

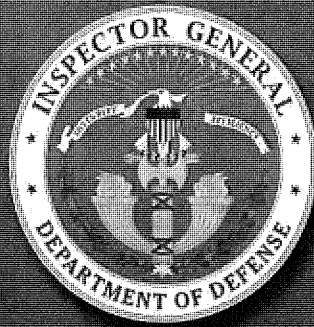
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Report No. D-2010-029

December 21, 2009

Inspector General

United States
Department of Defense



DOD Contractor Qualifications and Selection Criteria for Body Armor Contracts

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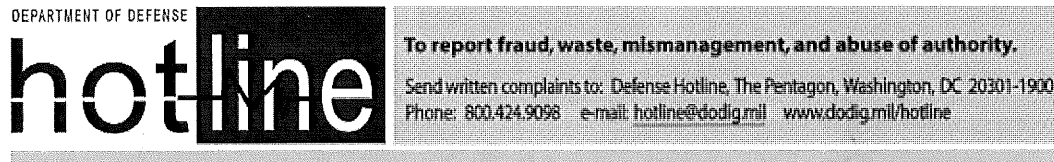
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Acronyms and Abbreviations

Co.	Company
Corp.	Corporation
CPAR	Contractor Performance Assessment Report
CPARS	Contractor Performance Assessment Report System
DAP	Deltoid and Axillary Protector
DOD IG	Department of Defense, Inspector General
ESAPI	Enhanced Small Arms Protective Insert
ESBI	Enhanced Side Ballistic Insert
FAR	Federal Acquisition Regulation
IBA	Interceptor Body Armor
Inc.	Incorporated
ISO	International Organization for Standardization
LLC.	Limited Liability Company
OTV	Outer Tactical Vest
PCO	Procuring Contracting Officer
PEB	Proposal Evaluation Board
PEO Soldier	Program Executive Office Soldier
PEP	Proposal Evaluation Plan
PM SEQ	Program Manager Soldier Equipment
RDECOMAC	Research, Development, and Engineering Command Acquisition Center
SAPI	Small Arms Protective Insert



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

December 21, 2009

MEMORANDUM FOR SECRETARY OF THE ARMY
DIRECTOR, OPERATIONAL TEST AND EVALUATION
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
PROGRAM EXECUTIVE OFFICE SOLDIER

SUBJECT: DOD Contractor Qualifications and Selection Criteria for Body Armor
Contracts (Report No. D-2010-029)

We are providing this report for your information and use. The Department of the Army, Program Executive Office Soldier, provided comments. We considered management comments on a draft of this report when preparing the final report. The complete text of the comments is in the Management Comments section of the report.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-^{(b) (6)} (DSN 664-^{(b) (6)}).

A handwritten signature in cursive script, reading "Paul J. Granetto", is positioned above the printed name.

Paul J. Granetto
Principal Assistant Inspector General
for Auditing

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Results in Brief: DOD Contractor Qualifications and Selection Criteria for Body Armor Contracts

What We Did

Congresswoman Louise M. Slaughter requested that we review 13 body armor contracts with a value of \$3 billion that the Army awarded from June 2004 through July 2006. The overall objective of our audit was to determine whether Army officials awarded body armor contracts in accordance with applicable guidance. We evaluated the background and qualifications of the seven body armor contractors that were awarded the 13 contracts. We also evaluated the pre-award criteria related to the technical qualifications of the contractors that the Army used in its selection for the 13 contracts. This report is one in a series, and we will address the adequacy of product testing in our subsequent reports.

What We Found

Army officials awarded body armor contracts appropriately. The seven body armor contractors we evaluated were qualified to receive contracts according to the Federal Acquisition Regulation (FAR) and other applicable criteria. The contractors had prior industry experience and other qualifications necessary to produce body armor protection products prior to the award of the Interceptor Body Armor (IBA) contracts. The background and qualifications of each company adequately support that each was capable of producing protective equipment.

In addition, we did not identify any information that would have precluded the Army acquisition centers from awarding these contracts or indications that the contract awards were not in the best interest of the Government. Pre-award documentation for the 13 body armor contracts demonstrated the Army's compliance with applicable FAR and DOD regulations. For the seven hard body armor and six soft body armor contracts, the Army acquisition centers and the Program Executive Office Soldier followed applicable regulations in determining the technical review criteria used to select the contractors for the 13 contracts. We did not find evidence that any contracts were awarded inappropriately.

The internal controls were effective. We identified no internal controls weaknesses in the Army's determination of contractor eligibility or the IBA pre-award technical criteria.

Management Comments and Our Response

Although not required to comment, the Department of the Army, Program Executive Office Soldier, agreed with the findings in this report.

Recommendations Table

Management	Recommendations Requiring Comment
Program Executive Office Soldier	none

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Introduction

Objectives

The overall objective of our audit was to determine whether Army officials awarded body armor contracts in accordance with applicable guidance. We specifically reviewed the background and qualifications of seven body armor contractors. We also evaluated whether the pre-award criteria related to the technical qualifications of the contractors that the Army acquisition centers used to award the 13 contracts was in accordance with Federal and DOD contracting laws and regulations. See Appendix A for a discussion of scope and methodology and prior coverage. Finding A discusses contractors' backgrounds and qualifications for performing the contracts. Finding B provides details of the technical criteria because this was paramount in determining which contractor received the awards.

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

Background

We performed this audit in response to a request from Congresswoman Louise M. Slaughter (see Appendix B). A previous Department of Defense Inspector General (DOD IG) Report No. D-2008-067, "DOD Procurement Policy for Body Armor," March 31, 2008, identified 13 contracts that did not have documentation of first article testing. In a June 23, 2008, letter, Representative Slaughter requested that the DOD IG conduct a further review of these 13 contracts. The 13 contracts were distributed among 7 contractors—1 contractor had 6, 1 contractor had 2, and the other 5 contractors had 1 each. Details of the contracts, total contract value, and contractors are in Appendix C.

We reviewed contractors' backgrounds and qualifications and technical criteria for awarding the contracts. This is one in a series of DOD body armor reports issued in response to Congresswoman Slaughter's request. This report addresses the contractors' backgrounds and qualifications and technical criteria for awarding the contracts. This report does not address the adequacy of the Army's testing of preliminary design models, first articles, or lots, or relationships between contractors and Army officials. Subsequent reports will address tests to determine whether contractors successfully produced quality body armor, as well as determine whether there were any relationships between contractors and Army officials.

DOD IG Report D-2008-067 discussed the Army and Marine Corps procurement of Interceptor Body Armor (IBA). The audit scope covered the pre-award process for 28 IBA contracts awarded between January 2004 and December 2006, including the 13 contracts that are included in this audit. Specifically, the auditors reviewed the acquisition plans, solicitations, proposal evaluation plans (PEPs), price negotiation memoranda, product testing, pre-award considerations, sole-source justifications, award letters, notifications to unsuccessful bidders, and contracts and modifications. The report noted that contract files contained administrative deficiencies but did not note any indication that contractors were inappropriately awarded.

Interceptor Body Armor

IBA is a modular body armor system that consists of an outer vest, ballistic plates, and attachments that increase the area of coverage. IBA increases survivability by stopping or slowing bullets and fragments and by reducing the number and severity of wounds.

The Outer Tactical Vest (OTV) is an integral component of the IBA. It consists of the base vest assembly, yoke and collar assembly, throat protector assembly, and groin protector assembly components. The OTV is designed to protect against fragments and small arms. The Enhanced Small Arms Protective Insert (ESAPI) plates and the Enhanced Side Ballistic Inserts (ESBI) increase protection and can withstand multiple small-arms hits, including armor-piercing rounds.

The OTV is compatible with the deltoid and axillary protectors, which provide additional fragmentation and small arms protection to the upper arm and underarm areas. In addition, the OTV is also compatible with a groin protector and throat protector.

Army Activities Responsible for IBA Contracts

Two subordinate organizations within two Army commands were primarily responsible for the 13 Army body armor contracts that we reviewed. This includes the Research, Development, and Engineering Command Acquisition Center (RDECOMAC) and Program Executive Office (PEO) Soldier.

The RDECOMAC mission is to support the Army by creating, integrating, and delivering solutions. The RDECOMAC provides innovative acquisition and contracting support to the soldier with the latest technology and goods and services. RDECOMAC was designated as the Command Acquisition Center on July 27, 2004. Prior to that, it was named the Robert Morris Acquisition Center. Of the 13 contracts, 2 were awarded by the Robert Morris Acquisition Center before it was the RDECOMAC. We will refer to the Robert Morris Acquisition Center throughout this report as RDECOMAC.

The TACOM Life Cycle Management Command mission is to unite all organizations that focus on soldier and ground systems throughout the entire life cycle. For the Command, PEO Soldier develops equipment and fields it as quickly as possible so that U.S. soldiers are protected in missions that span the full spectrum of military operations. PEO Soldier ensures that the soldier and everything he or she wears or carries works together as an

integrated system. The desired result is an overall systematic design that enhances the soldier's ability to accomplish individual and collective tasks, improves quality of life, builds confidence, and saves lives.

A division of PEO Soldier, the Program Manager Soldier Equipment (PM SEQ), develops, fields, and sustains equipment to advance warfighting capabilities. PM SEQ procures, adapts, or develops sensors, lasers, clothing, and other individual equipment and survivability items. PM SEQ was responsible for the technical aspects of the 13 body armor contracts.

PM SEQ was restructured on July 8, 2009, and renamed Project Manager Soldier Protection and Individual Equipment. PM SEQ was the name of the division at the time the contracts were awarded; therefore, we are referring to Project Manager Soldier Protection and Individual Equipment as PM SEQ in this report.

Review of Internal Controls

Army internal controls over determining contractor eligibility and the IBA pre-award technical criteria were effective as they applied to the audit objectives. We will provide a copy of the report to the senior officials responsible for internal controls.

Finding A. Contractors' Backgrounds and Qualifications

RDECOMAC awarded 13 body armor contracts valued at \$3 billion to 7 contractors with acceptable backgrounds and qualifications. Our audit did not identify any information that would prevent these contractors from receiving the contracts or indicate that contracting officials did not comply with the Federal Acquisition Regulation (FAR) when determining their qualifications. We reviewed the contractors' backgrounds, quality assurance certifications, and their eligibility to receive Government contracts. All seven contractors had previous experience with providing numerous armor protection products to DOD.

Federal Acquisition Regulation

The FAR provides policies and procedures that the contracting officials must follow to determine whether a contractor is eligible to receive a contract award. FAR Part 9, "Contractor Qualifications," provides guidance for determining whether a contractor is qualified at the time they receive a contract. FAR Subpart 9.1, "Responsible Prospective Contractors," defines responsible prospective contractors. According to FAR Subpart 9.104-1, "General Standards," to be determined responsible, a prospective contractor must comply with the required or proposed delivery or performance schedule and have a satisfactory performance record. In addition, contractors must be qualified and eligible to receive an award under applicable laws and regulations. FAR Subpart 9.105-1(c), "Obtaining Information," indicates that the contracting officer can consider relevant past performance information from experience data, questionnaire replies, and Government agencies. FAR Subpart 9.105-2, "Determinations and Documentation," states that the contracting officer's signatures on a contract constitutes a determination that the prospective contractor is eligible to receive that contract.

Contractors' Backgrounds

At the time that RDECOMAC awarded the IBA contracts, the seven contractors had been in business ranging from 6 to 39 years. The contractors had a history of providing numerous armor protection products to DOD. These products included aircraft and vehicle armor, body armor systems, special operations force protection, and ground vehicle and mine blast kits for military vehicles.

Various Defense agencies awarded contracts to the seven contractors from 2000 to 2006. The Defense Logistics Agency, Army, Navy, Air Force, and Special Operations Command awarded contracts to these contractors. Outside of DOD, the Federal Bureau of Investigation, the U.S. Marshals Service, the National Aeronautics and Space Administration, and the National Institute of Standards and Technology awarded contracts to these contractors. Table 1 shows the year each contractor started its business and its product lines.

Table 1. Industry Experience

Manufacturer	Year Founded	Current Products Produced
ArmaceL Armor Corp. ¹	1998	Concealable & Tactical Vests, Aircraft & Vehicle Armor, Armored Accessories
ArmorWorks LLC. ²	1996	Body Armor, Aircraft & Vehicle Armor
Ceradyne Inc. ³	1967	Body Armor, Aircraft & Vehicle Armor, Special Operations Force Protection
Cercom Inc.	1985	Body Armor, Aircraft & Vehicle Protection, Semiconductors, Industrial Products
Composix Co. ⁴	1987	Armor Products, Military Composites, Military Vehicle Components
Point Blank Body Armor Inc.	1973	Concealable & Tactical Products; Government, Military, and Corrections Products; Ballistics & Stab/Slash Accessories
Simula Inc.	1975	Personnel Protective Equipment, Military Body Armor, Ground Vehicle & Mine Blast Kits, Aircraft Armor

¹Corporation

²Limited Liability Company

³Incorporated

⁴Company

Quality Assurance Certifications

Prior to receiving body armor contracts, three of the seven contractors achieved third-party certification for having quality management systems, while one achieved third-party certification subsequent to award. Third-party certification means that an independent organization has audited or evaluated the contractor's systems and verified that the system conforms to the requirements of the standards. Although PEO Soldier did not require contractors to obtain third-party certification, a contractor may provide them to support their qualifications to produce an item.

Ceradyne Inc., Simula Inc., and ArmorWorks LLC achieved International Organization for Standardization (ISO) 9001:2000 certifications, which specify that ISO requirements have been met for a quality management system. The ISO 9001:2000 certification indicates that a company has demonstrated an ability to consistently provide a product that meets customer and applicable regulatory requirements, and an intent to enhance customer satisfaction through the application of the system. This includes processes for continual improvement of the system and conformity to applicable regulatory and customer requirements.

Ceradyne Inc. and Simula Inc. received their ISO certifications on May 8, 1998, and April 9, 1999, respectively. The Army awarded IBA contracts to Ceradyne Inc. on January 17, 2006, and Simula Inc. on August 19, 2004. ArmorWorks LLC became ISO

certified on December 2, 2008, after the award of ESAPI and ESBI contracts on August 19, 2004, and July 1, 2006.

Armacec Armor Corp. received a Military Specification MIL-I-45208A letter of compliance from the Defense Contract Management Agency, which is responsible for contract oversight. Compliance with MIL-I-45208A indicates that a company provides and maintains an inspection system that will ensure that supplies and services submitted to the Government conform to contract requirements, whether manufactured by the contractor or procured from subcontractors or vendors. According to the Defense Contract Management Agency, MIL-I-45208A was deemed inactive for new designs after November 3, 1995. Amendment 2 to MIL-I-45208A November 3, 1995, stated that DOD does not require certification or registration of the quality system or program if the contractor uses ISO or American National Standards Institute/American Society for Quality Control standards. The Defense Contract Management Agency issued the letter of compliance to Armacec Armor Corp. on June 2, 2004, prior to the IBA contract award on August 19, 2004. A Defense Contract Management Agency official explained that small contractors like Armacec cannot afford an ISO system but will have a MIL-I-45208A compliant system. This allows these contractors to compete for contracts that supply needed parts to the Services.

As part of its efforts to produce quality body armor, PEO Soldier now requires the contractors to comply with the ISO 9001:2000 standards. Army Audit Agency Report No. A-2009-0086-ALA, "Body Armor Testing: Program Executive Office, Soldier," March 30, 2009, recommended that PEO Soldier require contractors to conform to the ISO 9000 quality standard. PEO Soldier responded that all body armor contracts as of October 2008 will include the requirement for contractors to conform to ISO 9001:2000. We reviewed four hard body armor contracts awarded by RDECOMAC on October 3, 2008. Those contracts contained FAR clause 52.246-11, "Higher-Level Contract Quality." Although ISO 9001:2000 certification is not a requirement, the clause requires the contractors to comply with the ISO 9001:2000 standards.

Contract Eligibility

Before a contract can be awarded, the contracting officer must determine whether a prospective contractor is eligible. FAR Subpart 42.15, "Contractor Performance Information," requires agencies to prepare an evaluation of contractor past performance for each contract. FAR Subpart 15.304, "Evaluation Factors and Significant Subfactors," requires the contracting office to evaluate past performance for competitive procurements and document any exceptions. FAR Subpart 9.104-1 indicates that to be determined responsible, a prospective contractor must have a satisfactory performance record. FAR Subpart 9.105-1(c) requires the contracting office to obtain information from various sources, such as pre-award surveys and the Excluded Parties List System, to ensure that a prospective contractor meets applicable standards before making a determination of contractor responsibility.

For six of the contractors, the contract office prepared a Determination of Contractor Responsibility memorandum summarizing the basis for determining that each contractor

was a responsible contractor. The contracting office determination was based in part on past Performance Risk Assessments. As part of the evaluation process for the IBA contracts, the contracting office approved Performance Risk Assessments conducted by a Proposal Evaluation Board (PEB) composed of PEO Soldier and RDECOMAC staff. The PEB assesses the performance risk of each contractor and assigns a rating of high risk, moderate risk, low risk, or unknown risk. The Performance Risk Assessments evaluated relative risks associated with an offeror's likelihood of success in performing the solicitation's requirements as indicated by that offeror's previous and current record of contractual performance. When evaluating performance risk, the PEB focused on contracts awarded since January 1, 2001; contracts relevant in scope; the offeror's record of satisfying customer requirements; and significant achievements or problems.

In evaluating the past performance, the IBA PEP required past performance questionnaires. The contractor was required to send the questionnaires to the Government and commercial contracting activities responsible for assessing past contracts. These performance questionnaires requested information on the contractor's compliance with contractual requirements, the contract schedule, and the contractor's overall performance. According to the contract office's Determination of Contractor Responsibility memoranda, the Government representatives submitting the past performance questionnaires did not provide the contracting officer any negative responses. Therefore, the PEB deemed the contractors as low risk.

In addition to reviewing the contractor's backgrounds and qualifications, we used several databases and performance assessments to determine the contractors' eligibility for receiving body armor contracts. These included the Excluded Parties List System, the Federal Contractor Misconduct Database, and the Contractor Performance Assessment Report System (CPARS).

We reviewed the Excluded Parties List System to ensure that none of the contractors were prohibited from competing and receiving body armor contracts. FAR Subpart 9.4, "Debarment, Suspension, and Ineligibility," indicates that the General Services Administration manages this system to ensure that contracting officials solicit offers from, and only award contracts to, responsible contractors and not to contractors that are debarred, suspended, or otherwise excluded parties. All seven contractors were eligible to compete for Federal procurement at the time of contract award as none were listed in the Excluded Parties List System. In addition, we reviewed the Federal Contractor Misconduct Database, and none of the contractors had any reports of misconduct prior to or at the time of contract award.

We reviewed reports from the CPARS, which is the DOD Enterprise Solution for collecting contractor past performance information, as required by FAR Subpart 42.15. A Contractor Performance Assessment Report (CPAR) assesses a contractor's performance and provides a record, both positive and negative, on a given contractor during a specific period of time. A CPAR addresses the quality of a product or service, schedule, business relations, and cost control. It also addresses management of key personnel. Although FAR 42.15 requires the collection of contractor past performance

information; we were able to locate only seven reports for four of the contractors. Consequently, CPARS could provide only limited past performance information.

(FOUO) In December 2004, the Defense Supply Center in Philadelphia entered CPARs for (b)(4) that indicated positive ratings for performance from September 2003 through September 2004. From November 2004 to March 2006, the Defense Supply Center entered three CPARs for (b)(4) that indicated mixed reviews for performance from January 2003 through September 2005. (b)(4) was rated unsatisfactory for schedule in all three CPARs and unsatisfactory for business relations in one. Nevertheless, the Defense Supply Center rated (b)(4) as either satisfactory or very good for the quality of product and service, which is the most relevant factor in their ability to manufacture quality body armor. We obtained an October 2007 CPAR that reflected all positive ratings for performance from April to July 2007. While outside the period of performance for the (b)(4) contract, this was another indicator of positive performance.

We did not find CPARs for (b)(4); however, we assessed the background and qualifications of these contractors by their years of experience in the armor protection industry and products produced. After the award of these contracts the submission of CPARS data became a requirement. To follow up on newly implemented procedures, we determined that CPARs are now required. On September 12, 2007, Army Federal Acquisition Regulation Supplement 5142.1502-90, "Contractor Performance Information Policy," instituted the policy that a CPAR must be prepared for contracts exceeding \$5 million.

Based on our review of the Excluded Parties List System, CPARS, Federal Contractor Misconduct Database, and our review of the contractors' backgrounds; we saw no reason to question the contracting officer's judgment in determining that the contractors were eligible. Table 2 provides a summary of our review of the various databases used to determine the contractors' eligibility.

Table 2. Databases Used to Determine Contract Eligibility

	Federal Procurement Exclusion	Performance Risk Assessment	Contractor Responsibility Determination	Contractor Performance Assessment Reports	Federal Contractor Misconduct Reports
Armaceel Armor Corp.	No	Low	Yes	(b) (4)	None
ArmorWorks LLC.	No	Low	Yes		None
Ceradyne Inc.	No	Low	None		None
Cercom Inc.	No	Low	Yes		None
Composix Co.	No	Low	Yes		None
Point Blank Body Armor Inc.	No	Low	Yes		None
Simula Inc.	No	Low	Yes		None

Summary

RDECOMAC awarded 13 body armor contracts to 7 contractors with appropriate backgrounds and qualifications according to FAR and other criteria. The contractors have prior industry experience, relevant certifications, and other qualifications necessary to produce body armor systems. We commend PEO Soldier for taking action to include FAR clause 52.246-11 in the current body armor contracts.

Management Comments and Our Response

Although not required to comment, PEO Soldier, agreed with the findings in this report. PEO Soldier stated that it remains committed to supporting all efforts focused on strengthening the processes used by the PEO to produce, provide, and maintain body armor protection. We appreciate PEO Soldier's commitment to equip the warfighter with the best protection available.

Finding B. Technical Review Criteria for Awarding Body Armor Contracts

RDECOMAC and PEO Soldier followed the FAR when determining the technical evaluation criteria for contractor selection of the 13 body armor contracts. We evaluated the pre-award criteria related to the technical qualifications of the contractors that RDECOMAC and PEO Soldier used to award the 13 contracts valued at \$3 billion from June 2004 through July 2006. Our review of the preliminary design models and first article testing will be addressed in our subsequent reports. Based on the pre-award criteria, the Army had a reasonable approach for determining the technically qualified contractors.

Federal Acquisition Regulation

FAR Part 4, "Administrative Matters," prescribes policies and procedures relating to administrative aspects of contract execution, contractor-submitted paper documents, distribution, reporting, retention, and files. FAR Part 6, "Competition Requirements," promotes and provides for full and open competition in the acquisition process and establishes requirements for other than full and open competition. FAR Part 7, "Acquisition Planning," provides guidance in determining whether a contractor is qualified when they receive a contract. FAR Part 9, "Contractor Qualifications," provides guidance for preliminary design model testing, first article testing, and qualifications. FAR Part 15, "Contract by Negotiation," prescribes procedures for competitive and non-competitive negotiated acquisitions.

Pre-Award Process

In response to the Army's requirement for body armor, RDECOMAC awarded 13 contracts based on 8 solicitations and 1 requisition against a General Service Administration contract. In response to the solicitations and requisition, the Army received a total of 43 proposals. The number of proposals received ranged from 1 to 14 proposals for each of the solicitations and the requisition. The solicitations, requisition, and resultant contracts are shown in Table 3.

Table 3. Summary of Body Armor Solicitations and Requisition

Solicitation	Date	Award Type	Contract# (W91CRB-)	Contractor
W91CRB-04-T-0129	06/07/2004	Full & Open	04-D-0014	Point Blank Body Armor Inc.
W9123120043100 (requisition number)*	07/07/2004	Sole Source	04-F-0126	Point Blank Body Armor Inc.
W91CRB-04-R-0033	08/19/2004	Full & Open	04-D-0040 04-D-0042 04-D-0043 04-D-0044 04-D-0045	ArmorWorks LLC, Simula Inc., Cercom Inc., Composix Co., Armaccel Armor Corp.
W91CRB-04-R-0045	12/22/2004	Full & Open	04-D-0042	Point Blank Body Armor Inc.
W91CRB-05-T-0081	06/03/2005	Full & Open	04-D-0043	Point Blank Body Armor Inc.
W91CRB-05-T-0108	09/26/2005	Full & Open	04-D-0044	Point Blank Body Armor Inc.
W91CRB-06-R-0006	01/17/2006	Sole Source	06-C-0002	Ceradyne Inc.
W91CRB-06-T-0100	06/15/2006	Full & Open	06-D-0024	Point Blank Body Armor Inc.
W91CRB-06-R-0007	06/30/2006	Full & Open	06-D-0029	ArmorWorks LLC.

*There was no solicitation for contract number W91CRB-04-F-0126. This was an order for OTVs from the Federal Supply Schedule through requisition number W9123120043100.

The acquisition plans for IBA showed that PEO Soldier's PM SEQ division intended to maximize competition and provide all potential contractors with an opportunity to bid on the contracts. According to FAR Subpart 7.105, "Contents of Written Acquisition Plans," the acquisition plan must address all technical, business, management, and other significant considerations that will affect the acquisition. RDECOMAC and PEO Soldier officials approved the acquisition plan for body armor prior to awarding a series of competitive contracts. The acquisition plan identified that the contracts were to be awarded based on full and open competition, and PM SEQ would use the firm-fixed-price, indefinite-delivery, indefinite-quantity contract type. PM SEQ intended to make

multiple awards, using 3-year indefinite-delivery, indefinite-quantity contracts in order to meet the maximum production capacity to satisfy Army requirements.¹

In addition, REDCOMAC and PEO Soldier officials approved the acquisition plan for ESBI and ESBI carriers² on February 21, 2006. ESBI was not included in the original acquisition plan. The acquisition plan identified that Ceradyne Inc. was awarded a firm-fixed-price contract number W91CRB-06-C-0002 as an urgent acquisition for ESBI. PM SEQ expected multiple awards for competitive indefinite-delivery, indefinite-quantity contracts based on a full and open competition.

PM SEQ issued an IBA PEP on May 10, 2004. It specified that Government technical and contract personnel will form the PEB responsible for comparing proposals and assessing product sufficiency. PM SEQ provided two technical evaluators, two performance risk evaluators, and a schedule evaluator. RDECOMAC provided a price evaluator and the Procuring Contracting Officer (PCO).

The IBA PEP required the PEB to perform a comprehensive review of proposals against the solicitation requirements and approve evaluation criteria, prepare evaluation reports, respond to PCO instructions, and debrief unsuccessful offerors. The IBA PEP delegated the PCO as the Source Selection Authority. As defined in FAR Subpart 15.308, "Source Selection Decision," the Source Selection Authority had overall responsibility for the proper implementation of the source selection process and for making the final decision. Prior to awarding a contract, the PCO was responsible for ensuring that the PEP and evaluation criteria were consistent with solicitation requirements, the PEB consisted of personnel with the required skill and experience, and that supporting rationale was documented.

As outlined in FAR Subpart 15.308, the Source Selection Authority's selection must be based on a comparative assessment of proposals against all source selection criteria in the solicitation. As the Source Selection Authority, the PCO is limited only in that his or her selection must be guided by the findings of the PEB, must have a rational basis in terms of the evaluation factors in the solicitation, and must meet the legal and procedural requirements of the evaluation process. The final decision, which will be an integrated assessment based on the entire evaluation process, will be executed by the PCO and include a summation of advantages and disadvantages of each proposal. After a legal review, the PCO will then make the award and debrief unsuccessful offerors.

The PEB evaluated proposals based on requirements contained in the PEP to ensure fair competition and that the proposal selected was the one most beneficial to the Government. The PEB used four assessment factors in determining the company's ability to produce an acceptable IBA system component: technical review, delivery schedule, price, and performance risk. Because of previous audit work performed by the

¹ Contracts W91CRB-04-D-0014 and W91CRB-04-F-0126 were awarded in accordance with the acquisition plan signed shortly after the award of the contracts.

² An ESBI carrier is an attachment to an OTV that holds an ESBI.

DOD IG on the pre-award process, we limited our evaluation of FAR compliance to the technical qualifications of the contractors.

Technical Qualifications

The first and most important assessment factor is the technical review. The Contract Purchase Description provided the specifications, testing methodology, and performance requirements that each product must meet. Solicitations required prospective contractors to submit preliminary design models for testing using first article testing criteria in the Contract Purchase Description to determine a technically acceptable product. Specifically, testing required preliminary design models to stop projectiles at or above a minimum predetermined velocity. In addition, testing also required compliance with size, weight, and visual requirements. Conditions for the testing of the separate IBA components are shown in Table 4.

Table 4. Test Conditions for IBA Components

Conditions	OTV/DAPs	SAPI ¹ /Over-Weights ²	ESBI
Durability		X	X
Cold Temperature	X	X	X
Hot Temperature	X	X	X
Visual Verification	X	X	X
Temperature Range		X	X
Accelerated Aging	X		
Fluid Resistance		X	X
Altitude Test		X	X
Petroleum, oil, and lubricants	X		

¹ Small Arms Protective Insert

² An Over-Weight SAPI is a maximum of 30% over the weight of a SAPI.

Hard Body Armor Contract Awards

We evaluated seven hard body armor contracts. RDECOMAC awarded five Small Arms Protective Insert contracts under solicitation W91CRB-04-R-0033 and two ESBI contracts under solicitations W91CRB-06-R-0006 and W91CRB-06-R-0007.

According to the contracting documentation, RDECOMAC awarded contracts to the seven contractors that successfully passed a technical review.

Soft Body Armor Contract Awards

We evaluated six soft body armor contracts for OTVs, deltoid and axillary protectors, and OTV conversion services. RDECOMAC awarded these contracts from five solicitations. See Appendix C for additional solicitation details. PM SEQ and RDECOMAC evaluated

soft body armor contract proposals using a process similar to the process used to assess hard body armor contract proposals.

We evaluated the pre-award criteria related to the technical qualifications of the contractors for the award of five soft body armor contracts. One contract did not require a technical review. According to the contract solicitation documents, preliminary design models were required for three contracts. The preliminary design models were to be tested using the first article testing criteria as defined in the products' corresponding Contract Purchase Description.

Testing of preliminary design models was not required by RDECOMAC for two other contracts, but other methods of technical review were conducted for the contracts. Prior to the award of one contract, RDECOMAC required the submission of bid samples and verification of qualification testing performed on the product. For another contract, the RDECOMAC did not request the submission of a preliminary design model or bid sample for an unusual and compelling urgency contract because the manufacturer had previously passed a technical review. The last contract was for a product that did not require a technical review. We found that the pre-award technical review criteria set forth in these five soft body armor contracts was adequate.³

Summary

RDECOMAC and PEO Soldier followed FAR requirements in determining the technical criteria for evaluating and awarding the 13 body armor contracts. Based on the pre-award criteria contained in the solicitations, the Army had a reasonable approach for determining the technically qualified contractors. As noted previously, we will address our evaluation of the preliminary design models and first article testing in subsequent reports.

We commend PEO Soldier's use of competition for awarding body armor contracts. As the Administrator, Office of Federal Procurement Policy, stated in a May 31, 2007, memorandum, "Competition is the cornerstone of our acquisition system." He further stated that the benefits from competition are taxpayer savings, improved contractor performance, reduced fraud, and increased accountability.

Management Comments and Our Response

Although not required to comment, PEO Soldier, agreed with the findings in this report. PEO Soldier stated that it remains committed to supporting all efforts focused on strengthening the processes used by the PEO to produce, provide, and maintain body armor protection. We appreciate PEO Soldier's commitment to protecting the warfighter.

³ PM SEQ evaluated the technical performance of the contractors who responded to solicitation W91CRB-04-T-0129, which resulted in contract W91CRB-04-D-0014. The contract was amended to include a Contract Purchase Description.

Appendix A. Scope and Methodology

We began a research project in response to Congresswoman Slaughter's request in August 2008. In March 2009, we transitioned from the research project into an audit of DOD body armor contracts. We plan to issue a series of audit reports on the DOD IBA contracts. We conducted this performance audit from March 2009 through October 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.

We limited the scope of this audit to 13 contracts cited as having inadequate documentation of first article testing in a previous DOD IG Report. We reviewed the background and qualifications of the 7 body armor contractors who received the 13 contracts. We also evaluated whether the pre-award criteria related to the technical qualifications of the contractors that RDECOMAC and PEO Soldier used to award the 13 contracts was in accordance with Federal and DOD contracting laws and regulations. We did not evaluate the adequacy of preliminary design model testing or first article testing for this report; however, this will be addressed in subsequent reports.

To accomplish our objectives, we coordinated with the Army Audit Agency and visited RDECOMAC and PEO Soldier to interview contracting and program office officials. We obtained previously issued reports, quality assurance certifications, acquisition plans, solicitations, selection justifications, and contract documents. We examined Federal databases and Web sites, such as the Contractor Performance Assessment Report System, the Excluded Parties List, and the Federal Contractor Misconduct Database to identify any issues that would preclude the contractors from receiving an award. We compared Army pre-award processes to the FAR and DOD regulations.

Use of Computer-Processed Data

We obtained computer-generated documents from pre-award and contract files at RDECOMAC. We gathered electronic files provided by PEO Soldier, the Electronic Document Access database to obtain pre-award selection criteria and contract files. Our results were not affected by not performing a complete reliability check. We determined that the information system controls are not significant to address the audit objectives and determined that it was not necessary to evaluate the effectiveness of information systems controls in order to obtain sufficient, appropriate evidence. In addition, there is sufficient supporting and corroborating information from other sources to support our findings and conclusions.

We also used information from various online sources to address audit objectives. Examples of sources used to gather data are the Excluded Parties List System, Contractor Misconduct Database, Past Performance Information Retrieval System, USASpending, FedSpending, and Government and contractor Web sites.

Prior Coverage

During the last five years, the Government Accountability Office (GAO), Department of Defense Inspector General (DOD IG), and the Army have issued eight reports related to the acquisition and testing of body armor. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DOD IG reports can be accessed over the Internet at <http://www.dodig.mil/audit/reports>. Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>.

GAO

GAO Report No. GAO-10-119, "Independent Expert Assessment of Army Body Armor Test Results and Procedures Needed Before Fielding," October 2009

GAO Report No. GAO-07-662R, "Defense Logistics: Army and Marine Corps's Individual Body Armor System Issues," April 2007

GAO Report No. GAO-05-275, "Actions Needed to Improve the Availability of Critical Items During Current and Future Operations," April 2005

DOD IG

DOD IG Report No. D-2010-027, "Army's Management of the Operations and Support Phase of the Acquisition Process for Body Armor," December 2010

DOD IG Report No. D-2009-047, "DOD Testing Requirements for Body Armor," January 2009

DOD IG Report No. D-2008-067, "DOD Procurement Policy for Body Armor," March 2008

DOD IG Report No. D-2007-107, "Procurement Policy For Armored Vehicles," June 2007

Army

Army Audit Agency Report No. A-2009-0086-ALA, "Body Armor Testing: Program Executive Office, Soldier," March 2009

Appendix B. Request from Congresswoman Slaughter

COMMITTEE ON RULES

CHAIRWOMAN

WASHINGTON OFFICE
2469 RAYBURN BUILDING
WASHINGTON, D.C. 20515-3221
(202) 225-3816



LOUISE M. SLAUGHTER
CONGRESS OF THE UNITED STATES
28TH DISTRICT, NEW YORK

June 23, 2008

DISTRICT OFFICES:

3120 FEDERAL BUILDING
100 STATE STREET
ROCHESTER, NY 14614
(585) 232-4860

485 MAIN STREET, SUITE 105
BUFFALO, NY 14203
(716) 863-6813

1810 PINE AVENUE
FRAGARA FALLS, NY 14301
(716) 282-1274

Website: <http://louis.house.gov>

The Honorable Claude M. Kicklighter
Inspector General
U.S. Department of Defense
400 Army Navy Drive
Suite 1000
Arlington, VA 22202

Dear Mr. Kicklighter:

Thank you for taking the time to come in on Friday, June 20th and give me an update on your investigations into the Army's body armor procurement strategies. I am pleased to hear that you are expanding your investigation to look into the body armor sustainability, as well as into the deficiencies in contracts that were investigated in your March 31st, 2008 report.

I want to follow up with a couple of requests that I made during our meeting. I asked that you further look into the contracts that were identified in your report as not having documentation that support proper first article testing. You indicated that your team would be able to conduct this investigation and I eagerly await your findings.

In addition, I would like information on how those contracts were issued. Specifically, I request that you look into the background of the contracting firms, the criteria for awarding these contracts and the contractor's qualifications for being awarded these contracts, and whether or not they have any inappropriate connections to Army contracting officials. I ask that you report on any instances where a contract was inappropriately awarded and the Army's rationale for such an award. I also ask that you report on whether the contractors demonstrated an ability to successfully produce quality body armor for our soldiers in the field. I would also like this information for the criteria, qualifications, and any inappropriate connections for contracts awarded to any private testing facilities as well.

Thank you for taking the time to address these questions as well as those asked in my June 20th letter to you. As I have said before, it is critical that these questions are fully answered so that our men and women in the battlefield can be confident in their equipment to save their lives. I look forward to seeing your response to my original letter by Friday, June 27th 2008. If you have any questions, please feel free to contact me or [REDACTED] on my staff at [REDACTED]

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Appendix B. Request from Congresswoman Slaughter

Sincerely,

Louise Slaughter

Louise M. Slaughter
Member of Congress

Appendix C. Contracts Evaluated

Table. Body Armor Contracts

Contract No.	Contractor	Award Date ¹	Contract Value	Products/Services at Award Date	Solicitation
Hard Body Armor Contracts					
W91CRB-04-D-0040	ArmorWorks LLC.	8/19/2004	\$461,000,000	SAPI/Over-weights ²	W91CRB-04-R-0033
W91CRB-04-D-0042	Simula Inc.	8/19/2004	\$461,000,000	SAPI/Over-weights ²	W91CRB-04-R-0033
W91CRB-04-D-0043	Cercom Inc.	8/19/2004	\$424,465,470	SAPI	W91CRB-04-R-0033
W91CRB-04-D-0044	Composix Co.	8/19/2004	\$362,123,190	SAPI	W91CRB-04-R-0033
W91CRB-04-D-0045	Armcel Armor Corp.	8/19/2004	\$204,455,400	Over-weights ²	W91CRB-04-R-0033
W91CRB-06-C-0002	Ceradyne Inc.	1/17/2006	\$70,000,000	ESBI/ESBI Carrier	W91CRB-06-R-0006
W91CRB-06-D-0029	ArmorWorks LLC.	7/1/2006	\$543,068,750	ESBI/ESBI Carrier	W91CRB-06-R-0007
Soft Body Armor Contracts					
W91CRB-04-D-0014	Point Blank Body Armor Inc.	6/7/2004	\$239,400,000	DAPs	W91CRB-04-T-0129
W91CRB-04-F-0126 ⁽³⁾	Point Blank Body Armor Inc.	7/7/2004	\$24,756,750	OTV	W9123120043100*
W91CRB-05-D-0003	Point Blank Body Armor Inc.	12/23/2004	\$189,956,160	OTV	W91CRB-04-R-0045
W91CRB-05-F-0072	Point Blank Body Armor Inc.	6/3/2005	\$3,093,120	DAPs	W91CRB-05-T-0081
W91CRB-05-P-0204	Point Blank Body Armor Inc.	9/26/2005	\$2,025,898	OTV Retrofit Service	W91CRB-05-T-0108
W91CRB-06-D-0024	Point Blank Body Armor Inc.	6/16/2006	\$1,898,400	OTV Retrofit Service	W91CRB-06-T-0100
Total			\$2,987,243,138		

DAP: Deltoid and Axillary Protector

ESBI: Enhanced Side Ballistic Insert

OTV: Outer Tactical Vest

SAPI: Small Arms Protective Insert

¹Award Date: Later of Effective Date or Date Signed

²Over-Weights: An over-weight SAPI is a maximum of 30% over the weight of a SAPI

³Requisition Number

Department of the Army Comments

Final Report
Reference



DEPARTMENT OF THE ARMY
PROGRAM EXECUTIVE OFFICE SOLDIER
5901 PUTNAM ROAD, BLDG 328
FORT BELVOIR VA 22060-5422

SFAE-SDR-RFI

9 November 2009

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL, 400 ARMY NAVY DR, ARLINGTON, VA 22202-4704

SUBJECT: Response to the Department of Defense Inspector General (DoDIG) Draft Report
"DOD Contractor and Selection Criteria for Body Armor Contracts Project No. D2008-D000CD-
0256.000, October 30, 2009"

1. Program Executive Office (PEO) Soldier appreciates the efforts expended to ensure that there were no internal controls weaknesses in the Army's determination of contractor eligibility or the Interceptor Body Armor pre-award technical criteria for the associated contracts. PEO Soldier remains committed to supporting all efforts focused on strengthening the processes utilized by the PEO to produce, provide, and maintain world class body armor protection for the Soldier.
2. While no written comments are required on this report, PEO Soldier requests that the following references are added on page 16 under "Prior Coverage."

GAO

GAO Report No. GAO-07-662R, "Defense Logistics: Army and Marine Corps's Individual Body Armor System Issues," April 2007

Army

Army Audit Agency Report No. A-2009-0130-FFD, "Body Armor Requirements," June 2009

3. My point of contact is Deputy, Audit Engagements and Compliance, [REDACTED], e-mail:
[REDACTED]

(b) (6)

Added, page 16

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Inspector General
Department of Defense

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