



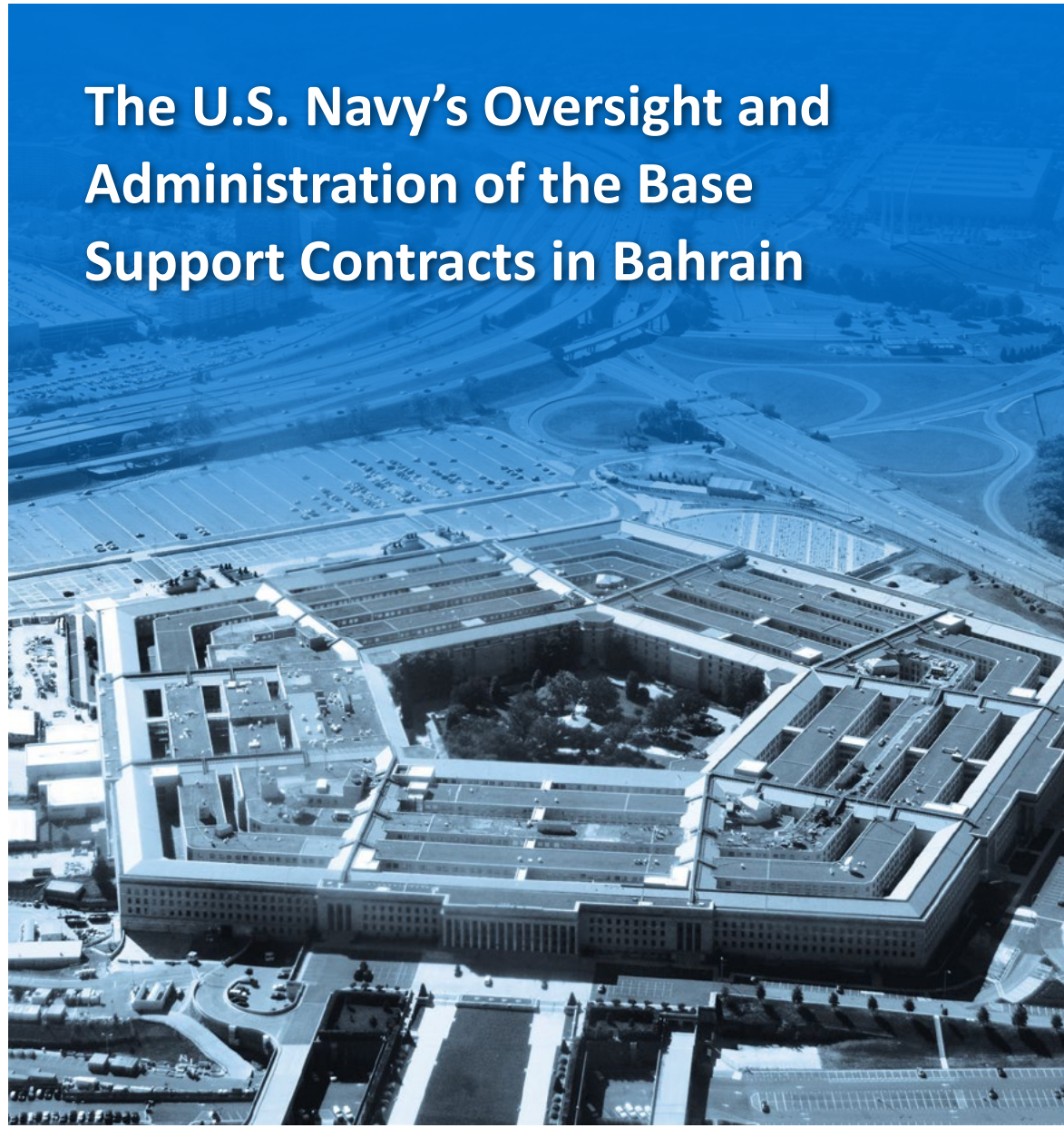
# INSPECTOR GENERAL

*U.S. Department of Defense*

FEBRUARY 13, 2018



## The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain



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# Results in Brief

## *The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain*

February 13, 2018

### Objective

We determined whether the U.S. Navy provided effective oversight of the contracts for base support services in Bahrain. We focused on the U.S. Navy's oversight of two contracts for base operating support services (BOSS) at Naval Support Activity (NSA)-Bahrain and Isa Air Base (ISA) in Bahrain.

### Findings

The U.S. Navy did not provide effective oversight of the base support contracts in Bahrain. Specifically, contracting officer's representatives (CORs) relied on performance assessment representatives (PARs)—who were foreign national direct hires at NSA-Bahrain and foreign national contractors at ISA—to execute all quality assurance oversight of the contractors. However, the CORs did not ensure the PARs:

- oversaw all contractual requirements, or
- possessed the knowledge and experience to oversee their respective annexes.

In addition, the contracted PARs at ISA performed oversight tasks that approached inherently governmental functions. For example, the ISA PARs executed performance assessments on the ISA BOSS contractor and accepted the contractor's services, without the required oversight from the CORs.

### Findings (cont'd)

This occurred because Naval Facilities Engineering Command (NAVFAC) and Public Works Department (PWD)-Bahrain did not properly train the NSA-Bahrain and ISA CORs on their contract oversight responsibilities and did not provide CORs or PARs with adequate performance assessment procedures.

As a result, NAVFAC did not have assurance that the \$161.5 million the U.S. Navy paid for base support resulted in adequately performed or contractually compliant services and the CORs may not have obtained sufficient evidence to evaluate contractor performance.

NAVFAC also did not effectively administer the NSA-Bahrain and ISA BOSS contracts. Specifically, NAVFAC did not:

- maintain complete contract files,
- account for \$1.6 million in Government-furnished property provided to ISA contractors, or
- ensure the NSA-Bahrain and ISA BOSS contractors complied with Combatting Trafficking in Persons (CTIP) requirements.

In addition, NAVFAC and PWD-Bahrain allowed ISA PARs to perform administrative tasks that approached inherently governmental functions.

This occurred because NAVFAC did not properly delegate contract administration responsibilities, and NSA-Bahrain and ISA CORs did not monitor PARs' performance of contract administration functions.

As a result, NAVFAC did not have adequate evidence to support contractor assessments, which could negatively affect the U.S. Navy's ability to properly assess and document contractor performance. In addition, there is an increased risk that \$1.6 million of U.S. Navy property could be lost, stolen, or unaccounted for. Furthermore, without ensuring compliance with CTIP requirements, BOSS contractors could use trafficked persons in the provision of contracted services without U.S. Navy detection. Finally, by allowing contractors to perform tasks that approached inherently governmental



# Results in Brief

## *The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain*

functions, NAVFAC created an environment where the U.S. Navy may not have paid the best value for services. Specifically, for services that were beyond the scope of the firm-fixed price portion of the contract and required a separate task order, NAVFAC allowed the ISA PARs to evaluate whether the BOSS contractor's prices were reasonable without overseeing the ISA PARs' evaluations.

### Recommendations

To improve the oversight of the NSA-Bahrain and ISA BOSS contracts, we recommend that the Commander, NAVFAC Europe, Africa, Southwest Asia (EURAFSWA), establish a summary of the COR's contract oversight responsibilities, provide incoming CORs with BOSS contract-specific training on contract oversight responsibilities, and review and monitor COR usage of PARs. We also recommend the Commander, NAVFAC EURAFSWA, coordinate with PWD-Bahrain to tailor the NSA-Bahrain and ISA performance assessment procedures to require review of all contractual requirements, ensure the PARs have access to all applicable assessment criteria, and train the PARs on proper assessment procedures.

To improve administration of the NSA-Bahrain and ISA BOSS contracts, we recommend that the Commander, NAVFAC Atlantic (LANT), coordinate with the Commander, NAVFAC EURAFSWA, to update the NAVFAC delegation procedures. We also recommend the Commander, NAVFAC EURAFSWA, require the Bahrain administrative contracting officer (ACO) to routinely monitor contract files, train CORs on contract file contents, implement a records retention method that ensures contract files are available upon transition in personnel, and assign all required property administration responsibilities to the ACO and COR in Bahrain.

### Management Actions Taken

The Chief Contracting Officer (CCO), NAVFAC EURAFSWA, agreed with our contract oversight and administration suggestions and immediately initiated actions to address the issues.

To improve oversight of the Bahrain BOSS contracts, the CCO stated that NAVFAC EURAFSWA:

- developed a COR responsibilities summary checklist;
- assigned a facility support contract specialist to PWD-Bahrain who will provide quarterly one-on-one training on oversight processes to all current and future CORs;
- updated the PWD-Bahrain Readiness Evaluation Assessment requirements, so that they will now be performed on a semi-annual basis, instead of annually; and
- revised PAR training to emphasize proper completion of performance assessment documentation and provided this newly revised training to the current PARs in October 2017.

To improve administration of the Bahrain BOSS contracts, the CCO coordinated with NAVFAC LANT to implement a revised contract administration process that establishes explicit delegation procedures. The process, which was implemented during the recent award of the NSA-Naples BOSS contract and will be used to delegate responsibilities for the newly awarded NSA-Bahrain BOSS contract, assigns the CORs the primary responsibility for maintaining the files and the ACO responsibility to oversee the contract files for accuracy and completeness. The CCO also confirmed that a standardized COR electronic filing system was implemented as of February 2018.



# Results in Brief

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## *The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain*

### **Management Actions Taken (cont'd)**

In addition, NAVFAC included the required CTIP clause in the newly awarded NSA-Bahrain BOSS contract and modified the ISA BOSS contract to include the clause. The Chief Contracting Officer stated that she would coordinate with PWD-Bahrain oversight personnel to update the NSA-Bahrain and ISA performance assessment procedures to ensure that the contract clause is enforced.

The management actions taken addressed the root of the deficiencies we identified pertaining to contract oversight and administration and were fully responsive to our proposed recommendations. Therefore, the recommendations are considered resolved and remain open. Please see the Recommendations Table on the next page for the status of the recommendations.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, NAVFAC EURAFSWA	None	A.1, A.2, B.2, B.3	None
Commanders, NAVFAC LANT and EURAFSWA	None	B.1, B.4	None

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

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



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

February 13, 2018

**MEMORANDUM FOR DISTRIBUTION**

**SUBJECT: The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain (Report No. DODIG-2018-074)**

We are providing this final report for your information and use. The Naval Facilities Engineering Command did not provide effective oversight and administration of the base support contracts in Bahrain. We conducted this audit in accordance with generally accepted government auditing standards.

During the audit, we advised Naval Facilities Engineering Command Europe, Africa, Southwest Asia and Public Works Department-Bahrain of the contract oversight and administration deficiencies we identified. Management agreed with our observations and immediately initiated actions to address our concerns. The management actions taken during the audit were fully responsive to our proposed recommendations. Therefore, we do not require any additional comments on the recommendations. We did not issue a draft of this report; however, we did obtain and consider management comments on a discussion draft when preparing the final report.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187.

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

Michael J. Roark  
Assistant Inspector General  
Readiness and Global Operations

***Distribution:***

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AUDITOR GENERAL, DEPARTMENT OF THE NAVY



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# Introduction

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## Objective

We determined whether the U.S. Navy provided effective oversight of the contracts for base support services in Bahrain. We focused on the U.S. Navy's oversight of two contracts for base operating support services (BOSS) at Naval Support Activity (NSA)-Bahrain and Isa Air Base (ISA) in Bahrain. See Appendix A for a discussion of the scope and methodology.

## Background

### ***Base Support Contracts***

Both NSA-Bahrain and ISA provide operational support to U.S. and Coalition forces throughout the U.S. Central Command area of responsibility. Specifically, NSA-Bahrain is home to the U.S. Naval Forces Central Command and U.S. 5th Fleet, while ISA supports a detachment of the 379th Air Expeditionary Wing that conducts aerial missions in support of Operation Inherent Resolve and Operation Freedom's Sentinel. The U.S. Navy uses contracts to support and sustain both bases.

### ***Naval Support Activity BOSS Contract***

On September 29, 2011, Naval Facilities Engineering Command (NAVFAC), Facilities Engineering and Acquisition Division–Bahrain awarded a firm-fixed-price, indefinite-quantity contract for base support at NSA-Bahrain.<sup>1</sup> The contract, valued at \$87.7 million, according to NAVFAC personnel, included annexes for various services, such as facilities support, wastewater, grounds maintenance, security, and base support vehicles, for up to 3,000 service members. The contract term originally included a base year plus four option years. However, NAVFAC extended the original contract for 12 months before awarding a new contract, effective December 1, 2017. This audit looked at the original contract, including the 12-month extension.

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<sup>1</sup> The performance work statement for the NSA-Bahrain contract (N33191-11-D-0738) also includes security services for ISA.



Figure 1. Photo of U.S. Navy Personnel on NSA-Bahrain  
Source: U.S. Navy.

### *Isa Air Base BOSS Contract*

On June 3, 2014, NAVFAC Atlantic (LANT) awarded a combination firm-fixed-price, indefinite-delivery indefinite-quantity contract, for base support at ISA.<sup>2</sup> Similar to the NSA-Bahrain contract, the ISA contract included annexes for various services, such as facilities support, wastewater, grounds maintenance, and base support vehicles. However, the ISA contract also included an annex for galley operations and \$1.6 million in Government-furnished property (GFP). The contract supports up to 2,500 service members. The ISA contract term included a base year plus four option years, and NAVFAC is executing the third option year with the period of performance ending August 31, 2018. According to NAVFAC personnel, the total amount expended through option year three is \$73.8 million and will grow to \$114.4 million if NAVFAC awards the final option year, which will take the contract through August 31, 2019.

### ***Roles and Responsibilities***

NAVFAC is the U.S. Navy's engineering command. NAVFAC LANT, a subordinate command to NAVFAC, provides public works support for U.S. Naval shore installations around the world. NAVFAC Europe, Africa, Southwest Asia (EURAFSWA), a facilities engineering command subordinate to NAVFAC LANT, manages facility project planning and design where the U.S. Navy is designated as the lead agent in the U.S. European, African, or Central Command areas of responsibility. NAVFAC EURAFSWA uses Public Works Departments (PWDs) to provide facilities support services to each U.S. Navy installation throughout the area of responsibility. PWD-Bahrain supports both NSA-Bahrain and ISA.

<sup>2</sup> Contract N62470-14-D-6012.

### *Naval Facilities Engineering Command Atlantic*

In 2011, NAVFAC established a BOSS centralization policy in which NAVFAC LANT became responsible for all for pre-award, acquisition, and technical functions associated with the BOSS contracts in NAVFAC EURAFSWA's area of responsibility. Specifically, NAVFAC LANT, located in Norfolk, Virginia, performs all procuring contracting officer (PCO) responsibilities, which include developing the contract technical documents and executing the BOSS contract awards, and then delegates all oversight and administration responsibilities to an administrative contracting officer (ACO) at one of the facility engineering commands. NAVFAC LANT awarded the ISA BOSS contract and then delegated ACO duties to a contracting officer at NAVFAC EURAFSWA.

### *Naval Facilities Engineering Command Europe, Africa, Southwest Asia*

NAVFAC EURAFSWA, located in Naples, Italy, awarded the NSA-Bahrain BOSS contract before the full implementation of NAVFAC's BOSS centralization policy and a contracting officer in Naples served as the initial NSA-Bahrain BOSS PCO. NAVFAC EURAFSWA employs a team of contracting officers, including a Chief Contracting Officer (CCO) and supervisory contracting officers who coordinate with contract oversight personnel in Bahrain and ultimately manage oversight and administration of both the NSA-Bahrain and ISA contracts. Therefore, NAVFAC EURAFSWA was ultimately responsible for performing contractor quality assurance, delegating oversight duties to subordinate commands, maintaining contract files, performing property administration, and enforcing all contract provisions of the NSA-Bahrain and ISA BOSS contracts.

### *Public Works Department – Bahrain*

Because the NAVFAC EURAFSWA CCO and supervisory contracting officers are in Italy, they rely on personnel from the requiring activity, PWD-Bahrain, to perform the day-to-day oversight and administration of the NSA-Bahrain and ISA BOSS contracts. Consequently, the CCO re-delegates all NSA-Bahrain and ISA ACO duties to a military billet at PWD-Bahrain. PWD-Bahrain also provides the contracting specialists and the BOSS contract oversight personnel, including contracting officer's representatives (CORs) and performance assessment representatives (PARs).

### *Contracting Specialists*

NAVFAC EURAFSWA authorized the contracting specialists in writing to assist with contracting actions for both the NSA-Bahrain and ISA BOSS contracts. The contracting specialist in Bahrain assists with contract administration, including preparation and issuance of task orders and modifications for the BOSS contracts.<sup>3</sup> The contracting specialist also leads task order negotiations with contractors.

### *Contracting Officer's Representatives*

The COR acts as the eyes and ears for the PCO and is responsible for monitoring the contractor's technical compliance and performance of contract requirements. According to the Defense Contingency COR Handbook and the NSA-Bahrain and ISA CORs' delegation letters, the CORs are responsible for a variety of contract administration duties, including:

- executing performance assessments of the contractor's work;
- documenting instances of non-conformance to contract requirements;
- monitoring contractor compliance with safety, quality management, and Combatting Trafficking in Persons (CTIP) requirements;
- documenting and rating contractor performance;
- reviewing invoices; and
- accepting the contractor's work.

The NSA-Bahrain and ISA CORs also play a key role in the task order process because the CORs' delegation letters require each COR to help develop independent government cost estimates (IGCEs) and evaluate the contractor's technical proposals.<sup>4</sup> The NSA-Bahrain and ISA CORs are U.S. military personnel stationed in Bahrain on a rotational basis. The NSA-Bahrain COR stated that the typical tour of duty for a COR in Bahrain varies between six months and two years.

### *Performance Assessment Representatives*

To assist with contract oversight, CORs can request assistance from PARs. PARs are intended to act as a technical point of contact or subject matter expert in specific functional areas or locations. The COR is responsible for overseeing the work performed by the PARs and is not authorized to delegate or sub-delegate

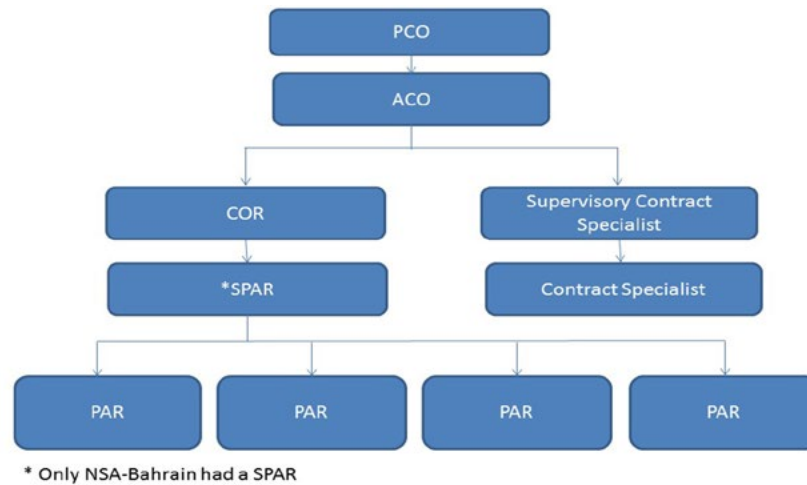
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<sup>3</sup> NAVFAC used task orders to procure non-recurring services that are within the scope of the NSA-Bahrain and ISA BOSS, contracts but beyond what the U.S. Navy paid for under the firm-fixed price portion of the contract. For example, if the U.S. Navy has a special event on base, NAVFAC may issue a task order for additional grounds maintenance for the event.

<sup>4</sup> An IGCE is the government's estimate of the cost that a prudent contractor would incur in the performance of the contract. The technical evaluation is the official evaluation of the contractor's proposal, wherein the government evaluates the contractor proposal to determine whether the proposal is reasonable. During the technical evaluation, the contractor's proposal is compared to the IGCE.

any COR duties assigned by the ACO. The CORs on the NSA-Bahrain and ISA BOSS contracts each use four PARs, while the NSA-Bahrain COR also uses a supervisory PAR (SPAR).

Figure 2. NSA-Bahrain and ISA BOSS Contract Oversight and Administration Structure



Source: The DoD OIG.

The SPAR at NSA-Bahrain was appointed as an alternate COR and oversees the work performed by the PARs and the documentation of their performance assessment findings. Additionally, the SPAR reviews each PAR's monthly performance assessment summaries for completeness and accuracy. The responsibilities of the PARs, as requested by the COR, include reviewing technical data and deliverables, monitoring contractor's schedule and technical compliance, and providing input on performance assessments. Each PAR is responsible for overseeing specific contract annexes. For example, at ISA, one PAR oversees the custodial, galley, bachelor's quarters, pest control, and grounds maintenance annexes.

The NSA-Bahrain PARs are foreign national direct hires employed by the U.S. Navy and classified as Bahraini Grade employees. At ISA, NAVFAC EURAFSWA used foreign national contractors to fulfill the PAR functions.

### ***Oversight Processes***

The Federal Acquisition Regulation (FAR) Part 46, "Quality Assurance," requires contracting officers to create a quality assurance surveillance plan that specifies the work requiring surveillance and the surveillance methodology. The quality assurance surveillance plan is prepared in conjunction with the contract's

performance work statement to ensure the contractor complies with all contractual requirements. For BOSS contracts, NAVFAC uses a performance assessment plan and functional assessment plans (FAPs) to guide assessment procedures and fulfill the quality assurance surveillance plan requirement. NAVFAC's BOSS centralization policy requires the PCO to develop the initial performance assessment plan and FAPs. NAVFAC EURAFSWA contracting officers and PWD-Bahrain oversight personnel should coordinate to tailor the FAPs to specific contract requirements.

#### *Performance Assessment Plans*

The NSA-Bahrain and ISA performance assessment plans describe the methodology for assessing the contractor's performance, providing feedback to the contractor based on the assessment, and rating the contractor's performance in the Contractor Performance Assessment Rating System (CPARS). The performance assessment plans include FAPs and a standard performance assessment worksheet used for overseeing and documenting surveillance.

#### *Functional Assessment Plans*

The FAPs describe the performance work statement requirements and serve as surveillance guides for each annex of the performance work statement. The FAPs describe the specific work requirements contained in the performance work statement and the respective metrics the oversight personnel should use to assess performance for that respective annex.

#### *Performance Assessment Worksheets*

Oversight personnel use a performance assessment worksheet to document and report observations of contractor performance from each performance assessment. The individual performance assessment worksheets are compiled to create a monthly rating, which is communicated to the contractors. Furthermore, the monthly ratings are summarized into quarterly ratings for the Performance Assessment Board, and these performance summaries are ultimately used to support the official rating of the contractors in CPARS.<sup>5</sup> The individual performance assessment worksheets are extremely important to support the contractor's official rating.

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<sup>5</sup> The Performance Assessment Board consists of the ACO, CORs, and SPARs. The Performance Assessment Board reviews contractor performance documentation and prepares a summary report of findings and recommendations to support overall contractor performance ratings.



## 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.<sup>6</sup>

We identified internal control weaknesses with the oversight of the NSA-Bahrain and ISA BOSS contracts in Bahrain. Specifically, the NSA-Bahrain and ISA CCO and ACO did not provide the CORs with training specific to BOSS contract oversight, ensure existing CORs performed comprehensive transitions with incoming CORs before re-deploying, or update the performance assessment plans and FAPs to explicitly require review of all contractual requirements. In addition, we identified internal control weaknesses with the administration of the NSA-Bahrain and ISA BOSS contracts. Specifically, the NAVFAC EURAFSWA CCO did not appoint an ACO in Bahrain in a timely manner, account for GFP in the ISA contract, or identify CTIP oversight as a critical component of quality assurance. During the audit, NAVFAC EURAFSWA management initiated corrective actions to address the concerns identified and resolve the internal control weaknesses. We will provide a copy of the report to the senior official responsible for internal controls in the U.S. Navy.

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<sup>6</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding A

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### NAVFAC Did Not Properly Oversee Base Support Services in Bahrain

NAVFAC did not provide effective oversight of the base support contracts in Bahrain. Specifically, the CORs relied on PARs—who were foreign national direct hires at NSA-Bahrain and foreign national contractors at ISA—to execute all quality assurance of the contractors. However, the CORs did not ensure the PARs:

- oversaw all contract requirements, to include the base security requirements.
- possessed the knowledge and experience to oversee their respective annexes.

The ISA PARs also performed oversight tasks that approached inherently governmental functions without the required oversight from the CORs.

This occurred because NAVFAC and PWD-Bahrain did not properly train the NSA-Bahrain and ISA CORs on their contract oversight responsibilities and did not provide CORs or PARs with adequate oversight assessment procedures. Specifically:

- NAVFAC did not provide CORs with training specific to BOSS contract oversight,
- PWD-Bahrain did not ensure existing CORs performed comprehensive transitions with in-coming CORs before re-deploying, and
- the NSA-Bahrain and ISA performance assessment plans and FAPs were vague and did not explicitly require review of all contractual requirements.

As a result, NAVFAC did not have assurance that the \$161.5 million spent on base support resulted in adequately performed or contractually compliant services. For example, by not performing any assessments of the base security requirements, the U.S. Navy may have spent \$25.4 million for services that the contractor never executed. In addition, the U.S. Navy paid more than \$74,000 for unfulfilled grounds maintenance services.

Furthermore, due to the absence of documented contractor deficiencies, lack of review of all contractual requirements, and reliance on performance input from foreign national contractors at ISA, the CORs may not have obtained sufficient evidence to evaluate contractor performance in CPARS.

## **NAVFAC Relied on Performance Assessment Representatives for All Quality Assurance**

NAVFAC CORs relied on PARs—who were foreign national direct hires at NSA-Bahrain and foreign national contractors at ISA—to perform quality assurance oversight of the NSA-Bahrain and ISA BOSS contractors. Specifically, the NSA-Bahrain and ISA CORs delegated their COR responsibilities to PARs without ensuring PARs conducted oversight of all contract requirements or possessed the knowledge and experience to oversee assigned annexes.

U.S. Navy guidance states that a COR is not authorized to appoint, delegate, or sub-delegate COR responsibilities to another individual, including PARs.<sup>7</sup> Despite this guidance, the NSA-Bahrain and ISA CORs used PARs to independently perform tasks explicitly delegated to the COR without overseeing each PAR's performance of these COR functions. For example, the NSA-Bahrain and ISA PARs were required to perform COR duties that included executing performance assessments of the BOSS contractors, documenting contractor performance, inspection of services, and rating the contractor. Without adequate supervision from the NSA-Bahrain and ISA CORs, ISA PARs performed COR oversight duties that approached inherently governmental functions.

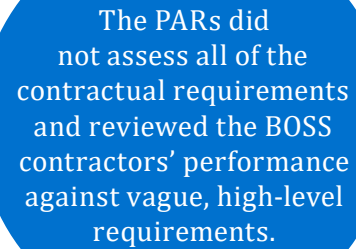
### ***Performance Assessment Representatives Did Not Conduct Oversight of All Contract Requirements***

The NSA-Bahrain and ISA CORs did not ensure that the PARs conducted sufficient oversight of all BOSS contract requirements. Most notably, neither the CORs nor PARs conducted any surveillance of the security operations annex of the NSA-Bahrain contract, which included entry control and roving guard services. The contractor was required to ensure unauthorized personnel, property, equipment, vessels, or vehicles were denied facility ingress and egress, and to ensure perimeter and facility security breaches and criminal or suspicious activities were detected and reported in a timely manner. According to the COR, oversight of the security operations annex was not a priority because there were multiple layers of security at the base. When we asked how they would determine whether the contractor met the security requirements within the contract, the COR

<sup>7</sup> Naval Facilities Acquisition Standards, Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," February 2016.

stated that as long as the additional security personnel at the base did not report absences from the contracted guards, they assumed the contractor was fulfilling the security requirement.

Furthermore, for the annexes the NSA-Bahrain and ISA PARs did oversee, the PARs did not assess all of the contractual requirements and reviewed the BOSS contractors' performance against vague, high-level requirements. As an example, for the water annex, the PARs were required to assess only whether the contractor operated the water-treatment plant's systems and equipment safely and continuously. However, the PARs were not required to assess the water annex's more detailed requirements, such as determining whether the contractors had an operator in attendance at the plant during business hours, whether the operator was reachable during non-business hours, and whether the plant operator staff maintained class-three certifications.<sup>8</sup> In this instance, assessing the detailed requirements would have been necessary to ensure the contractor was complying with the high-level requirements. By assessing only the high-level requirements of each of annex, the PARs did not have assurance that the contractors complied with all contractual requirements and instead relied solely on vague, high-level assessment procedures.



The PARs did not assess all of the contractual requirements and reviewed the BOSS contractors' performance against vague, high-level requirements.

When we inquired why the PARs were not overseeing the detailed requirements for each annex, NAVFAC EURAFSWA personnel referred us to the NAVFAC performance assessment procedures, which state that if the oversight team observes and documents a defect in contractor performance on the high-level requirements, it would trigger additional assessment procedures on the detailed requirements. However, we also determined that the PARs were not documenting identified deficiencies on performance assessment worksheets and instead only verbally instructed the contractor of the problem. Furthermore, if the deficiency remained unresolved after the first observance, the PARs verbally informed the CORs, but neither the PARs nor the CORs ensured the required rework was documented on the performance assessment worksheet. Documenting deficiencies on the performance assessment worksheet and requiring rework would have established a trend of unsatisfactory performance, which would have led the PAR to assess the detailed requirements of the FAP more frequently. However, because the PARs did not document the deficiencies, the PARs' surveillance documentation made it appear as though the contractor's performance was satisfactory and a more detailed assessment of the contractor's performance were not warranted.

<sup>8</sup> Operator and Facility Certification Program for U.S. Navy Overseas Drinking Water Systems.

## ***Performance Assessment Representatives Lacked Relevant Knowledge and Experience***

The NSA-Bahrain and ISA CORs did not ensure PARs were always aware of the contractual requirements or the applicable standards they should use to assess the contractor's performance. In order to properly oversee a contractor's performance, the PAR must know the contractual requirements and possess a subject matter expertise on the Federal or DoD guidance for that respective area. However, we identified instances where the PARs did not possess even a basic understanding of the annex they were responsible for overseeing.

For example, the PAR responsible for overseeing the ISA galley annex, which cost \$13.3 million from September 2014 through November 2017, did not know the U.S. Navy standards for food preparation and maintenance. The Manual of Naval Preventive Medicine requires foods that are not served immediately after cooking to be rapidly chilled to temperatures of 41 degrees Fahrenheit or lower, or held at 140 degrees Fahrenheit or higher.<sup>9</sup> However, when we asked the PAR about the temperature requirements for food storage and service, he incorrectly stated that the standards require food to be "cold, room temperature, or hot." The PAR then stated that the contractor should maintain the food "between room temperature and hot." The same PAR who oversaw the ISA galley annex was also responsible for the ISA grounds maintenance annex and was unable to explain the basic contractual requirements for grounds maintenance.

PAR responsible for overseeing the ISA galley annex, which cost \$13.3 million from September 2014 through November 2017, did not know the U.S. Navy standards for food preparation and maintenance.

The PAR responsible for conducting oversight of the electrical annex at ISA, which cost \$1.3 million from September 2014 through November 2017, was a civil engineer by trade and acknowledged that he did not possess any electrical experience or certifications.

In addition, the PARs did not always possess the appropriate experience in their subject annexes. According to ISA and NSA-Bahrain performance assessment procedures, individuals who monitor the contractor's performance should be experienced and adequately trained in their assigned areas. However, the PAR responsible for conducting oversight of the electrical annex at ISA, which cost \$1.3 million from September 2014 through November 2017, was a civil engineer by trade and acknowledged that he did not possess any electrical experience

<sup>9</sup> Naval Medicine Policy-5010, Manual of Preventive Medicine, Chapter 1, "Food Safety," May 26, 2004.

or certifications. Civil engineers design, build, operate, and maintain construction projects and systems, including roads, buildings, airports, tunnels, dams, bridges, and systems for water supply and sewage treatment. On the other hand, electrical engineers and electricians are experts in the application of electricity and on electrical code. Considering the differences in the two skill sets, the PAR over the electrical annex should have been an electrician or electrical engineer.

### ***ISA PARs Approached Performing Inherently Governmental Oversight Functions***

The ISA COR relied on PARs, who NAVFAC sourced with foreign national contractors at ISA, to perform oversight functions that approached inherently governmental functions and did not properly oversee the PARs. The FAR includes a list of activities it states are inherently governmental functions, which it defines as functions so intimately related to public interest that they mandate performance by a U.S. Government employee.<sup>10</sup> The FAR also lists activities that may approach being considered inherently governmental functions based on the nature of the function, the manner in which the contractor performs the contract, or the manner in which the contractor administers contractor performance. The Defense Federal Acquisition Regulation Supplement (DFARS) allows contractors to perform tasks approaching inherently governmental functions under certain conditions, including when Government personnel adequately oversee the contractor's performance.<sup>11</sup> In addition to the DFARS requirement, the contract for the ISA PARs stated that U.S. Government personnel, not the PARs, will make decisions or judgments about the adequacy of the BOSS contractor's compliance and performance.

However, we identified several instances where the ISA PARs made decisions about the adequacy of the BOSS contractor's performance and where the ISA COR did not oversee the contracted PARs performance of tasks that approached inherently governmental functions. For example, despite the FAR stating, "services that involve or relate to the evaluation of another contractor's performance" approach inherently governmental functions, the ISA PARs provided evaluations of the BOSS contractor's performance with no oversight from Government personnel. Specifically, without any input or oversight from the COR, the

Despite the FAR stating, "services that involve or relate to the evaluation of another contractor's performance" approach inherently governmental functions, the ISA PARs provided evaluations of the BOSS contractor's performance with no oversight from Government personnel.

<sup>10</sup> FAR, Subpart 7.5, "Inherently Governmental Functions."

<sup>11</sup> DFARS, Subpart 207.5, "Inherently Governmental Functions," section 207.503, "Policy."

PARs surveilled the BOSS contractor and rated the contractor's performance on a performance assessment worksheet. The PARs then compiled the performance assessment worksheets into the BOSS contractors' monthly ratings, which were the primary basis for the Government's annual rating of the contractor in CPARS.

The ISA PARs also provided inspection of services without proper oversight from the ISA COR, despite the FAR stating that "contractors providing inspection of services" approach inherently governmental functions. Specifically, the PARs signed as the inspector and acceptor of services, and these signatures were relied on to certify invoices for payment in 7 of the 20 ISA task orders we reviewed.

## NAVFAC Did Not Train Contract Oversight Personnel in Bahrain

Oversight of the NSA-Bahrain and ISA BOSS contracts was ineffective because the ACO did not train the CORs on their oversight responsibilities and did not provide CORs and PARs with adequate oversight instructions. Specifically, the NSA-Bahrain and ISA ACO did not provide the CORs contract-specific training, provide clear instruction for use of PARs, ensure a comprehensive transition between CORs, or address vague procedures in the NSA-Bahrain and ISA performance assessment plans and FAPs.

### ***Lack of Training and Instruction Led to Over-Reliance on Performance Assessment Representatives***

The DoD Contingency COR Handbook states that in addition to the COR training required by DoD regulations, the contracting officer is responsible for providing CORs with contract-specific training.<sup>12</sup> The DoD Contingency COR Handbook also states that it is critical for the incoming COR to transition with an existing COR for continuity of procedures. However, the NSA-Bahrain and ISA ACOs did not provide the CORs with additional training specific to the oversight of BOSS contract requirements and the existing COR did not perform a comprehensive transition with the incoming CORs to train them on their new responsibilities. Without proper training, the CORs were unaware of their responsibilities and of the COR mandatory oversight requirements.

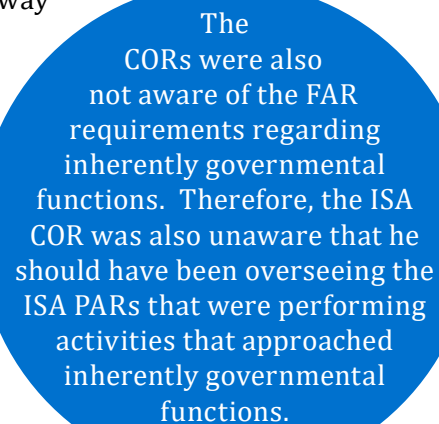
The NSA-Bahrain and ISA ACOs did not provide the CORs with additional training specific to the oversight of BOSS contract requirements and the existing COR did not perform a comprehensive transition with the incoming CORs to train them on their new responsibilities.

<sup>12</sup> Defense Contingency COR Handbook, Version 2, September 2012, Chapter 2, "Roles And Responsibilities for Contract Surveillance" September 2012.

For example, the CORs were unaware that a COR is not permitted to delegate his responsibilities to another person, including PARs. Specifically, DoD Instruction 5000.72, Naval Facilities Acquisition Standards, and the COR delegation letter all state that the COR is prohibited from delegating COR duties, including to a PAR.<sup>13</sup> U.S. Navy standards also state that the CORs are supposed to use the PARs only as a technical point of contact.<sup>14</sup> However, the CORs used the PARs to perform COR duties, which included providing inspections of services and evaluations of the contractor's performance. When we asked the CORs how they ensured the contractors' performance was adequate, the CORs stated that the PARs would inform them of any problems. In addition, the CORs stated that they did not find it necessary to oversee the PARs because they believed they would notice if the PARs were not sufficiently performing through other means, such as customer complaints. For example, the ISA galleys contained a customer complaint box for anyone dissatisfied or concerned with the contractor's performance. However, the BOSS contractor collected and summarized customer complaints; therefore, the CORs had no way of independently verifying whether customers made complaints.

The CORs were also not aware of the FAR requirements regarding inherently governmental functions. Therefore, the ISA COR was also unaware that he should have been overseeing the ISA PARs that were performing activities that approached inherently governmental functions. A NAVFAC EURAFSWA contracting specialist stated that in November 2015, she informed the PWD-Bahrain Public Works Officer that the ISA PARs were possibly performing inherently governmental functions. However, because a comprehensive transition was not performed, the PWD-Bahrain oversight personnel redeployed without informing their successors of this issue. In addition, the contracting specialist did not follow through to manage the potential conflict and knowingly allowed future NSA-Bahrain and ISA CORs to continue to improperly assign their COR oversight responsibilities to the PARs, which included the tasks approaching inherently governmental functions.

Because of the rotational nature of the COR position in Bahrain, it is essential that the NSA-Bahrain and ISA ACOs properly train the CORs on all aspects of



The CORs were also not aware of the FAR requirements regarding inherently governmental functions. Therefore, the ISA COR was also unaware that he should have been overseeing the ISA PARs that were performing activities that approached inherently governmental functions.

<sup>13</sup> DoD Instruction 5000.72, "DoD Standard For COR Certification," March 26, 2015, and Naval Facilities Acquisition Standards, Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," February 2016.

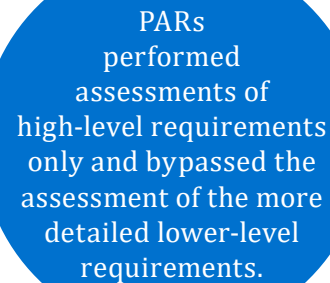
<sup>14</sup> Naval Facilities Acquisition Standards, Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," February 2016.



the contract requirements and ensure the CORs are not improperly delegating their responsibilities and are actively overseeing the contracts' quality assurance activities. NAVFAC EURAFSWA should establish a summary of the COR's oversight responsibilities, provide training to each incoming COR on these oversight responsibilities, including the delegation of responsibilities, and on the BOSS contract requirements, and provide periodic refresher training to each COR. In addition, NAVFAC EURAFSWA should review PAR responsibilities, and ensure the CORs monitor PARs if they carry out duties approaching inherently governmental functions.

### ***Vague Oversight Procedures Led to Inadequate Oversight***

The NSA-Bahrain and ISA performance assessment plans and FAPs were vague and did not explicitly require review of all contractual requirements. NAVFAC performance assessment procedures require the ACO, in conjunction with the COR and PAR to tailor performance assessment plans and FAPs to ensure all contract work requirements are identified and that the assessment procedures are appropriate for the work assessed. However, the ACOs did not include clear language in the NSA-Bahrain and ISA performance assessment plans to identify that, regardless of contractor performance on higher-level assessments, CORs and PARs should periodically review the contractor's conformance to requirements at all levels of the FAP. PARs performed assessments of high-level requirements only and bypassed the assessment of the more detailed lower-level requirements.



PARs performed assessments of high-level requirements only and bypassed the assessment of the more detailed lower-level requirements.

Furthermore, the ACOs did not ensure the NSA-Bahrain and ISA FAPs identified performance standards for PARs, who lacked knowledge and technical experience, to assess contractor performance. NAVFAC performance assessment procedures state that the FAP should outline the approach to assessing the contractor's work against measurable performance standards. Therefore, the PARs used the FAPs as their guidance during surveillance. However, the FAPs were vague and did not specify the criteria they should be using to assess all contractual requirement. Without also having technical knowledge or experience in the area, the FAPs, as a stand-alone document, were not sufficient to assist the PARs in oversight of the requirements.

For example, the galley FAP merely stated, “meal preparation processes comply with specified standards.” Without clearly identifying the “specified standards,” which in this case should have been the Manual of Naval Preventive Medicine, the PAR had no way of assessing whether the contractor complied with the contractual requirements for meal preparation. To ensure performance assessment procedures are clear and PARs are knowledgeable on the contract requirements they are assessing, NAVFAC EURAFSWA should coordinate with PWD-Bahrain to:

- tailor the NSA-Bahrain and ISA performance assessment plans and FAPs so that all levels of the contractual requirements are periodically assessed and all of the assessment criteria is clearly specified in the FAPs;
- provide each PAR with the applicable regulations/standards for the PAR’s oversight area, such as the Manual of Naval Preventive Medicine for the ISA galley PAR; and
- train PARs on proper assessment procedures.

## NAVFAC Paid For Services the Contractors May Not Have Provided

NAVFAC did not have reasonable assurance that the \$161.5 million the U.S. Navy paid for base support services resulted in adequately performed or contractually compliant services. For example, we identified that neither the CORs nor the PARs conducted oversight of critical base security requirements, which cost \$25.4 million over the NSA-Bahrain contract’s period of performance and was vital to personnel safety at NSA-Bahrain and ISA. Without monitoring performance of security requirements, oversight personnel could not possibly determine whether the contractor met any of its contractual obligations. This is especially troublesome considering that on November 27, 2012, the contracted security guards did not provide security services for 15 hours due to a dispute with the NSA-Bahrain BOSS contractor. NAVFAC officials would not have known about this situation if the NSA-Bahrain contractor had not informed them.<sup>15</sup>

Neither the CORs nor the PARs conducted oversight of critical base security requirements, which cost \$25.4 million over the NSA-Bahrain contract’s period of performance and was vital to personnel safety at NSA-Bahrain and ISA.

In another example where poor oversight may have resulted in waste, we observed that the contractor did not appear to maintain the grounds at ISA in accordance with the contractual requirements, even though the U.S. Navy paid

<sup>15</sup> NAVFAC subsequently withheld funds from the contractor for not providing this service for 15 hours.

more than \$74,000 for ISA grounds maintenance services. Specifically, despite the contract stating that the contractor must sustain proper health, growth, color, and appearance of planter boxes and palm trees through watering services, we observed dead vegetation in the planter boxes and uncared for palm trees. Figure 3 illustrates the improper grounds maintenance at ISA. See Appendix B for details on potential monetary benefits.



Figure 3. Planter Box and Palm Tree at ISA  
Source: The DoD OIG.

In addition, while the contractor provided food for the ISA galleys daily, the PARs lack of understanding of food preparation standards increased the risk that U.S. military and civilian personnel exposure to potentially unsafe and unsanitary food.

Finally, by allowing contractors to perform tasks that approached inherently governmental functions without oversight from U.S. Navy personnel, NAVFAC may not have sufficient evidence to support the Government's final rating of the contractor in CPARS. Specifically, due to the absence of documented contractor deficiencies, lack of review of all contractual requirements, and reliance on foreign-national contractors at ISA to provide performance input, the CORs may not have obtained adequate evidence to evaluate contractor performance in CPARS.

## Recommendations

### ***Recommendation A.1***

**We recommend that the Commander, Naval Facilities Engineering Command Europe, Africa, Southwest Asia:**

- a. Establish a summary of the contracting officer's representatives' oversight responsibilities,**
- b. Provide base operating support contract specific training to each incoming contracting officer's representative on these oversight responsibilities, including the delegation of responsibilities, and on the base operating support contract requirements,**
- c. Provide periodic refresher training to each contracting officer's representative, and**
- d. Review performance assessment representative responsibilities and monitor the contracting officer's representatives' usage of performance assessment representatives.**

### *Management Actions Taken*

During the audit, the NAVFAC EURAFSWA Chief Contracting Officer (CCO) agreed with the recommendation and immediately initiated actions to address the CORs' lack of training and oversight instruction. Specifically, the CCO stated that NAVFAC EURAFSWA developed a COR responsibilities summary checklist for distribution to CORs. In addition, NAVFAC EURAFSWA assigned a facility support contract specialist to PWD-Bahrain who will provide quarterly one-on-one training on oversight processes to all current and future CORs as they transition for complete and consistent oversight and support of COR functions. Furthermore, the CCO stated that NAVFAC EURAFSWA Public Works Business Line personnel would increase PWD Readiness Evaluation assessments from annually to semi-annually. The increased assessments will reinforce appropriate COR oversight roles and responsibilities and reinforce proper PAR training and assignments. Finally, the CCO stated that the contracted PARs at ISA will be replaced with Bahraini Grade employees. As of January 16, 2018, one Bahraini Grade SPAR and three Bahraini Grade PARs have been hired at ISA and hiring action for one additional Bahraini Grade PAR has been initiated. The CCO stated that three contracted PARs remain at ISA through their contract expiration on February 20, 2018 in order to provide continuity during the transition to Bahraini Grade PAR oversight.

NAVFAC EURAFSWA planned actions addressed the intent of our recommendation. Therefore, we consider this recommendation resolved. We will close this recommendation upon verification that NAVFAC has implemented the updated COR

instructions, provided additional training to CORs on oversight responsibilities, and replaced the ISA contracted PARs with Bahraini Grade employees.

## ***Recommendation A.2***

**We recommend that the Commander, Naval Facilities Engineering Command Europe, Africa, Southwest Asia, coordinate with Public Works Department-Bahrain to:**

- a. Tailor the Naval Support Activity-Bahrain and Isa Air Base performance assessment plans and functional assessment plans so that all levels of the contractual requirements are periodically assessed and all of the assessment criteria is clearly specified in the functional assessment plans;**
- b. Provide each performance assessment representative with the applicable regulations/standards for his oversight area, such as Manual of Naval Preventive Medicine for the Isa Air Base galley performance assessment representative; and**
- c. Train performance assessment representatives on proper assessment procedures.**

### ***Management Actions Taken***

During the audit, the NAVFAC EURAFSWA CCO agreed and initiated action to address the vague oversight procedures and PAR training. Specifically, the CCO stated that NAVFAC revised PAR training to emphasize proper completion of performance assessment worksheets with contract-specific examples to enhance performance assessment skills. The CCO stated that the facility support specialist and Public Works Business Line personnel provided this newly revised training to the current PARs in October 2017. The training included in-depth instruction on performance assessment plans and FAPs. In addition, the CCO stated that increase of PWD Readiness Evaluation assessments from annually to semi-annually will reinforce proper execution of performance assessment procedures, focus on oversight of COR functions, and provide the CORs with additional tools to develop and maintain the performance assessment plans and FAPs. Specific tools provided to the BOSS CORs will include a COR checklist, a structure for electronic filing organization, and additional performance assessment training. Finally, the CCO agreed to update the language in the NSA-Bahrain and ISA performance assessment plans and FAPs to clearly specify that performance assessments should include reviews of all contractual requirements.

NAVFAC EURAFSWA planned actions addressed the intent of our recommendation. Therefore, we consider this recommendation resolved. We will close this recommendation upon confirmation that NAVFAC EURAFSWA has increased evaluation frequencies, implemented contract-specific performance assessment training for PARs, and updated the language in the NSA-Bahrain and ISA performance assessment procedures.

## Finding B

### NAVFAC Did Not Effectively Administer Base Support Services in Bahrain

NAVFAC personnel did not effectively administer the base support contracts in Bahrain. Specifically, NAVFAC did not:

- maintain complete contract files,
- account for any of the \$1.6 million in GFP provided to the ISA contractors, or
- ensure the NSA-Bahrain and ISA BOSS contractors complied with the contracts' Combatting Trafficking in Persons (CTIP) requirements.

In addition, NAVFAC and PWD-Bahrain allowed the ISA PARs to perform administrative tasks that approached inherently governmental functions.

This occurred because NAVFAC did not delegate contract administration responsibilities to oversight personnel in Bahrain and because NSA-Bahrain and ISA CORs did not monitor the performance of ISA PARs who were assigned contract administration functions.

As a result, NAVFAC did not have adequate evidence to support contractor assessments, which could negatively affect the U.S. Navy's ability to properly assess and document contractor performance. In addition, there is an increased risk that \$1.6 million of U.S. Navy property could be lost, stolen, or unaccounted for. Furthermore, without ensuring compliance with CTIP requirements, contractors could use trafficked persons for the provision of contract services without U.S. Navy detection.

Finally, by allowing contractors to perform tasks that approached inherently governmental functions, NAVFAC created an environment where the U.S. Navy may have paid for services that were not the best value to the Government. For example, oversight contractors at ISA provided the independent government cost estimate and the technical evaluations for task orders without supervision from U.S. Navy personnel. By delegating these critical responsibilities to contractors without adequate supervision, NAVFAC did not have assurance that the prices paid for task orders were fair and reasonable.

## NAVFAC Did Not Provide Effective Contract Administration

NAVFAC personnel did not effectively administer the base support contracts in Bahrain. Specifically, NAVFAC did not:

- maintain complete contract files,
- account for the \$1.6 million in GFP provided to the ISA contractors, or
- ensure the NSA-Bahrain and ISA BOSS contractors complied with contracts' CTIP requirements.

In addition, NAVFAC and PWD Bahrain allowed the PARs to perform administrative tasks that approached inherently governmental functions, without U.S. Government oversight.

### ***Contract Files Were Not Complete***

The NSA-Bahrain and ISA CORs and PARs did not maintain complete contract files for the BOSS contracts. The FAR requires contract files to contain the records of all contractual actions to constitute a complete history of transactions.<sup>16</sup> The FAR also states that contract files should include quality assurance records. However, the NSA-Bahrain and ISA contract files did not contain records of all of the performance assessment worksheets, which the PARs used to document observations during surveillance and rate the contractor's performance. Specifically, we non-statistically selected 17 NSA-Bahrain performance assessment worksheets, but the PARs were able to provide only eight performance assessment worksheets.<sup>17</sup>

Furthermore, as established in Finding A, even when the performance assessment worksheets were in the contract files, the assessments did not accurately describe the contractor's performance because the PARs did not properly document deficiencies in their assessments. Instead, the CORs allowed the PARs to verbally inform the contractors of deficiencies and to only inform the CORs when deficiencies remained unresolved.

Even when the performance assessment worksheets were in the contract files, the assessments did not accurately describe the contractor's performance because the PARs did not properly document deficiencies in their assessments.

<sup>16</sup> FAR Subpart 4.8, "Government Contract Files."

<sup>17</sup> We could not even sample the ISA PAWs because the contract file did not contain the PARs' surveillance schedules. However, NAVFAC EURAFSWA noted during its PWD Readiness Evaluation Program exercise that the ISA contract file was missing more than 2 years of PAWs. NAVFAC EURAFSWA also noted that for the PAWs that were completed, they were maintained in the PARs' individual files and could not be found on a shared drive.



In addition, the FAR and DoD Contingency COR Handbook state that the contract file should include correspondence between the contractor and all oversight personnel.<sup>18</sup> The NSA-Bahrain and ISA CORs and PARs stated that they held weekly, monthly, and quarterly meetings with the BOSS contractors to discuss the contractors' performance. However, the contract files did not contain meeting minutes for the weekly and monthly meetings with the contractor. The NSA-Bahrain contract file contained Performance Assessment Board quarterly meeting rating summaries, but the narratives did not specify who participated in the Performance Assessment Board meeting or note the important decisions made during the meeting.<sup>19</sup> The ISA COR stated that he did not have any quarterly meeting notes in his contract file because he had not attended a quarterly Performance Assessment Board meeting with the ISA contractor and could not locate any Performance Assessment Board meeting minutes.<sup>20</sup>

### ***NAVFAC Did Not Maintain Accountability of Government-Furnished Property***

NAVFAC did not maintain GFP accountability records for the \$1.6 million of GFP provided to the ISA contractor. The FAR defines GFP as property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of the contract.<sup>21</sup> There should be three separate, complete records of GFP, and all of the records should reconcile. Specifically:

- the FAR identifies property accountability as a contract administration function and the DFARS requires the contracting office to prepare GFP attachments and maintain those attachments in the contract;<sup>22</sup>
- the NSA-Bahrain and ISA contracts include the FAR property clause 52.245-1, which requires the contractors to maintain a complete listing of GFP received from the contract; and
- DoD Instruction 5000.64 requires DoD agencies to maintain GFP in an accountable property system of record.<sup>23</sup>

However, we identified that NAVFAC did not maintain accountability of GFP provided to the ISA BOSS contractors, which included high-value items, such as a welding machine, a fuel tractor, and a prefabricated building. Specifically, the

<sup>18</sup> Defense Contingency COR Handbook, Chapter 3, "COR Responsibilities," September 2012.

<sup>19</sup> The Performance Assessment Board reviews contractor performance documentation and prepares a summary report of findings and recommendations to support contractor performance ratings.

<sup>20</sup> NAVFAC EURAFSWA personnel also noted, during their evaluation of PWD-Bahrain, that the ISA COR quarterly report, which NAVFAC EURAFSWA personnel note should align with the Performance Assessment Board process, was "not being done" as of July 2017. NAVFAC EURAFSWA personnel also noted that the NSA-Bahrain COR began completing his quarterly report in June 2017.

<sup>21</sup> FAR Part 45, "Government Property," Subpart 45.1, "General," 45.101, "Definitions."

<sup>22</sup> FAR Subpart 42.3, "Contract Administration Office Functions," and DFARS Part 245, "Government Property."

<sup>23</sup> DoD Instruction 5000.64, "Accountability and Management of DoD equipment and Other Accountable Property," April 27, 2017.

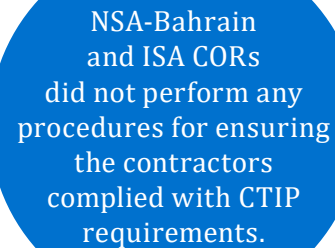
contractor's property management system documented 140 GFP items, valued at \$1.6 million; the ISA BOSS contract listed 162 GFP items; and the U.S. Navy accountable property system of record did not account for any ISA GFP, according to the NAVFAC EURAFSWA CCO and the ISA ACO.<sup>24</sup>

In addition, NAVFAC did not maintain accountability for GFP included in the NSA-Bahrain contract. Specifically, the NAVFAC EURAFSWA CCO stated that the NSA-Bahrain contractors were not in possession of any GFP; however, the NSA-Bahrain contract still listed GFP items provided for the security annex. The GFP listed on the NSA-Bahrain contract included radio communication equipment, baggage x-ray machines, vehicle inspection devices, and explosive detection equipment.

### ***NAVFAC Did Not Ensure Contractors Complied With CTIP Requirements***

The NSA-Bahrain and ISA ACO and CORs did not verify that contractors complied with CTIP requirements. Both the NSA-Bahrain and ISA BOSS contracts include the clause at FAR 52.222-50, which prohibits contractors and their personnel from engaging in trafficking in persons and related activities during the contract's period of performance.<sup>25</sup> To monitor the contractors' compliance with this clause, DFARS guidance requires the quality assurance surveillance plan to include procedures for identifying CTIP non-compliance, so that the COR can bring the non-compliance to the immediate attention of the contracting officer.<sup>26</sup> However, the NSA-Bahrain and ISA ACO did not include procedures in the performance assessment plans to describe how the COR should monitor the contractors' CTIP compliance. Therefore, the NSA-Bahrain and ISA CORs did not perform any procedures for ensuring the contractors complied with CTIP requirements.

In addition, the FAR was amended in 2015 to add a requirement for contractors to submit a certification that the offeror has a CTIP compliance plan before contract award and a certification of compliance annually to verify plan implementation, disclosure of offenses, and remediation of violations throughout the period of performance.<sup>27</sup> Guidance issued with the



NSA-Bahrain and ISA CORs did not perform any procedures for ensuring the contractors complied with CTIP requirements.

<sup>24</sup> The ISA contract did not include values for the 162 items it listed as GFP.

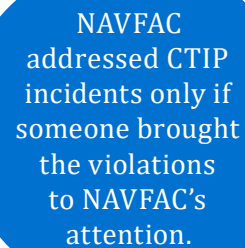
<sup>25</sup> FAR 52.222-50, "Combatting Trafficking In Persons," February 2009.

<sup>26</sup> DoD Procedures, Guidance, and Information 222.17, "Combatting Trafficking in Persons."

<sup>27</sup> FAR 52.222-50, "Combatting Trafficking In Persons" March 2015. Additionally, a new FAR provision was created at 52.222-56, "Certification Regarding Trafficking In Persons Compliance Plan" March 2015. The provision requires offerors to certify prior to award that they have implemented a CTIP compliance plan.

updated FAR clause required contracting officers to modify existing indefinite-delivery indefinite-quantity contracts to include the clause if future orders were anticipated.<sup>28</sup> However, the NSA-Bahrain and ISA ACO continued to issue task orders under both contracts but did not issue contract modifications to bring the contracts into compliance with this new CTIP language. As a result, the NSA-Bahrain and ISA CORs did not request or review the contractors' CTIP compliance plans.

When we inquired about CTIP inspections, the NSA-Bahrain COR originally stated that a command at NSA-Bahrain and ISA performed base-wide CTIP inspections for all contracts in Bahrain, but subsequently confirmed that no one was performing base-wide CTIP inspections. The CCO later explained that NAVFAC addressed CTIP incidents only if someone brought the violations to NAVFAC's attention, such as through a hotline complaint. The supervisory contracting officer and COR stated that they were aware of only one previous incident, wherein a U.S. Navy officer suspected a contractor of withholding its employees' passports. However, the CCO and COR were not aware of how the suspected CTIP violation was resolved and were unable to locate any reference, notes, or other documentation regarding the investigation or remediation of the suspected violation.



NAVFAC addressed CTIP incidents only if someone brought the violations to NAVFAC's attention.

### ***ISA PARs Approached Performing Inherently Governmental Administrative Functions***

The ISA COR used foreign national contractor PARs to perform contract administration duties that approached inherently governmental functions without monitoring the PARs' performance of the assigned tasks. The FAR states that services in support of acquisition planning, providing assistance in the development of statements of work, working in situations that permit access to confidential business or other sensitive information, and providing technical evaluations of contractor proposals may approach inherently governmental functions.<sup>29</sup> The FAR also states that awarding contracts and determining whether contract costs are reasonable are inherently governmental functions. Furthermore, the contract for the ISA PARs stated that U.S. Government personnel, not the PARs, should make final decisions on the development of statements of work, work scope, and costs estimates. However, we identified that ISA PARs, without oversight from U.S. Navy

<sup>28</sup> FAR; Ending Trafficking in Persons (Federal Acquisition Circular 2005-80), 80 Fed. Reg. 4967 (2015).

<sup>29</sup> FAR Subpart 7.5, "Inherently Governmental Functions." The FAR lists examples of actions and services that are inherently governmental functions and that may approach inherently governmental functions. The lists are not all inclusive.

personnel, performed several functions of the task order process that were critical in determining whether the task order prices were reasonable. Specifically, for services that were beyond the scope of the firm-fixed price portion of the contract and required a separate task order, the ISA PARs developed the scope of work and the independent government cost estimate (IGCE), and performed the technical analysis of the ISA BOSS contractor's proposal without any oversight from U.S. Government personnel.<sup>30</sup> The contracting office then awarded the task orders to the ISA BOSS contractor based on the ISA PAR's evaluation without requiring any supporting documentation from the ISA PAR.

## NAVFAC Did Not Properly Establish Contract Administration Roles and Responsibilities

NAVFAC did not effectively administer the NSA-Bahrain and ISA BOSS contracts because NAVFAC EURAFSWA did not delegate the responsibilities for contract administration to personnel in Bahrain, in accordance with the FAR. The FAR stipulates that PCO and ACO delegations are required in writing and further states that contract administration functions not delegated remain the responsibility of the PCO.<sup>31</sup> Despite relying on personnel in Bahrain to perform contract administration on both BOSS contracts, the NAVFAC EURAFSWA CCO did not officially delegate those responsibilities in writing for the NSA-Bahrain and ISA contracts for 5 ½ years and 2 ½ years, respectively.<sup>32</sup>

By not officially delegating contract administration duties or clearly assigning those duties in writing, no one in Bahrain was responsible for contract administration functions, including the maintenance of the contract file, accounting for GFP, or monitoring the contractors' compliance with CTIP regulations. To ensure proper administration of the BOSS contracts, NAVFAC LANT and NAVFAC EURAFSWA should coordinate to update their delegation

By not officially delegating contract administration duties or clearly assigning those duties in writing, no one in Bahrain was responsible for contract administration functions, including the maintenance of the contract file, accounting for GFP, or monitoring the contractors' compliance with CTIP regulations.

<sup>30</sup> The PARs obtained price estimates from local vendors and used the estimates to prepare IGCEs. The PARs evaluated the BOSS contractor's proposals for added work based on the IGCEs. They reported the results of their evaluations to the NAVFAC contract specialist and recommended awards of task orders at prices that were consistent with the IGCEs. The COR and contract specialist both stated that they did not check the IGCEs to ensure they were supported by actual vendor price estimates.

<sup>31</sup> FAR Subparts 1.6, "Career Development, Contracting Authority, and Responsibilities," and 42.3, "Contract Administration Office Functions."

<sup>32</sup> The ISA PCO originally appointed an ACO in writing in June 2014, but that delegation expired in November 2014 upon transition in personnel.

procedures, to ensure the PCO explicitly assigns all contract administration functions immediately after award. The updated delegation procedures should assign responsibility for contract file maintenance, property accountability, and CTIP compliance. The delegation procedures should also include procedures for reassignment upon transition of personnel.

### ***NAVFAC Should Maintain a Complete Contract File***

DoD guidance requires the ACO to, at a minimum, annually review the COR's contract files for completeness and accuracy.<sup>33</sup> However, the ACO's delegation letter did not assign this responsibility. While the ACO did delegate responsibility to maintain contract files to the CORs, the COR files regularly lacked performance assessment documentation and meeting minutes to document formal conversations with the contractor. NAVFAC's own self-assessment immediately after the audit announcement found performance assessment worksheets in the ISA contract file were missing for 1 ½ years after contract award. To ensure contract files are complete, NAVFAC EURAFSWA should: (1) require the ACO to routinely monitor the files for completeness and accuracy; (2) train CORs on required contract file contents; and (3) ensure complete contract files are transferred to newly appointed transitioning CORs.

### ***NAVFAC Should Assign Accountability for GFP in the Contract***

To ensure Navy commands were properly implementing the GFP requirements outlined in the FAR, DFARS, and DoD Instruction 5000.64, the Navy published a memorandum in 2015 that required contracting personnel and program managers to review all existing contracts and bring those contracts into compliance with the GFP requirements. Specifically, the memorandum required contracting officers to complete a GFP compliance checklist, which validated that all GFP was reported on a contract attachment, all GFP was captured in the contractor's property management system, and all GFP was captured in the U.S. Navy's accountable property system of record.<sup>34</sup> The completed checklist, which would identify any GFP accountability deficiencies, is required to be initialed by the contracting officer and requiring activity and reviewed by the head of the contracting activity and the program executive officer. Furthermore, NAVFAC also established an additional requirement that made the COR responsible for performing annual reconciliations of the GFP in the contractor's records to the GFP reported in the U.S. Navy's accountable property system of record.

<sup>33</sup> DFARS, Procedures, Guidance, and Information Section 201.602-2, "Responsibilities."

<sup>34</sup> The Memorandum required contracting officers to implement the checklist for all existing contracts with periods of performance that extended beyond September 30, 2017.

Despite these requirements, the U.S. Navy still did not properly account for the \$1.6 million in GFP provided to the ISA contractor. This occurred because the NAVFAC EURAFSWA CCO did not delegate property administration responsibilities to the ACO in Bahrain until after announcement of this audit or ensure the COR's delegated responsibilities included annually reconciling the contractor's GFP records to the U.S. Navy's GFP records. To ensure the ISA GFP is properly recorded and in compliance with GFP requirements, NAVFAC EURAFSWA should coordinate with PWD-Bahrain to create an updated contract attachment that reflects the correct amount of GFP provided to the ISA BOSS contractor. The commands should then ensure the U.S. Navy's accountable property system of record and the contractor's property management system are updated using the updated contract attachment. Furthermore, to ensure ISA GFP is adequately monitored and updated throughout the remainder of the contract, NAVFAC EURAFSWA should delegate property administration duties to the contracting office in Bahrain, including ensuring the COR is performing annual reconciliations of the U.S. Navy records with the contractor's records.

### ***NAVFAC Should Assign Responsibility to Monitor Contractors' Actions to Combat Trafficking in Persons***

According to the DoD Contingency COR Handbook, the COR is the first line of defense in the battle against human trafficking and must correct and report any violations related to the CTIP clause in the contract.<sup>35</sup> The DoD Strategic Plan for CTIP 2014-2018 outlines a zero-tolerance policy for Government employees and contractors engaging in trafficking in persons.<sup>36</sup> Accordingly, CTIP should rank among the COR's chief priorities when monitoring the contractor. However, the practice in place at both NSA-Bahrain and ISA is reactive at best. The CTIP practice requires someone outside of the oversight structure to contact the DoD Hotline about a potential CTIP violation. Even after receiving notification of one CTIP complaint, the COR did not follow up on the outcome of the complaint. NAVFAC EURAFSWA should institute proactive procedures to ensure the contractor's compliance with CTIP requirements. Specifically, NAVFAC EURAFSWA should include the 2015 FAR CTIP clause in all contracts and require contractors to submit a certification that they have a CTIP compliance plan before award and annual certifications of CTIP compliance. Furthermore, NAVFAC should update its performance assessment plans, FAPs, and Performance Assessment User Guide to include procedures to monitor a contractor's compliance with CTIP requirements.

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<sup>35</sup> DoD Contingency COR Handbook, Chapter 4, "Ethics and Integrity," September 2012.

<sup>36</sup> DoD Strategic Plan for Combatting Trafficking in Persons 2014-2018.

## ***NAVFAC Should Ensure Contracting Officer's Representatives Monitor the Performance Assessment Representatives***

NSA-Bahrain and ISA supervisory contracting officers stated that they provided guidance to PWD-Bahrain specifying that U.S. Government personnel should review and approve independent government cost estimates and technical analyses completed by Bahraini Grade personnel and foreign national contractors. However, as discussed in Finding A, PWD-Bahrain oversight personnel redeployed without informing their successors of PARs possibly performing inherently governmental functions and the supervisory contracting officers did not follow through to manage the potential conflict. Therefore, future NSA-Bahrain and ISA CORs continued to improperly assign their COR contract administration duties to PARs without adequate oversight. Recommendation A.1.d addresses the concern with using PARs to perform COR duties that approach inherently governmental functions; therefore, we are not making an additional recommendation.

## **NAVFAC Has Limited Support for Contractor Accountability**

Because of poor administration of the NSA-Bahrain and ISA contracts, NAVFAC has limited support to hold the contractor accountable. Specifically, with incomplete contract files, NAVFAC did not have adequate evidence to support contractor performance, which could negatively affect the Government's ability to properly assess and document contractor performance in CPARS. For example, the COR may not be able to support a less than satisfactory rating in CPARS, if warranted, because the contract file did not contain critical documentation, such as performance assessment documentation, documented deficiency notices, and meeting minutes where performance assessments and ratings were discussed with the contractor.

Similarly, without maintaining GFP accountability records, NAVFAC risked that potential loss or theft of \$1.6 million in property would go unnoticed. The ISA BOSS contractor has self-reported its GFP inventory. However, without maintaining an independent listing of GFP, NAVFAC officials cannot be certain that all contractor GFP losses would be identified, investigated, and reported in a timely manner. Additionally, the U.S. Navy did not account for \$1.6 million of GFP provided to the ISA contractor in the U.S. Navy's property book, which could affect the reliability of the U.S. Navy financial statements.

The U.S. Navy did not account for \$1.6 million of GFP provided to the ISA contractor in the U.S. Navy's property book, which could affect the reliability of the U.S. Navy financial statements.

In addition, without delegating CTIP responsibility or including procedures to monitor trafficking in persons in the performance assessment plan, the CORs and ACOs did not conduct any surveillance of contractors' compliance with CTIP regulations. By not conducting CTIP oversight, NAVFAC ACOs and CORs neglected their responsibility to ensure that the contractors do not use trafficked persons to perform contract requirements.

Furthermore, by allowing contractors to perform tasks approaching inherently governmental functions without oversight by U.S. Government personnel, NAVFAC created an environment where the U.S. Navy may not have paid the best value for services. Specifically, ISA PARs provided the scope of work, the independent government cost estimate, and the technical evaluations for task orders without supervision from U.S. Navy personnel. By delegating these critical responsibilities to contractors, NAVFAC did not have assurance that the prices paid for task orders were fair and reasonable.

## Recommendations

### ***Recommendation B.1***

**We recommend that the Commanders, Naval Facilities Engineering Command Atlantic and Europe, Africa, Southwest Asia, update their delegation procedures to ensure the procuring contracting officer explicitly assigns all contract administration functions immediately after award. The updated delegation procedures should assign responsibility for contract file maintenance, property accountability, and Combatting Trafficking in Persons compliance. The delegation procedures should also include procedures for reassignment upon transition of personnel.**

### *Management Actions Taken*

The NAVFAC EURAFSWA CCO agreed with the recommendation during a briefing we provided on August 16, 2017, and immediately took action to address the lack of delegations. Specifically, on September 8, 2017, NAVFAC LANT provided a draft copy of the revised contract administration assignment procedures, which established explicit delegation and termination procedures for the PCO and ACO. The CCO stated that NAVFAC EURAFSWA implemented this process during the recent award of the Naples BOSS contract and would use the process to delegate responsibilities for the newly awarded NSA-Bahrain BOSS contract.

NAVFAC's actions addressed the intent of our recommendation. Therefore, we consider this recommendation resolved. We will close this recommendation upon verification that NAVFAC has finalized the new delegation procedures and that



those procedures assign responsibility for contract file maintenance, property accountability, and CTIP monitoring.

### ***Recommendation B.2***

**We recommend that the Commander, Naval Facilities Engineering Command Europe, Africa, Southwest Asia:**

- a. Require the administrative contracting officer to routinely monitor the files for completeness and accuracy;**
- b. Train contracting officer's representatives on contract file contents; and**
- c. Implement a records retention method that will ensure files are available upon transition in personnel.**

### ***Management Actions Taken***

During the audit, the NAVFAC EURAFSWA CCO agreed with our recommendation and provided documentation that detailed the actions NAVFAC EURAFSWA would implement to address the deficiencies we identified with the Bahrain BOSS contract files. Specifically, the NAVFAC EURAFSWA CCO stated that a standardized COR electronic filing system was implemented as of February 2018. In addition, the CCO stated that emphasis will be placed on training and oversight of the ACO, COR, and PARs to ensure that they understand where the contractual documents are filed and to ensure that the documents are completed in accordance with Federal and DoD requirements to include:

- minutes from weekly, monthly and quarterly reviews of contractor performance;
- historical listing of ACOs, including revocation letters;
- completed surveillance documentation; and
- a complete listing of GFP.

The NAVFAC EURAFSWA CCO further stated that the COR will have primary responsibility for oversight of the contract file and the ACO will periodically review for accuracy and completeness. Finally, upon transition of CORs, all electronic files will be placed on a CD and retained in the official contract file.

NAVFAC EURAFSWA planned actions addressed the intent of our recommendation. Therefore, we consider this recommendation resolved. We will close this recommendation upon verification that the ACO, CORs, and PARs received training on contract file contents; and a schedule has been established for the ACO review of the COR's contract files.

### ***Recommendation B.3***

**We recommend that the Commander, Naval Facilities Engineering Command Europe, Africa, Southwest Asia:**

- a. Coordinate with the Commander, Public Works Department-Bahrain, to create an updated contract attachment that reflects the correct amount of Government-furnished property provided to the Isa Air Base support contractor and ensure the updated attachment is used to modify the Government-furnished property records in the U.S. Navy accountable property system of record and the contractor's property management system.**
- b. Delegate property administration duties to the contracting office in Bahrain, including ensuring the contracting officer's representative is performing annual reconciliations of the U.S. Navy records with the contractor's records.**

#### ***Management Actions Taken***

During the audit, the NAVFAC EURAFSWA CCO agreed with the audit team's suggested action and provided documentation that detailed the actions NAVFAC EURAFSWA would take to improve ISA property accountability. The CCO stated that NAVFAC Public Works Business Line personnel intend to ensure the PWD-Bahrain ACO appoints a GFP Administrator no later than December 2017. In addition, the CCO stated that the newly appointed GFP Administrator will perform a joint inspection of all GFP with the BOSS contractor and perform annual reconciliations over the life of the contract. On January 16, 2018, the CCO provided an update on the management actions planned and stated that a GFP Administrator had not yet been appointed, but will be appointed upon completing the required GFP Administrator training. However, the CCO confirmed that an in-depth assessment and inventory of Isa GFP was conducted in December 2017 and that the effort produced a verified GFP listing, which will be added to the ISA contract.

NAVFAC EURAFSWA planned actions addressed the intent of our recommendation. Therefore, we consider this recommendation resolved. We will close this recommendation upon verification that the ACO has appointed a GFP Administrator and NAVFAC has included the verified GFP listing to the ISA contract.

### **Recommendation B.4**

**We recommend that the Commanders, Naval Facilities Engineering Command Atlantic and Europe, Africa, Southwest Asia, institute proactive procedures to ensure the contractor's compliance with Combatting Trafficking in Persons requirements; specifically, for future base operating support service contracts:**

- a. Include the 2015 Federal Acquisition Regulation Combatting Trafficking in Persons clause and require contractors to submit a certification that the offeror has a Combatting Trafficking in Persons compliance plan before award and annual certifications of Combatting Trafficking in Persons compliance; and**
- b. Update their performance assessment plans, functional assessment plans, and Performance Assessment User Guide to include procedures to monitor a contractor's compliance with Combatting Trafficking in Persons requirements.**

#### *Management Actions Taken*

During the audit, the NAVFAC EURAFSWA CCO and ACO agreed that contractors are required to develop a CTIP plan and submit annual certifications of CTIP compliance and provided documentation that detailed the actions NAVFAC EURAFSWA would take to comply with applicable guidance. The CCO stated that NAVFAC included the CTIP clause in the newly awarded NSA-Bahrain BOSS contract, and the CCO provided the modified ISA BOSS contract that included the required CTIP clause. In addition, the CCO stated that on November 2, 2017, the NSA-Bahrain contractor submitted a CTIP compliance plan.

Finally, NAVFAC agreed that the performance assessment plans should include methods to monitor CTIP compliance and agreed to update the NSA-Bahrain and ISA performance assessment plan to include CTIP review in the quality management plan pre-performance review checklist and in the quality management system during the performance assessment process.

NAVFAC's planned actions addressed the intent of our recommendation. Therefore, we do not require comment from the Commanders, NAVFAC LANT or EURAFSWA, and consider this recommendation resolved. We will close this recommendation upon confirmation that NAVFAC has updated the NSA-Bahrain and ISA performance assessment plans to include their methods for monitoring CTIP compliance and that the newly awarded NSA-Bahrain contract contains the required CTIP clause.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from June 2017 through February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed criteria to determine whether the U.S. Navy provided effective oversight of the contracts for base support in Bahrain. Specifically, we reviewed:

The FAR Parts/Subparts:

- 45, “Government Property”;
- 46, “Quality Assurance”;
- 1.6, “Career Development, Contracting Authority, and Responsibilities”;
- 4.8, “Government Contract Files”; and
- 42.3, “Contract Administration Office Functions.”

DFARS:

- 252.211, “Reporting of Government Furnished Property”;
- 201.6, “Career Development, Contracting Authority, and Responsibilities”;
- 246, “Quality Assurance”;
- 252.201-7000, “Contracting Officer’s Representative”;
- 207.5, “Inherently Governmental Functions”;
- PGI 201.602-2, “Responsibilities”;
- PGI 222.17, “Combatting Trafficking in Persons”; and
- PGI 245.1, “Government Property.”

Additional DoD criteria:

- DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017;
- DoD Instruction 5000.72, DoD Standard for Contracting Officer’s Representative Certification,” March 26, 2015; and
- Defense Contingency COR Handbook.

Finally, we reviewed the NSA-Bahrain and ISA BOSS contracts and performance work statements to identify contractor performance requirements.

We conducted a site visit to NSA-Bahrain and ISA in July and August 2017 and interviewed NAVFAC EURAFSWA and PWD-Bahrain officials to determine the process for contract surveillance and administration. Specifically, we interviewed the PCO, ACO, CORs, SPAR, PARs, contracting specialists, and other personnel responsible for Bahrain BOSS oversight. We also observed the SPAR and PARs conduct surveillance at both NSA-Bahrain and ISA to understand the oversight process used on the ground in Bahrain. Additionally, we obtained and reviewed NSA-Bahrain and ISA performance assessment plans, FAPs, performance assessment worksheets, monthly performance assessment summaries, CPARS, and other documentation outlining the service oversight structure and process.

We nonstatistically sampled and reviewed 37 total task order files, 17 for NSA-Bahrain and 20 for ISA, and we reviewed the Wide Area Workflow supporting documents for these files. We requested and reviewed the ISA contractor's GFP listing and compared it to GFP included in the contract. In August 2017, we conducted a site visit to NAVFAC EURAFSWA headquarters in Naples, Italy, to obtain information related to NAVFAC's PCO agreement and discuss the audit team's preliminary observations. Specifically, we interviewed the PCO and supervisory contracting officers supporting the NSA-Bahrain and ISA BOSS contracts. In addition, we met with officials from NAVFAC LANT during our entrance meeting.

## Use of Computer-Processed Data

We did not rely on computer-processed data for the conclusions in our report.

## Prior Coverage

During the last 5 years, the DoD Office of Inspector General (DoD OIG) issued eight reports discussing the oversight and management of base operating support service contracts. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

### **DoD OIG**

Report No. DODIG-2017-062, "The Army Did Not Effectively Monitor Contractor Performance for the Kuwait Base Operations and Security Support Services Contract," March 7, 2017

This report found that the Army did not effectively monitor contractor performance for the Kuwait Base Operations and Security Support Services

contract. Specifically, Army Contracting Command–Rock Island and 408th Contracting Support Brigade did not ensure that the quality assurance surveillance plan and surveillance checklists were updated to reflect current contract requirements, that CORs provided consistent surveillance of the contractor, or that contractor ratings were accurate.

Report No. DODIG-2017-035, “The Army Did Not Have Assurance That Heavy Lift Contractors in Kuwait Complied With Contract Requirements,” December 15, 2016

This report found that the Army did not provide effective oversight of the Heavy Lift VII (HL7) contracts in Kuwait. Specifically, HL7 CORs did not perform monthly surveillance of each active contractor and each type of contracted vehicle, or use the approved checklist to document surveillance. This occurred because the ACO and the quality assurance specialist did not provide the CORs with a quality assurance surveillance plan that mirrored contract requirements and instead issued verbal guidance that led to incomplete and inconsistent surveillance.

Report No. DODIG-2016-131, “Designation of Contracting Officer’s Representatives and Oversight Framework Could Be Improved for Contracts in Afghanistan,” August 30, 2016

This report found that CORs were not properly appointed after COR designation guidelines were revised. Also, the contracting activities for 4 of the 16 contracts did not establish effective oversight framework to ensure contracted services conformed to contract requirements.

Report No. DODIG-2015-163, “Plans for Assessing Contractor Performance for the Camp Lemonnier Base Operations Support Contract Needed Improvement,” (Redacted) August 27, 2015

This report found that NAVFAC LANT officials did not ensure plans for assessing contractor performance for the Camp Lemonnier, Djibouti, base operations support contract were adequate. NAVFAC officials did not ensure the FAP for the three services contained all contractor work requiring assessment, measurable performance standards, and adequate methods for assessing contractor performance.

Report No. DODIG-2015-147, “U.S. Army Contracting Command–Rock Island Needs to Improve COR Training and Appointment for Contingency Contracts,” July 10, 2015

This report found that Army Contracting Command–Rock Island controls for monitoring contractor performance for seven task orders supporting Operation

United Assistance were generally effective. However, for one of seven task orders the Army Contracting Command–Rock Island PCO did not properly appoint any of the six CORs assigned to the task order and ensure three of six CORs received the required COR training. This occurred because the PCO did not include COR appointment authority in the ACO’s delegation letter.

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

The audit team reviewed 40 reports and identified 9 systemic contracting problem areas relating to contingency operations. The five most prevalent problem areas reported were:

1. Oversight and Surveillance;
2. Requirements;
3. Property Accountability;
4. Financial Management; and
5. Contract Pricing.

Additionally, the audit team reviewed 21 fraud investigations uncovering criminal offenses that occurred during contract award and administration phases. The 21 fraud investigations affected 6 contracting areas: (1) source selection, (2) oversight and surveillance, (3) financial management, (4) contractor personnel, (5) property accountability, and (6) contract documentation.

Report No. DODIG-2014-030, “Navy Needs to Improve Contract Oversight of Its Financial Improvement and Audit Readiness Program Contracts,” January 13, 2014

This report found that the Navy Office of Financial Operations and Naval Supply System Command did not perform adequate contract oversight on all 13 nonstatistically selected sampled task orders related to the Navy’s Financial Improvement and Audit Readiness.

Report No. DODIG-2013-097, “Improvements Needed in the Oversight of the Medical-Support Services and Award-Fee Process Under the Camp As Sayliyah, Qatar, Base Operation Support Services Contract,” June 26, 2013

This report found that DoD officials did not administer the medical services major functional area of the Qatar BOSS contract in accordance with the FAR. Specifically, the contracting officials did not verify the contractor possessed required authorizing documentation before performing medical services. In addition, the contracting official did not properly administer the award-fee process.

## Appendix B

### Potential Monetary Benefits

Table 1 identifies the total the U.S. Navy paid for unfulfilled and unmonitored base support services in Bahrain. This amount includes \$74,647.43 for unfulfilled grounds maintenance services at ISA and \$25,449,446.64 for unmonitored security operations requirements on the NSA-Bahrain contract.

*Table 1. Bahrain BOSS Questioned Costs*

Recommendations	Type of Benefit	Amount of Benefit	Accounts
A.1 and A.2	Questioned Costs	\$25,524,094.07	Multiple accounts will be impacted

Source: The DoD OIG.



## Acronyms and Abbreviations

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<b>ACO</b>	Administrative Contracting Officer
<b>BOSS</b>	Base Operating Support Services
<b>CCO</b>	Chief Contracting Officer
<b>COR</b>	Contracting Officer's Representative
<b>CPARS</b>	Contractor Performance Assessment Rating System
<b>CTIP</b>	Combatting Trafficking in Persons
<b>DFARS</b>	Defense Federal Acquisition Regulation Supplement
<b>EURAFSWA</b>	Europe, Africa, Southwest Asia
<b>FAP</b>	Functional Assessment Plan
<b>FAR</b>	Federal Acquisition Regulation
<b>GFP</b>	Government-Furnished Property
<b>IGCE</b>	Independent Government Cost Estimate
<b>ISA</b>	Isa Air Base, Bahrain
<b>LANT</b>	Atlantic
<b>NAVFAC</b>	Naval Facilities Engineering Command
<b>NSA</b>	Naval Support Activity
<b>PAR</b>	Performance Assessment Representative
<b>PCO</b>	Procuring Contracting Officer
<b>PWD</b>	Public Works Department
<b>SPAR</b>	Supervisory Performance Assessment Representative



# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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