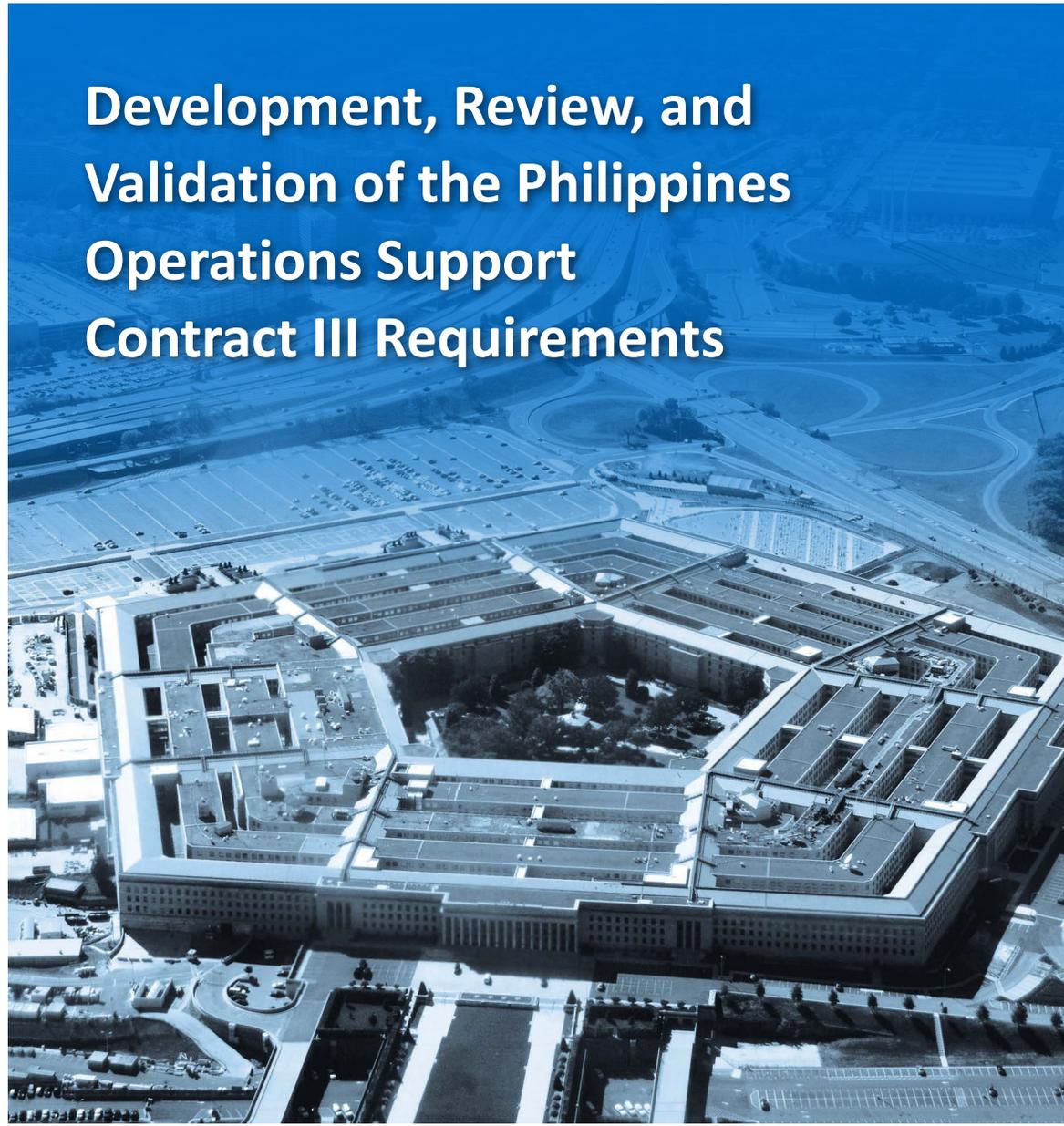




INSPECTOR GENERAL

U.S. Department of Defense

JUNE 5, 2018



Development, Review, and Validation of the Philippines Operations Support Contract III Requirements

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE



Fraud, Waste, & Abuse
HOTLINE
Department of Defense
dodig.mil/hotline | 800.424.9098



Results in Brief

Development, Review, and Validation of the Philippines Operations Support Contract III Requirements

June 5, 2018

Objective

We determined whether U.S. Pacific Command (USPACOM) and subordinate commands developed, reviewed, and validated requirements for the Philippines Operations Support Contract (POSC) III to ensure the adequate provision of services.

Background

On February 23, 2017, Naval Facilities Engineering Command Pacific awarded the POSC III. This contract is a cost-plus-incentive-fee contract with a maximum dollar value of \$58 million, including the base year and four option periods with a 6-month extension, to provide base operating support services.

In September 2017, the Secretary of Defense designated Operation Pacific Eagle-Philippines as a contingency operation. USPACOM, in coordination with other DoD elements, government agencies, and partner nations, executes this contingency operation as a counterterrorism campaign supporting the Republic of the Philippines.

In order to execute the POSC III, constant communication and collaboration are required among Naval Facilities Engineering Command Pacific and USPACOM and its subordinate commands, U.S. Marine Corps Forces Pacific and U.S. Special Operations Command Pacific (SOCPAC).

To validate contract requirements, the POSC III and other service contracts are subject to a Services Requirements Review Board (SRRB). An SRRB is a formal process to identify, plan, prioritize, and

Background (cont'd)

validate contract service requirements before issuing funding documents. The SRRB increases stakeholder awareness of service requirements, provides for the prioritization of requirements to support funding decisions, and increases collaboration on key strategy decisions to optimize services acquisitions and enable efficiencies.

Finding

USPACOM, U.S. Marine Corps Forces Pacific, and SOCPAC developed, reviewed, and validated requirements without an SRRB because at the time the POSC III contract was awarded, guidance did not require an SRRB for base operating support contracts to ensure the adequate provision of services. After contract award, Navy guidance for conducting SRRBs changed, and base operating support contracts were no longer exempt from going through an SRRB to validate contract requirements for both original contracts and each option period exercised. However, USPACOM and SOCPAC did not formally re-validate the POSC III requirements through an SRRB before authorizing about \$8.2 million in March 2018 to exercise the first option period starting on April 1, 2018, in accordance with Navy, USPACOM, and SOCPAC SRRB guidance.

This occurred because USPACOM and SOCPAC officials were unaware of the March 1, 2018, deadline agreed upon between the Project Manager and Naval Facilities Engineering Command Pacific to authorize funding to execute the option period to avoid any lapse in service and did not plan to hold an SRRB in time. Due to the uncertain nature of contingency operations and members of the Special Operations Task Force in the Philippines rotating every 6 months, there is an increased risk that the contract requirements may not meet mission needs. Because USPACOM and SOCPAC did not re-validate the POSC III requirements through an SRRB before exercising the first option period, USPACOM and SOCPAC cannot ensure efficient use of command resources and compliance with applicable regulations, policy, and guidance. The POSC III has three additional option periods, with a total value of about \$49 million. Therefore, validating contract requirements through an SRRB process is necessary to ensure USPACOM and SOCPAC do not duplicate requirements or pay for unneeded services in the future.



Results in Brief

Development, Review, and Validation of the Philippines Operations Support Contract III Requirements

Recommendations

We recommend that the USPACOM Commander direct all subordinate commands to ensure SRRB processes are consistent and compliant with higher-level directives. In addition, in instances where USPACOM delegates SRRB responsibility to subordinate commands, it should require supporting documentation from the commands verifying compliance with SRRB guidance.

Additionally, we recommend that the USPACOM Commander, in coordination with the SOCPAC Commander, hold an SRRB before authorizing additional funding for the remainder of the POSC III first option period and provide training on command SRRB guidance to all current and future personnel working on services contracts.

Management Actions Taken

During the audit, we notified officials from USPACOM and SOCPAC of our concerns of not re-validating the POSC III requirements through an SRRB before authorizing funding in March 2018 to exercise the first option period. USPACOM and SOCPAC officials agreed with our recommendations and immediately initiated corrective actions. Specifically, the USPACOM J8 Comptroller Office sent an e-mail directing all subordinate Comptrollers to submit evidence that their organization has an SRRB policy in effect and an SRRB

was conducted before USPACOM will release funding for any contracted services over \$150,000. The USPACOM J8 Comptroller Office also distributed the USPACOM SRRB guidance for reference. In addition, SOCPAC held an SRRB on April 10, 2018, to re-validate the POSC III contract requirements for the remainder of the first option period.

Furthermore, the USPACOM J8 Comptroller stated that USPACOM will develop and conduct training for its SRRB process to ensure all personnel are aware of current and updated SRRB guidance. The training will be conducted at USPACOM's May 2018 SRRB. In addition, SOCPAC officials will conduct the training at a town hall in June 2018.

The management actions taken by USPACOM and SOCPAC addressed the concerns we identified; therefore, we consider the recommendations related to issuing guidance and performing an SRRB closed and the recommendation related to training resolved pending receipt of additional documentation showing that the SRRB training was conducted. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, U.S. Pacific Command	None	None	1
Commander, U.S. Pacific Command, in coordination with Commander, U.S. Special Operations Command Pacific	None	2.b	2.a

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





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

June 5, 2018

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR RESEARCH AND ENGINEERING
UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT
UNDER SECRETARY OF DEFENSE FOR POLICY
COMMANDER, U.S. PACIFIC COMMAND
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND PACIFIC
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND PACIFIC
DIRECTOR, JOINT STAFF

SUBJECT: Development, Review, and Validation of the Philippines Operations Support
Contract III Requirements (Report No. DODIG-2018-124)

We are providing this report for your information and use. U.S. Pacific Command and U.S. Special Operations Command Pacific officials took prompt action to resolve each concern identified; therefore, we will not make any additional recommendations in this report. We conducted this audit from December 2017 through May 2018 in accordance with generally accepted government auditing standards.

We appreciate the cooperation and assistance received during the audit. Please direct questions to me at Michael.Roark@dodig.mil, (703) 604-9187 (DSN 664-9187).

A handwritten signature in cursive script that reads "Michael J. Roark".

Michael J. Roark
Assistant Inspector General
Readiness and Global Operations

Contents

Introduction

Objective	1
Background	1
Review of Internal Controls	4

Finding. USPACOM and SOCPAC Did Not Formally Re-Validate Contract Requirements Before Exercising the First Option Period of the POSC III

5

USPACOM, MARFORPAC, and SOCPAC Developed, Reviewed, and Validated Requirements Before the POSC III Contract Award	6
USPACOM and SOCPAC Did Not Formally Re-Validate Contract Requirements According to Updated Guidance	6
USPACOM and SOCPAC Did Not Plan To Conduct an SRRB in a Timely Manner	7
Unvalidated Requirements Increase the Risk of the Contract Not Meeting Mission Needs	8
Recommendations	9
Management Actions Taken	9

Appendix

Scope and Methodology	10
Use of Computer-Processed Data	11
Prior Coverage	11

Acronyms and Abbreviations

13

Introduction

Objective

We determined whether U.S. Pacific Command (USPACOM) and subordinate commands developed, reviewed, and validated requirements for the Philippines Operations Support Contract (POSC) III to ensure the adequate provision of services. See the Appendix for a discussion of our scope, methodology, and prior audit coverage.

Background

POSC III

On February 23, 2017, Naval Facilities Engineering Command Pacific (NAVFAC PAC) awarded the POSC III. This contract is a cost-plus-incentive-fee contract with a maximum dollar value of \$58 million, including the base year and four option periods with a 6-month extension, to provide base operating support services.¹ The work to be performed includes providing commercial telephones; security; airfield facilities; passenger terminal and cargo handling; ordnance; material management; supply services; morale, welfare, and recreation support; billeting; facility management and services; utilities; base support vehicles and equipment; and environmental services throughout the Republic of the Philippines.

In September 2017, the Secretary of Defense designated Operation Pacific Eagle-Philippines as a contingency operation. USPACOM, in coordination with other DoD elements, government agencies, and partner nations, executes this contingency operation as a counterterrorism campaign supporting the Republic of the Philippines. Specifically, Operation Pacific Eagle-Philippines builds and sustains the Philippine Security Forces' capabilities to isolate, degrade, and defeat the Islamic State in Iraq and Syria-Philippines and other priority violent extremist organizations in order to defend the U.S. homeland and national interests, counter radicalization and violent extremism, and deny violent extremist organizations safe haven.

As of April 2018, the total value of the POSC III contract increased to about \$87 million as a result of contract modifications, such as opening additional locations and providing armored vehicles. See the Figure for the site locations and outstations for about 200 to 300 personnel supported by the POSC III.

¹ This is the third POSC, contract N62742-17-C-3580. POSC I, contract N62742-08-C-1115, was a cost-plus-award-fee contract executed from 2008 to 2012 at a total cost of \$181 million. POSC II, contract N62742-12-C-3525, was a cost-plus-incentive-fee contract executed from 2012 to 2017 awarded at a total cost of \$198 million. Aviation assets were removed from the POSC II; therefore, the value of the POSC III was significantly lower.

The five locations in blue were included on the contract at the time of award, and the five outstations in green were added through contract modifications after Operation Pacific Eagle-Philippines was designated.

Figure. Locations Supported by the POSC III



Source: SOCPAC.

Roles and Responsibilities for the POSC III

In order to execute the POSC III, constant communication and collaboration are required among NAVFAC PAC and USPACOM and its subordinate commands, U.S. Marine Corps Forces Pacific (MARFORPAC) and U.S. Special Operations Command Pacific (SOCPAC). Each of those commands has specific responsibilities in executing the POSC III.

NAVFAC PAC is responsible for awarding and administering the POSC III, developing the performance work statement, and incorporating any new requirements into the performance work statement. USPACOM is a geographic combatant command responsible for enhancing stability in the Asia-Pacific region, its area of responsibility, which includes the Philippines. MARFORPAC is a USPACOM subordinate component command and is responsible for accomplishing assigned operational missions; advising the USPACOM Commander on the proper

employment, capabilities, and support of U.S. Marine Corps forces; and providing combat-ready forces to other commands, as required. SOCPAC is a USPACOM subordinate unified command and serves as the functional component for all Special Operations missions throughout the USPACOM area of responsibility.

In FY 2017, a MARFORPAC official served as the Program Manager for the POSC III. However, in FY 2018, the Program Manager position was transferred to SOCPAC. The Program Manager is the representative for the primary POSC III customer, a Special Operations Task Force (SOTF) deployed to the various locations throughout the Philippines as illustrated in the Figure on the previous page. The Program Manager coordinates with the SOTF to develop and review requirements for base operating support services provided under the POSC III. The Program Manager then provides the requirements to the SOCPAC SOJ3 Operations for validation.

Once the requirements are validated, the SOCPAC SOJ8 Comptroller authorizes and issues funding documents for execution. The USPACOM J8 Comptroller was responsible for authorizing funding in FY 2017; however, in FY 2018, the responsibility transferred to the SOCPAC SOJ8 Comptroller.²

Criteria to Validate DoD Service Contract Requirements

The Service Requirements Review Board (SRRB) is a formal process to identify, plan, prioritize, and validate contract service requirements before issuing funding documents. The SRRB increases stakeholder awareness of service requirements, provides for the prioritization of requirements to support funding decisions, and increases collaboration on key strategy decisions to optimize services acquisitions and enable efficiencies.

DoD Instruction 5000.74 establishes policy for conducting SRRBs.³ To implement the DoD Instruction, in 2016, the Navy published SRRB guidance for FYs 2016 and 2017.⁴ The guidance required all Navy Budget Submitting Organizations to have an SRRB process in place and to ensure organizations conduct SRRBs and maintain proper oversight and accountability of all contractual services requirements. This guidance also directed USPACOM to conduct an SRRB. However, the guidance specifically exempted base operating support contracts from the SRRB. Subsequent Navy guidance for FY 2018 removed the exemption for base operating support

² Although the responsibility to authorize funding transferred to SOCPAC in FY 2018, USPACOM funds are still used to execute the contract, and USPACOM is still responsible for transferring the funds to SOCPAC.

³ DoD Instruction 5000.74, "Defense Acquisition of Services," January 5, 2016, Incorporating Change 1, October 5, 2017.

⁴ Assistant Secretary of the Navy (Research, Development, and Acquisition) (Financial Management and Comptroller) Memorandum, "Contractual Services Guidance for Fiscal Year 2016/2017," July 1, 2016.

contracts.⁵ In addition, the guidance required validating both new and option period requirements through an SRRB to ensure the requirements aligned with command priorities.

USPACOM issued guidance requiring an SRRB process as the forum to approve contract requirements before the release and execution of funds, including exercising contract option periods.⁶ Although USPACOM's guidance included the Navy exemption, the USPACOM J8 Comptroller acknowledged that the exemption no longer applies. Additionally, SOCPAC issued guidance requiring an SRRB to validate and approve changes, renewals, or extensions to contract service requirements.⁷

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁸ USPACOM, MARFORPAC, and SOCPAC developed, reviewed, and validated requirements without an SRRB because at the time the POSC III contract was awarded, guidance did not require an SRRB for base operating support contracts to ensure the adequate provision of services. However, we identified internal control weaknesses with USPACOM and SOCPAC's procedures for re-validating contract requirements. Specifically, USPACOM and SOCPAC did not formally re-validate POSC III requirements before authorizing funding in March 2018 to exercise the first option period, in accordance with Navy, USPACOM, and SOCPAC SRRB guidance. We will provide a copy of the report to the senior officials responsible for internal controls in USPACOM and SOCPAC.

⁵ Assistant Secretary of the Navy (Research, Development, and Acquisition) (Financial Management and Comptroller) Memorandum, "Contractual Services Guidance for Fiscal Year 2018," August 15, 2017.

⁶ USPACOM Memorandum, "Contract Requirements Review and Approval Process," March 3, 2017.

⁷ SOCPAC Instruction 4330.1, "Contractor Management Program," December 10, 2015.

⁸ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

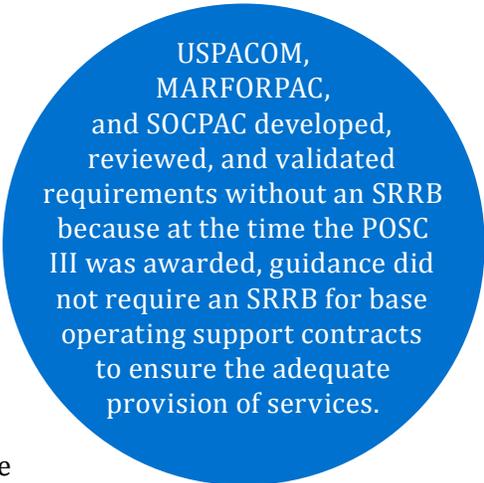
USPACOM and SOCPAC Did Not Formally Re-Validate Contract Requirements Before Exercising the First Option Period of the POSC III

USPACOM, MARFORPAC, and SOCPAC developed, reviewed, and validated requirements without an SRRB because at the time the POSC III contract was awarded, guidance did not require an SRRB for base operating support contracts to ensure the adequate provision of services. After contract award, Navy guidance for conducting SRRBs changed, and base operating support contracts were no longer exempt from going through an SRRB to validate contract requirements for both original contracts and each option period exercised. However, USPACOM and SOCPAC did not formally re-validate the POSC III requirements through an SRRB before authorizing about \$8.2 million in March 2018 to exercise the first option period starting on April 1, 2018, in accordance with Navy, USPACOM, and SOCPAC SRRB guidance.

This occurred because USPACOM and SOCPAC officials were unaware of the March 1, 2018, deadline agreed upon between the Project Manager and NAVFAC PAC to authorize funding to execute the option period to avoid any lapse in service and did not plan to hold an SRRB in time. Due to the uncertain nature of contingency operations and members of the SOTF in the Philippines rotating every 6 months, there is an increased risk that the contract requirements may not meet mission needs. Because USPACOM and SOCPAC did not re-validate the POSC III requirements through an SRRB before exercising the first option period, USPACOM and SOCPAC cannot ensure efficient use of command resources and compliance with applicable regulations, policy, and guidance. The POSC III has three additional option periods, with a total value of about \$49 million. Therefore, validating contract requirements through an SRRB process is necessary to ensure USPACOM and SOCPAC do not duplicate requirements or pay for unneeded services in the future.

USPACOM, MARFORPAC, and SOCPAC Developed, Reviewed, and Validated Requirements Before the POSC III Contract Award

USPACOM, MARFORPAC, and SOCPAC developed, reviewed, and validated requirements without an SRRB because at the time the POSC III was awarded, guidance did not require an SRRB for base operating support contracts to ensure the adequate provision of services. MARFORPAC and SOCPAC used a site visit to the Philippines, e-mail exchanges, and weekly meetings to develop, review, and validate contract requirements. The POSC III requirements were enduring requirements from the POSC II and were mostly brought forward.



USPACOM, MARFORPAC, and SOCPAC developed, reviewed, and validated requirements without an SRRB because at the time the POSC III was awarded, guidance did not require an SRRB for base operating support contracts to ensure the adequate provision of services.

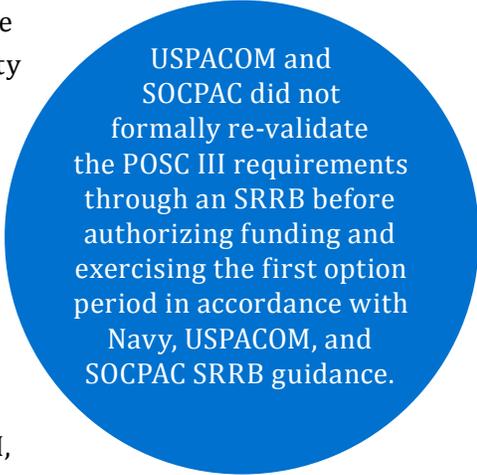
According to the POSC II NAVFAC PAC Contracting Officer, NAVFAC PAC, MARFORPAC, and SOCPAC officials conducted a site visit to the Philippines to develop and review the POSC III requirements before contract award. During the site visit, the SOTF refined the existing POSC II requirements, which the Program Manager then reviewed. Additionally, the Program Manager and SOTF communicated through e-mail to discuss POSC III requirements before contract award. For example, in a September 2016 e-mail, the Program Manager and SOTF discussed and clarified the requirement for phone cards for the billet holders. In a January 2017 e-mail, the Program Manager and SOTF discussed the budget for meals. In addition, a SOCPAC official stated that the Program Manager held weekly meetings with NAVFAC PAC acquisition officials and provided situational reports, which were used to discuss upcoming contract requirements.

After developing and reviewing the contract requirements, the Program Manager provided the requirements to the SOCPAC SOJ3 Operations for validation. The SOCPAC SOJ3 Operations validated requirements by issuing a funding document request to USPACOM. Once the SOCPAC SOJ3 Operations validated the requirements, USPACOM authorized the funding to award the contract. The contract was later awarded on February 23, 2017.

USPACOM and SOCPAC Did Not Formally Re-Validate Contract Requirements According to Updated Guidance

After the POSC III was awarded, Navy guidance for conducting SRRBs changed, and base operating support contracts were no longer exempt from going through an SRRB to validate contract requirements for both original contracts and each option period exercised. Specifically, on August 15, 2017, the Navy issued a memorandum requiring an SRRB to validate contract requirements for all base operating support contracts before issuing funding and exercising option periods beginning in FY 2018. In addition, USPACOM's guidance requires SRRB approval before exercising the next option period of a contract. Furthermore, SOCPAC's guidance requires an SRRB before changes, renewals, or extensions to current contract service requirements.

On January 17, 2018, the Program Manager issued a letter of intent to exercise the first option period for the POSC III. Later, in March, the SOCPAC SOJ8 Deputy Comptroller authorized about \$8.2 million to incrementally fund the first option period starting April 1, 2018. Subsequently, NAVFAC PAC issued a contract modification exercising the first option period. However, USPACOM and SOCPAC did not formally re-validate the POSC III requirements through an SRRB before authorizing funding and exercising the first option period in accordance with Navy, USPACOM, and SOCPAC SRRB guidance.



USPACOM and SOCPAC did not formally re-validate the POSC III requirements through an SRRB before authorizing funding and exercising the first option period in accordance with Navy, USPACOM, and SOCPAC SRRB guidance.

USPACOM and SOCPAC Did Not Plan To Conduct an SRRB in a Timely Manner

USPACOM and SOCPAC did not formally re-validate the POSC III requirements before exercising the first option period on March 28, 2018, for the period starting April 1, 2018, because USPACOM and SOCPAC officials were unaware of the March 1, 2018, deadline agreed upon between the Project Manager and NAVFAC PAC to authorize funding and did not plan to hold an SRRB in time. The March 1, 2018, deadline ensured the first option period was executed to avoid any lapse in service. According to the USPACOM and SOCPAC J8/SOJ8 Comptrollers, a transition in personnel occurred before USPACOM and SOCPAC exercised the first option period in April 2018. Specifically, the POSC III Program Manager position transitioned from MARFORPAC to SOCPAC and there were transitions

in the SOCPAC personnel responsible for setting up the SRRB. Those transitions caused miscommunication on the timing to validate contract requirements before exercising the option period.

USPACOM and SOCPAC officials stated that they planned to hold an SRRB for the first option period after attending a partnering session in the Philippines in late March 2018. Specifically, they stated that the partnering session would give them an opportunity to re-validate the contract requirements while in the Philippines with USPACOM, SOCPAC, MARFORPAC, NAVFAC PAC, and SOTF officials and contractor personnel. However, after the USPACOM and SOCPAC J8/SOJ8 Comptrollers became aware of the March 1, 2018, funding deadline, they realized the date of the partnering session did not leave enough time to hold an SRRB and process the funding to exercise the option period before the deadline to avoid a lapse in base operating support. Therefore, USPACOM should direct all subordinate commands to conduct consistent SRRB processes compliant with higher-level guidance. Specifically, all subordinate commands should comply with USPACOM's guidance that states that requirements users should plan accordingly to ensure requirements are submitted far enough in advance to the SRRB before the start of the option period. In addition, in instances where USPACOM delegates SRRB responsibility to subordinate commands, USPACOM should require documentation from the commands showing compliance with SRRB guidance. Furthermore, USPACOM, in coordination with SOCPAC, should conduct training on command SRRB guidance with all current and future personnel working on services contracts.

USPACOM and SOCPAC officials did not fund the POSC III for the whole option period. Instead, USPACOM and SOCPAC incrementally funded approximately \$8.2 million of the \$13.8 million for the POSC III first option period. Therefore, USPACOM and SOCPAC should hold an SRRB before authorizing additional funding for the POSC III first option period.

Unvalidated Requirements Increase the Risk of the Contract Not Meeting Mission Needs

Due to the uncertain nature of this contingency environment and the customer in the Philippines rotating every 6 months, there is an increased risk the contract requirements may not meet the mission need. Because USPACOM and SOCPAC did not re-validate the POSC III requirements through an SRRB before exercising the first option period, USPACOM and SOCPAC cannot ensure the efficient use of command resources and compliance within applicable regulations, policy, and guidance. An SRRB increases stakeholder awareness and provides prioritization of services requirements to support funding decisions. The POSC III has

three additional option periods, with a total value of \$49 million. Therefore, validating contract requirements through an SRRB process is necessary to ensure USPACOM and SOCPAC do not duplicate requirements or pay for unneeded services in the future.

Recommendations

Recommendation 1

We recommend that the Commander, U.S. Pacific Command, direct all subordinate commands to conduct consistent Service Requirements Review Board processes compliant with higher-level directives. In addition, in instances where U.S. Pacific Command delegates Service Requirements Review Board responsibility to subordinate commands, it should require supporting documentation from the commands verifying compliance with Service Requirements Review Board guidance.

Recommendation 2

We recommend that the Commander, U.S. Pacific Command, in coordination with the Commander, U.S. Special Operations Command Pacific:

- a. Conduct a Service Requirements Review Board before authorizing additional funding for the Philippines Operations Support Contract III first option period.**
- b. Provide training on command Service Requirements Review Board guidance to all current and future personnel working on services contracts.**

Management Actions Taken

During the audit, we notified officials from USPACOM and SOCPAC of our concerns of not re-validating the POSC III requirements through an SRRB before authorizing funding in March 2018 to exercise the first option period. USPACOM and SOCPAC officials agreed with our recommendations and immediately initiated corrective actions. Specifically, the USPACOM J8 Comptroller Office sent an e-mail directing all subordinate Comptrollers to submit evidence that their organization has an SRRB policy in effect and an SRRB was conducted before USPACOM will release funding for any contracted services over \$150,000. The USPACOM J8 Comptroller Office also distributed the USPACOM SRRB guidance for reference. In addition, SOCPAC held an SRRB on April 10, 2018, to validate the POSC III contract requirements for the remainder of the first option period.

Furthermore, the USPACOM J8 Comptroller stated that USPACOM will develop and conduct training for its SRRB process to ensure all personnel are aware of current and updated SRRB guidance. The training will be conducted at USPACOM's May 2018 SRRB. In addition, SOCPAC officials will conduct the training at a town hall in June 2018. The management actions taken by USPACOM and SOCPAC addressed the concerns we identified; therefore, we consider Recommendations 1 and 2.a closed and Recommendation 2.b resolved pending receipt of additional documentation showing that the SRRB training was conducted.

Appendix

Scope and Methodology

We conducted this performance audit from December 2017 through May 2018 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 reviewed criteria related to acquisition of services and developing, reviewing, and validating contract requirements, including:

- DoD Instruction 5000.74, "Defense Acquisition of Services";
- Assistant Secretary of the Navy (Research, Development, and Acquisition) (Financial Management and Comptroller) Memorandum, "Contractual Services Guidance for Fiscal Year 2016/2017";
- Assistant Secretary of the Navy (Research, Development, and Acquisition) (Financial Management and Comptroller) Memorandum, "Contractual Services Guidance for Fiscal Year 2018";
- USPACOM Memorandum, "Contract Requirements Review and Approval Process"; and
- SOCPAC Instruction 4330.1, "Contractor Management Program."

We conducted a site visit to USPACOM, SOCPAC, MARFORPAC, and NAVFAC PAC's Headquarters in Honolulu, Hawaii, from January through February 2018, to determine whether requirements for the POSC III were developed, reviewed, and validated according to applicable guidance. We met with officials from USPACOM, SOCPAC, MARFORPAC, and NAVFAC PAC to discuss roles and responsibilities and processes for developing, reviewing, and validating contract requirements. We interviewed, among others, the:

- USPACOM J8 Comptroller;
- SOCPAC SOJ3 Operations Deputy;
- SOCPAC SOJ8 Comptroller;
- MARFORPAC/SOCPAC Program Manager;
- NAVFAC PAC Contracting Officer; and
- NAVFAC PAC Contracting Officer's Representative.

We reviewed the POSC III base contract and all modifications issued as of April 2018. Additionally, we collected relevant documentation, including funding

documents and e-mail documentation of requirements development between the SOTF and the Program Manager.

Use of Computer-Processed Data

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

Prior Coverage

During the last 5 years, the DoD Office of Inspector General (DoD OIG) and the Army Audit Agency (AAA) issued three reports discussing base operating support contract requirements.

Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

Unrestricted Army Audit Agency reports can be accessed from .mil and gao.gov domains at <https://www.aaa.army.mil/>.

DoD OIG

Report No. DODIG-2017-004, “Summary Report–Inspections of DoD Facilities and Military Housing and Audits of Base Operations and Support Services Contracts,” October 14, 2016

This report found contracts lacked clear requirements and guidance. Specifically, the report summarized five audit reports that identified problems with contract documentation across three Army bases in Qatar, Kuwait, and Jordan. The problems included unclear or missing requirements in the contract, inadequate guidance in the performance work statement, and a missing clause from the contract.

Report No. DODIG-2015-101, “Contingency Contracting: A Framework for Reform 2015 Update,” March 31, 2015

This report summarized 12 contingency contracting reports that identified requirements problems. According to the report, DoD officials did not establish clear requirements, ensure changes were within the scope of the contract, or include complete contract policy requirements. As a result, unclear requirements and out-of-scope contract changes may have led to increased or questioned contract costs. In addition, not including all applicable policy requirements for contractors working in contingency operations could put the contractors, DoD civilians, and military personnel at risk of harm.

Army Audit Agency

Report No. A-2014-0028-ALC, "Administration of the Rivanna Station Base Operations Contract: National Ground Intelligence Center," December 23, 2013

This report found the base operations contract's performance work statement did not include contract line item number requirements and did not sufficiently describe the type of services the contractor was to provide under each contract line item number and the individual job order work statements did not clearly define contractual requirements. This occurred because National Ground Intelligence Center had not established formal procedures for developing and validating proposed requirements, nor did it train micro-contract acquisition review board members on their roles and responsibilities. Additionally, board members did not reject questionable requirements packages due to the urgency of the requirements and uncertainty of their validation responsibilities. As a result, the micro-contract acquisition review board members did not have a sufficient understanding of how the requirements validation process was supposed to work and how their associated decisions affected the acquisition.

Acronyms and Abbreviations

MARFORPAC	U.S. Marine Corps Forces Pacific
NAVFAC PAC	Naval Facilities Engineering Command Pacific
POSC	Philippines Operations Support Contract
SOCPAC	U.S. Special Operations Command Pacific
SOTF	Special Operations Task Force
SRRB	Service Requirements Review Board
USPACOM	U.S. Pacific Command

Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal. The DoD Hotline Director is the designated ombudsman. For more information, please visit the Whistleblower webpage at www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/.

For more information about DoD OIG reports or activities, please contact us:

Congressional Liaison

703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

DoD OIG Mailing Lists

www.dodig.mil/Mailing-Lists/

Twitter

www.twitter.com/DoD_IG

DoD Hotline

www.dodig.mil/hotline



DEPARTMENT OF DEFENSE | OFFICE OF INSPECTOR GENERAL

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

