SPOT as its primary system for collecting data on contractor personnel deployed with U.S. forces and directed contractor firms to enter personnel data for contracts performed in Iraq and Afghanistan. State started systematically entering information for both Iraq and Afghanistan into SPOT in November 2008. In January 2009, USAID began requiring contractors in Iraq to enter personnel data into SPOT. However, USAID has not yet imposed a similar requirement on its contractors in Afghanistan and has no time frame for doing so.

In implementing SPOT, DOD's, State's, and USAID's criteria for determining which contractor personnel are entered into SPOT varied and were not consistent with those contained in the MOU, as the following illustrate.

- Regarding contractor personnel in Iraq, DOD, State, and USAID officials stated that the primary factor for deciding to enter contractor personnel into SPOT was whether a contractor needed a SPOT-generated letter of authorization (LOA). Contractor personnel need SPOT-generated LOAs to, among other things, enter Iraq, receive military identification cards, travel on U.S. military aircraft, or, for security contractors, receive approval to carry weapons.¹⁰ However, not all contractor personnel, particularly local nationals, in Iraq need LOAs and agency officials informed us that such personnel were not being entered into SPOT. In contrast, DOD officials informed us that individuals needing LOAs were entered into SPOT even if their contracts did not meet the MOU's 14-day or \$100,000 thresholds.

¹⁰ An LOA is a document issued by a government contracting officer or designee that authorizes contractor personnel to travel to, from, and within a designated area and to identify any additional authorizations, privileges, or government support the contractor is entitled to under the contract.

-
- For Afghanistan, DOD offices varied in their treatment of which contractor personnel should be entered into SPOT. Officials with one contracting office stated that the need for an LOA determined whether someone was entered into SPOT. As in Iraq, since local nationals generally do not need LOAs, they are not being entered into SPOT. In contrast, DOD officials with another contracting office stated that they follow DOD's 2007 guidance on the use of SPOT.¹¹ According to the guidance, contractor personnel working on contracts in Iraq and Afghanistan with more than 30 days of performance and valued over \$25,000 are to be entered into SPOT—as opposed to the MOU threshold of 14 days of performance or valued over \$100,000.

Agency officials have raised questions about the need to enter detailed information into SPOT on all contractor personnel. Some DOD officials we spoke with questioned the need to individually track all contractor personnel as opposed to their total numbers given the cost of collecting these detailed data compared to the benefit of having this information. Similarly, USAID officials questioned the need to enter detailed information as agreed to because personnel working on its contracts in Afghanistan generally do not live or work in close proximity to U.S. government personnel and typically do not receive support services from the U.S. government. USAID officials also cited security concerns as one factor affecting their decision on who should be entered into SPOT. USAID officials explained that they have held off entering Iraqi or Afghan nationals into SPOT because identifying local nationals who work with the U.S. government by name could put those individuals in danger should the system be compromised. To help address this concern, DOD officials said that they have begun developing a classified version of SPOT. However, USAID officials told us the agency would most likely not be able to use a classified system due to limited access to classified computers.

Because of the varying criteria on who should be entered into the system, the information in SPOT does not present an accurate picture of the total number of contractor personnel in Iraq and Afghanistan. For example, officials from all three agencies expressed confidence that the SPOT data were relatively complete for contractor personnel who need an LOA in Iraq. Conversely, agency officials acknowledged that SPOT does not fully

¹¹This guidance was implemented in DOD FAR Supplement section 252.225-7040(g), which specified that contractors are to enter information into SPOT for all personnel authorized to accompany the U.S. Armed Forces. However, Class Deviation 2007-00010 excluded contracts with performance in the U.S. Central Command's area of responsibility that did not exceed \$25,000 or had less than 30 days of performance.

reflect the number of local nationals working on their contracts. Agency officials further explained that ensuring that information on local nationals is in SPOT is challenging because their numbers tend to fluctuate due to the use of day laborers and because local firms do not always keep track of the individuals working on their projects. DOD officials also explained that they have had to develop workarounds to deal with the fact that SPOT requires a first and last name to be entered for each individual along with a birth date and unique identification number. The officials noted that many Afghan laborers have only one name, do not know their birth dates, and lack identification numbers.

SPOT Not Capable of Tracking All Required Information

SPOT currently lacks the capability to track all of the contract data elements as agreed to in the MOU. While the MOU specifies that contract values, competition information, and descriptions of the services being provided would be pulled into SPOT from FPDS-NG, this capability is not expected to be available until 2010. In the interim, the DOD officials overseeing SPOT's development told us that SPOT users can manually enter competition information and descriptions, but there is no requirement for them to do so. Since SPOT is not designed to let users enter contract dollar values, the DOD officials stated that SPOT and FPDS-NG are being periodically merged to identify contract values.

Even when the direct link is established, pulling FPDS-NG data into SPOT may present challenges because of how data are entered into SPOT. First, information from the two systems can only be merged if the contract has been entered into SPOT. If no contractor personnel working on a particular contract have been entered, then the contract will not appear in SPOT and its information cannot be linked with the information in FPDS-NG. Second, while contract numbers are the unique identifiers that will be used to match records in SPOT to those in FPDS-NG, SPOT users are not required to enter contract numbers in a standardized manner. In our review of SPOT data, we determined that at least 12 percent of the contracts had invalid contract numbers and, therefore, could not be matched to records in FPDS-NG.¹² Additionally, contract numbers may not be sufficient to identify unique contracts. Specific orders placed on task order contracts are identified through a combination of the contract

¹²Contract numbers consist of 13 alphanumeric characters. We considered a contract number invalid if the contract number entered into SPOT had a different number of characters.

number and task order number. However, SPOT users are not required to enter task order numbers. For example, one SPOT entry only contained the contract number without an order number. In reviewing FPDS-NG data, we determined that DOD had placed 12 different orders—ranging from a few thousand dollars to over \$129 million—against that contract. Based on the information in SPOT, DOD would not be able to determine which order's value and competition information should be imported from FPDS-NG.

SPOT, as currently designed, also lacks the capability to readily generate reports on the number of killed or wounded contractor personnel. SPOT was upgraded in January 2009 to fulfill the NDAA for FY2008 requirement to track such information. Contractors can now update the status of their personnel in the system, including whether they have been killed or wounded, while agencies can run queries to identify the number of personnel with a current status of killed or wounded. However, the standard queries can only generate a list of personnel currently identified as killed or wounded and cannot be used to identify individuals who previously had the status of killed or wounded and whose records have become inactive or whose injured status changed when they returned to work. For example, if an individual has an injured status today and a query were run, that individual would be included in the report. If that individual then returned to work, the status would change and that individual would not appear on any subsequent injury reports, with the agencies having no means of determining whether the individual was ever injured.

DOD, State, and USAID Lack Reliable Data on Contractor Personnel in Iraq and Afghanistan

DOD, State, and USAID reported to us that there were 226,475 contractor personnel, including 27,603 performing security functions, in Iraq and Afghanistan as of the second quarter in fiscal year 2009. Over the period of our review, DOD reported significantly more contractors than State and USAID, most of whom were working in Iraq. For example, as of the second quarter in fiscal year 2009, DOD reported over 200,000 contractor personnel while State and USAID reported almost 9,000 and over 16,500, respectively. However, due to limitations with the reported data, we determined the data reported by the agencies should not be used to identify trends or draw conclusions about the number of contractor personnel in either country. Specifically, we found that personnel information reported by the three agencies was incomplete and, for DOD, additional factors raise questions about the reported numbers' reliability. Further, the agencies could not verify whether the reported data were accurate or complete; although, they indicated that the data for certain

types of contractors, such as those providing security functions, were more complete than other data, such as those for local nationals.

DOD Contractor Personnel According to DOD officials, the most comprehensive information on the number of DOD contractor personnel in Iraq and Afghanistan comes from the U.S. Central Command’s (CENTCOM) quarterly census.¹³ CENTCOM initiated its quarterly census of contractor personnel in June 2007 as an interim measure until SPOT is fully implemented. The census relies on contractor firms to report their personnel data to DOD components, which then aggregate the data and report them to CENTCOM at the end of each quarter. As shown in table 1, DOD’s reported number of contractor personnel for our review period ranged from 200,111 to 231,698, with approximately 7 percent performing security functions over the entire period, on average.

Table 1: DOD-Reported Quarterly Data on the Number of Contractor Personnel in Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

	Fiscal year 2008				Fiscal year 2009	
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter
Iraq						
All contractors	163,591	149,378	162,428	163,446	148,050	132,610
Contractors providing security	9,952	7,259	7,704	10,446	9,218	12,942
Afghanistan						
All contractors	36,520	52,336	41,232	68,252	71,755	68,197
Contractors providing security	2,998	6,982	3,537	3,847	3,689	4,373
Total all contractors	200,111	201,714	203,660	231,698	219,805	200,807
Total contractors providing security	12,950	14,241	11,241	14,293	12,907	17,315

Source: GAO analysis of CENTCOM census data.

DOD officials acknowledge that the census numbers represent only a rough approximation of the actual number of contractor personnel that worked in either country. Specifically, these officials told us that because of how the data were collected and reported by the various DOD components, it was difficult to compile and obtain an accurate count of

¹³CENTCOM is one of DOD’s unified combatant commands. It is responsible for overseeing U.S. security interests in 20 countries—including Iraq and Afghanistan—that stretch from the Arabian Gulf region into Central Asia.

contractor personnel. We determined that over the course of our review period the following data issues existed.

- Contractor personnel information was sometimes incomplete. Most notably, an Army-wide review of fiscal year 2008 third quarter census data determined that the U.S. Army Corps of Engineers did not include approximately 26,000 Afghan nationals working on contracts. However, information on these contractors was included in subsequent censuses. As a result, comparing third quarter and fourth quarter data would incorrectly suggest that there was an increase in the number of contractors in Afghanistan, when in fact the increase is attributable to more accurate counting of personnel.
- Contractor personnel were being double counted. For example, the system used to record contractor personnel numbers for the Joint Contracting Command-Iraq/Afghanistan was found to have duplicates. As a result, DOD reported a 10 percent decrease in personnel in Iraq in the first quarter of fiscal year 2009 and a 5 percent decrease in contractor personnel in Afghanistan in the second quarter of fiscal year 2009 when duplicates were removed.
- The process used to collect data changed. For example, a 3 percent decrease in personnel numbers reported in the first quarter of fiscal year 2009 compared to the previous quarter was attributed to the Joint Contracting Command-Iraq/Afghanistan's decision to begin using a monthly data call to contractors to collect personnel numbers.
- Data submitted by the DOD components were often of poor quality or inaccurate, which created challenges for CENTCOM to compile quarterly totals. During our review of quarterly census data submissions, we identified a DOD component in Afghanistan that provided invalid contract numbers for about 30 percent of its contracts in the second quarter for fiscal year 2009. Also, it was not possible to determine for some submissions how many contractors were working in a specific country. In such cases, the CENTCOM official responsible for the census told us he would either seek clarification from the DOD component that provided the data or use his judgment to determine the correct personnel numbers.

State Contractor Personnel

In response to our request for information on its contractor personnel in Iraq and Afghanistan, State officials informed us that prior to fiscal year 2009 the department did not systematically track contractor personnel. Instead, State bureaus conducted periodic surveys of their contractors; however, each bureau's survey covered different time periods. Based on these surveys, which at least one bureau supplemented with SPOT data, State reported that 8,971 contractor personnel, the majority of whom performed security functions, worked on contracts in Iraq and Afghanistan

during the first half of fiscal year 2009.¹⁴ Only one bureau provided comparable information for fiscal year 2008, reporting 3,514 personnel working on its contracts in Iraq and Afghanistan over the course of the year.

Table 2: State-Reported Data on the Number of Contractor Personnel in Iraq and Afghanistan

	First half of fiscal year 2009
Iraq	
All contractors	5,376
Contractors providing security	3,632
Afghanistan	
All contractors	3,595
Contractors providing security	1,559
Total all contractors	8,971
Total contractors providing security	5,191

Source: GAO analysis of State data.

Note: If a bureau provided the results of more than one survey conducted in fiscal year 2009, the table includes the results of the most recent survey. Of the five bureaus that provided data, one provided data that covered the entire first half of fiscal year 2009 and the other four provided data as of a specific date or month.

Even relying on a combination of periodic surveys and SPOT, which State implemented in fiscal year 2009, it appears that State underreported its contractor personnel numbers. Specifically, in our analysis of State contract and personnel data, we identified a number of contracts with performance in Iraq or Afghanistan for which contractor personnel numbers were not reported. For example, although State provided obligation data on a \$3 million contract for operation and maintenance services in Iraq as well as a \$5.6 million contract for support services in Afghanistan, information on the number of personnel working on these contracts was not contained in the agency's periodic surveys or the SPOT data we received.

¹⁴In addition to the survey and SPOT numbers provided to us, we included individuals working on personal services contracts in State's totals. State is authorized under section 2 of the State Department Basic Authorities Act of 1956, as amended, to contract for personal services. 22 U.S.C. § 2669(c) and (n). The FAR defines "personal services contracts" as contracts that, by their express terms or as administered, make the contractor personnel appear to be, in effect, government employees.

USAID Contractor Personnel

For the personnel numbers reported to us, USAID relied entirely on periodic surveys of its contractors. USAID provided contractor personnel numbers for both Iraq and Afghanistan for all of fiscal year 2008 and the first half of fiscal year 2009. The agency reported that 16,697 personnel, including 5,097 performing security functions, worked on its contracts in Iraq and Afghanistan during the first half of fiscal year 2009.¹⁵

Table 3: USAID-Reported Data on the Number of Contractor Personnel in Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

	Fiscal year 2008	First half of fiscal year 2009
Iraq		
All contractors	2,707	2,668
Contractors providing security	901	1,010
Afghanistan		
All contractors	12,955	14,029
Contractors providing security	3,818	4,087
Total all contractors	15,662	16,697
Total contractors providing security	4,719	5,097

Source: GAO analysis of USAID data.

USAID relied on the results of surveys sent to its contractors in Iraq and Afghanistan to respond to our request for contractor personnel information.¹⁶ However, this information appeared to be incomplete. Specifically, agency officials acknowledged the periodic surveys most likely underreported the total number of contractor personnel. For example, an official in Afghanistan informed us that if a USAID contractor firm did not respond to a survey for personnel information, which is sometimes the case since there is no contractual requirement to do so, then personnel working for that firm were not included in the reported numbers. Our analysis of USAID personnel and contract data also indicates that USAID's numbers are incomplete. Specifically, USAID provided us with personnel data for about 83 percent of its contracts that

¹⁵In addition to the survey numbers provided to us, we included individuals working on personal services contracts in USAID's totals. USAID is authorized under section 636 of the Foreign Assistance Act of 1961, as amended, to contract for personal services. 22 U.S.C. § 2396(a)(3).

¹⁶USAID officials informed us that in March 2009 its mission in Iraq began requiring contractors to provide quarterly personnel updates.

were active during the period of our review and had performance in Iraq or Afghanistan. We identified a number of contracts for which contractor personnel information was not provided, including contracts to refurbish a hydroelectric power plant and to develop small and medium enterprises in Afghanistan worth at least \$6 million and \$91 million, respectively.

**Agency-Reported Data Not
Verified but More
Complete Than SPOT**

DOD, State, and USAID could not verify the accuracy or completeness of the contractor personnel data they provided to us, and officials acknowledged that they are likely undercounting the actual number of contractors working in Iraq and Afghanistan. Officials from the three agencies stated they lack the resources to verify the information being reported by their contractors, their primary source of data. Officials we met with indicated this is particularly true for contracts that involve work at remote sites, where security conditions make it difficult for U.S. government officials to regularly visit. However, the agency officials stated that personnel information on certain types of contractors is likely more reliable than others. In particular, officials from DOD, State, and USAID told us that the personnel numbers provided for their private security contractors are the most accurate and reliable. This is due in part to the increased scrutiny these contractors receive. Conversely, these same officials told us obtaining accurate information on local nationals is especially difficult. For example, one DOD official told us some local national contractors hesitate or simply refuse to submit information on their personnel because of safety concerns, among others. Further, the number of local nationals working on a particular contract on a daily basis can vary greatly depending on the type of work being performed.

Despite the limitations we identified with the agencies' use of surveys, the survey data were more complete than the data in SPOT for our review period. For example, as shown in table 4, in the second quarter fiscal year 2009 census, DOD reported 83,506 more contractor personnel in Iraq and Afghanistan than were entered into SPOT. An even smaller portion of USAID's contractor personnel were entered into SPOT because the agency did not enter any personnel for any contracts in Afghanistan and was generally not entering Iraqis into the system. While the difference between SPOT and the surveys was smaller for State, there still were a number of contracts for which personnel information was available from State's surveys but was not in SPOT.

Table 4: Numbers of DOD, State, and USAID Contractor Personnel in SPOT Compared to Agency-Reported Survey Numbers, as of March 31, 2009

	Source of contractor personnel information		
	SPOT	Surveys	Differences between SPOT and surveys
DOD	117,301	200,807	83,506
State ^a	7,022	8,971 ^b	1,949
USAID ^b	445 ^a	16,697	16,252
Total	124,768	226,475	101,707

Source: GAO analysis of SPOT and agency-reported data.

^aState's survey number reflects the number of contractor personnel in SPOT and personnel identified through bureau surveys, as well as individuals working on personal services contracts.

^bUSAID's numbers for SPOT are only for Iraq since the agency did not use SPOT in Afghanistan, while the survey numbers reflect personnel in both countries, including those working on personal services contracts.

Agencies' Ability to Track Contractor Personnel Killed or Wounded in Iraq and Afghanistan Varies

Although USAID, State, and DOD are required to collect data on the total number of contractor personnel who have been killed or wounded while working on contracts in Iraq and Afghanistan, only USAID and State tracked this information during our review period. USAID reported 59 contractor personnel were killed and 61 wounded during fiscal year 2008 and the first half of fiscal year 2009, while State reported that 5 of its contractors were killed and 98 more were wounded (see table 5). These data were based on reports submitted by contractors and then tracked by the agencies. In tracking this information, USAID and State noted in some cases, but not all, whether the death or injury was the result of a hostile action or an accident. However, due to the lack of other available and reliable sources, we could not independently verify whether USAID's and State's data were accurate.

Table 5: USAID- and State-Reported Data on Contractor Personnel Killed and Wounded in Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

	Iraq		Afghanistan		Total
	Fiscal year 2008	First half of fiscal year 2009	Fiscal year 2008	First half of fiscal year 2009	
USAID					
Killed	6	2	38	13	59
Wounded	7	0	35	19	61
USAID Total	13	2	73	32	120
State					
Killed	3	1	1	0	5
Wounded	68	13	14	3	98
State Total	71	14	15	3	103

Source: GAO analysis of USAID and State data.

Note: USAID reported that an additional 12 contractors were kidnapped in Iraq and Afghanistan during this period.

DOD officials informed us that their department continued to lack a system for tracking information in a manner that would allow the department to provide us with reliable data on killed or wounded contractor personnel. Although DOD did not maintain departmentwide data, some individual components within the department received reports on killed or wounded contractor personnel. However, the components did not consistently track these reports in a readily accessible or comprehensive manner. For example, officials with the Defense Contract Management Agency in Iraq and the Joint Contracting Command – Iraq/Afghanistan explained that they received reports when contractor personnel were killed or wounded, but this information was not recorded in a manner that made it readily retrievable. In addition, an Army Corps of Engineers official in Afghanistan told us that he tracked data on contractor illnesses and injuries resulting from workplace accidents but did not track data on contractor personnel killed or wounded as a result of hostile incidents. Absent DOD-wide data and as was the case for our prior report,¹⁷ DOD officials referred us to Defense Base Act (DBA) case data, which are maintained by the Department of Labor, as a means of obtaining information on killed and wounded contractor personnel.

¹⁷GAO-09-19.

Labor DBA Data Are Not a Good Proxy for Contractor Personnel Killed or Wounded

Labor's DBA case data do not provide an appropriate basis for determining the number of contractor personnel killed or wounded in Iraq and Afghanistan while working on DOD, State, or USAID contracts. Under the NDAA for FY2008, Labor—unlike DOD, State, and USAID—has no responsibilities for tracking killed or wounded contractor personnel, and as such, its data were not designed to do so. Instead, Labor maintains data on DBA cases to fulfill its responsibilities for overseeing DBA claims by providing workers' compensation protection to contractor personnel killed or injured while working on U.S. government contracts overseas, including those in Iraq and Afghanistan.¹⁸

After analyzing Labor's DBA data and case files, we determined that DBA data are not a good proxy for determining the number of killed and wounded contractor personnel. This is, in part, because, as Labor officials explained, not all deaths and injuries reported under DBA would be regarded as contractors killed or wounded within the context of the NDAA for FY2008. Many nonhostile-related deaths and injuries, such as strains, sprains, and cases arising from auto accidents and other common occupational injuries, are compensable under DBA and are routinely reported to Labor. In addition, during our file reviews, we noted that many cases, particularly those submitted for injuries, were for medical conditions, such as pregnancy, cancer, and appendicitis, determined not to be related to the individual's employment in Iraq or Afghanistan, and compensation claims for many of these cases were denied because the conditions were not work-related. While employers must notify Labor of all work-related contractor deaths and injuries resulting in time lost from work, one Labor official told us that some employers report all medical-related conditions, regardless of their severity and the nature of the incidents that caused them. In addition, some contractor deaths and injuries may not be reported to Labor as required. In particular, Labor officials have indicated that deaths and injuries to local and third-country contractors may be underreported.

¹⁸Congress enacted the DBA in 1941. The insurance required under the DBA provides employees with uniform levels of disability and medical benefits or, in the event of death, provides benefits to eligible dependents. Contractors, including subcontractors, are required to provide DBA insurance coverage for all of their employees, regardless of their nationality, working outside the United States on U.S. military bases or under a contract with the U.S. government for public works or national defense. Labor initiates a case when it receives a notice of death or injury. Notices include reports filed by employers and claims for benefits submitted by injured employees or their survivors.

Additionally, because Labor does not track cases by agency or contract, DBA data cannot be analyzed to determine how many cases involved contractor personnel working specifically on DOD, State, or USAID contracts. As a result, the data may include cases for contractor personnel working for agencies other than DOD, State, and USAID. During our review of 150 DBA case files, we noted that the files did not always contain contract information and did not consistently identify the contracting agency. While we identified 103 case files for personnel working on DOD or State contracts, we did not identify any files for USAID contractor personnel. In addition, 1 case file specified an agency other than DOD, State, or USAID, while 46 files did not specify which agency the contractor worked for.

Despite their limitations for determining the number of contractor personnel killed or wounded, Labor's DBA case data provide insight into contractor personnel deaths and injuries in Iraq and Afghanistan. According to Labor, there were 11,804 DBA cases, including 218 cases reporting contractor deaths, which resulted from incidents that occurred in Iraq and Afghanistan during fiscal year 2008 and the first half of fiscal year 2009. As shown in table 6, overall both the total number of DBA cases and the number of death cases decreased from fiscal year 2007 to fiscal year 2008, though the number of death cases in Afghanistan increased.

Table 6: Defense Base Act Cases for Deaths and Injuries in Iraq and Afghanistan, Fiscal Years 2007 and 2008 and the First Half of Fiscal Year 2009

	Iraq			Afghanistan		
	Fiscal year 2007	Fiscal year 2008	First half of fiscal year 2009	Fiscal year 2007	Fiscal year 2008	First half of fiscal year 2009
Deaths	337	122	31	40	47	18
Injuries	9,148	7,735	2,306	1,962	1,100	445
Total	9,485	7,857	2,337	2,002	1,147	463

Source: GAO analysis of Labor data.

Note: Cases may be filed for contractor personnel working on contracts with U.S. government agencies other than DOD, State, and USAID.

Based on our review of 150 randomly selected DBA case files, we estimated that about 11 percent of the deaths and injuries reported to Labor for incidents that occurred in fiscal year 2008 resulted from hostile

actions.¹⁹ Only 16 of the 150 files we reviewed were for cases related to hostile actions.²⁰ Further, about one-third of the 11,586 DBA injury cases that occurred during our review period resulted in the affected contractor losing time from work. For example, we reviewed a case in which a contractor lost time from work after receiving multiple injuries when an ammunition pallet fell and wedged him against the side of a container, while another contractor suffered fractures and spinal injuries caused by an improvised explosive device and small arms fire.

DOD, State, and USAID Obligated Tens of Billions of Dollars on Contracts in Iraq and Afghanistan

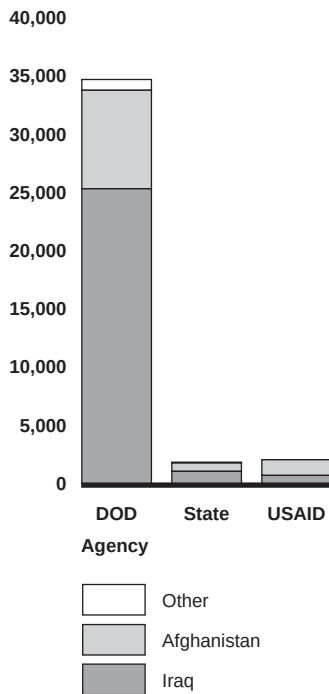
DOD, State, and USAID reported obligating nearly \$39 billion on 84,719 contracts with performance in Iraq and Afghanistan during fiscal year 2008 and the first half of fiscal year 2009 (see fig. 1 for obligation data). DOD accounted for the vast majority of both the contracts and obligations. Approximately two-thirds of the total number of contracts and obligations were for performance in Iraq. Task orders were the most common contract vehicle that the agencies used during our review period and accounted for most of the obligations. A relatively small number of task orders accounted for a large portion of each agency's obligations. For example, during our review period, DOD obligated more than \$6.5 billion on two task orders that provide food, housing, and other services for U.S. military personnel, while more than a third of State's obligations were on three task orders for police training and criminal justice programs in Iraq and Afghanistan. See appendix II for detailed information on each agencies' Iraq and Afghanistan contracts and obligations during our review period.

¹⁹This estimate based on our sample is subject to sampling error. We reviewed 150 DBA case files for incidents that occurred in fiscal year 2008. The margin of error for the percentage of reported deaths and injuries resulting from hostile actions is no more than plus or minus 7 percentage points at the 95 percent level of confidence. For more detailed information on this file review, see appendix I.

²⁰While the majority of the 16 case files in our sample that resulted from hostile actions were submitted for injuries, as opposed to deaths, we could not reliably estimate for all DBA cases the portion of hostile actions that occurred in fiscal year 2008 that resulted in injuries compared to the portion that resulted in deaths.

Figure 1: DOD, State, and USAID Obligations on Active Contracts for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

Amount of obligations (in millions of dollars)



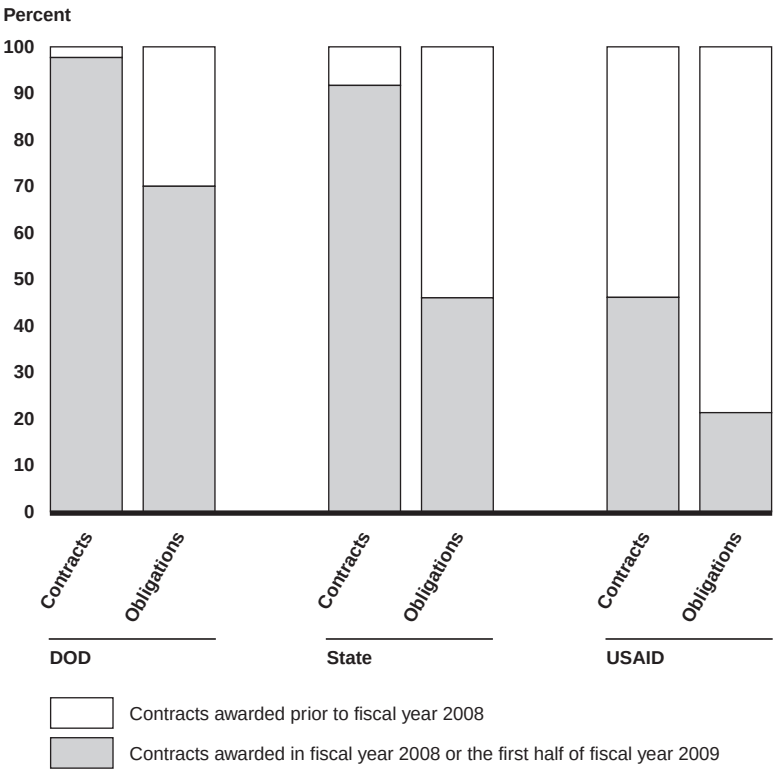
Source: GAO analysis of agency data.

Note: Some contracts included performance in countries other than Iraq and Afghanistan, such as the United States. It was not possible, based on the data reported for us, to isolate which portion of the obligations was specific to Iraq and/or Afghanistan. Therefore, if a contract had performance in Iraq and other countries (not including Afghanistan), we set the place of performance as Iraq. We set the place of performance as Afghanistan for contracts with performance in Afghanistan and other countries (not including Iraq). We set the place of performance as "other" for contracts that were reported as having performance in Iraq and Afghanistan or for which the country was not specified in the agency-reported data.

The NDAA for FY2008 mandated that we identify the total number and value of all contracts, defined to include prime contracts, task or delivery orders, and subcontracts at any tier. While we obtained data on prime contracts and orders, DOD, State, and USAID were unable to provide data on the number or value of individual subcontracts. Contract files may contain information on subcontracts, but none of the agencies systematically tracked this information. The value of subcontracts is captured in the total value of the prime contract, but the agencies were unable to provide us with data on what portion of the total contract value went to subcontractors.

Of the almost 85,000 contracts, including task and delivery orders, which were active during our review period, 97 percent were awarded during fiscal year 2008 and the first half of fiscal year 2009. However, more than a third of the funds obligated during our review period were on contracts originally awarded before fiscal year 2008. There were some variations between the agencies, as shown in figure 2. For example, most of USAID's obligations were on contracts awarded prior to fiscal year 2008. In contrast, most of State's active contracts were awarded during our period of review, but more than half the obligations were on a small portion of previously awarded contracts.

Figure 2: DOD, State, and USAID Percentage of Contracts and Obligations on Awards for Iraq and Afghanistan



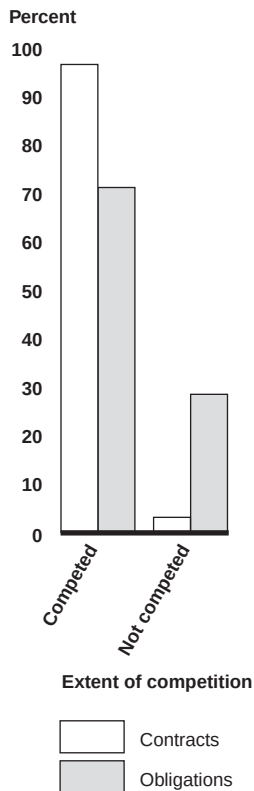
Source: GAO analysis of agency data.

Majority of New Contract Awards Were Competed

DOD, State, and USAID reported that they used competitive procedures to award nearly all contracts awarded in our review period, with the exclusion of task and delivery orders. Generally, contracts should be awarded on the basis of full and open competition.²¹ The agencies reported that most of their new contracts were awarded using full and open competition, but in some cases the agencies reported a contract as competed without indicating whether full and open or limited competition occurred. The agencies reported that approximately 3 percent of contracts awarded during our period of review, accounting for 29 percent of the obligations, were not competed (see fig. 3).

²¹See 10 U.S.C. § 2304 (applicable to DOD) and 41 U.S.C. § 253 (applicable to other executive agencies discussed in this report). Section 403(6) of title 41, U.S. Code, defines “full and open competition” as when all responsible sources are permitted to submit sealed bids or competitive proposals on a procurement. The competition requirements are implemented in FAR Part 6 and corresponding agency acquisition regulation supplements.

Figure 3: Competition for DOD, State, and USAID Iraq and Afghanistan Contracts Awarded in Fiscal Year 2008 and the First Half of Fiscal Year 2009



Source: GAO analysis of agency data.

Note: Excludes task and delivery orders. In addition, for less than 1 percent of contracts and obligations the agencies did not report whether the contract was competed.

Most of the 1,143 contracts reported to us as not competed had relatively small obligations during our review period.²² Approximately 90 percent of them had obligations of less than \$100,000 and 80 percent had obligations less than \$25,000. In contrast, only 27 of the 1,143 contracts reported as not competed had over \$1 million in obligations. These 27 contracts accounted for 99 percent of obligations for contracts that were not competed.

²²We obtained obligation data for each contract with performance in Iraq and Afghanistan in fiscal year 2008 and the first half of fiscal year 2009. Obligations, however, may not be equivalent to the full contract value as contracts may be incrementally funded over multiple years.

The law authorizes agencies to use limited competition in certain situations. There may be circumstances under which full and open competition would be impracticable, such as when contracts need to be awarded quickly to respond to urgent and compelling needs or when there is only one source for the required product or service. In such cases, agencies may award contracts without providing for full and open competition (e.g., using limited competition or on a sole-source basis) if the proposed approach is appropriately justified, approved, and documented. Similarly, simplified acquisition procedures allow for limited competition when awarding certain contracts, and the use of these procedures is determined based on dollar thresholds contained in the Federal Acquisition Regulation (FAR).²³ These dollar thresholds vary depending on where and for what purpose the contract was awarded and performed, its dollar value, and the contracting method used. Additionally, contracts valued below the micropurchase threshold, which is \$25,000 for contracts awarded and performed outside the United States in support of contingency operations, may be awarded without soliciting competitive quotations if the authorized purchase official considers the price to be reasonable.

To determine the circumstances in which the agencies awarded contracts using other than full and open competition, we reviewed 79 DOD and State contracts²⁴ awarded in fiscal year 2008 that had more than \$100,000 in obligations during our review period and were reported as not competed or for which no competition information was provided.²⁵ During our review, we discovered that 8 of these had actually been awarded after a full and open competition and 14 had been awarded after a limited competition (i.e., they were not sole-source awards). Of the 71 files we

²³Section 2.101 of the FAR defines the simplified acquisition threshold (SAT). For contracts in support of a contingency operation, the SAT during our review period was \$1 million for contracts awarded and performed outside the United States and \$250,000 for contracts awarded and performed in the United States. Contracts awarded and performed in the United States were not in the scope of our review. Additionally, FAR subpart 13.5 provides higher thresholds if the acquisition is for commercial items. For example, the SAT for commercial items in support of a contingency operation is \$11 million. FAR § 13.500(e).

²⁴At the time of our contract file review, none of the contracts awarded in fiscal year 2008 that USAID reported as not competed had over \$100,000 in obligations during our review period. USAID subsequently provided us with additional data in which two contracts met our review criteria; these contracts were not included in our file reviews due to when we received the data.

²⁵We did not evaluate whether the justifications that the agencies provided for awarding contracts without full and open competition were adequate.

reviewed that were not awarded under full and open competition, the most common justification for limiting competition or awarding a sole-source contract was that only one source could provide the good or service being acquired. In some of these cases, the incumbent contractor was awarded the new contract. For example, State awarded a sole-source contract for communication equipment in Iraq because only one company offered radios that were compatible with State's existing communication network. The second most common reason for limiting competition was DOD's enhanced authority to acquire products and services from Iraq and Afghanistan.²⁶ Congress granted DOD this authority, which allows DOD to limit competition or provide preferences for products and services from Iraq or Afghanistan, to provide a stable source of jobs and employment in the two countries. According to DOD contracting officials in Iraq and Afghanistan, they are increasing their use of this authority. However, officials in Afghanistan explained that in doing so they generally have some level of competition among local firms as opposed to doing a sole-source award. They explained that limited competitions are being conducted to not only ensure better prices and products but also to help instill Western business practices and develop local business capacity.

Competition requirements generally do not apply to the process of issuing task and delivery orders.²⁷ However, where there were multiple awardees under the underlying contract, the FAR requires the contracting officer in most instances to provide each awardee a fair opportunity to be considered for each order exceeding \$3,000. The agencies reported that 99 percent of the orders issued during our review period were competed.

Conclusions

Congress has directed DOD, State, and USAID to track specific information regarding contractor personnel and contracts with performance in Iraq and Afghanistan. Such data are a starting point for providing decision makers with a clearer understanding of the extent to which they rely on contractors and for facilitating oversight to improve planning and better account for costs. Implementing SPOT, as agreed to in

²⁶ Section 886 of the NDAA for FY2008 authorizes DOD, in certain circumstances, to limit competition to products and services from Iraq and Afghanistan, award a contract to a particular source or sources from Iraq or Afghanistan using other than competitive procedures, or give preference to products and services from Iraq and Afghanistan. Pub. L. No. 110-181 § 886.

²⁷ FAR 16.505(b)(1)(ii).

the MOU, has the potential of providing the agencies and Congress with data on contracts, contractor personnel, and those personnel who have been killed or wounded. However, the agencies' implementation of SPOT currently falls short of that potential. Specifically, there is a lack of consistency as to which contractor personnel are entered into SPOT. Notwithstanding the MOU, some agency officials have questioned the need or feasibility of entering detailed information on individual contractor personnel into SPOT beyond the requirement of the NDAA for FY2008 or the MOU. Furthermore, SPOT does not currently have the capability to accurately import contract data and its report generating capabilities limit the agencies' access to information that has been entered, particularly with respect to killed or wounded contractor personnel. Until SPOT is fully implemented, the agencies will continue to rely on multiple alternative sources of data, which are also unreliable and incomplete, for information related to contractor personnel and contracts in Iraq and Afghanistan. As a result, the agencies and Congress will continue to be without reliable information on contracts and contractor personnel to help improve oversight and decision making at a critical juncture as agencies draw down their efforts in Iraq and expand them in Afghanistan.

Recommendations for Executive Action

To ensure that the agencies and Congress have reliable information on contracts and contractor personnel in Iraq and Afghanistan, we recommend that the Secretaries of Defense and State and the USAID Administrator jointly develop and execute a plan with associated time frames for their continued implementation of the NDAA for FY2008 requirements, specifically

- ensuring that the agencies' criteria for entering contracts and contractor personnel into SPOT are consistent with the NDAA for FY2008 and with the agencies' respective information needs for overseeing contracts and contractor personnel;
- establishing uniform requirements on how contract numbers are to be entered into SPOT so that contract information can accurately be pulled from FPDS-NG as agreed to in the MOU; and
- revising SPOT's reporting capabilities to ensure that they fulfill statutory requirements and agency information needs, such as those related to contractor personnel killed or wounded.

In developing and executing this plan, the agencies may need to revisit their MOU to ensure consistency between the plan and what has previously been agreed to in the MOU.

Agency Comments

We requested comments on a draft of this report from DOD, State, and USAID. In its written comments, DOD did not agree with our recommendation that the agencies jointly develop and execute a plan for continued implementation of the NDAA for FY2008. According to DOD, the current MOU, existing regulations, and ongoing coordination among the agencies should be sufficient to meet legislative mandates. DOD noted that additional direction beyond the implementation of the MOU may require statutory action. DOD further explained that it is planning upgrades to SPOT that may address some of the issues we identified, particularly related to the entry of contract numbers and reporting features. State, in its written comments, also disagreed with the need for the agencies to develop and execute a plan to address the issues we identified. Nevertheless, State acknowledged that the agencies need to continue meeting to review their progress in complying with the NDAA for FY2008, revisit the MOU, address issues to ensure consistency in meeting the MOU criteria, and discuss SPOT's future reporting capability. Similarly, while USAID's written comments did not address our overarching recommendation for the agencies to develop and implement a plan or indicate whether it agreed with the specific issues to be included in their plan, it noted that it plans to continue regularly meeting with DOD and State officials concerning the NDAA for FY2008 and the existing MOU.

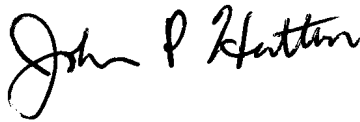
We agree that coordination among the three agencies is critical, but given the findings in this report, coordination alone is not sufficient. Instead, the agencies need to take action to resolve the issues we identified in their implementation of SPOT. In their comments the agencies recognized the importance of having reliable information on contracts and contractor personnel and acknowledged that corrective measures are needed. However, the agencies did not explain in their comments how they plan to translate their coordination efforts and upgrades into actions to resolve the issues we identified. By jointly developing and executing a plan with time frames, the three agencies can identify the concrete steps they need to take and assess their progress in ensuring that the data in SPOT are sufficiently reliable to fulfill the requirements of the NDAA for FY2008 and their respective agency needs. Further, the extent to which the steps necessary to implement the MOU and the recommended plan are consistent with the NDAA for FY2008, no additional statutory action would be required.

DOD's, State's and USAID's comments, along with our supplemental responses, are reprinted in appendixes III, IV, and V, respectively.

Additionally, we provided a draft of this report to Labor for its review and comment. Labor provided technical comments that we incorporated into the final report as appropriate.

We are sending copies of this report to the Secretary of Defense, the Secretary of State, the Administrator of the U.S. Agency for International Development, the Secretary of Labor, and interested congressional committees. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VI.



John Hutton
Director
Acquisition and Sourcing Management

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Appendix I: Scope and Methodology

Section 863 of the National Defense Authorization Act for Fiscal Year 2008 directs GAO to review and report on matters relating to Department of Defense (DOD), Department of State, and U.S. Agency for International Development (USAID) contracts in Iraq and Afghanistan. In response to this mandate, we analyzed agency-reported data for fiscal year 2008 and the first half of fiscal year 2009 regarding (1) the status of the agencies' implementation of the Synchronized Predeployment and Operational Tracker (SPOT) database, (2) the number of contractor personnel, including those performing security functions, working on DOD, State, and USAID contracts with performance in Iraq and Afghanistan, (3) the number of personnel killed or wounded, and (4) the number and value of contracts that were active and awarded during our period of review and the extent of competition for new contract awards.

Implementation of SPOT

To address our first objective, we reviewed DOD, State, and USAID's July 2008 MOU relating to contracting in Iraq and Afghanistan and interviewed DOD, State, and USAID officials responsible for implementing SPOT regarding the current and planned capabilities of the system. We also interviewed agency officials who use SPOT, including officials in Iraq and Afghanistan, to determine the criteria the agencies use to determine what information is entered into SPOT. We reviewed agency guidance and policy documents regarding the use of SPOT and took training courses designed for government and contractor personnel who expect to use the system. We then compared the information we collected on the use and capabilities of SPOT to the requirements identified in the agencies' MOU to determine the extent to which SPOT fulfilled the terms of the MOU.

Contractor Personnel

To address our second objective, we obtained data from DOD, State, and USAID on the number of U.S. nationals, third-country nationals, and local nationals working on contracts with performance in Iraq or Afghanistan in fiscal year 2008 and/or the first half of fiscal year 2009. These data included individuals reported to be performing security functions.

- DOD reported data from the U.S. Central Command's quarterly census and SPOT for both fiscal year 2008 and the first half of fiscal year 2009. Of the two sources, DOD officials said that the quarterly census was the most complete source of information on contractor personnel. Given that and the limitations we identified with SPOT, we used the quarterly census data to develop our DOD-related findings for this objective.
- State reported data gathered from periodic surveys of its contractors for fiscal year 2008. For the first half of fiscal year 2009, State reported

contractor personnel information gathered from SPOT as well as through surveys.

- USAID reported data gathered from periodic surveys of its contractors for fiscal year 2008 and the first half of fiscal year 2009. USAID also reported SPOT data for some contracts with performance in Iraq for the first half of fiscal year 2009.

We compared these data to the list of contracts we compiled to address our objective on the number and value of agency contracts. Furthermore, we interviewed agency officials regarding their methods for collecting data to determine the number of contractor personnel, including those providing security functions, in Iraq and Afghanistan. We also assessed the completeness of the SPOT data that we received from each agency by comparing them to data from other sources, such as the agency surveys. Based on our analyses and discussions with agency officials, we concluded that the agency reported data should not be used to draw conclusions about the actual number of contractor personnel in Iraq or Afghanistan for any given time period or trends in the number of contractor personnel over time. However, we are presenting the reported data along with their limitations as they establish a minimum number of contractor personnel during our period of review.

Killed or Wounded Contractor Personnel

To address our third objective, we analyzed USAID and State data on the number of contractor personnel killed or wounded in Iraq and Afghanistan during the period of our review. DOD did not collect and could not provide such data. USAID provided us with information on deaths and injuries it had compiled from its implementing partners, including contractors. Similarly, State provided data on contractors who were killed or wounded based on reports from its contractors, which were compiled by department personnel. Due to the lack of other available and reliable data sources, we could not independently verify whether USAID's and State's data were accurate. Nevertheless, we are providing them as they provide insight into the number of contractor personnel who were killed or wounded during our period of review. After informing us that they did not have a reliable system for tracking killed or wounded personnel, DOD officials referred us to use the Department of Labor's data on Defense Base Act (DBA) cases.

We analyzed data from Labor on DBA cases arising from incidents that occurred in Iraq and Afghanistan in fiscal year 2008 or the first half of fiscal year 2009. We obtained similar DBA data from Labor for our previous report, for which we determined that the data were sufficiently

reliable, when presented with appropriate caveats, for providing insight into the number of contractor personnel killed or wounded.¹ As a result, we did not reassess the reliability of the data we received for this report. We also selected a random two-stage cluster sample of 150 DBA case files from a population of 2,500 cases files submitted to Labor's 10 district offices for incidents that occurred during fiscal year 2008 and resulted in the affected contractor losing time from work. Labor provided us with DBA case data on all incidents that occurred in fiscal year 2008 through February 26, 2009. Because there may be a lag between when an incident occurred and when Labor was notified, we limited our sample to cases arising from incidents that occurred in fiscal year 2008. As a result, the findings from our file review are generalizable only to fiscal year 2008 cases. Labor provided us with a second data set for fiscal year 2008 and the first half of fiscal year 2009 as of July 9, 2009, which included cases that were in the first data set. The second data set included an additional 367 cases resulting from incidents that occurred in fiscal year 2008 that were not in the population from which we drew our sample due to a lag in when Labor was notified of the incidents. Because these additional cases were within the scope of our review, we included them in the total number of DBA cases presented in objective three; however, these cases were not included in the population of cases from which we drew our random sample.

The first stage of our sample selection was comprised of 5 clusters, selected randomly with replacements, which came from 4 of the 10 Labor district offices. In the second stage, we randomly selected 30 files from each cluster. Thus, our final sample consisted of 150 DBA case files. We reviewed these files to determine the circumstances of the incident resulting in the death or injury, whether the incident was the result of a hostile or nonhostile incident, and the severity of the contractor's injury, where applicable.

Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus 7 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. As a result, we are

¹[GAO-09-19](#).

95 percent confident that the confidence interval in this report will include the true value in the study population.

Contracts

To address our fourth objective, we obtained data from DOD, State, and USAID on the number of active and awarded contracts with performance in Iraq and Afghanistan during fiscal year 2008 and the first half of fiscal year 2009, the amount of funds obligated on those contracts during our review period, and the extent to which new contracts were competitively awarded. We also interviewed agency officials to discuss the reported contract data. The agencies provided data from the Federal Procurement Data System – Next Generation (FPDS-NG), agency specific-databases, and manually compiled lists of obligations and deobligations. We determined that the data each agency reported were sufficiently reliable to determine the minimum number of active and awarded contracts and obligation amounts, as well as the extent of competition, based on prior reliability assessments, interviews with agency officials, and verification of some reported data compared to information in contract files.

We took steps to standardize the agency-reported data and removed duplicates and contracts that did not have obligations or deobligations during our review period. DOD provided us with 32 separate data sets, State provided 7, and USAID provided 9. The reported data included multiple numbering conventions for each agency. We reformatted each data set and combined them to create a single, uniform list of contracts, orders, and modifications for each agency. We excluded the base contracts under which task and delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order. We also excluded grants, cooperative agreements, and other contract vehicles such as leases, sales contracts, and notices of intent to purchase as these instruments do not include performance by contractor personnel in Iraq or Afghanistan. For all contracts within our scope, we summed the reported obligations for each contract and order for fiscal year 2008 and the first half of fiscal year 2009. Some contracts had obligations in both fiscal year 2008 and the first half of fiscal year 2009, so the number of active contracts for the entire 18-month period was lower than the combined number of contracts that were active in each fiscal year.

We reviewed contract files to identify the justification cited by the agencies for not awarding the contract using full and open competition for a subset of DOD and State contracts awarded in fiscal year 2008 that were reported as not competed and that had total obligations during our review

period greater than \$100,000. We did not review the files for all contracts that met our criteria, in part, due to the location of some of the files. For example, while we reviewed files located in Baghdad, Camp Victory, Kabul, and Bagram Air Base, we did not review files for contracts located in other areas of Iraq and Afghanistan. In total, we reviewed information on 68 DOD contracts and 11 State contracts. At the time of our contract file reviews, USAID had not reported any new contracts with obligations over \$100,000 as not competed. After our file reviews were completed, USAID provided us with additional data, including data on two contracts with obligations over \$100,000 that were not awarded competitively. Due to when we received these data, we did not review these two contracts. However, we reviewed 12 other USAID contracts to verify the contract information reported to us.

We conducted this performance audit from November 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.

Appendix II: DOD, State, and USAID Contracts in Iraq and Afghanistan

DOD Contracts

Table 7 shows all DOD contracts, along with the associated obligations, reported to us as active in Iraq, Afghanistan, or both during fiscal year 2008 and the first half of fiscal year 2009. For last year's review, DOD reported obligating \$18,996 million on 37,559 contracts in fiscal year 2007.

Table 7: DOD Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008		First half of fiscal year 2009		Fiscal year 2008 and first half of fiscal year 2009	
	Number of active contracts	Obligation amount	Number of active contracts	Obligation amount	Number of active contracts	Obligation amount
Afghanistan	16,154	\$6,646.6	14,354 ^b	\$1,817.5	30,353 ^c	\$8,464.1
Iraq	30,219	\$19,536.4	22,268 ^b	\$5,785.7	52,207 ^c	\$25,322.1
Other ^a	272	\$798.7	601 ^b	\$128.1	870 ^c	\$926.8
Total	46,645	\$26,981.6	37,223^b	\$7,731.4	83,430^c	\$34,713.1

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding.

^a"Other" represents contracts with performance in Iraq and Afghanistan or contracts that DOD reported as having performance in Iraq or Afghanistan but did not specify which country

^bOne DOD component changed the way it reported its contracts in fiscal year 2009. Orders that had been previously combined were reported separately. A DOD official explained that what appeared to be an increase in contracts was due to the reporting change rather than an actual increase in the number of orders.

^cSome contracts were active in both fiscal year 2008 and the first half of fiscal year 2009. As a result, the total number of active contracts during the 18-month period of our review is less than the number that was active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

Table 8 provides information on the number of contracts awarded by DOD and associated obligations made during our review period. The majority of DOD's active contracts were awarded during our review period and 70 percent of DOD's obligations were made on the new contract awards.

Table 8: DOD New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Afghanistan	15,724	\$5,051.6	14,137	\$1,313.3
Iraq	28,941	\$15,305.3	21,869	\$1,794.1
Other	245	\$614.1	596	\$110.0
Total	44,910	\$20,971.0	36,602	\$3,217.4

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred so some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

Table 9 shows competition information for the DOD contracts (excluding task and delivery orders) that were awarded during our review period. DOD reported that 97 percent of its contracts were competed, including 33,143 (93 percent) that were awarded using full and open competition. For 74 contracts, DOD either provided no competition information or what was provided was not sufficient to determine whether the contract was competed.

Table 9: DOD's Competition of Iraq and Afghanistan Contracts (Excluding Orders) Awarded in Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a		Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Competed	28,459	\$5,193.3	6,356	\$939.5	34,815	\$6,132.8
Not Competed	143	\$2,501.7	768	\$27.3	911	\$2,528.9
Not Reported	61	\$4.4	13	\$1.1	74	\$5.5
Total	28,663	\$7,699.4	7,137	\$967.8	35,800	\$8,667.2

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding. We excluded task and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred; some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

As shown in table 10, most of the DOD contracts reported as awarded without competition had relatively small obligations during our review period.

Table 10: DOD's Contracts (Excluding Orders) in Iraq and Afghanistan Awarded without Competition in Fiscal Year 2008 and the First Half of Fiscal Year 2009

Contract Value by Obligated Amount	Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount (in millions)
Less than or equal to \$25,000	756	\$5.3
Greater than \$25,000 and less than or equal to 100,000	72	\$3.6
Greater than \$100,000 and less than or equal to \$1 million	60	\$16.6
Greater than \$1 million	23	\$2,503.4
Total	911	\$2,528.9

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding. We excluded task and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order.

State Contracts

Table 11 shows all State contracts, along with the associated obligations, reported to us as active in Iraq, Afghanistan, or both during fiscal year 2008 and the first half of fiscal year 2009. For last year's review, State reported obligating \$1,550.4 million on 773 contracts in fiscal year 2007.

Table 11: State Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008		First half of fiscal year 2009		Fiscal year 2008 and first half of fiscal year 2009	
	Number of active contracts	Obligation amount	Number of active contracts	Obligation amount	Number of active contracts	Obligation amount
Afghanistan	272	\$625.5	11	\$92.1	275 ^a	\$717.6
Iraq	469	\$781.8	102	\$279.5	544 ^a	\$1,061.3
Other ^b	105	\$68.4	8	\$1.9	112 ^a	\$70.3
Total	846	\$1,475.7	121	\$373.5	931^a	\$1,849.2

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding.

^aSome contracts were active in both fiscal year 2008 and the first half of fiscal year 2009. As a result, the total number of active contracts during the 18-month period of our review is less than the number that was active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

^b“Other” represents contracts with performance in Iraq and Afghanistan or contracts that State reported as having performance in Iraq or Afghanistan but did not specify which country.

Table 12 provides information on the number of contracts awarded by State and associated obligations made during our review period. The majority of State’s active contracts were awarded during our review period and 46 percent of State’s obligations were made on the new contract awards.

Table 12: State New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Afghanistan	250	\$265.0	2	\$0.6
Iraq	419	\$559.0	69	\$15.1
Other	98	\$11.7	4	\$0.8
Total	767	\$835.8	75	\$16.5

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred; some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

Table 13 shows competition information for the State contracts (excluding task and delivery orders) that were awarded during our review period. State reported that 70 percent of its contracts were competed, including 358 (47 percent) that were awarded using full and open competition. For 10 contracts, State either provided no competition information or what was provided was not sufficient to determine whether the contract was competed.

Table 13: State's Competition of Iraq and Afghanistan Contracts (Excluding Orders) Awarded in Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a		Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Competed	494	\$47.0	41	\$1.8	535	\$48.9
Not competed	199	\$21.4	20	\$1.1	219	\$22.4
Not reported	5	\$6.1	5	\$1.0	10	\$7.1
Total	698	\$74.5	66	\$3.8	764	\$78.4

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding. We excluded task orders and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred; some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

As shown in table 14, most of the State contracts reported as awarded without competition had relatively small obligations during our review period.

Table 14: State's Contracts (Excluding Orders) in Iraq and Afghanistan Awarded without Competition in Fiscal Year 2008 and the First Half of Fiscal Year 2009

Contract value by obligated amount	Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount (in millions)
Less than or equal to \$25,000	149	\$1.2
Greater than \$25,000 and less than or equal to 100,000	52	\$2.7
Greater than \$100,000 and less than or equal to \$1 million	14	\$4.6
Greater than \$1 million	4	\$13.9
Total	219	\$22.4

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding. We excluded task and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order.

USAID Contracts

Table 15 shows all USAID contracts, along with the associated obligations, reported to us as active in Iraq or Afghanistan during fiscal year 2008 and the first half of fiscal year 2009. For last year's review, USAID reported obligating \$1,194.8 million on 190 contracts in fiscal year 2007.

Table 15: USAID Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008		First half of fiscal year 2009		Fiscal year 2008 and first half of fiscal year 2009	
	Number of active contracts	Obligation amount	Number of active contracts	Obligation amount	Number of active contracts	Obligation Amount
Afghanistan	149	\$1,018.6	71	\$328.6	191 ^a	\$1,347.2
Iraq	128	\$638.1	51	\$68.6	167 ^a	\$706.7
Total	277	\$1,656.7	122	\$397.2	358^a	\$2,053.9

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding.

^a Some contracts were active in both fiscal year 2008 and the first half of fiscal year 2009. As a result, the total number of active contracts during the 18-month period of our review is less than the number that was active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

Table 16 provides information on the number of contracts awarded and associated obligations made during our review period. The majority of USAID active contracts were awarded prior to our review period and obligations on these previously awarded contracts accounted for nearly 79 percent of USAID's obligations during fiscal year 2008 and the first half of fiscal year 2009.

Table 16: USAID New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Afghanistan	67	\$176.1	17	\$24.7
Iraq	52	\$233.3	29	\$4.2
Total	119	\$409.4	46	\$28.8

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred; some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

Table 17 shows competition information for the USAID contracts (excluding task and delivery orders) that were awarded during our review period. USAID reported that 90 percent of its contracts were competed, including 126 (82 percent) that were awarded using full and open competition. For 3 contracts, USAID either provided no competition information or what was provided was not sufficient to determine whether the contract was competed.

Table 17: USAID's Competition of Iraq and Afghanistan Contracts (Excluding Orders) Awarded in Fiscal Year 2008 and the First Half of Fiscal Year 2009

(Dollars in millions)

	Fiscal year 2008 ^a		First half of fiscal year 2009 ^a		Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount	Number of awarded contracts	Obligation amount
Competed	102	\$163.1	35	\$27.2	137	\$190.3
Not Competed	4	\$0.3	9	\$0.2	13	\$0.6
Not Reported	3	\$12.1	0	\$0	3	\$12.1
Total	109	\$175.5	44	\$27.5	153	\$203.0

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding. We excluded task and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each order.

^aThe fiscal year indicates the year that each contract was awarded, not when the obligations occurred; some obligations for contracts awarded in fiscal year 2008 occurred in the first half of fiscal year 2009.

As shown in table 18, there were only 13 contracts that USAID reported as awarded without competition and none had obligations greater than \$1 million during our review period.

Table 18: USAID's Contracts (Excluding Orders) in Iraq and Afghanistan Awarded without Competition in Fiscal Year 2008 and the First Half of Fiscal Year 2009

Contract value by obligated amount	Fiscal year 2008 and first half of fiscal year 2009	
	Number of awarded contracts	Obligation amount
Less than or equal to \$25,000	8	\$71,327
Greater than \$25,000 and less than or equal to 100,000	3	\$196,146
Greater than \$100,000 and less than or equal to \$1 million	2	\$286,163
Greater than \$1 million	0	\$0
Total	13	\$553,636

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding. We excluded task and delivery orders because they are not subject to the same competition requirements as other contract vehicles. Further, we excluded the base contracts under which task or delivery orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each task order.

Appendix III: Comments from the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

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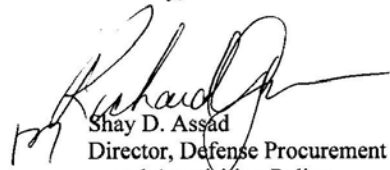
SEP 28 2009

Dear Mr. Hutton:

This is the Department of Defense (DoD) response to the GAO draft report GAO-10-01, "CONTINGENCY CONTRACTING: DOD, State and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," dated August 27, 2009 (GAO Code 120790).

Detailed comments on the report recommendations are enclosed.

Sincerely,


Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Enclosure:
As stated

GAO Draft Report Dated August 27, 2009
GAO-10-01 (GAO CODE 120790)

**“CONTINGENCY CONTRACTING: DOD, STATE, AND USAID
CONTINUE TO FACE CHALLENGES IN TRACKING
CONTRACTOR PERSONNEL AND CONTRACTS IN IRAQ
AND AFGHANISTAN”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretaries of Defense and State and the Administrator of USAID jointly develop and execute a plan with associated timeframes for their continued implementation of the National Defense Authorization Act for FY 2008 requirements by ensuring that the agencies’ criteria for entering contracts and contractor’s personnel into SPOT are consistent with the NDAA for FY2008 and with the agencies’ respective information needs for overseeing contracts and contractor personnel

DOD RESPONSE: Non concur. The Assistant Deputy Under Secretary of Defense (Program Support) (ADUSD (PS)) is the DOD lead on implementation of the Synchronized Pre-deployment and Operational Tracker (SPOT) to meet the requirements of section 861 of the 2008 NDAA. The DoD has made a concerted effort to meet the requirements outlined. We acknowledge the importance of having reliable information on contracts and contractors’ personnel operating in Iraq and Afghanistan. DoD has successfully integrated SPOT with the contract writing system and registration module for all contracted companies of the Joint Contracting Command-Iraq / Afghanistan (JCC I/A), automating the upload of contract data directly into SPOT.

Since DoD signed the Memorandum of Understanding (MOU) with the Department of State and the USAID, the registered contractor population in SPOT has grown from 68,000 to over 180,000 active contractor employees operating in the CENTCOM area of responsibility. CENTCOM published a fragmentary order (FRAGO) in August 2008, requiring all contractors meeting the minimum thresholds be registered in SPOT. Further, if contractors require government furnished services, they are required to have a SPOT-generated Letter of Authorization (LOA). Today, approximately 93,000 active U.S., third country nationals, and local national contractor employees possess system-generated LOAs, and the remaining 87,000 have standard registrations in SPOT. DoD is requiring all U.S. contractor employees to be registered in SPOT if their contract meets the threshold of 30 days and \$25,000 in contract value.

See comment 1.

See comment 2.

DoD does not agree with the requirement for the Secretaries of Defense and State and the Administrator of USAID to jointly develop and execute a plan with associated timeframes for continued implementation. The present MOU, along with DFARs and FAR requirements, and ongoing coordination among the three parties should be sufficient to meet legislative mandates. Additional direction beyond the implementation of the MOU may require further statutory action.

RECOMMENDATION 2: The GAO recommends that the Secretaries of Defense and State and the Administrator of USAID jointly develop and execute a plan with associated timeframes for their continued implementation of the NDAA for FY 2008 requirements by establishing uniform requirements on how contract numbers are to be entered into SPOT so that contract information can accurately be pulled from FPDS-NG as agreed to in the MOU

DOD RESPONSE: Non Concur. DoD, through the Director of Defense Procurement and Acquisition Policy (DPAP), is working to create standard contract number formats in contract writing systems, the Federal Procurement Data System-Next Generation (FPDS-NG), and SPOT. Currently, SPOT allows contract data not normally transmitted digitally to be entered using a free text field. This field in SPOT is free text to allow for the capture of grants data and contract data of other government agencies and organizations such as AAFES, using non-standard contract number formats. DoD is working to standardize the contract field in SPOT and add additional fields for non-standard contract numbers and grants. SPOT currently validates contract numbers against FPDS-NG on a scheduled daily basis. In 2010, SPOT will connect directly with FPDS-NG to enable contract information entered into SPOT to be validated immediately. Additionally, the SPOT unclassified reporting (NIPR) and the SPOT classified reporting (SIPR) systems will be able to report cumulative obligated dollar values at the prime contract level in November 2009.

DoD does not agree with the requirement for the Secretaries of Defense and State and the Administrator of USAID to jointly develop and execute a plan with associated timeframes for continued implementation. The present MOU, along with DFARs and FAR requirements, and ongoing coordination among the three parties should be sufficient to meet legislative mandates. Additional direction beyond the implementation of the MOU may require further statutory action.

RECOMMENDATION 3: The GAO recommends that the Secretaries of Defense and State and the Administrator of USAID jointly develop and execute a plan with associated timeframes for their continued implementation of the NDAA for FY 2008 requirements by revising SPOT's reporting capabilities to ensure that they fulfill statutory requirements and agency information needs, such as those related to contractor personnel killed or wounded

See comment 3.

See comment 4.

DOD RESPONSE: Non Concur. The DoD implemented new functionality in the SPOT system in January 2009 to meet many of the requirements of section 861 of the NDAA for FY 2008. The SPOT program created the ability to track contractor employees who were killed, wounded or missing. This functionality began in January 2009, and it was not intended to report on information prior to upgrade in SPOT system software. The completeness of this information in the SPOT is reliant upon contractors' inputs of this information when closing out deployments. SPOT will provide the ability for government users to run query reports on contractors killed or wounded in November 2009. Further, the classified version of SPOT and the Total Operational Pictures Support System (TOPSS) business intelligence tool will have the ability to connect to other authoritative data systems via web-services and generate additional desired reports.

DoD does not agree with the requirement for the Secretaries of Defense and State and the Administrator of USAID to jointly develop and execute a plan with associated timeframes for continued implementation. The present MOU, along with DFARs and FAR requirements, and ongoing coordination among the three parties should be sufficient to meet legislative mandates. Additional direction beyond the implementation of the MOU may require further statutory action.

The following are GAO's supplemental comments on the Department of Defense's letter dated September 28, 2009.

GAO Comments

1. DOD cites the number of contractor personnel in SPOT for the entire CENTCOM area of responsibility, which extends beyond Iraq and Afghanistan. Consistent with our mandate, we report 117,301 DOD contractor personnel identified in SPOT as being in Iraq or Afghanistan as of March 31, 2009. However, we did not use SPOT as our primary data source for contractor personnel data. We found that the quarterly census was a more comprehensive source—containing approximately 84,000 personnel more than SPOT as of March 31, 2009 for Iraq and Afghanistan.
2. In signing the MOU, DOD agreed to track contractor personnel in Iraq or Afghanistan if their contract is more than 14 days or over \$100,000. As described in its comments, however, DOD's regulations contain different thresholds on which contractors should be entered into SPOT. In practice, we found that the need for an LOA—rather than the thresholds in the MOU or DOD's regulations—served as the primary determinate as to whether or not a contractor was entered in SPOT. These variations reinforce our finding and recommendation that the agencies ensure they have consistent criteria—both in policy and practice—on which contractor personnel are entered into SPOT.
3. DOD's comments recognize the need to develop a standardized contract field in SPOT. However, any effort to create a standardized field needs to involve DOD, State, and USAID to ensure consistency with their contract numbering systems and a common understanding of how data must be entered into the system. Further, each agency must ensure that the way contract and task order numbers are entered into SPOT are identical with how those numbers are entered into FPDS-NG.
4. Our report recognizes that SPOT was upgraded in January 2009 to track contractor personnel who have been killed or wounded. As discussed in the report, however, this upgrade does not provide agencies with the capability to readily generate reports on the total number of contractor personnel killed or wounded within a given timeframe; instead, the current capability is limited to generating a report of personnel identified as killed or wounded on the day the report is generated. DOD does not specify in its comments as to whether or how the planned November 2009 upgrade would address

this reporting limitation. Also, it is not clear from DOD's comments as to whether this planned upgrade will apply to both the unclassified and classified versions of SPOT. State's comments suggest that based on information it received from DOD, the improved reporting features will be limited to the classified version.

Additionally, while DOD notes that the completeness of data on killed or wounded personnel is reliant on contractor input, it is the responsibility of DOD and the other agencies to ensure that such information is tracked as required by the NDAA for FY2008

Appendix IV: Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Assistant Secretary and Chief Financial Officer

Washington, D.C. 20520

SEP 24 2009

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "CONTINGENCY CONTRACTING: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan," GAO Job Code 120790.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Cynthia Andreotta, Logistics Management Specialist, Bureau of Administration at (703) 875-5803.

Sincerely,

A handwritten signature in dark ink, appearing to read "James L. Millette".

James L. Millette

cc: GAO – Johana Ayers
A – Steven Rodriguez
State/OIG – Mark Duda

Department of State Comments on GAO Draft Report

**CONTINGENCY CONTRACTING: DOD, State, and USAID Continue to
Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and
Afghanistan**
(GAO-10-01, GAO Code 120790)

The Department of State appreciates the opportunity to review the Government Accountability Office (GAO) draft report titled, “Contingency Contracting: DOD, State and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan.”

Recommendation: To ensure that the agencies and Congress have reliable information on contracts and contractor personnel in Iraq and Afghanistan, we recommend that the Secretaries of Defense and State and the Administrator of USAID jointly develop and execute a plan with associated timeframes for their continued implementation of the NDAA for FY2008 requirements, specifically

- Ensuring that the agencies’ criteria for entering contracts and contractor personnel into the Synchronized Predeployment and Operational Tracker (SPOT) are consistent with the National Defense Authorization Act (NDAA) for FY2008 and with the agencies’ respective information needs for overseeing contracts and contractor personnel;

- Establishing uniform requirements on how contract numbers are to be entered into SPOT so that contract information can accurately be pulled from FPDS-NG as agreed to in the MOU; and

- Revising SPOT’s reporting capabilities to ensure that they fulfill statutory requirements and agency information needs, such as those related to contractor personnel killed or wounded.

In developing and executing this plan, the agencies may need to revisit their MOU to ensure consistency between the plan and what has previously been agreed to in the MOU.

Response: The Bureau of Administration (A) has the lead on agency implementation of SPOT and the NDAA. We acknowledge the importance of reliable information on contracts and contractor personnel in Iraq and Afghanistan reported jointly with the Secretary of Defense (DOD) and the Administrator of USAID to implement NDAA FY2008 requirements. We agree that the agencies need to continue to meet to review progress and intent of the MOU to comply with NDAA FY2008, but do not agree with the recommendation that a new plan needs to be developed. We do agree that the current MOU needs to be revisited as well

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as some issues to ensure consistency meeting the criteria it already contains as specified in NDAA 2008, section 861.

However, we are concerned with the interpretation of certain information in the GAO draft report on Contingency Contracting. For example, page 6 states:

“regarding contractor personnel in Iraq, DOD, State, and USAID officials stated that the primary factor for deciding to enter contractor personnel into SPOT was whether a contractor needed a SPOT-generated letter of authorization (LOA). Contractor personnel need SPOT-generated LOAs to, among other things, enter Iraq, receive military identification cards, travel on U.S. military aircraft, or, for security contractors, receive approval to carry weapons. However, not all contractor personnel, particularly local nationals, in Iraq need LOAs and agency officials informed us that such personnel were not being entered into SPOT. In contrast, DOD officials informed us that individuals needing LOAs were entered into SPOT even if their contracts did not meet the MOU’s 14 day or \$100,000 thresholds.”

See comment 1.

State personnel advised the GAO during an interview that company administrators were told verbally and in writing to enter all United States citizens, Third Country Nationals, and Locals Nationals into SPOT. Due to security concerns about entering data on Local Nationals, company administrators were given a blind identity scheme to aid with accountability of entering the information. We continue to urge that actual information be entered on all Local Nationals because SPOT would be used for NDAA 1248, repatriation requests.

Also, the MOU signed by the three agencies stipulate that contracts under the simplified acquisitions threshold of \$100,000 and 14 working days would not be entered into SPOT (Section VII B). The GAO was advised by State personnel during the interview that it lacked resources to enter every acquisition into SPOT and support the higher threshold. However, there may be confusion because an earlier Section II A of the MOU only states “longer than 14 days”. We agree that the three agencies need to discuss this issue to determine one standard.

See comment 2.

Another example is on page 8 of the report which states:

“while contract numbers are the unique identifiers that will be used to match records in SPOT to those in FPDS-NG, SPOT users are not required to enter contract numbers in a standardized manner. In our review of SPOT data, we identified that at least 12 percent of the contracts had invalid contract numbers and, therefore, could not be matched to records in FPDS-NG.”

See comment 3.

When implementing SPOT, State used the configuration guidance which complies with FPDS-NG given by DOD to enter all contract numbers. The user

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guide posted on the Department's intranet was shared with GAO; the business rules in it state the configuration to be used when entering a contract number into SPOT. We contacted DOD on September 9, 2009, and they informed us they are already working on a standardized configuration.

Recently, DOD conducted user acceptance testing for implementation of enhanced reporting in SPOT, but we were told it would only be on its secure network. However, all the information input to date into SPOT is in an unclassified network. The agencies need to discuss future reporting capability for non-classified SPOT.

The following are GAO's supplemental comments on the Department of State's letter dated September 24, 2009.

GAO Comments

1. Notwithstanding State's guidance to contractors, we found that not all contractor personnel are being entered into SPOT as required. In practice, we found that the need for an LOA is the primary determinate for whether or not contractor personnel are entered into SPOT. For example, a State contracting officer informed us that Iraqis working on his contracts are not in SPOT because they do not need LOAs, which is not consistent with State's guidance, the MOU criteria, or the NDAA for FY2008.
2. As reflected in our recommendation, we agree that the agencies need to determine a single standard on which contracts should be entered into SPOT. This is not only due to State's observation regarding inconsistencies in the MOU, but also due to the inconsistencies we found between the MOU and NDAA for FY 2008 and the varying criteria being used by the agencies. Until there is a single agreed upon standard—both in guidance and practice, the agencies will continue track data differently and, as a result, the data for all three agencies will be incomplete.
3. Our finding pertained to how data are actually being entered into SPOT, which as we report allows users to enter invalid contract numbers and does not require the entry of task order numbers. For example, we found that none of State's task orders in SPOT provided both the contract and task order numbers. If such data entry issues are not resolved in the near future, then the planned connection with FPDS-NG may present challenges and prevent contract data from being accurately imported into SPOT.

Appendix V: Comments from the U.S. Agency for International Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



USAID
FROM THE AMERICAN PEOPLE

SEP 22 2009

Mr. John Hutton
Director
Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Hutton:

I am pleased to provide the U.S. Agency for International Development's (USAID) written comments in response to the GAO draft report No. 10-01 entitled "Contingency Contracting: DOD, State and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan."

We strongly support the goal to develop consistent and reliable information for contracts and assistance awards as well as maintain the numbers of contracting personnel supporting USAID programs in Iraq and Afghanistan. During the period of GAO's review for this draft report, USAID diligently worked with our interagency partners, Department of Defense (DOD) and Department of State (DOS) to address the practical implications, resource requirements, and technical challenges necessary to utilize the Synchronized Pre-deployment Operational Tracker (SPOT). We have used lessons learned from our Iraq efforts to understand how we can best roll out this new system in Afghanistan.

Originally designed to allow DOD to track pre-assignment qualifications, process logistics and security support personnel, and monitor physical locations and DOD-provided services used in-theater, SPOT and its implementation presented some challenges for USAID. The program proves to be labor intensive when used as a daily administrative tool in the locations of operations. USAID officials must closely monitor the information entered into the SPOT database. However, the largest burden of the SPOT implementation effort falls upon our

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
www.usaid.gov

See comment 1.

contracting and assistance partners. As a personnel management and tracking system, SPOT is strictly additive to our partners' existing human resources administration and project management systems. While we are pleased that they are cooperating with our efforts to introduce SPOT, we do understand that the impact of these resource requirements on overall development program administration will need to be re-evaluated in the future.

In regards to the recommendations put forth in the draft report, we provide the below comments:

Recommendation 1 relates to "ensuring that the agencies' criteria for entering contracts and contractor personnel into SPOT are consistent with the National Defense Authorization Act (NDAA) for FY 2008 and with the agencies' respective information needs for overseeing contracts and contractor personnel." As the GAO's draft report indicates, the primary output of SPOT is the Letter of Authorization (LOA), which has varying degrees of application depending upon DOD's on-the-ground support in Iraq and Afghanistan. SPOT, however, also provides for non-LOA deployments and—through these available database features—personnel numbers can be rolled up and reporting products can be obtained and shared without invoking the relatively labor-intensive LOA process. USAID will further investigate this functionality of SPOT as a means for complying with the MOU terms within our available resources.

Recommendation 2 suggests "ensuring uniform requirements on how contract numbers are to be entered into SPOT so that contract information can accurately be pulled from FPDS-NG as agreed to in the MOU." We are pleased to note that our existing USAID-specific contract numbering system is fully compatible with both SPOT and FPDS-NG. USAID already meets the uniform requirements described.

Recommendation 3 states "revising SPOT's reporting capabilities to ensure that they fulfill statutory requirements and agency information needs, such as those related to contractor personnel killed or wounded." USAID must rely upon DOD,

See comment 2.

See comment 3.

See comment 4.

as the system owner, to appropriately manage SPOT development. We will await the necessary enhancements to capabilities in order to meet our needs.

In closing, allow me to emphasize the importance USAID places upon inter-agency cooperation. Both DOD and DOS have assisted USAID in moving forward with this new system, and we will continue to meet regularly with our interagency colleagues concerning NDAA FY 2008 and FY 2009 requirements and our existing MOU.

Thank you for the opportunity to respond to the GAO report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,



Drew W. Luten
Acting Assistant Administrator
Bureau for Management

cc: Peter Orszag, Director, OMB

The following are GAO's supplemental comments on USAID's letter dated September 22, 2009.

GAO Comments

1. While building off the lessons learned in Iraq has merit, we note that USAID does not provide a time frame for when it will begin requiring contractors in Afghanistan to use SPOT to fulfill the requirements of the NDAA for FY2008 and what it agreed to in the MOU.
2. Our report explains that the need for the LOA—as opposed to what was agreed to in the MOU or contained in the NDAA for FY2008—has become the primary factor for determining which contractor personnel are entered into SPOT. USAID's comment that it will explore SPOT's functionality to track personnel who do not need LOAs is consistent with our recommendation that the agencies work together to ensure that the requirements of the NDAA for FY2008 and their respective information needs are fulfilled.
3. While USAID has a standard contract numbering system, the issue we identified pertains to how SPOT allows contract and task order numbers to be entered inconsistently. The agencies need to work together to ensure that contract and task orders numbers are entered into SPOT so that data can be accurately pulled from FPDS-NG.
4. While DOD is responsible for maintaining and upgrading SPOT, the three agencies have a shared responsibility to ensure that the database they agreed to use in their MOU fulfills the requirements of the NDAA for FY2008. Rather than deferring to DOD as the system owner to manage SPOT's development, USAID should work with the other agencies to identify and agree on their information and reporting needs and ensure that the necessary upgrades are made to SPOT.

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

John Hutton, (202) 512-4841 or huttonj@gao.gov.

Acknowledgments

In addition to the contact above, Johana R. Ayers, Assistant Director; Noah Bleicher; E. Brandon Booth; Justin Fisher; Art James, Jr.; Christopher Kunitz; Jean McSween; Alise Nacson; Jason Pogacnik; Karen Thornton; Gabriele Tonsil; and Robert Swierczek made key contributions to this report.

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