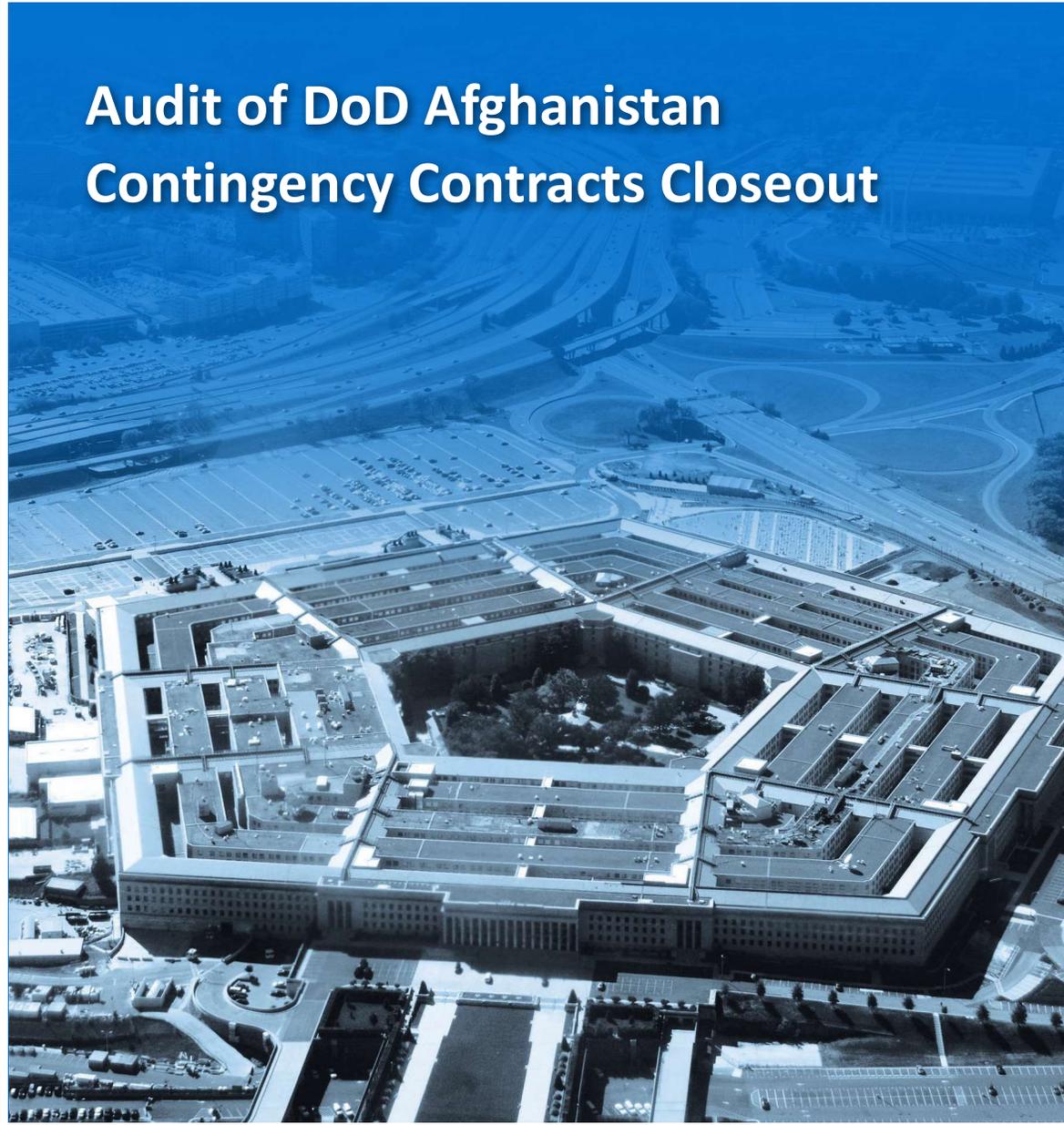




INSPECTOR GENERAL

U.S. Department of Defense

FEBRUARY 22, 2024



Audit of DoD Afghanistan Contingency Contracts Closeout

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





Results in Brief

Audit of DoD Afghanistan Contingency Contracts Closeout

February 22, 2024

Objective

The objective of this audit was to determine whether DoD contracting officials closed out contingency contracts supporting Afghanistan operations in accordance with Federal and DoD guidance.

Findings

DoD contracting officials did not consistently close out, in accordance with Federal and DoD regulations, contingency contracts that supported efforts in Afghanistan. For the 30 contracts we reviewed, contracting officials did not:

- close out 15 (75 percent) of the 20 closed contracts and will not close out at least 4 (40 percent) of the 10 open contracts in accordance with applicable requirements because of delays with Defense Contract Audit Agency audits, requests for equitable adjustments, changes to contracting personnel, contracting system errors, failure to track contracts that need to be closed, internal policies not in accordance with DoD requirements, and competing priorities with multiple closeouts occurring at once; or
- complete all closeout steps or include the required contract closeout statement in the contract file for 10 (50 percent) of the 20 closed contracts because of the age of contracts, rotations of contracting personnel, and limited documentation included in the contract files to complete all contract closeout actions.

Findings (cont'd)

As a result, DoD contracting personnel did not always verify whether the DoD received what it contracted for or complete administrative requirements in a timely manner. The DoD also missed the opportunity to reprogram at least \$3.7 million in canceled funds to support other requirements.

Furthermore, DoD contracting personnel did not account, as required by law, for all contracts that supported contingency efforts in Afghanistan. This occurred because the DoD did not have a requirement in place requiring contracting personnel to capture all contingency contract data, contract activities were not required to populate all data fields that would allow for needed visibility over contingency contracts, and the Services and Defense agencies inconsistently entered contingency contract data in the Federal Procurement Data System.

Additionally, contract data reported in the Federal Procurement Data System was not reliable and did not accurately reflect the status of contingency contracts. This occurred because internal contract tracking systems for the Services and Defense agencies did not communicate with central DoD contract tracking systems. As a result, DoD officials do not have access to important information, such as the number and status of contracts, work being completed, or the specific costs of the projects or services.

Recommendations

We made seven recommendations—five to the Principal Director, Defense Pricing and Contracting, to implement additional controls for contracting personnel to improve tracking, training, communication, and oversight in the contract closeout process, and two to the Director, Defense Logistics Agency, to update internal policies for contract closeout to comply with DoD requirements.



Results in Brief

Audit of DoD Afghanistan Contingency Contracts Closeout

Management Comments and Our Response

The Principal Director, Defense Pricing and Contracting, agreed with four recommendations and nonconcurred with one recommendation. Therefore, four recommendations are resolved and one is unresolved. All five recommendations remain open.

The Acquisition Director, Defense Logistics Agency, responding for the Director, Defense Logistics Agency, agreed with the two recommendations; however, the comments only fully addressed one recommendation. Therefore, one recommendation is resolved and the other is unresolved. Both recommendations remain open.

Since two recommendations in this report remain unresolved, we request additional comments on the final report for those recommendations within 30 days. We will close the recommendations when we receive sufficient evidence to demonstrate that management has taken appropriate action to meet the intent. Please see the Recommendation Table on the next page for the status of recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Defense Pricing and Contracting	A.1.d	A.1.a, A.1.b, A.1.c, B.1	None
Defense Logistics Agency	A.2.b	A.2.a	None

Please provide Management Comments by March 25, 2024.

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** – The DoD OIG verified that the agreed upon corrective actions were implemented.





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

February 22, 2024

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND SUSTAINMENT
DEFENSE LOGISTICS AGENCY AUDITOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Audit of DoD Afghanistan Contingency Contracts Closeout
(Report No. DODIG-2024-059)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

This report contains recommendations that are considered unresolved because comments from the Principal Director, Defense Pricing and Contracting, and the Director, Defense Logistics Agency Acquisition, did not fully address the recommendations in this report. Therefore, the recommendations remain open. We will track these recommendations until management agrees to take actions that we determine to be sufficient to meet the intent of the recommendations and management officials submit adequate documentation showing that all agreed-upon actions are completed. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the recommendations. Send your response to aud-colu@dodig.mil.

The Principal Director, Defense Pricing and Contracting, and Director, Defense Logistics Agency Acquisition, agreed to address the remaining recommendations presented in the report; therefore, we consider the recommendations resolved and open. We will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, within 90 days please provide us your response concerning specific actions in process or completed on the recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [REDACTED].

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, reading "Carmen J. Malone", is positioned below the text "FOR THE INSPECTOR GENERAL:". The signature is fluid and cursive.

Carmen J. Malone
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

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Introduction

Objective

The objective of this audit was to determine whether DoD contracting officials closed out contingency contracts supporting Afghanistan operations in accordance with Federal and DoD guidance. See Appendix for our scope, methodology, and a list of prior audit reports.

Background

U.S. military action in Afghanistan began on October 7, 2001, after Public Law 107-40 authorized the use of military force in response to terrorist attacks that occurred on September 11, 2001.¹ The public law authorized the President to use all necessary and appropriate force against those nations, organizations, or persons determined to have planned, authorized, committed, or aided the terrorist attacks. Congress has since appropriated approximately \$2 trillion in discretionary budget authority designated as emergency requirements or for Overseas Contingency Operations to support U.S. military operations in Afghanistan, Iraq, Syria, and other countries.

On July 8, 2021, President Biden announced that the U.S. military mission in Afghanistan would conclude on August 31, 2021. With the withdrawal from Afghanistan complete, as of August 2022, an estimated \$83 billion in contingency contracts supporting the U.S. military mission in Afghanistan may have remained open unnecessarily and should be closed.

Contingency Operation Contracting

The United States Code defines the term contingency operation as a military operation designated by the Secretary of Defense in which members of the Armed Forces are or may become involved in military actions against an enemy of the United States. Additionally, a contingency operation results in a call or order to, or retention on, active duty members of the Uniformed Services under certain specified statutes, or any other provision of law during a war or a national emergency declared by the President or Congress. A contingency acquisition is the process of obtaining supplies, services, and construction in support of contingency operations. DoD Instruction 3020.41 defines contingency contracts as legally binding agreements for supplies, services, and construction awarded by

¹ Public Law 107-40, "Authorization for Use of Military Force," September 18, 2001.

Government contracting officers for performance in a designated operational area.² Public Law 112-239, “National Defense Authorization Act for FY 2013,” requires the DoD to issue policy to ensure the DoD has the capability to collect and report on contingency operations outside the United States, including the total number of active contracts and their dollar value.³

Contingency Operation Contract Funding

Congress established numerous funds and programs to finance specific activities related to Overseas Contingency Operations in support of operations in Afghanistan. The Afghanistan Security Forces Fund provided funding and support for the security forces in Afghanistan, including training, equipment, supplies, facility and infrastructure repair, renovation, construction, and other services. Contracting officials used other types of funding to support the Afghanistan contingency contracts as well. For example, our sample includes contingency contracts funded using operations and maintenance funds.⁴

According to the DoD Financial Management Regulation, Federal agencies have a specified period to obligate funds, which are identified in the appropriation bill that provided the funds.⁵ The funds expire at the end of that period and are no longer available for new obligations; however, the funds are available for adjustments to, or payments of, existing obligations.⁶ The funds remain in an expired status for 5 years, after which time the funds are closed (canceled) and no longer available for adjustments or payments. If contracting officials deobligate unliquidated obligations before the funds expire, they can repurpose those funds within the specific purposes of the appropriation or reprogram those funds for other purposes with the appropriate approvals.⁷ If contracting officials deobligate funds before the funds are closed, the funds will be credited to the appropriation account to support other operational requirements. If the funds are closed before contracting personnel deobligate the funds, the DoD will lose those funds because they must be deposited in the U.S. Treasury as miscellaneous receipts and cannot be repurposed.

² DoD Instruction 3020.41, “Operational Contract Support,” December 20, 2011 (Incorporating Change 2, August 31, 2018).

³ Public Law 112-239, “National Defense Authorization Act for FY 2013,” January 2, 2013.

⁴ Operation and Maintenance funds are a type of fund authorized by law for a specific purpose. Operation and Maintenance funds are used for DoD civilian salaries, supplies and materials, maintenance of equipment, certain equipment items, real property maintenance, rental of equipment and facilities, food, clothing, and fuel.

⁵ DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” Volume 2A, “Budget Formulation and Presentation,” Chapter 1, “General Information” and Volume 3, “Budget Execution-Availability and Use of Budgetary Resources,” Chapter 10, “Accounting Requirements for Expired and Closed Accounts.” Periods are typically 1 to 5 years to obligate the funds.

⁶ Obligations are the amount representing orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same or future period.

⁷ Unliquidated obligations are the amount of outstanding obligations or liabilities. The action to deobligate is an agency’s cancellation or downward adjustment of previously incurred obligations.

Contract Closeout

The Defense Federal Acquisition Regulation Supplement (DFARS) requires the heads of contracting activities to assign the highest priority to closing out contingency contracts.⁸ DFARS 204.804 further requires the heads of contracting activities to monitor and assess the contract closeout actions and take steps if backlogs occur. Government contracts are closed out in accordance with the Federal Acquisition Regulation (FAR), which states that the contract administration office is responsible for initiating closeout of the contract after receiving evidence of its completion.⁹ FAR 4.804-4 states that a contract is “physically complete” when the contractor has completed the required deliveries or performed all services, the Government has inspected and accepted the supplies or services, and all contract options have expired.¹⁰ Alternatively, the contract can also be considered physically complete when the Government gives the contractor a notice of contract termination.¹¹ The Government may terminate performance of work under contracts, in whole or in part, if the contracting officer determines that a termination is in the Government’s best interest or the contractor defaults in performing the contract.¹²

The contracting official administering the contract must first review the contract funds status and notify the contracting office of any excess funds that might be deobligated. Contracting officials are then required to determine if the contract closeout actions listed in the FAR are completed and documented in the contract file (if applicable). For our audit, we determined whether contracting officials documented the completion of these actions.

Specifically, the contract administration office must ensure the following closeout actions were performed and documented in the contract file.

1. If used, classified material has been properly disposed.
2. The final patent report and final royalty report have been cleared by the Government Patent Counsel.
3. There are no Value Engineering Change Proposals pending or, if there are, disposition them.

⁸ DFARS Part 204, “Administrative and Information Matters,” Subpart 204.8, “Contract Files,” Section 204.804, “Closeout of Contract Files.”

⁹ FAR Part 4, “Administrative and Information Matters,” Subpart 4.8, “Government Contract Files,” Section 4.804, “Closeout of Contract Files,” Subsection 4.804-5, “Procedures for Closing Out Contract Files.”

¹⁰ Contract options are extensions of the term of the contract and may be an amended completion date or additional time for performance.

¹¹ FAR Part 4, “Administrative and Information Matters,” Subpart 4.8, “Government Contract Files,” Section 4.804, “Closeout of Contract Files,” Subsection 4.804-4, “Physically Completed Contracts.”

¹² FAR Part 52, “Solicitation Provisions and Contract Clauses,” Subpart 52.2, “Text of Provisions and Clauses,” Sections 52.249-2, “Termination for Convenience of the Government (Fixed-Price)” and 52.249-6, “Termination (Cost-Reimbursement).”

4. Government furnished property has been accounted for and disposed of in accordance with the contracting officer's instructions, and compliance with instructions has been confirmed by reviewing the plant clearance and property clearance reports.
5. All interim or disallowed costs have been settled.
6. The price revisions have been completed and documented in a contract modification, and the contractor has been paid for the revised amounts.
7. All the prime's subcontracts have been paid, so the prime contract is eligible for contract closeout.
8. Prior year indirect cost rates have been settled by obtaining the final indirect cost rate proposal, settling those rates, and obtaining a final invoice with those settled rates.
9. All termination actions have been settled and a contract modification has been issued to document such settlement, and any monies due to the contractor have been paid.
10. There are no outstanding audit reports involving the contract and all recommendations have been addressed.
11. The contractor's closing statement has been completed, and the contractor's Assignment and Release of Claims has been obtained.
12. The contractor's final invoice has been submitted, and the contractor has received payment.
13. The contract funds review has been completed and excess funds have been deobligated.¹³

Not all contract closeout actions are required for every contract. For example, if a contract does not require access to classified material, the contracting official does not need to complete contract closeout action one—confirming proper disposal of classified material. Once the contract administration office completes the closeout actions, the contracting officer must then complete a contract completion statement that states that all required contract administration actions have been fully and satisfactorily accomplished. The FAR requires the contract completion statement to include key information such as the contractor, contracting office, last modification and order, dollar amount of excess funds (if any), final payment information, name and signature of contracting officer, and the date of signature.

¹³ FAR 4.804-5. Deobligation is defined as the cancellation or downward adjustment of previously reported obligations.

Contract Closeout Time Standards

To ensure contracts are promptly closed, the FAR establishes the following contract closeout timeframes.¹⁴

- Simplified acquisition procedure contracts should be considered closed when the contracting officer receives evidence of receipt of property and final payment.¹⁵
- Firm-fixed-price contracts should be closed within 6 months after physical completion. A firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.
- Cost-reimbursement contracts requiring settlement of indirect cost rates should be closed within 36 months after physical completion. Cost-reimbursement contracts are contracts that provide for payment of allowable incurred costs, to the extent prescribed in the contract. Indirect cost rate means the percentage or dollar factor that expresses the ratio of indirect expense incurred in a given period to direct labor cost, manufacturing cost, or another appropriate base for the same period.¹⁶

Defense Pricing and Contracting

Defense Pricing and Contracting (DPC), under the authority, direction, and control of the Assistant Secretary of Defense (Acquisition), is responsible for all contracting and defense pricing policy matters in the DoD. The DPC develops and maintains the DFARS and the companion resource, "Procedures, Guidance, and Information" (PGI). The DFARS and PGI include multiple policies for the closeout of contract files.

Defense Logistics Agency

The Defense Logistics Agency (DLA) manages the end-to-end global defense supply chain for the military services and combatant commands. The DLA mission is to deliver readiness and support the nation through quality, proactive global logistics. In FY 2022, the DLA provided more than \$48.2 billion in goods and services, including bulk petroleum and other energy products.

¹⁴ FAR Part 4, "Administrative and Information Matters, Subpart 4.8, "Government Contract Files," Section 4.804, "Closeout of Contract Officials," Subsection 4.804-1, "Closeout by the Office Administering the Contract."

¹⁵ Simplified acquisition procedures are Government procurement procedures that aim to reduce the administrative burden and time of awarding procurements below a certain dollar threshold.

¹⁶ FAR Part 2, "Definitions of Words and Terms," Subpart 2.1, "Definitions."

Defense Contract Management Agency

The Defense Contract Management Agency (DCMA) provides contract administration services in support of DoD contracts, including contingency contracts supporting Afghanistan operations. When delegated by the contracting office, the DCMA is responsible for providing contract administration services for the contracting office, including contract closeout. The DCMA follows DCMA Manual 2501-7, “Contract Closeout,” to close out the contracts it administers. The DCMA Manual states that DCMA administrative contracting officers will lead the administrative closeout process of the contract file, including coordination with all contracting parties to complete all administrative actions, settle all disputes, and ensure final payments have been made. The DCMA performs all administrative closeout procedures for the contracts it administers, and then the awarding contracting office completes the final closeout steps. The DCMA Manual states that contracting officials must follow FAR, DFARS, and contractual requirements when closing contracts.¹⁷

Defense Contract Audit Agency

The Defense Contract Audit Agency (DCAA) provides audit and financial advisory services to the DoD and other Federal entities responsible for acquisition and contract administration. The DCAA’s primary function is to conduct contract audits and provide financial advisory services. Specifically, DCAA audits are required for flexibly priced contracts to identify any disallowed costs and to review indirect cost rate proposals. For contract closeouts, the DCAA can perform final indirect rate audits for cost type contracts when requested by contracting personnel or if there is an established need from a Federal entity. In the DCAA’s “Report to Congress on FY 2018 Activities,” the DCAA reported that it had a backlog of about 21,000 incurred cost audits in FY 2011 due to a significant workload increase from military efforts following 9/11. The DCAA eliminated the backlog by 2018, and that same year, the 2018 National Defense Authorization Act set up a new requirement for the DCAA to complete all incurred cost audits within 1 year of receiving a qualified incurred cost submission.

Contingency Contracts Reviewed

To determine whether DoD contracting officials closed out contingency contracts supporting Afghanistan operations in accordance with Federal and DoD guidance, we reviewed a sample of contracts selected from both an auditor-generated universe of data from the Federal Procurement Data System (FPDS) and

¹⁷ DCMA Manual 2501-07, “Contract Closeout,” January 14, 2019.

from a more robust universe of data provided by the DPC. The DPC used several databases to generate a universe, including the FPDS, Electronic Data Access (EDA), and Oracle.

We initially generated a universe of contract actions supporting efforts in Afghanistan using the FPDS. The FPDS is the system Federal agencies use for reporting all unclassified contract actions and any modifications to those contract actions that change previously reported data, regardless of dollar value.

Following assessment of the auditor-generated data in the FPDS and discussions with the Services and Defense agencies responsible for awarding these actions, we determined that the universe was likely incomplete. Due to the inconsistent reporting in the FPDS for contracts supporting Afghanistan operations, we coordinated with the DPC to establish a more complete universe of contracts. We selected a total of 30 contract actions across five Services and Defense agencies, valued at \$4.4 billion obligated—9 from the auditor-generated universe and 21 from the universe the DPC provided.

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.¹⁸ We identified internal control weaknesses related to closing contingency contracts in accordance with the FAR and tracking contingency contracts supporting operations in Afghanistan.

¹⁸ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013 (Incorporating Change 1, June 30, 2020).

Finding A

DoD Contracting Officials Did Not Consistently Close Contingency Contracts in Accordance with Federal and DoD Guidance

DoD contracting officials did not consistently close out contingency contracts that supported efforts in Afghanistan in accordance with the FAR and DFARS. For the 30 contracts we reviewed, the contracting officials did not:

- close out 15 (75 percent) of the 20 closed contracts and will not close out at least 4 (40 percent) of the 10 open contracts in accordance with the time standards in the FAR because of delays with DCAA audits, requests for equitable adjustments, changes to contracting personnel, system errors, failure to track contracts requiring closeout, internal policies not in accordance with DoD requirements, and competing priorities with multiple closeouts occurring at once; or
- complete all contract closeout steps or include the required contract closeout statement in the contract file for 10 (50 percent) of the 20 closed contracts because of the age of the contracts, rotations of contracting personnel assigned to the contracts, and contracting personnel that did not maintain documentation in the contract files needed to perform the required contract closeout actions.

As a result, DoD contracting personnel did not always verify that the DoD received what it contracted for or complete administrative requirements in a timely manner, such as verifying payment of all invoices and receipt of all property or services.

The DoD missed the opportunity to reprogram at least \$3.7 million in canceled funds and may have lost other funds that were canceled.

If contracting personnel do not close contracts properly and in a timely manner, the contractor may not have released the Government of all claims, leaving the DoD open to paying additional costs. Furthermore, the DoD may not be

able to release any remaining funds on the contract and reuse those funds elsewhere. Specifically, the DoD missed the opportunity to reprogram at least \$3.7 million in canceled funds and may have lost other funds that were canceled because contracting personnel did not properly deobligate the funding in a timely manner. Therefore, the canceled funds were returned to the U.S. Treasury and could not be reprogrammed to support other operations requirements.

Contracts Not Closed in a Timely Manner

DoD contracting officials did not consistently close contingency contracts that supported efforts in Afghanistan in accordance with the timelines established in FAR 4.804-1.¹⁹ According to the FAR, after the contracting officer receives evidence that the contract is physically complete, contracting personnel should close the contracts within certain timelines depending on the type of contract.²⁰ FAR 4.804-4 states that a contract is physically complete once the contractor completed the required deliveries and the Government inspected and accepted the supplies, the contractor performed all services and the Government accepted those services, and all options have expired.²¹

Closed Contracts Not Closed in Accordance with FAR Timelines

DoD contracting personnel did not close 15 of 20 closed contracts that we reviewed in accordance with the timelines in the FAR as shown in Table 1.

Table 1. Contracts Not Closed in Accordance with FAR Timelines

Contract	Service or DoD Agency	Contract Type ¹	FAR Timeline (in Months)	Physical Completion Date ²	Closeout Date	Time to Close (in Months)
1	Army	FFP	6	February 2020	December 2020	10
2	Army	FFP	6	November 2017	August 2019	21
3	Army	FFP	6	December 2012	January 2023	121
4	Army	FFP	6	March 2014	June 2019	63
5	Army	FFP	6	August 2013	June 2019	69
6	USTRANSCOM	FFP	6	May 2021	October 2022	17
7	USTRANSCOM	FFP	6	May 2021	June 2022	12
8	Navy	FFP	6	March 2019	November 2021	31
9	Air Force	Cost	36	January 2009	February 2021	145
10	Air Force	Cost	36	April 2012	October 2022	126

¹⁹ Our sample included contracts, task orders, and delivery orders; however, for consistency, we mostly use the term contract throughout.

²⁰ FAR 4.804-1.

²¹ FAR 4.804-4.

Table 1. Contracts Not Closed in Accordance with FAR Timelines (cont'd)

Contract	Service or DoD Agency	Contract Type ¹	FAR Timeline (in Months)	Physical Completion Date ²	Closeout Date	Time to Close (in Months)
11	Air Force	FFP	6	June 2013	February 2022	104
12	DLA	FFP	6	October 2020	January 2022	15
13	DLA	FFP	6	May 2014	June 2021	85
14	DLA	FFP	6	March 2021	January 2022	9
15	DLA	FFP	6	June 2016	November 2022	77

¹ Firm-fixed-price (FFP).

² In accordance with the FAR, contracts can be physically complete based on the contract's period of performance end date, final acceptance date, or final invoice date. If the physical completion date was unclear, we determined the physical completion date based on the type of contract in correlation with the information provided in the contract file.

Source: The DoD OIG.

For example, an Air Force cost-plus-fixed-fee contract ended in 2009; however, contracting personnel did not close out the contract until 2021, more than 12 years later (see Table 1, Contract 9). This contract required settlement of indirect cost rates and, based on the FAR, should have been closed within 36 months, or 3 years. According to contracting personnel, there were multiple reasons for the delay, including a change in contractor ownership and waiting on the DCAA indirect cost rate audit, which was not complete until April 2015. Furthermore, based on the overhead rate adjustment identified by the DCAA, contracting personnel stated that they identified an additional \$132 owed to the contractor, and contracting personnel had to obtain current year funds to pay the additional amount owed. Contracting personnel stated that obtaining the additional funds was a time-consuming and manual process due to system changes and the age of the contract. In addition, there was \$2,851 of unliquidated obligations remaining on the contract to satisfy any rate adjustments after the DCAA finished its audit. The unliquidated obligations were set to cancel at the end of September 2011. Contracting personnel stated that Defense Finance and Accounting Service should have automatically deobligated the funds before they canceled. However, officials from Defense Finance and Accounting Service stated that it is the sole responsibility of the contracting officer to make sure funds are closed out properly. Contracting personnel were unable to provide any evidence to support whether the funds were properly deobligated; therefore, the funds likely were canceled.

In another example, a U.S. Transportation Command (USTRANSCOM) firm-fixed-price contract was physically complete in May 2021 (see Table 1, Contract 6). Based on the FAR, firm-fixed-price contracts should be closed within 6 months of physical completion. Contracting personnel did not close the contract until October 2022 due to an outstanding claim for a request for equitable adjustment for COVID-19 expenses.²² The request for equitable adjustment took more than 1 year to settle, and the contract was closed 5 months later.

In addition, an Army firm-fixed-price contract administered by the DCMA was physically complete in March 2014, according to the contract completion statement (see Table 1, Contract 4). The FAR states firm-fixed-price contracts should be closed within 6 months of physical completion. However, contracting personnel did not close the contract until over 5 years later in June 2019. Due to the age of the contract and changes to contracting personnel, Army and DCMA contracting personnel could not provide an explanation for why it took so long for this contract to be closed.

Furthermore, an Air Force cost-plus-fixed-fee contract ended in 2012 (see Table 1, Contract 10). According to the FAR, contracting personnel should have closed this contract within 3 years, in 2015; however, contracting personnel did not close this contract until 2022, approximately 10 years later. In addition, there was \$35,066 in unliquidated obligations on the contract. Due to missing documentation in the contract file, the contracting office could not explain what happened to that money and stated that without a deobligation modification, the contracting officer assumed the funds were canceled or expired. According to the DoD Financial Management Regulation, canceled funds are returned to the U.S. Treasury and cannot be repurposed for use within the DoD.²³

According to the FAR, contracting personnel should have closed this contract within 3 years, in 2015; however, contracting personnel did not close this contract until 2022, approximately 10 years later.

In another example, a DLA Energy firm-fixed-price contract ended June 30, 2016 (see Table 1, Contract 15).²⁴ According to DLA Energy officials, contracts must pass DLA Energy data review to clear issues such as unliquidated obligations, unfilled customer orders, and negative payables before DLA Energy personnel can close a

²² The FAR states a request for equitable adjustment is a change to contract terms that accurately reflects the contract adjustment for which the Contractor believes the Government is liable. The request must include only costs for performing the change, and all indirect costs included in the request must be properly allocable to the change in accordance with applicable acquisition regulations.

²³ DoD Financial Management Regulation, volume 3, chapter 10.

²⁴ The DLA Energy mission is to enable readiness by providing globally resilient energy solutions to the Warfighter and Whole of Government. All of our DLA sample items were from DLA Energy.

contract. After DLA Energy personnel address any data issues, the DLA Energy Procurement Business Process Analyst (BPA) team is responsible for closing the contract within the Enterprise Business System. For our sample item, the DLA Energy Procurement BPA team stated that the contract receipts did not match the amount invoiced so the contract did not pass DLA Energy's data review and could not be closed out. Once rejected, this contract appeared on the DLA Data Cleansing

DLA Energy contracting personnel were unaware that the contract was open 6 years after the contract ended, despite the contract being on the DLA Data Cleansing Issues report.

Issues report, indicating there were issues contracting personnel must address before the Procurement BPA team could close out the contract. DLA Energy officials stated that this report is distributed weekly. The DLA Manual requires contracting officers to review

system generated reports to determine awards that are ready for manual closeout. However, DLA Energy contracting personnel were unaware that the contract was open 6 years after the contract ended, despite the contract being on the DLA Data Cleansing Issues report. DLA Energy officials stated that this contract was an anomaly, but provided an example of a DLA Data Cleansing Issues report that contained 462 contracts, including our sample item, ending as far back as December 2013. After we asked about the open contract, contracting personnel corrected the error and closed the contract on November 23, 2022, 6 years after the contract ended.

In addition, another DLA Energy firm-fixed-price delivery order ended March 31, 2021, and DLA Energy did not close the delivery order until 9 months later on January 12, 2022 (see Table 1, Contract 14). This was a delivery order on a long-term contract, which expired September 11, 2021. According to the DFARS PGI, individual orders under a basic ordering agreement must be closed following completion of the orders. The DoD "Contract Closeout Guidebook" also states that individual orders under indefinite delivery contracts should begin closeout once the order is physically complete. However, DLA Energy officials stated that the Procurement BPA team does not close out delivery orders until at least 120 days after the long-term contract ends. In order to comply with the DFARS PGI, the DLA should not wait on the long-term contract to end before closing the associated delivery orders.

Open Contracts Not Closed in Accordance with FAR Timelines

Contracting personnel did not close at least 4 of 10 open contracts we reviewed in accordance with the timelines in FAR 4.804-1.²⁵ Table 2 lists the type of contract and how long it should have taken to close out.

Table 2. Contracts Open as of January 31, 2023, Not Closed in Accordance with FAR Timelines

Contract	Service or DoD Agency	Contract Type ¹	FAR Timeline (in Months)	Physical Completion Date ²	Closeout Date Based on FAR Timelines	Elapsed Time Since Physically Complete (in Months)
16	Army	FFP	6	August 2021	February 2022	17
17	Army	Cost	36	December 2014	December 2017	97
18	Navy	Cost	36	December 2015	December 2018	85
19	Army	FFP	6	November 2018	May 2019	50

¹ Firm-fixed-price (FFP).

² In accordance with the FAR, contracts can be physically complete based on the contract's period of performance end date, final acceptance date, or final invoice date. If the physical completion date was unclear, we determined the physical completion date based on the type of contract in correlation with the information provided in the contracting file.

Source: The DoD OIG.

For example, a Navy cost-plus-fixed fee contract was completed on December 7, 2015, but as of January 31, 2023, was still open (see Table 2, Contract 18). According to FAR guidelines, contracts requiring settlement of indirect cost rates should be closed within 36 months of physical completion.²⁶ The contract remained open for 4 years and 5 months while the DCAA completed a series of audits between September 2018 and May 2020. Additionally, in October 2020, contracting officials were required to delay the contract closure due to an investigation of the contractor.²⁷ In July 2022, after the investigation was completed, the contracting officer issued a contracting officer's final decision for unallowable direct costs. The contractor appealed the contracting officer's final decision and the contract went into litigation. The contract remains open, more than 7 years since the completion date. While the FAR states a contract cannot be closed while in litigation, the contract remained open for more than 4 years before the investigation and did not enter litigation until after the investigation

²⁵ While there were 10 open contracts in our sample, 6 were still within the timelines to close a contract during our review; therefore, we could not determine whether those were closed in accordance with the FAR.

²⁶ FAR 4.804-1.

²⁷ The Naval Criminal Investigation Service and Army Criminal Investigation Division conducted the investigation.

was complete.²⁸ Additionally, the contract had unliquidated obligations of \$60,012 that canceled at the end of FY 2018 while awaiting a DCAA audit and \$126,000 canceled at the end of FY 2020 while the contract was under investigation. A total of \$186,012 in canceled funds went back to the U.S. Treasury and could not be repurposed for use by the DoD.

In another example, the period of performance for a cost-plus-fixed fee Army contract ended on December 31, 2014 (see Table 2, Contract 17). Based on FAR guidelines, this contract should have been closed within 36 months, by December 31, 2017.²⁹ However, as of January 31, 2023, the contract remained open.

Since contracting personnel did not deobligate the \$3.5 million in excess funds, they were canceled and returned to the U.S. Treasury. Had contracting personnel deobligated those funds before they canceled, the money may have been repurposed for another use.

Contracting personnel stated that the contract was still open because the contracting officer retired, and the contract was not reassigned or delegated to the closeout team. Therefore, no one was tracking or working to close out the contract. Originally, contracting personnel stated that the contract had no unliquidated obligations; however, we later found the contract had

approximately \$3.5 million in unliquidated obligations. Since contracting personnel did not deobligate the \$3.5 million in excess funds, they were canceled and returned to the U.S. Treasury. Had contracting personnel deobligated those funds before they canceled, the money may have been repurposed for another use.

Additionally, an Army fixed-price-contract ended in August 2021, but as of January 31, 2023, was still open (see Table 2, Contract 16). Based on FAR guidelines, contracting personnel should have closed this contract in February 2022. Contracting personnel in Afghanistan awarded this contract. After the withdrawal, the contracting office disbanded and the contracts were sent to another office to close. According to contracting personnel, due to the number of contracts they inherited to close, they prioritized closeouts based on those with unliquidated obligations, and this contract did not have any unliquidated obligations. In addition to the workload of contracting office personnel, there was frequent personnel turnover and this contract was awarded to an Afghan contractor, which caused additional issues in closing out the contract. Specifically, the Office of the Under Secretary of Defense for Acquisition and Sustainment issued a memorandum after the withdrawal stating that payment cannot be made to an Afghan vendor in Afghani by way of electronic funds sent to an Afghan banking

²⁸ FAR 4.804-1.

²⁹ FAR 4.804-1.

institution.³⁰ As a result, the contractor had to get a bank account in another country to receive payment. Moreover, with a new bank account, contracting personnel had to change the contract from Afghani to U.S. dollars. Contracting personnel stated that a system glitch prevented the contracting office from changing the contract from Afghani to U.S. dollars, so the contracting office had to issue a new purchase order contract to pay two invoices. All of which added to the delay of closing out this contract.

In another example, an Army firm-fixed-price contract was completed November 30, 2018, but as of January 31, 2023, was still open (see Table 2, Contract 19). According to FAR guidelines, contracting personnel should have closed this contract within 6 months of completion, which was by May 30, 2019.³¹ The administrative contracting officer completed and signed a contract closeout checklist on March 19, 2021, but there was no contract completion statement in the contract file. The DCMA administered this contract and closed the contract in the Mechanization of Contract Administration Services (MOCAS) system.³² Usually a MOCAS-generated contract completion statement flows to the EDA and FPDS, where it populates a formal contract completion statement for the contract file.³³

However, contracting personnel stated that an erroneous contract completion statement tied to early modifications in the EDA may have caused the system to reject the MOCAS-generated completion statement. There were no unliquidated obligations and the contractor had been paid in full, but contracting personnel were unaware the contract was still open in the Army's contract writing system because the FPDS showed the contract as closed. FAR 4.804-2 states that after the contracting officer receives a contract completion statement from the contract administration office, the contracting officer will ensure that all contractual actions required have been completed and prepare a statement to close out the contract file and make that statement part of the official contract file.³⁴

Contracting personnel were unaware the contract was still open in the Army's contract writing system because the FPDS showed the contract as closed.

³⁰ Afghani is the official currency of Afghanistan.

³¹ FAR 4.804-1.

³² MOCAS is a standard system used by the DCMA and Defense Finance and Accounting Service to manage major defense acquisitions and to administer and pay contracts issued to defense contractors.

³³ The EDA is a web-based system that provides secure online access, storage, and retrieval of contract documents to authorized users.

³⁴ FAR Part 4, "Administrative and Information Matters," Subpart 4.8, "Government Contract Files," Section 4.804, "Closeout of Contract Files," Subsection 4.804-2, "Closeout of the Contracting Office Files if Another Office Administers the Contract."

Additional Controls Needed to Ensure Compliance with Contract Closeout Timelines

Contracting personnel are not closing contracts in a timely manner for several reasons, including requests for equitable adjustments, high turnover of contracting personnel, delays in DCAA audits, lack of communication between contracting officers and DCMA personnel regarding contract closeout procedures, lack of tracking contracts that need to be closed, system errors related to contract closeout status, internal policies, and competing priorities due to the workload of contracting personnel. The “Contract Closeout Guidebook” states that contract closeout is often a low priority for most contracting activities because efforts are focused on new contract awards so that end users can receive the goods and services needed to meet mission requirements. However, the Guidebook also states that timely contract closeout is important because without this final step in a contract’s life cycle, the Government cannot settle its financial records. Specifically, unliquidated balances or the funds remaining on a contract after performance has

The DoD lost the ability to reprogram and use at least \$3.7 million in canceled funds that went back to the U.S. Treasury.

ended can result in not identifying improper payments in a timely manner or in the inability to reuse excess unspent funds elsewhere.³⁵

Furthermore, unliquidated obligations that remain on a contract after performance has ended could be canceled if not deobligated and repurposed in a timely manner. Once canceled, funds go back to the U.S. Treasury and cannot be repurposed for other uses within the DoD. Based on the examples above, the DoD lost the ability to reprogram and use at least \$3.7 million in canceled funds that went back to the U.S. Treasury which, if deobligated in a timely manner, could have been made available to support mission requirements.

If a contract is nearing the end of a closeout timeline date, contracting personnel could issue a contracting officer’s final decision or a unilateral closure to close out the contract within the FAR timeline. This action prompts the contractor either to finalize the contract and ensure all invoices have been submitted, or to proceed with an appeal. The contractor can appeal the contracting officer’s final decision or a unilateral closure. According to the FAR, a contract that is under appeal cannot be closed. Therefore, if the contractor appeals the final decision, it would not affect the closeout timelines in the FAR, as the timeline to close would not start until contracting personnel settled the appeal. While some of these contracts took longer to close due to circumstances related to COVID-19 or the withdrawal from Afghanistan and were outside contracting personnel’s control, a better plan should

³⁵ DoD, “Contract Closeout Guidebook,” October 25, 2019.

be in place for future contingency operations to ensure contracts are closed in a timely manner. DFARS 204.804 states that the head of the contracting activity will assign the highest priority to closeout of contracts awarded for performance in a contingency area. Heads of contracting activities must monitor and assess on a regular basis the progress of contingency contract closeout activities and take appropriate steps if a backlog occurs.³⁶ Therefore, the Principal Director, DPC, should implement additional procedures for contracting personnel to better track contracts that support ongoing and future contingency or overseas operations to ensure those contracts are closed in a timely manner. In addition, the Principal Director, DPC, should implement additional controls for contracting personnel that may include incorporating greater supervisory oversight and more frequent training on compliance with FAR and DFARS contract closeout requirements for all contracts. Furthermore, the Director, DLA, should require additional oversight of the DLA Data Cleansing Issues report to ensure timely closeout of contracts requiring additional work to close. In addition, the Director, DLA, should require DLA Energy to update its internal policies for close out of oil and gas delivery orders to comply with the DFARS PGI and close out delivery orders once physically complete.

Contracting Personnel Did Not Follow Proper Closeout Procedures

DoD contracting officials did not consistently complete all contract closeout actions or include all required documentation to support the closeout in the contract file for 10 of 20 closed contracts. According to the FAR, the contract administration office is responsible for initiating the automated or manual administrative closeout of the contract after receiving evidence of physical completion. Contracting personnel can complete a contract closeout checklist to document the completion of required contract actions. While the checklist is not required, personnel can use the checklist as a guide to ensure all administrative closeout procedures have been completed. Additionally, the FAR states that when the closeout procedures are complete, the contracting officer is required to prepare and sign a contract completion statement and place the statement in the contract file.³⁷ However, contracting personnel did not always comply with the FAR requirements when documenting contract closeout actions.

DoD contracting officials did not consistently complete all contract closeout actions or include all required documentation to support the closeout in the contract file for 10 of 20 closed contracts.

³⁶ DFARS 204.804.

³⁷ FAR 4.804-5.

For example, an Army firm-fixed-price contract had several issues with the documentation in the file. According to the contract completion statement, the final acceptance date was August 7, 2016. The contract completion statement was signed the same day. However, the contract completion statement noted that the final voucher number was unknown and the final payment information was not available. According to FAR 4.804-5(b), the contract completion statement must include the final voucher number and date if final payment has been made. Contracting personnel stated there was a final invoice in the Wide Area Work Flow. However, they did not know, due to the age of the contract and changes in contracting personnel, if the contracting officer at the time verified the final voucher and payment. In addition, the file included a contract closeout checklist completed in May 2019—34 months after the contract completion statement. Contracting personnel stated that the contracting officer that signed the contract completion statement did not complete the contract closeout checklist, so contracting personnel completed the checklist years later in 2019. Furthermore, the FPDS inaccurately reported that this contract was closed in 2021. However, contracting personnel did not close the contract in the Army's contract writing system until January 2023 because the contracting officer who completed the checklist in 2019 stated that it was above their warrant and they could not close it. Therefore, contracting personnel did not close out the contract in accordance with the FAR closeout requirements.

In another example, an Army firm-fixed-price contract, administered by the DCMA, contained two contract completion statements. One completion statement was prepared by the DCMA and maintained in the Army's contract writing system. The document stated that the contract was physically complete in August 2013 and closed in March 2017. This statement noted that there were no excess funds remaining on the contract and included a final voucher number. However, in 2019, a DCMA administrative contracting officer noticed the contract was still open in the DCMA's system and had \$1.73 of unliquidated obligations remaining on the contract. Therefore, the administrative contracting officer deobligated the unliquidated obligations and closed the contract in June 2019, generating the second contract completion statement and closing the contract in the DCMA's system as well as in the FPDS. The 2019 contract completion statement did not include the required final invoice number or contracting officer signature. DCMA contracting personnel could not say why it took so long to close the contract in the DCMA system, citing the age of the contract, rotating personnel, and limited documentation maintained in the files, and they were not aware of the first contract completion statement from 2017. The administrative contracting officer was also unable to provide a current contracting office point of contact. Army contracting personnel could not speak to the completion statement in the Army's

contract writing system or why the contract was only closed in the Army's contract writing system and not elsewhere. Additionally, the Army's contracting file contained minimal documentation for the contract and did not include any documentation related to the closeout.

Contracting personnel did not complete either contract completion statement in accordance with the requirements. The 2017 completion statement did not acknowledge the funds remaining on the contract, and the 2019 statement was

The Army's contracting file contained minimal documentation for the contract and did not include any documentation related to the closeout.

incomplete. Therefore, the contract was not closed in accordance with FAR timelines, and contracting personnel did not close the contract in accordance with FAR closeout requirements.

Contract closeout is an important step because it establishes that the contract is complete, all products and services were delivered, and all financial transactions are settled. If contracting personnel do not perform proper contract closeout, contractors could submit additional invoices on the contract if they did not release the Government of all claims, leaving the Government open to pay additional costs. Therefore, the Principal Director, DPC, should reinforce existing closeout requirements and implement additional controls to ensure communication between contracting personnel and administrative contracting personnel throughout the contract closeout process and develop procedures to ensure the continuity of contracting operations in the event of personnel turnover or changes in responsibility for contract oversight. In addition, the Principal Director, DPC, should require contracting personnel to check all contracting systems once the contract is closed to verify the status is accurate and closed in each system.

Conclusion

According to the DFARS, contracting activities must assign the highest priority to the closeout of contracts awarded for performance in a contingency area; however, DoD contracting officials did not properly close out contracts that supported efforts in Afghanistan. Specifically, contracting personnel did not always close out contracts in accordance with the timelines established in the FAR and did not always follow required contract closeout steps. If contracting personnel do not close contracts properly, contractors could submit additional invoices on the contract if they did not release the Government of all claims, leaving the Government open to pay additional costs. Also, the DoD may be missing out on funds that were canceled because contracting personnel did not deobligate funds in a timely manner. Once the funds are canceled, they are returned to U.S. Treasury

and cannot be repurposed within DoD use. Based on our sample, the DoD lost access to at least \$3.7 million in canceled funds that were not properly deobligated in a timely manner.

Recommendations, Management Comments, and Our Response

Recommendation A.1

We recommend that the Principal Director, Defense Pricing and Contracting:

- a. **Implement additional procedures for contracting personnel to better track contracts that support ongoing and future contingency or overseas operations to ensure those contracts are closed in a timely manner.**

Defense Pricing and Contracting Comments

The DPC Principal Director agreed with the recommendation, stating that the DPC will review the current policy and regulation for areas to add more specific procedures for personnel to track contracts, specifically contract completion status, in support of contingency operations.

Our Response

Comments from the Principal Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the DPC provides the updated guidance and we verify that it contains procedures sufficient for personnel to track contracts in support of contingency operations.

- b. **Implement additional controls for contracting personnel that may include incorporating greater supervisory oversight and more frequent training on compliance with Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement contract closeout requirements for all contracts.**

Defense Pricing and Contracting Comments

The DPC Principal Director agreed with the recommendation, stating that the DPC will identify areas of the “Contract Closeout Guidebook” to update with additional guidance and requirements to implement the recommendation. Specifically, the DPC will consider linking the Guidebook to the DFARS PGI. The DPC will also engage with the Defense Acquisition University to add emphasis to closeout requirements and oversight roles and responsibilities pertaining to contingency contract closeout.

Our Response

Comments from the Principal Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the DPC provides the updated guidance and we verify that the DPC updated the “Contract Closeout Guidebook” and worked with the Defense Acquisition University to emphasize closeout requirements, roles, and responsibilities pertaining to contingency contract closeout.

- c. Reinforce existing closeout requirements and implement additional controls to ensure better communication between contracting personnel and administrative contracting personnel throughout the contract closeout process and develop procedures to ensure continuity of contracting operations in the event of personnel turnover or changes in responsibility for contract oversight.**

Defense Pricing and Contracting Comments

The DPC Principal Director agreed with the recommendation, stating that the DPC will review current contract closeout procedures in the DFARS PGI and the “Contract Closeout Guidebook” to add guidance to ensure better communication between procuring and administrative contracting officers and ensure continuity of contracting operations in the event of personnel turnover. The Principal Director identified DFARS PGI 204.804 and 225.3 as sections to incorporate into the guidance.

Our Response

Comments from the Principal Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the DPC provides the updated guidance and we verify that it will ensure better communication between procuring and administrative contracting officers, and ensure continuity of contracting operations in the event of personnel turnover.

- d. Require contracting personnel to check all contracting systems once the contract is closed to verify the status is accurate and closed in each system.**

Defense Pricing and Contracting Comments

The DPC Principal Director disagreed with the recommendation, stating that the DPC deployed automated closeout capabilities to integrate contract closeout across multiple systems and manually cross checking all contracting systems would be counterproductive. The Principal Director stated that automated closeout

procedures were established in the FPDS several years ago and in the EDA a few years earlier that send a copy of the closeout transaction and change the status to closed without contracting officer involvement. The Principal Director stated that these automated closeout procedures save time while delivering accurate results on the status of contracts, so requiring contracting personnel to validate all contracting systems would be duplicative in the high-paced contingency environment.

Our Response

Comments from the DPC Principal Director did not address the recommendation; therefore, the recommendation is unresolved. While the Principal Director stated that the DPC established automated closeout procedures to change the status of the contract to closed without contracting officer involvement, we identified that the closeout procedures do not consistently result in an accurate change of status for contracts in all systems. As noted in both findings of the report, we identified multiple examples where the closeout status was not accurate or consistent between all systems. For example, one DLA contract closed in January 2022 but appeared open in our sample from the FPDS in June 2022. DLA contracting personnel did not know the data in the FPDS was inaccurate. In another example, an Army contract appeared closed in the FPDS but was actually still open. DCMA personnel closed the contract in the MOCAS system. However, contracting personnel stated that an erroneous contract completion statement tied to early modifications in the EDA may have caused the system to reject the MOCAS-generated completion statement. Army contracting personnel were not aware the contract was still open in the Army contracting systems because it was marked as closed in the FPDS. Additionally, Army contracting personnel stated that various errors and glitches prevented the contract status from updating across all systems. If contracting personnel had checked the systems when closing out the contracts, they would have seen that the status did not update properly and could have taken action to correct it.

While the DPC stated that the automated closeout procedures were designed to provide integrated contract closeout across multiple systems while delivering accurate results on the status of contracts, we found multiple examples showing the automated process was not working as intended. Therefore, within 30 days of this report, we request that the Principal Director provide alternative actions or additional automated procedures that will address the underlying issues identified in this report and provide comments on the final report describing the actions the DPC will take to ensure the contract status is accurate and closed in each system when a contract closes.

Recommendation A.2

We recommend that the Defense Logistics Agency Director:

- a. **Implement additional oversight of the Defense Logistics Agency Data Cleansing Issues report to ensure timely closeout of contracts requiring additional work to close.**

Defense Logistics Agency Comments

The DLA Acquisition Director, responding for the Director, agreed with the recommendation, stating that the DLA Acquisition Contract Closeout Sub-Process Owner will conduct a monthly review of the DLA Energy Data Cleansing Issues Report. This will provide increased visibility of the DLA Energy contracts that require additional administrative action and ensure timely closeout. Reviews will begin in January 2024.

Our Response

Comments from the Acquisition Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once DLA Acquisition provides documentation sufficient to demonstrate that it implemented the monthly review.

- b. **Require Defense Logistics Agency Energy to update its internal policies for close out of oil and gas delivery orders to comply with the Defense Federal Acquisition Regulation Supplement, Procedures, Guidance and Information to close out delivery orders once physically complete.**

Defense Logistics Agency Comments

The DLA Acquisition Director, responding for the Director, agreed with the intent of the recommendation, stating that the DLA believes DFARS PGI 216.703 does not apply because DLA Energy primarily uses single-award, indefinite-delivery type contracts instead of basic ordering agreements. The Acquisition Director stated that DLA Energy will update internal policies to formally define what physical completion of delivery orders entails.

Our Response

Comments from the Acquisition Director partially addressed the specifics of the recommendation; therefore, the recommendation is unresolved. We agree that updating internal policies to formally define physical completion of delivery orders will provide more clarity for contracting personnel closing out contracts. However, in addition to what is stated in DFARS PGI 216.703, the DoD "Contract Closeout

Guidebook” further states that contract closeout of individual orders under indefinite delivery contracts should begin once the order is physically complete, not when the indefinite delivery contract closes. Therefore, within 30 days of this report, we request that the DLA Director describe the specific actions that DLA Acquisition will take to ensure close out of oil and gas delivery orders complies with guidance to close out delivery orders once physically complete and work with the DPC to determine if DLA internal policies are correct. Once the DLA coordinates with the DPC, we request the documented results of the coordination and any updated internal policies.

Finding B

The DoD Could Not Account for All Contingency Contract Awards Used to Support Afghanistan Efforts

DoD contracting personnel did not account for all contracts that supported contingency efforts in Afghanistan as required by law. Specifically, we worked with contracting personnel from the Services and Defense agencies to obtain a universe of contingency contracts that supported Afghanistan; however, the universe they provided was not complete and contained contracts that did not support efforts in Afghanistan. We also worked with the DPC to obtain a universe; however, that universe also contained contract actions that did not support efforts in Afghanistan. This occurred because the DoD did not have a policy in place requiring contract personnel to input all contingency contract data in a way that captures all contracts supporting Afghanistan; contracting activities were not required to populate data fields in the FPDS that would provide visibility over contingency contracts; and the Services and Defense agencies inconsistently entered contingency contract data into the FPDS.

Additionally, contract data reported in the FPDS was not reliable and did not accurately reflect the status of contingency contracts supporting Afghanistan. Contracting personnel did not always know why the information in the FPDS was inaccurate. However, in some cases, the information was inaccurate because of undetected system errors and because internal contract tracking systems for Service and Defense agencies did not communicate with central DoD contract tracking systems like the FPDS.

As a result, DoD officials do not have accurate or complete information associated with contingency contracts supporting U.S. military action in Afghanistan, such as the number of contracts, type of work being completed, the costs associated with the projects or services, and whether the contract was open. Without knowing which contracts supported DoD operations in Afghanistan, the DoD does not have the necessary visibility over the projects or services it funded, which may hinder its ability to perform required contract closeout procedures and deobligate and repurpose unliquidated funds.

DoD officials do not have accurate or complete information associated with contingency contracts supporting U.S. military action in Afghanistan, such as the number of contracts, type of work being completed, the costs associated with the projects or services, and whether the contract was open.

Improvements Needed to Collect and Report on Contract Actions Supporting Contingency Operations

The DoD could not readily account for all contingency contracts supporting U.S. military actions in Afghanistan. Public Law 112-239, “National Defense Authorization Act for FY 2013,” requires the DoD to issue policy to ensure the DoD has the capability to collect and report on contingency operations outside the United States, including the total number of contracts that are active and their dollar value. While there are systems to track DoD contracts, the DoD did not issue a policy to ensure the Services and Defense agencies had the capability to collect and report on contingency operations outside the United States for the contracts supporting Afghanistan. Furthermore, after attempting to obtain a universe from the System for Award Management website, SAM.gov, we worked with the Services and Defense agencies to obtain a universe of contingency contracts that supported Afghanistan.³⁸ However, the contract data provided by the Services and relevant Defense agencies did not represent a complete universe and did not align with the data we obtained from SAM.gov.

The Services and Defense Agencies Could Not Account for Contracts Supporting Operations in Afghanistan

The Services and Defense agencies could not provide a universe of contingency contracts supporting efforts in Afghanistan. Contracting personnel from the Army, Navy, and DLA stated that there was no way to query systems for all contracts that support contingency efforts in Afghanistan. Therefore, contracting personnel from the Army and Navy stated that the list of contingency contracts provided was likely incomplete.

The Services and Defense agencies could not provide a universe of contingency contracts supporting efforts in Afghanistan.

After comparing the universes provided by the Services and relevant Defense agencies with the auditor-generated universe obtained from SAM.gov, we found that the data from the Services and Defense agencies did not align with the auditor-generated data. For example, the data we originally obtained using “Principal Place of Performance: Afghanistan” as search terms from SAM.gov did not contain any Navy contract actions. However, the Navy provided a list of 231 contingency contract actions that Navy personnel asserted supported efforts in Afghanistan. We determined that the Navy data included contract actions that did not support efforts in Afghanistan. Additionally, the data we obtained

³⁸ Contracting personnel enter contract data into FPDS; however, the reporting module in FPDS is retired and personnel must obtain all contract data reports from SAM.gov.

from SAM.gov included 229 open USTRANSCOM contract actions related to Afghanistan, whereas the information provided by USTRANSCOM officials included only 72 contract actions—67 open and 5 closed.³⁹ The USTRANSCOM data also included contract actions that did not support efforts in Afghanistan.

The DoD Could Not Account For Contracts Supporting Efforts in Afghanistan

DPC personnel also could not provide a complete universe of DoD contracts supporting efforts in Afghanistan. After the challenges we encountered with the Services and Defense agencies not being able to account for contracts supporting operations in Afghanistan, we requested assistance from DPC personnel. DPC personnel stated that there is no way to query the data to generate a universe of contracts that supported work in Afghanistan. To provide a universe, DPC personnel ran a combination of data sets using different queries and manual searches. Some of the tools DPC personnel used to query data are not available using SAM.gov. Additionally, DPC personnel used multiple databases, including the EDA, FPDS, and Oracle, to obtain contract data that were not available to all users.⁴⁰

DPC personnel provided a universe; however, the universe contained contract actions that did not support efforts in Afghanistan. Despite manually reviewing the universe the DPC provided to remove contracts that had no noted ties to contingency work in Afghanistan, we also identified contracts that upon reaching out to the contracting office, were not actually in support of efforts in Afghanistan. Specifically, after reviewing the contract documentation and reaching out to contracting personnel, we identified two USTRANSCOM contract actions, one Army contract action, and one Air Force contract action that we initially selected for review that supported multiple operations in various countries outside of the continental United States.

Inconsistent Reporting and Coding of Contingency Contracts in the FPDS

There were several ways that DoD contracting personnel could input contract actions supporting efforts in Afghanistan when entering data in the FPDS, and some available fields are not required. Several fields in the FPDS can be used to identify a contract action as one that is associated with contingency efforts in

³⁹ USTRANSCOM personnel stated that this difference is a result of SAM.gov accounting for consolidated contract actions that USTRANSCOM's self-reported data set did not include. We verified that several items in our data were consolidated contract actions, but these actions do not account for the entire difference in contract count.

⁴⁰ DPC personnel have access to the data not available to all users in the FPDS and searched data we could not access. Specifically, for contract actions with a place of performance in Afghanistan or awarded to a contractor located in Afghanistan, contracting officers use a generic entity identifier as opposed to the actual location and name to protect those vendors and the DoD mission. The Oracle is a database management system that the DPC used to search for relevant contract actions to create a universe of data.

Afghanistan. For example, contracting officers may mark a contract as part of a contingency operation by indicating such in the “Emergency Acquisition Code” field. Alternately, they may identify the “Principle Place of Performance” of a contract action as Afghanistan or identify a contract as part of Operation Enduring Freedom or Operation Freedom’s Sentinel by coding it accordingly in the “National Interest Action” field.⁴¹ In some cases, the only way to identify that a contract action was relevant to efforts in Afghanistan is with a keyword search in the “Description of Requirement” field for work related to Afghanistan.

As a result, DoD personnel do not know how many contingency contract actions supported efforts in Afghanistan. Without this information, the DoD does not have

The DoD does not have a way to accurately report on the number of contracts and their associated dollar values for contingency contracts supporting Afghanistan in accordance with Public Law 112-239.

a way to accurately report on the number of contracts and their associated dollar values for contingency contracts supporting Afghanistan in accordance with Public Law 112-239. While efforts in Afghanistan have ended, it is important to ensure that contracting personnel improve tracking for any

future contingency or even noncontingency overseas operations for proper oversight of the work and funds involved. Therefore, the Principal Director, Defense Pricing and Contracting, should develop a plan or issue guidance to track contracts and the associated costs with each contract for future contingency, emergency response, and overseas operations.

Contract Closeout Field in the Federal Procurement Data System Was Not Always Accurate

Contract closed status in the FPDS was not always accurate. Public Law 112-239 requires that the DoD have the capability to report the number of active contracts supporting contingency operations. However, data maintained in the FPDS did not always accurately reflect the closure status of contract actions supporting contingency efforts in Afghanistan. We selected two contracts for review that were incorrectly marked as “open” or “closed.” Specifically, we selected the following.

- One DLA contract that was open in the FPDS but was actually closed in January 2022, 6 months before we selected it as a sample item. DLA personnel provided a contract completion statement as well as a contract action report from the FPDS showing the January 2022 closeout date.

⁴¹ The National Interest Action classification for contracts associated with contingency efforts in Afghanistan before December 31, 2014, was Operation Enduring Freedom. Operation Freedom’s Sentinel identifies contracts associated with contingency efforts in Afghanistan beginning on or after January 1, 2015.

Contracting personnel did not know why the data in the FPDS was not accurate, as information available in DLA records supported that the contract had been closed.

- One Army contract that was recorded as closed in the FPDS, but was still open. Army contracting personnel stated that the DCMA, which administered this contract, had performed the closeout requirements in MOCAS, which flows through to the EDA and FPDS, but that Army contracting personnel had not closed out the contract by completing a contract completion statement or closing the contract in the Army contracting systems. Army contracting personnel stated that they believed this occurred because a contract completion statement that should have flowed from MOCAS to the EDA did not, likely due to a system error. Army contracting personnel stated that they were not tracking this contract as one they needed to close because the closeout team generates a list of contracts from the FPDS, which showed this contract as closed. Army contracting personnel stated that they were not aware that the contract was still open.

Service and Defense agency contract tracking systems and DoD-wide tracking systems do not always communicate to ensure actual contract closeout status reflects across all systems. Without accurate closeout status data, DoD personnel do not have the visibility necessary to identify contingency contracts that remain open. If contract actions remain open past relevant timeframes, funding obligated to those actions may not be properly deobligated and repurposed for other uses within the DoD. We made a recommendation in Finding A that will address these issues. Specifically, we recommended that the Principal Director, Defense Pricing and Contracting, should require contracting personnel to check all contracting systems once the contract is closed to verify the status is accurate and closed in each system. The FPDS is one of the systems that contracting personnel would be required to check as a part of that review.

Conclusion

While the “National Defense Authorization Act for FY 2013” requires the DoD to issue policy to ensure the DoD has the capability to collect and report on contingency operations outside the United States, DoD contracting personnel could not account for all contingency contracts that supported efforts in Afghanistan. In addition, the data related to contract closeouts were not always accurate. As a result, DoD officials do not have access to important information associated with contingency contracts that supported U.S. military action in Afghanistan. Without knowing which contracts supported Afghanistan, the DoD does not have the necessary visibility of the projects or services it funded, which may hinder the DoD’s ability to perform required contract closeout procedures and deobligate and repurpose all unliquidated funds.

Recommendations, Management Comments, and Our Response

Recommendation B.1

We recommend that the Principal Director, Defense Pricing and Contracting, develop and issue guidance to track contracts and the associated costs for each contract for future contingency, emergency response, and overseas operations.

Defense Pricing and Contracting Comments

The DPC Principal Director agreed with the recommendation, stating that the DPC will review current policies and procedures tied to tracking open and closed contract status for those contracts supporting contingency operations and other emergency operations. The Principal Director stated that the DPC will update such policies and procedures to add strengthening language and amplifying guidance to ensure such contracts are tracked in accordance with FAR and DFARS requirements.

Our Response

Comments from the Principal Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we can validate that the policy updates include tracking of contracts and associated costs for contingency, emergency response, and other overseas operations in accordance with FAR and DFARS requirements.

Appendix

Scope and Methodology

We conducted this performance audit from March 2022 through October 2023 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.

Sample Selection

When selecting a sample to review from our universe of data, we considered several factors. Specifically, we considered the Service or Defense agency and contracting office that issued the contract action, the amount obligated to the contract action, and whether the contract action was open or closed. In total, we selected a nonstatistical sample of 30 contract actions, across five Services and Defense agencies, to which \$4.4 billion have been obligated.⁴² Specifically, we selected the following for review.

- 16 Army contract actions with a total value of \$2.8 billion
- 6 Air Force contract actions with a total value of \$251.5 million
- 2 Navy contract actions with a total value of \$95 million
- 4 DLA contract actions with a total value of \$980.9 million
- 2 USTRANSCOM contract actions with a total value of \$254 million

Review of Contract Guidance and Documentation

For each of our sample items, we performed an in-depth review to determine if DoD contracting officials closed out contingency contracts supporting Afghanistan operations in accordance with applicable Federal laws and DoD regulations. Specifically, we reviewed Federal regulations and DoD guidance to identify requirements for contingency contract closeout. We then reviewed the contracting files for each of our sample items to determine if the closeout was executed in accordance with these regulations and guidance. We also reviewed funding documentation to identify the types of funds used to finance the contract action as well as assessing whether excess funds allocated to a contract action were appropriately deobligated at closeout, where applicable. Furthermore, we conducted interviews with contracting personnel for each

⁴² The \$4.4 billion dollar value is based on the contract actions that were pulled into our sample; however, the total value of the contracts we reviewed is significantly higher. We did not include the overall total contract value because some contracts were in Afghani currency, and we were unable to verify the accuracy of the currency conversion.

of our sample items to discuss the closeout process. For contract actions that remained open at the time of our review, we reviewed contract documentation, interviewed contracting personnel to determine why the contract remained open, and assessed whether the contract action should be closed. Information related to the open contracts we reviewed is current as of January 31, 2023. For contracts administered by the DCMA, we met with DCMA personnel to discuss their involvement in the contract closeout process.

We reviewed the following Federal and DoD criteria.

- FAR 4.804, “Closeout of Contract Files”
- FAR 18, “Emergency Acquisitions”
- FAR 42.705, “Final Indirect Cost Rates”
- FAR 49, “Termination of Contracts”
- DFARS 204.804, “Closeout of Contract Files”
- DFARS 225.3, “Contracts Performed Outside the United States”
- DFARS PGI 204.804, “Closeout of Contract Files”
- DFARS PGI 207, “Acquisition Planning”
- DFARS PGI 225.373, “Contract Administration in Support of Contingency Operations”
- Section 1903, title 41, United State Code, “Special Emergency Procurement Authority”
- DoD “Contract Closeout Guidebook”
- Defense Procurement and Acquisition Policy, “Defense Contingency Contracting Handbook”
- Defense Contract Management Agency Manual 2501-07, “Contract Closeout”
- Title 48 Code of Federal Regulations, Section 204.804, 2022, “Closeout of Contract Files”

Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the components of internal controls, including control activities, information, and communication. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Use of Computer-Processed Data

We used computer-processed data to perform this audit, but we did not rely on that data. To obtain our universe, we used data from the FPDS. We also used data that DPC personnel accessed using the EDA, FPDS, and Oracle. We did not rely on this data. We only used the data to obtain our universe and select a sample. We based the findings in our report on a review of the contract files and not the data.

Prior Coverage

During the last 5 years, the DoD Office of Inspector General (OIG) issued one report related to contract administration in Afghanistan.

DoD OIG

Report No. DoDIG-2020-094, “Audit of Army Contracting Command–Afghanistan’s Award and Administration of Contracts,” June 18, 2020

The DoD OIG found that Army Contracting Command–Afghanistan did not award or administer any of the contracts in its sample in accordance with applicable Federal regulations and Army Contracting Command procedures. Army Contracting Command–Afghanistan did not retain finalized purchase requests, complete required documentation to justify contracts awarded under the Afghan First Initiative, follow procedures for contracts containing nonconformance reports, or track the status of Government property required to be turned over to the Government. Additionally, contracting officials did not have the required knowledge, training, or experience needed to award and administer contracts in accordance with regulations and procedures. Also, contracting officials could not always access the Army’s contract award and administration systems to perform their duties, resulting in missed deadlines for mission-critical functions.

Management Comments

Defense Pricing and Contracting



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION, CONTRACTING,
AND SUSTAINMENT, OFFICE OF THE INSPECTOR
GENERAL

SUBJECT: Response to the Department of Defense Inspector General's Draft Report, "Audit of DoD Afghanistan Contingency Contracts Closeout," dated October 17, 2023 (Project Number D2022-D000AX-0138.000)

As requested, I am providing the following responses to the general content and recommendations contained in the subject report.

Recommendation A.1.a: The Department of Defense Inspector General (DoDIG) recommends that the Principal Director, Defense Pricing and Contracting (PD, DPC) implement additional procedures for contracting personnel to better track contracts that support ongoing and future contingency or overseas operations to ensure those contracts are closed in a timely manner.

DPC Response: Concur. DPC will review current acquisition policy and regulation for areas to add more specific procedures for contracting personnel to adhere to track contracts, specifically contract completion status, in support of contingency operations.

Recommendation A.1.b: The DoDIG recommends that the PD, DPC, implement additional controls for contracting personnel that may include incorporating greater supervisory oversight and more frequent training on compliance with Federal Acquisition Regulation (FAR) and Defense FAR Supplement (DFARS) contract closeout requirements for all contracts.

DPC Response: Concur. DPC developed a closeout guidebook and will identify areas of the guidebook to update with additional guidance and requirements to implement this recommendation. DPC will look into specifically linking to the closeout guidebook in the DFARS Procedures, Guidance, and Information (PGI) (i.e. PGI 204.8 and PGI 225.3) and to bring awareness to it. Additionally, DPC will engage with the Defense Acquisition University to review contingency contracting courses (e.g. CON 8300 and CON 8400) for opportunities to add emphasis to closeout requirements and contracting leadership oversight roles and responsibilities pertaining to contingency contract closeout.

Recommendation A.1.c: The DoDIG recommends that the PD, DPC, reinforce existing closeout requirements and implement additional controls to ensure better communication between contracting personnel and administrative contracting personnel throughout the contract closeout process and develop procedures to ensure continuity of contracting operations in the event of personnel turnover or changes in responsibility for contract oversight.

DPC Response: Concur. As with DPC's response to recommendation A.1.b and the identified corrective actions, DPC will review current contract closeout procedures in the DFARS PGI and

Defense Pricing and Contracting (cont'd)

contract closeout guidebook, to add amplifying guidance to ensure better communication between procuring contracting officers and administrative contracting officers and ensure continuity of contracting operations in the event of personnel turnover. DPC has identified PGI 204.804 *Closeout of Contract Files* and PGI 225.3 *Contracts Performed Outside the United States*, as sections to incorporate such guidance.

Recommendation A.1.d: The DoDIG recommends that the PD, DPC, require contracting personnel to check all contracting systems once the contract is closed to verify the status is accurate and closed in each system.

DPC Response: Non-concur. We have deployed and promoted automated closeout capabilities to integrate contract closeout across multiple systems (i.e., Contract Writing Systems (CWS), Electronic Data Access (EDA), and Federal Procurement Data System (FPDS)) and it would be counterproductive to impose a requirement to manually cross check all contracting systems. The vast majority of closeout actions do not require a contract modification be issued. When automated closeout procedures are used, a copy of the closeout transaction is sent to both EDA and FPDS and the status of the award is changed to 'closed' in both places – without the CO being involved. FPDS added this capability several years ago; EDA a few years earlier. Automated closeout procedures save time in the typically high-pace, austere contingency environment while still delivering accurate results on the status of open and closed contracts. Under automated closeout procedures, the need for contracting personnel to personally validate all contracting systems would be duplicative to the capability the automated procedures provide.

Recommendation B.1: The DoDIG recommends that the PD, DPC, develop and issue guidance to track contracts and the associated costs for each contract for future contingency, emergency response, and overseas operations.

DPC Response: Concur. DPC acknowledges the importance of tracking contingency contracts and associated obligations. DPC will review current policies and procedures tied to tracking open and closed contract status for those supporting contingency operations and other emergency-type operations and will update such policies and procedures to add strengthening language and amplifying guidance to ensure such contracts are tracked in accordance with FAR and DFARS requirements.

Thank you for the opportunity to review the draft report on DoD Afghanistan Contingency Contracts Closeout. If additional information is required, please contact Col [REDACTED] at [REDACTED].

TENAGLIA, [REDACTED]
JOHN.M. [REDACTED]
[REDACTED]
John M. Tenaglia
Principal Director,
Defense Pricing and Contracting

Attachment:
As stated

Defense Logistics Agency



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

November 14, 2023

MEMORANDUM FOR INSPECTOR GENERAL (ACQUISITION, CONTRACTING, AND SUSTAINMENT)

SUBJECT: Response to Office of Inspector General Draft Report on Audit of DoD Afghanistan Contingency Contracts Closeout (Project No. D2022-D000AX-0138.000)

The Defense Logistics Agency appreciates the opportunity to review and comment on the entirety of the report. We agree with the intent of the report's overall recommendations for the DLA.

The point of contact for this audit is Mr. [REDACTED] DLA Office of the Inspector General, [REDACTED], DSN [REDACTED], or email [REDACTED].

BEEBE.MATTHEW.R [REDACTED]
ICHARD [REDACTED]
MATTHEW R. BEEBE
Director, DLA Acquisition

Attachment:
Individual responses to each of the report recommendations

Defense Logistics Agency (cont'd)

**DOD OIG DRAFT REPORT DATED OCTOBER 17, 2023
AUDIT OF DOD AFGHANISTAN CONTINGENCY CONTRACTS CLOSEOUT
(Project No. D2022-D000AX-0138.000)**

**DEFENSE LOGISTICS AGENCY'S RESPONSE TO THE DOD OIG
RECOMMENDATION**

RECOMMENDATION A.2: We recommend that the Director of Defense Logistics Agency:

RECOMMENDATION A.2.a: Implement additional oversight of the DLA Data Cleansing Issues report to ensure timely closeout of contracts requiring additional work to close.

DLA RESPONSE: Agree. DLA Acquisitions' Contract Closeout Sub-Process Owner will conduct a monthly review of the DLA Energy Data Cleansing Issues Report which is only applicable to DLA Energy. The review will begin January 2024. This additional oversight will provide increased visibility of DLA Energy contracts that require additional administrative action and ensure timely closeout. **Estimated Completion Date: July 31, 2024**

RECOMMENDATION A.2.b: Require DLA Energy to update their internal policies for close out of oil and gas delivery orders to comply with the Defense Federal Acquisition Regulation Supplement, Procedures, Guidance and Information to close out delivery orders once physically complete.

DLA RESPONSE: Agree with the intent of the recommendation. DLA believes the guidance regarding closure of orders under DFARS PGI 216.703 – Basic Ordering Agreements to be non-applicable for the types of contracts utilized by DLA Energy. As DLA Energy primarily utilizes Single Award Indefinite Delivery type contracts as defined in FAR 16.5, DFARS 216.5 and DFARS PGI 216.5, DLA Energy will update internal policies, to formally define what physical completion of delivery orders entails, in accordance with the requirements and standards set forth in FAR 4.804, DFARS 204.804, and DFARS PGI 204.804. **Estimated Completion Date: July 31, 2024**

Acronyms and Abbreviations

BPA	Business Process Analyst
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DLA	Defense Logistics Agency
DPC	Defense Pricing and Contracting
EDA	Electronic Document Access
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
FFP	Firm-Fixed-Price
MOCAS	Mechanization of Contract Administration Services
PGI	Procedures, Guidance, and Information
SAM	System for Award Management
USTRANSCOM	U.S. Transportation Command

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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

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

