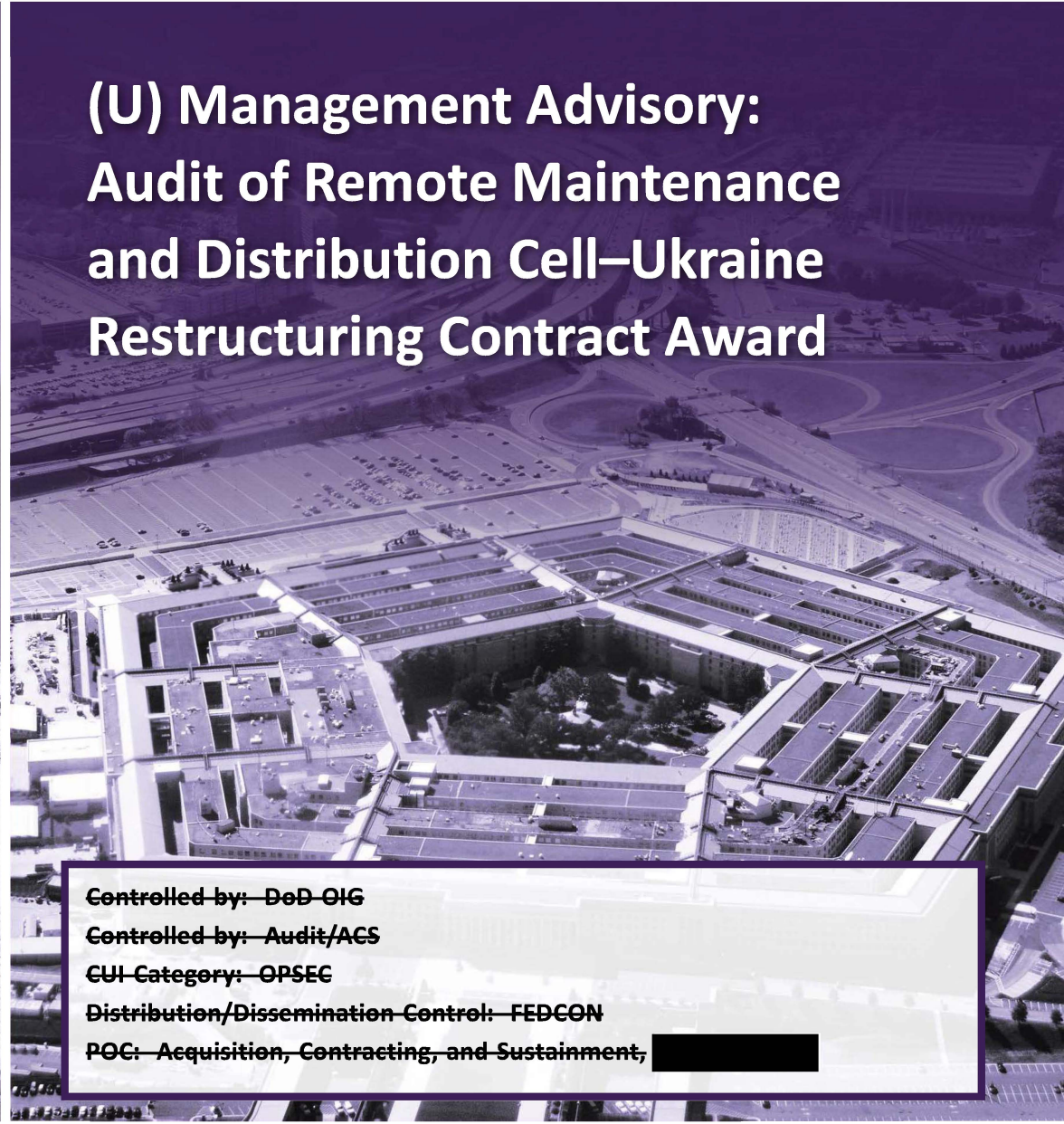


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INSPECTOR GENERAL

U.S. Department of Defense

JANUARY 5, 2024



(U) Management Advisory: Audit of Remote Maintenance and Distribution Cell–Ukraine Restructuring Contract Award

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

January 5, 2024

**MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, U.S. EUROPEAN COMMAND**

**SUBJECT: (U) Management Advisory: Audit of Remote Maintenance and
Distribution Cell-Ukraine Restructuring Contract Award
(Report No. DODIG-2024-041)**

(U) The purpose of this management advisory is to provide the Army officials responsible for awarding the U.S. Army Tank-Automotive and Armaments Command (TACOM) task order (Contract W56HZV-22-D-ER04, Task Order W56HZV-23-F-0077) for the maintenance of equipment at the Remote Maintenance and Distribution Cell-Ukraine (RDC-U) with a summary of findings. The advisory provides interim results of our broader review on the Audit of Remote Maintenance and Distribution Cell-Ukraine Restructuring Contract Award (Project No. D2023-D000AX-0116.000). We plan to issue additional products under the original project announcement that will discuss, among other topics, the Army's oversight of the contractor performance and invoice reviews.

(U) During our audit, we found that Army Contracting Command contracting personnel properly awarded the task order for the maintenance of equipment at the RDC-U in accordance with Federal and DoD policies. Therefore, contracting personnel complied with the applicable procedures designed to ensure selection of the most qualified contractor, out of the businesses that submitted offers, to repair and return critical equipment to the Ukrainian Armed Forces as they defend against the Russian full-scale invasion. This management advisory contains no recommendations.

(U) We conducted the work reported in this management advisory in accordance with generally accepted government auditing standards.

(U) If you have any questions or would like to meet to discuss the audit, please contact me at [REDACTED]. We appreciate the cooperation and assistance received during the audit.

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read "Carmen J. Malone".

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



(U) Introduction

(U) Objective

(U) The objective of this audit was to determine whether Army contracting personnel acted in accordance with Federal and DoD policies to:

1. (U) properly award the U.S. Army Tank–Automotive and Armaments Command (TACOM) task order (Contract W56HZV-22-D-ER04, Task Order W56HZV-23-F-0077) for the maintenance of equipment at the Remote Maintenance and Distribution Cell–Ukraine (RDC-U);
2. (U) appropriately plan for and establish controls to conduct surveillance of contractor performance; and
3. (U) effectively monitor contractor performance.

(U) This management advisory specifically addresses the first sub-objective, the award of the task order.

(U) Background

(U) Since 2014, the United States has provided security assistance to Ukraine in the form of both non-lethal and lethal defense items to aid in its defense against Russian aggression. On February 24, 2022, Russia conducted a full-scale invasion of Ukraine. In response, on March 16, 2022, the President announced that the United States would increase the amount and types of defense items provided to Ukraine. Since then, the United States has provided additional advanced weapon systems such as M-777 howitzers, High Mobility Artillery Rocket Systems, Stryker Combat Vehicles, and Bradley Infantry Fighting Vehicles.

(U) Providing Defense Articles Through Presidential Drawdown Authority

(U) While the United States has provided defense items through multiple programs and authorities, the majority of defense items that the United States has provided to Ukraine since the February 2022 Russian invasion have come from Presidential Drawdown Authority. From August 27, 2021, through October 11, 2023, the President has issued 48 drawdown orders totaling \$24.9 billion to provide defense items to Ukraine. Following the issuance of a presidential drawdown order under Presidential Drawdown Authority, the Defense Security Cooperation Agency issues an execute order directing the Military Services and Defense Agencies to fulfill the order. The purpose of the execute order is to facilitate the immediate movement of defense items from military units and existing DoD resources to assist and

(U) support Ukraine’s ongoing war efforts. Subsequently, the Army was directed to coordinate and synchronize the timely transfer of operational equipment to the U.S. European Command for onward movement to Ukraine.

(U) Remote Maintenance and Distribution Cell–Ukraine

(U) As the Russian full-scale invasion continued and the United States began to provide more advanced weapon systems, the DoD realized that Ukraine would require maintenance and repair support to continue its defense. As a result, in July 2022, the Army established the RDC-U in Jasionka, Poland, to support the maintenance and repair of U.S.-provided equipment for Ukraine.¹

~~(CUI)~~ [REDACTED]
[REDACTED]
[REDACTED] Because the U.S. military is not authorized to operate in Ukraine, the RDC-U conducts remote maintenance sessions leveraging Ukrainian translators and secure voice, video, and chat channels to guide Ukrainian counterparts through the entire maintenance process of weapon systems they may find unfamiliar.² [REDACTED]

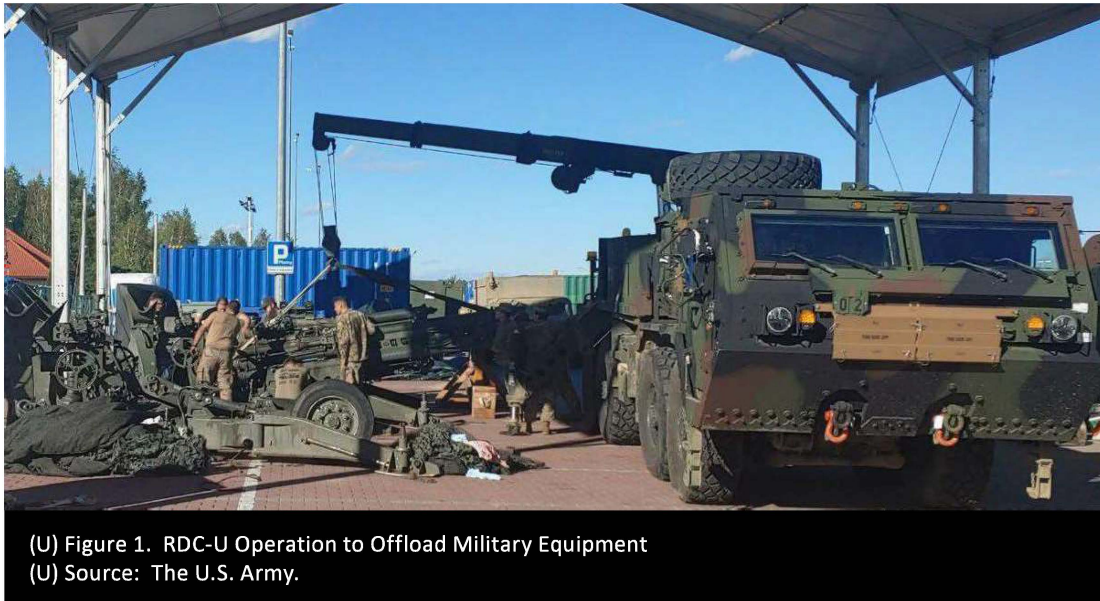
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- ~~(CUI)~~ [REDACTED]
[REDACTED]
- ~~(CUI)~~ [REDACTED]
- ~~(CUI)~~ [REDACTED]
[REDACTED]
- ~~(CUI)~~ [REDACTED]
[REDACTED]

¹ (U) The Remote Maintenance and Distribution Cell–Ukraine was previously known as the Tele-Maintenance and Distribution Cell–Ukraine from July 2022 until December 16, 2022, when Army officials changed the name of the activity to better reflect “Remote Maintenance.”

² (U) Remote Maintenance is defined as the use of any telecommunications system to perform maintenance actions remotely.

(U) Figure 1 shows the offloading of equipment at the RDC-U.



(U) [REDACTED]
 [REDACTED]
 [REDACTED] On December 5, 2022, the Army Contracting Command (ACC) issued task order W56HZV-23-F-0077, valued at \$475.8 million, [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

(U) Army Contracting Command

(U) As the Army’s principal buying agent, the ACC supports Army readiness and modernization by providing contracting support. ACC civilian personnel serve as the source selection authority, contracting officer, contract specialist, and evaluators.

(U) Tank–Automotive and Armaments Command

(U) TACOM manages the Army’s ground equipment supply chain, which constitutes approximately 60 percent of the Army’s total equipment. TACOM personnel serve as the contracting officer’s representatives (COR) and alternate CORs for the RDC-U task order. The COR and the alternate CORs perform surveillance while onsite at the RDC-U, attend daily briefings, and provide daily reports to ACC contracting personnel.

(U) ACC Contracting Personnel Properly Awarded the TACOM Task Order for Maintenance of Equipment at the RDC-U

(U) ACC contracting personnel properly awarded the TACOM task order (Contract W56HZV-22-D-ER04, Task Order W56HZV-23-F-0077) for the maintenance of equipment at the RDC-U in accordance with Federal and DoD policies. Specifically, ACC contracting personnel adequately planned the task order and supported the award decision. Therefore, ACC contracting personnel complied with the applicable procedures designed to ensure selection of the most qualified contractor, out of the businesses that submitted offers, to repair and return critical equipment to the Ukrainian Armed Forces as they defend against the Russian full-scale invasion.

(U) ACC Contracting Personnel Awarded the Task Order According to Federal and DoD Policies

(U) ACC contracting personnel awarded the TACOM task order in accordance with Federal and DoD policies for the maintenance of equipment at the RDC-U. Specifically, ACC contracting personnel adequately planned the task order and supported the award decision. For example, contracting personnel performed market research and developed an acquisition plan and request for proposals in accordance with the Federal Acquisition Regulation (FAR).³ Contracting personnel evaluated the proposals using a qualified evaluation team, which developed and reviewed evaluation factors to base the award decision on a comparative assessment of the proposals.

(U) ACC Contracting Personnel Performed Market Research

(U) ACC contracting personnel performed market research in accordance with the FAR.⁴ Specifically, the FAR requires that contracting personnel perform market research before awarding a task order under an indefinite-delivery indefinite-quantity contract to determine if commercial products or commercial services are available. According to the FAR, techniques for conducting market

³ (U) FAR Part 7, "Acquisition Planning," Subpart 7.1, "Acquisition Plans," Section 7.105, "Contents of written acquisition plans."

(U) FAR Part 10, "Market Research," Section 10.001, "Policy."

(U) FAR Part 15, "Contracting by Negotiation," Subpart 15.2, "Solicitation and Receipt of Proposals and Information," Section 15.203, "Requests for proposals."

(U) FAR Part 15, "Contracting by Negotiation," Subpart 15.3, "Source Selection," Section 15.303, "Responsibilities."

(U) FAR Part 15, "Contracting by Negotiation," Subpart 15.3, "Source Selection," Section 15.304, "Evaluation factors and significant subfactors."

⁴ (U) FAR 10.001

(U) research may include contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements. The FAR allows contracting officers to use market research conducted within 18 months before the award of a task order if the information is still current, accurate, and relevant.

(U) The task order for the maintenance of equipment at the RDC-U was issued under an indefinite-delivery indefinite-quantity contract; therefore, ACC contracting personnel were required to perform market research. ACC contracting personnel published a request for information on August 5, 2022, 4 months before the task order was awarded. Interested vendors shared that they were capable of performing equipment-related services.

(U) ACC Contracting Personnel Developed an Acquisition Plan

(U) ACC contracting personnel developed an acquisition plan in accordance with the FAR.⁵ An acquisition plan is a formal written document reflecting the specific actions necessary to execute the approach established in the approved acquisition strategy. The FAR requires that acquisition plans address all the technical, business management, and other signification considerations that will control the acquisition. The FAR also requires that acquisition plans contain a statement of need, cost goals, required capabilities, performance-period requirements, expected consequences of trade-offs, and risks.

(U) The acquisition plan for the base contract included a statement of need, performance-period requirements, trade-offs, risks, prospective sources, competition, and contract type. Specifically, the acquisition plan stated that the acquisition would result in a multiple-award indefinite-delivery indefinite-quantity contract for equipment-related services with five ordering periods, and a task order period of performance of 8 years.

(U) ACC Contracting Personnel Developed a Request for Proposal

(U) ACC contracting personnel developed a request for proposal in accordance with the FAR.⁶ A request for proposal is a method by which the Government informs prospective contractors of the Government's requirements and to solicit offers when the requirements are above the Simplified Acquisition Threshold and do not need sealed bidding. The FAR requires that requests for proposal describe, at a minimum:

- (U) the Government's requirement;

⁵ (U) FAR 7.105.

⁶ (U) FAR 15.203.

- (U) anticipated terms and conditions that will apply to the contract;
- (U) information required to be in the offeror's proposal; and
- (U) factors and significant subfactors that will be used to evaluate the proposal, and their relative importance.

(U) The request for proposal stated that the contractor would support vehicles, ground equipment, small arms, and all equipment donated to and within the U.S. European Command area of responsibility by the Government. The request for proposal identified how to organize the proposals into volumes, and what should be included in each volume. For example, ACC contracting personnel instructed offerors to include up to three recent contracts that the offerors considered relevant in the past performance volume.

(U) ACC contracting personnel issued the RDC-U request for proposal on August 19, 2022, and received three proposals in response to the request.

(U) ACC Contracting Personnel Evaluated Proposals Using a Qualified Evaluation Team

(U) ACC contracting personnel evaluated proposals using a qualified evaluation team in accordance with the FAR.⁷ The FAR requires that the source selection authority establish an evaluation team that is tailored to the particular acquisition and includes appropriate contracting, legal, logistics, technical, and other expertise to ensure a comprehensive evaluation of offers. The evaluation team included 15 team members. Two of the team members were legal advisors with more than 24 years of combined experience. The contracting officer had prior contracting experience with the Afghan National Maintenance Strategy Ground Vehicle Systems contract, which supported maintenance and repair of equipment worth millions of dollars. The contracting officer's experience directly assisted in developing the task order requirements for the maintenance of equipment at the RDC-U.

(U) ACC Contracting Personnel Developed and Reviewed Evaluation Factors

(U) ACC contracting personnel developed and reviewed evaluation factors in accordance with the FAR.⁸ The FAR requires that contracting personnel base their award decision on evaluation factors and significant subfactors that are tailored to the acquisition. Additionally, it states that factors and significant subfactors must represent the key areas of importance and emphasis to be considered in the source selection decision and support meaningful comparison and discrimination between competing proposals.

⁷ (U) FAR 15.303.

⁸ (U) FAR 15.304.

(U) ACC contracting personnel used past performance and price as evaluation factors, giving the most weight to past performance. Contracting personnel stated that providing international support with more than 50 personnel deployed in the last 5 years would be beneficial to the offerors and would carry additional weight in the selection.

(CUI) [REDACTED]

(U) Conclusion

(U) ACC contracting personnel adequately planned the task order by conducting market research and developing a requirements package, acquisition plan, and request for proposal. Furthermore, ACC contracting personnel supported the award decision by using a qualified evaluation team to evaluate proposals and by developing and reviewing evaluation factors. Therefore, ACC contracting personnel complied with the applicable procedures designed to ensure selection of the most qualified contractor, out of the businesses that submitted offers, to repair and return critical equipment to the Ukrainian Armed Forces as they defend against the Russian full-scale invasion.

(U) Scope and Methodology

(U) We conducted the work reported in this management advisory from May through November 2023 as part of an audit looking at the task order for the maintenance of equipment at the RDC-U, and 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.

(U) We reviewed task order award documentation to determine whether ACC contracting personnel properly awarded the TACOM task order for the maintenance of equipment at the RDC-U, in accordance with Federal and DoD policies. We obtained the task order from the Electronic Document Access system and documentation prepared or maintained by the contracting offices

(U) from the Army Paperless Contract File system. Additionally, we traveled to TACOM headquarters in Warren, Michigan. We interviewed personnel from Army Contracting Command, Army Materiel Command, and TACOM to discuss their roles and responsibilities for awarding the task order and to identify their policies and procedures for planning the acquisition and supporting the award decision.

(U) Criteria

(U) We evaluated task order award procedures according to the following criteria.

- (U) FAR Part 7, "Acquisition Planning"
- (U) FAR Part 10, "Market Research"
- (U) FAR Part 15, "Contracting by Negotiation"

(U) Acronyms and Abbreviations

- (U) ACC** Army Contracting Command
- (U) COR** Contracting Officer's Representative
- (U) FAR** Federal Acquisition Regulation
- (U) RDC-U** Remote Maintenance and Distribution Cell–Ukraine
- (U) TACOM** U.S. Army Tank–Automotive and Armaments Command



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