



INSPECTOR GENERAL

U.S. Department of Defense

JULY 29, 2015



Special Operations Forces Support Activity Effectively Managed The Contractor Logistics Support Services Contract

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Results in Brief

Special Operations Forces Support Activity Effectively Managed The Contractor Logistics Support Services Contract

July 29, 2015

Objective

We performed this audit to determine whether the Special Operations Forces Support Activity (SOFSA) was effectively managing the Contractor Logistics Support Services (CLSS) contract. Specifically, we determined whether the contractor was performing in accordance with contract terms and conditions and whether SOFSA was adequately monitoring the contractor's performance.

Finding

SOFSA managed the nonstatistically selected 14 CLSS contract task orders reviewed, valued at \$267 million, in accordance with the Federal Acquisition Regulation and DoD guidance. Specifically, SOFSA performed adequate oversight to ensure contractor performance met contract requirements. SOFSA contracting officials:

- designated contracting officer's representatives in accordance with the Federal Acquisition Regulation;
- ensured contracting officer's representatives complied with training requirements in accordance with DoD guidance;
- aligned performance-monitoring activities detailed in the quality assurance surveillance plans with the performance work statement requirements;

Finding (cont'd)

- ensured contractor performance met performance work statement requirements through quality assurance reviews performed by the Enterprise Management Division, contracting officers; Defense Contract Management Agency, contracting officer's representatives; and technical representatives; and
- implemented recommendations to correct oversight deficiencies identified during a previous audit performed by the Department of Defense, Office of the Inspector General.

As a result of contracting officials' oversight, SOFSA issued seven administrative action reports and recovered \$7.7 million from March 2013 through February 2015 on the 14 task orders reviewed and a total of \$179 million on the entire contract. Therefore, we are not making recommendations in this report.





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

July 29, 2015

MEMORANDUM FOR COMMANDER, U.S. SPECIAL OPERATIONS COMMAND

SUBJECT: Audit of the U.S. Special Operations Command Contractor Logistics Support Services Contract (Report No. DODIG-2015-149)

We are providing this report for your information and use. Special Operations Forces Support Activity managed the nonstatistically selected 14 contract task orders for contractor logistics support services reviewed, valued at \$267 million, in accordance with the Federal Acquisition Regulation and DoD guidance. Specifically, contracting officer's representatives were properly designated, quality assurance surveillance plans allowed for monitoring of performance work statement requirements, and quality assurance reviews were performed to ensure contractor performance met the performance work statement requirements. As a result of contracting officials' oversight activities, the Special Operations Forces Support Activity recovered \$7.7 million on the task orders reviewed and a total of \$179 million on the entire contract. No written response to this report was required, and none was received. We conducted this audit in accordance with generally accepted government auditing standards.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 699-7331 (DSN 499-7331).

A handwritten signature in cursive script, reading "Carol N. Gorman".

Carol N. Gorman
Assistant Inspector General
Readiness and Cyber Operations

cc:
Program Executive Officer, Special Operations Forces Support Activity

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AUDIT OBJECTIVE

- Our objective was to determine whether the Special Operations Forces Support Activity (SOFSA) was effectively managing the Contractor Logistics Support Services (CLSS) contract. Specifically, we determined whether the contractor was performing in accordance with contract terms and conditions and whether SOFSA was adequately monitoring the contractor's performance.



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CLSS BACKGROUND

- SOFSA executes the U.S. Special Operations Command's CLSS contract, which provides a wide range of tailored contractor logistics support services to the Command's Special Operations Forces Service Components and warfighters worldwide.
- SOFSA awarded the 10-year, single-source CLSS contract on March 2, 2009. However, according to SOFSA contract officials a contract bid protest delayed contract performance until June 2010. CLSS is an indefinite-delivery indefinite-quantity contract that provides for logistics services to U.S. Special Operations Command. According to SOFSA officials, as of December 2014, they had obligated \$2.2 billion of the \$5 billion total contract value.
- The CLSS contractor provides services at:
 - Bluegrass Station and Blue Grass Army Depot, Kentucky;
 - Hurlburt Field, Florida; Fort Bragg, North Carolina;
 - and other Continental U.S. or Outside Continental U.S. facilities as dictated by the contract.



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CONTRACT OVERSIGHT RESPONSIBILITIES

- SOFSA Enterprise Management Division; contracting officers; Defense Contract Management Agency (DCMA) personnel; contracting officer's representatives (COR); and technical representatives provide CLSS task order oversight and are required to ensure contractor performance is in accordance with performance work statement (PWS) requirements.
- SOFSA Enterprise Management Division provides oversight for logistics and inventory management, provides input for the contractor's annual Contractor Performance Assessment Reports, reviews contractor task order proposals for work required, and reviews contractor's estimated budget and funds spent on task order work.
- SOFSA contracting officials use an electronic task order management tool that enables contracting officials and customers to review task order completion status, funds spent, and COR surveillance reports. Additionally, contracting officials perform monthly or quarterly reviews of contractor performance reports to determine whether contractor services can be reduced and issue administrative action reports to recoup funds.¹
- DCMA officials perform functions to include contract oversight, pricing, and property accountability. In addition, the DCMA Administrative Contracting Officer works with SOFSA contracting officials and CORs to resolve contract deficiency reports.¹

¹ SOFSA uses similar terms for contract action reports and corrective action reports. Therefore, for this audit we used administrative action reports in place of contract action reports and contract deficiency reports in place of corrective action reports. Administrative action reports are contract actions that are issued by the contracting officer to recoup funds due to efficiencies gained and de-scoping of task order work. Contract deficiency reports address when the contractor does not meet requirements in the PWS and gives the contractor a set amount of days to take corrective action on the deficiency.



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CONTRACT OVERSIGHT RESPONSIBILITIES *(CONT'D)*

- CORs perform monthly surveillance of the contractor's performance to include:
 - conducting technical reviews of monthly reports to verify that contractor performance is within scope;
 - monitoring cost and performance schedules provided by the contractor to ensure accuracy in accordance with the PWS requirements; and
 - reviewing justification for overtime requests by the contractor.
- DCMA quality assurance specialists provide oversight for task orders associated with aircraft maintenance and part fabrication. The specialists provide technical quality oversight to ensure product specifications meet task order requirements. Specifically, they review task order requirements and develop and execute a risk-based plan to ensure requirements are met.



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SOFSA CONTRACT OVERSIGHT

SOFSA managed the nonstatistically selected 14 CLSS contract task orders reviewed, valued at \$267 million, in accordance with Federal Acquisition Regulation (FAR)² and DoD³ guidance. Specifically, SOFSA performed adequate oversight to ensure contractor performance met contract requirements. SOFSA contracting officials:

- designated CORs in accordance with FAR guidance;
- ensured CORs met training requirements in accordance with DoD guidance;
- aligned performance-monitoring activities detailed in the Quality Assurance Surveillance Plans (QASP) with PWS requirements;
- ensured contractor performance met PWS requirements through quality assurance reviews performed by the Enterprise Management Division, contracting officers, DCMA, CORs; and technical representatives; and
- implemented DoDIG Report No. D-2009-083 recommendations to correct SOFSA contract oversight deficiencies.

As a result of contracting officials' oversight, SOFSA issued seven administrative action reports and recovered \$7.7 million from March 2013 through February 2015 on the 14 task orders reviewed and a total of \$179 million on the entire contract.

² FAR Subpart 1.6 "Career Development, Contracting Authority, and Responsibilities."

³ Under Secretary of Defense (Acquisition, Technology and Logistics) memorandum, "DoD Standard for Certification of Contracting Officer's Representatives (COR) for Service Acquisitions," March 29, 2010.



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COR DESIGNATION AND TRAINING

- SOFSA contracting officials designated CORs for the 14 task orders reviewed in accordance with the FAR and ensured CORs met DoD training requirements.
 - All CORs were designated in writing and designation memoranda included the following FAR requirements:
 - the extent of the COR's authority to act on behalf of the contracting officer;
 - the limitations on the COR's authority;
 - a statement that the authority is not re-delegable;
 - a statement that the COR may be personally liable for unauthorized acts; and
 - the period covered by the designation.
 - All CORs were trained in accordance with DoD guidance to include these Defense Acquisition University courses:
 - "Contracting Officer's Representative," Continuous Learning-Contracting 222 or equivalent;
 - "Contracting Officer's Representative with a Mission Focus," Continuous Learning-Contracting 106; and
 - Continuous Learning Module 003, "Overview of Acquisition Ethics," or agency-provided training.



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CONTRACT DOCUMENTATION REVIEW

- For the 14 task orders reviewed, contract surveillance activities detailed in the QASP matched requirements in the PWS which allowed contracting officials to adequately monitor contractor performance. Moreover, SOFSA developed task order specific QASPs to assess whether the contractor provided the required results outlined in the PWS.
- For example,
 - task order 601 was for services to field and sustain a nonsecure network. The PWS required the contractor to provide monthly reports on cost and schedule status. The QASP identified acceptable performance levels and also provided the method of surveillance the COR should use to ensure performance levels were met. The COR verified the dates of deliverables and whether cost performance was less than, equal to, or more than budgeted amounts.
 - task order 766 was for aircraft maintenance inspections. The PWS established a goal for the contractor to perform inspections within an 8-day period. The QASP required technical representatives to review documentation and inspect aircraft when maintenance was completed by the contractor. The technical representatives reported to the COR on the status of aircraft maintenance and whether maintenance was conducted in accordance with established requirements.



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TASK ORDER OVERSIGHT

- CLSS task order quality assurance reviewers included SOFSA Enterprise Management Division personnel; contracting officers; DCMA personnel; CORs; and technical representatives to ensure contractor performance was in accordance with PWS requirements.
- For all 14 task orders reviewed, contracting officials performed sufficient oversight to ensure the contractor met the PWS requirements. For example,
 - task order 832's QASP required the COR to assess contractor performance monthly. In addition to techniques outlined in the QASP, the COR provided additional oversight to include weekly meetings with the contractor to ensure PWS requirements were met.
 - task order 857's QASP required the COR to evaluate the contractor's schedule-performance index⁴ based on contractor provided reports. In addition to reviewing schedule-performance index data, the COR visited the aircraft hangar on a daily basis to verify contractor aircraft modification progress and to ensure aircraft were on track to meet delivery dates.

⁴ Schedule Performance Index is a measure of project efficiency that allows management to gauge whether the project will be completed in the budgeted time frame based on current progress and estimated time to complete.



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PREVIOUS RECOMMENDATIONS

- SOFSA contracting officials took action to address recommendations made in DoD OIG Report D-2009-083. Specifically, the recommendations requested SOFSA officials to:
 - designate properly trained CORs for all future task orders. In response, the Director, SOFSA published guidelines for appointing CORs in the Desktop Contracting Guides.
 - implement QASPs for task orders on follow-on contracts. In response, the Program Executive Officer, SOFSA developed a Performance Management Plan to address the QASP concerns.
- The action taken by SOFSA contracting officials improved the oversight process for the CLSS contract. Specifically, CORs were designated and trained for the 14 task orders reviewed, and SOFSA contracting officials implemented QASPs that aligned with PWS requirements.



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RESULTS OF SOFSA OVERSIGHT

- As a result of contracting officials' oversight, SOFSA issued seven administrative action reports and recovered \$7.7 million on the task orders reviewed. In addition, SOFSA recovered \$179 million on the entire contract. For example,
 - on task order 601, new electronic components and wiring were installed to establish a new nonsecure network. The task order required a review of the installed components and wiring by an independent team. However, the contractor did not label the network wiring as required and the team could not accomplish the review. The review team charged travel costs to the task order for \$11,278. Due to the contractor's error, the COR requested and received a refund from the contractor for the entire travel cost amount.
- In addition, contracting officials' oversight helped identify task orders that needed scope reductions. For example, on task order 797, SOFSA officials determined that contractors had sufficiently trained military personnel to perform tasks without contractor assistance. Therefore, contracting officers reduced the scope of the task order and saved \$3.7 million.



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SCOPE AND METHODOLOGY

- We conducted this performance audit from November 2014 through July 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
- We conducted the audit at the Bluegrass Station and Blue Grass Army Depot, Kentucky; Hurlburt Field, Florida; and Fort Bragg, North Carolina. We also conducted interviews with the following officials responsible for CLSS task order oversight:
 - SOFSA Enterprise Management Division and SOFSA contracting officers;
 - DCMA Administrative Contracting Officer and quality assurance specialists;
 - contracting officer's representatives; and
 - technical representatives.



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SCOPE AND METHODOLOGY *(CONT'D)*

- We obtained and reviewed relevant sections from:
 - Federal Acquisition Regulation;
 - Under Secretary of Defense memorandum, “DoD Standard for Certification of Contracting Officer’s Representatives (COR) for Service Acquisitions,” March 29, 2010;
 - Defense Federal Acquisition Regulation; and
 - DoD COR Handbook.

- We obtained and reviewed the following documents to determine whether SOFSA effectively managed the CLSS contract.
 - nonstatistically selected 14 out of 164 CLSS active task order contracts;
 - task order performance work statements;
 - task order quality assurance surveillance plans; and
 - contractor and COR surveillance documentation and reports.

- Prior Audit Coverage during the last 5 years:
 - DoDIG-2009-083, “Logistics Support for the United States Special Operations Command,” May 28, 2009. <http://www.dodig.mil/>



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Acronyms and Abbreviations

CLSS	Contractor Logistics Support Services
COR	Contracting Officer's Representative
DCMA	Defense Contract Management Agency
FAR	Federal Acquisition Regulation
PWS	Performance Work Statement
QASP	Quality Assurance Surveillance Plan
SOFSA	Special Operation Forces Support Activity



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