



MILITARY OPERATIONS

DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight

Highlights of [GAO-04-854](#), a report to the Ranking Minority Member, House Committee on Government Reform, and the Ranking Minority Member, House Committee on Energy and Commerce

Why GAO Did This Study

In its contingency operations since the early 1990s, the Department of Defense (DOD) has relied extensively on logistics support contractors to provide many of the supplies and services needed by deployed U.S. forces. As requested, GAO assessed DOD's planning in its use of logistics support contracts in contingency operations; determined whether DOD has had contract oversight processes that are adequate to ensure that quality services were provided in an economical and efficient manner; and assessed the extent to which DOD provided trained personnel qualified to oversee its contractors. GAO focused its efforts on four logistics support contracts chosen because of their size and chosen to represent more than one military service—the Army's Logistics Civil Augmentation Program (LOGCAP) and Balkans Support Contract, the Navy's Construction Capabilities Augmentation Program, and the Air Force's Contract Augmentation Program.

What GAO Recommends

GAO is making a number of recommendations to the Secretary of Defense to improve planning, establish procedures to assure that the contractors are performing as economically and efficiently as possible, and develop training programs for personnel responsible for using and managing logistics support contracts. DOD agreed with the report and all its recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO 04-854](http://www.gao.gov/cgi-bin/getrpt?GAO%2004-854).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Neal Curtin, 757-552-8100, curtinn@gao.gov.

What GAO Found

The effectiveness of DOD's planning to use the logistics support contracts during contingency operations varies widely between the commands that use them and the contracts themselves. In many cases, planning was done effectively, in close coordination with the respective contractors. For LOGCAP, however, the Army Central Command did not develop plans to use the contract to support its military forces in Iraq until May 2003, even though Army's LOGCAP guidance calls for early planning and early involvement of the contractor. Those plans, moreover, have undergone numerous changes since that initial planning. In Kuwait, as well, the Army has made frequent changes in its use of LOGCAP.

DOD's contract oversight processes were generally good, although there is room for improvement. DOD customers have not always ensured that contractors provide services in an economic and efficient manner, although they have a responsibility to do so. We have found that when the customer reviews the contractor's work for economy and efficiency, savings are realized, as illustrated in the table below. Under the LOGCAP contract, months-long delays in definitizing contract task orders have frequently undermined the contractor's cost-control incentives, and the absence of an Army award fee board to comprehensively evaluate the contractor's performance has further limited DOD's oversight.

Savings Reported through DOD's Review of Contract Activities

Contract	Percent savings	Comments
Balkans Support Contract	10	Savings of \$200 million based on current contract ceiling price of \$2.098 billion
LOGCAP (Djibouti)	18	Savings of \$8.6 million from estimated \$48 million in work
LOGCAP (Kuwait)	43	Savings of \$31 million annually based on change in food service contractor

Sources: DOD (data); GAO (analysis).

DOD did not have sufficient numbers of trained personnel in place to provide effective oversight of its logistics support contractors. The Army has deployed units responsible for supporting the LOGCAP contract, but some of the personnel have little knowledge of the contract. The Air Force did not consistently train evaluators to monitor its logistics support contractor's performance. Military units across the services receiving contractor support have lacked a comprehensive understanding of their roles and responsibilities, which include establishing the work to be done by contractors and monitoring contractors' performance.