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# **Management Assistance Report: Improved Guidance and Acquisition Planning is Needed to Reduce the Use of Bridge Contracts in Afghanistan and Iraq**

MANAGEMENT ASSISTANCE REPORT

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## Summary of Review

During an audit of the Department of State's (Department) use of noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq, which is currently underway, the Office of Inspector General (OIG) discovered that neither the Competition in Contracting Act of 1984 (CICA) nor the Federal Acquisition Regulation (FAR) contain guidance governing the continued use of noncompetitive awards as "bridge contracts" or "bridge actions." According to the U.S. Government Accountability Office (GAO), a bridge contract is a sole-source, short-term contract awarded to the incumbent contractor to avoid a lapse in service when there was a delay in awarding a follow-on contract. In addition, Department guidance states that the purpose of a bridge contract "is to provide contractual coverage on a noncompetitive basis, when needed at the expiration of a competitive contract."<sup>1</sup>

OIG determined that the use of a short-term contract awarded on a sole-source basis to an incumbent contractor to continue services as a bridging action is permitted in accordance with statutory authorities that allow for contracting without the use of full and open competition. OIG found that short-term contracts awarded on a sole-source basis as "bridge contracts" were frequently used in Afghanistan and Iraq over multiple years to noncompetitively extend contract services beyond the expiration of an original contract. Specifically, OIG reviewed 11 sole-source bridge contracts with a combined value of approximately \$571 million that were awarded in Afghanistan and Iraq from October 2014 to June 2020. OIG found that 10 of 11 (91 percent) bridge contracts were awarded to the incumbent contractor consecutively for more than 2 years, including 7 of 11 (64 percent) bridge contracts to provide programmatic support to the Afghan government. In addition, 3 of the 11 (27 percent) sole-source bridge contracts to provide medical support in Iraq were consecutively awarded to the incumbent contractor for more than 4 years. The eleventh bridge contract OIG reviewed, for the purpose of providing security services in Iraq, had been awarded to the incumbent contractor for 1 year.

The Department's practice of using a short-term contract awarded on a sole-source basis to the incumbent contractor over several years limits the Department's ability to realize potential cost savings by maximizing full and open competition. For example, in one instance the contract was recompeted and resulted in saving the Department \$6.8 million. The lack of full and open competition is also contrary to CICA, which requires contracting officers to promote and provide for full and open competition. The Commission on Wartime Contracting in Iraq and Afghanistan, in its August 2011 Final Report to Congress, underscored the

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<sup>1</sup> Office of Acquisitions Management, Overseas Contracting & Simplified Acquisition Guidebook, Chapters 4, 10, January 2020. The focus of this guidebook is to provide overseas contracting officers hands-on guidance on how to award and administer common contracts and simplified acquisitions.

importance of competition by stating that “effective competition motivates contractors to provide fair pricing, best value, and quality performance.”<sup>2</sup>

OIG determined that a primary reason the Department had used sole-source bridge contracts, in lieu of full and open competition, is because there is no Federal or Department guidance that establishes parameters on the use, duration, or number of times a sole-source bridge contract can be awarded to an incumbent contractor. In addition, the use of bridge contracts can be attributed, at least in part, to the absence of effective acquisition planning and the timely award of follow-on contracts. Until these deficiencies are fully addressed, the Department will not be positioned to realize potential cost savings through lower, more competitive pricing for services supporting contingency operations in Afghanistan and Iraq.

OIG offered three recommendations that are intended to address the use of sole-source bridge contracts and to promote full and open competition to the extent practicable. On the basis of the Bureau of Administration, Office of the Procurement Executive’s (OPE) response and planned actions, OIG considers all three recommendations resolved, pending further action. A synopsis of management’s comments and OIG’s reply follow each recommendation in the Results section of this report. OPE’s response to a draft of this report is reprinted in its entirety in Appendix A.

## **BACKGROUND**

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The Department contracts for various services in Afghanistan and Iraq, such as life support, security, and programmatic support to strengthen the Afghan government. From October 1, 2014, to June 30, 2020, the Department awarded 818 noncompetitive contracts valued at \$935 million for performance in those two countries. One category of the Department’s noncompetitive awards is a particular type of noncompetitive award known as a “bridge contract” or “bridge action,” which is discussed on the following page. During an ongoing audit of the Department’s use of bridge contracts in Afghanistan and Iraq, OIG reviewed 11 bridge contracts for five specific contract service areas. These service areas involved programmatic support and medical and security services, and represented a combined value of approximately \$571 million, or 61 percent, of the value of all noncompetitive contracts awarded from October 2014 to June 2020, including the 11 bridge contracts.

### **Competition in Contracting Requirements**

CICA encourages competition in the award of all types of Government contracts<sup>3</sup> and requires that contracting officers promote and facilitate full and open competition in soliciting offers, awarding Government contracts, and using competitive procedures consistent with the need to

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<sup>2</sup> Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risks* 151 (Final Report to Congress, August 2011).

<sup>3</sup> 41 U.S.C. § 253(a)(1)(A) (2000).

fulfill the Government's requirements efficiently. FAR Part 6, Competition Requirements, implements CICA by prescribing policies and procedures to promote full and open competition in the Federal acquisition process. In addition, the Commission on Wartime Contracting in Iraq and Afghanistan, in its August 2011 Final Report to Congress, underscored the importance of competition by stating that, "effective competition motivates contractors to provide fair pricing, best value, and quality performance."<sup>4</sup> CICA and the FAR provide seven exceptions under which an agency can award contracts using noncompetitive procedures:

1. Only one responsible source for goods or services.
2. Unusual and compelling urgency.
3. Maintenance of an industrial base.
4. Required by international agreement.
5. Statutory authorization or acquisition of brand-name items for resale.
6. National security.
7. Necessary in the public interest.

## **Bridge Contract Definition and Purpose**

While conducting the audit of noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq, OIG discovered that neither CICA nor the FAR specifically define or otherwise guide the use of bridge contracts. However, the U.S. Government Accountability Office (GAO) defines a bridge contract as "an extension to an existing contract beyond the period of performance (including option years), or a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract."<sup>5</sup> In addition, Department guidance states that the purpose of a bridge contract "is to provide contractual coverage on a noncompetitive basis, when needed at the expiration of a competitive contract."<sup>6</sup>

## **Bridge Contracts for Medical, Programmatic, and Security Services**

OIG reviewed 11 bridge contracts awarded in Afghanistan and Iraq from October 2014 to June 2020.<sup>7</sup> Of the 11 bridge contracts, six were a series of bridge contracts to continue services for two programs—Security and Support Services (SaSS) in Afghanistan<sup>8</sup> and Medical Support Services Iraq (MSSI). The remaining five bridge contracts were to continue three different

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<sup>4</sup> Final Report to Congress, August 2011, at 151.

<sup>5</sup> GAO, *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use* (GAO 16-15, October 2015).

<sup>6</sup> Overseas Contracting & Simplified Acquisition Guidebook, January 2020, Chapter 4, 10-11.

<sup>7</sup> The bridge contracts were independent contracts awarded following the expiration of task orders previously awarded under larger indefinite-delivery/indefinite-quantity contracts.

<sup>8</sup> The SaSS contract was formed by combining the bridge Afghanistan Security and the Afghanistan Interdiction contracts.

programs—Corrections System Support Program (CSSP) in Afghanistan, Justice Sector Support Program (JSSP) in Afghanistan, and Worldwide Protective Services (WPS).<sup>9</sup>

### ***Contracts in Afghanistan***

Three of the contracted services OIG reviewed were for the following in Afghanistan.

#### ***Security and Support Services Contract***

To bolster the capacity of Afghanistan’s counternarcotic forces against the trade in illegal drugs, the initial SaSS contract was competitively awarded in February 2007 for \$7 million. After the predecessor contract expired in December 2014, three consecutive bridge contracts were awarded, totaling \$128 million, to continue the program. A follow-on competitive contract was awarded in September 2018 to the incumbent contractor. Table 1 shows the contract number, performance period, and contract value of the SaSS bridge contracts awarded for support in Afghanistan.

**Table 1: SaSS Bridge Contract Numbers, Periods of Performance, and Value**

<b>Contract Number</b>	<b>Period of Performance</b>	<b>Contract Value at Time of Award (in millions)</b>
SAQMMA15C0016	January 2015 to March 2016	\$13
SAQMMA16C0061	March 2016 to September 2017	\$55
SAQMMA17C0267	September 2017 to September 2018	\$60
<b>Total</b>		<b>\$128</b>

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System on April 21, 2021.

#### ***Corrections System Support Program in Afghanistan Contracts***

CSSP provides support to mitigate security deficiencies in Afghan government correctional institutions. The Department competitively awarded the CSSP contract in May 2010 for \$47 million. Two consecutive bridge contracts totaling \$48 million were awarded to continue the program after the initial contract expired in December 2014. The Bureau of Administration’s Office of Acquisitions Management (AQM) competitively awarded the follow-on contract to the incumbent contractor to continue the program in June 2017, prior to the end of the second bridge contract. Table 2 shows the contract number, performance period, and contract value of the CSSP bridge contracts awarded for support in Afghanistan.

<sup>9</sup> The WPS contract is a multiple award, indefinite-delivery/indefinite-quantity contract.

**Table 2: CSSP Bridge Contract Numbers, Periods of Performance, and Value**

<b>Contract Number</b>	<b>Period of Performance</b>	<b>Contract Value at Time of Award (in millions)</b>
SAQMMA15C0032	January 2015 to February 2016	\$19
SAQMMA16C0027	March 2016 to August 2017	\$29
<b>Total</b>		<b>\$48</b>

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System on April 21, 2021.

#### *Justice Sector Support Program in Afghanistan Contracts*

The largest and oldest support program in Afghanistan is JSSP. It assists the Government of Afghanistan's justice sector through training and building capacity. The Department competitively awarded the JSSP contract in June 2010 for \$24 million. After the contract expired in December 2014, two consecutive bridge contracts totaling \$80 million were awarded to continue the program through August 2017. AQM competitively awarded a follow-on contract to a new contractor to continue the program in May 2017, prior to the end of the second bridge contract. Table 3 shows the contract number, performance period, and contract value of the JSSP bridge contracts awarded for support in Afghanistan.

**Table 3: JSSP Bridge Contract Numbers, Periods of Performance, and Value**

<b>Contract Number</b>	<b>Period of Performance</b>	<b>Contract Value at Time of Award (in millions)</b>
SAQMMA15C0025	January 2015 to February 2016	\$38
SAQMMA16C0063	March 2016 to August 2017	\$42
<b>Total</b>		<b>\$80</b>

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System on April 21, 2021.

#### ***Contracts in Iraq***

Two of the contracted services OIG reviewed were for the following in Iraq.

#### *Medical Support Services Iraq Contracts*

MSSI was initially awarded in May 2011 for \$51 million. MSSI provided trained and certified health care professionals and administrative service support to U.S. and U.S.-sponsored beneficiaries working and residing in Iraq.<sup>10</sup> To avoid a lapse in medical support services when the contract expired in November 2016, AQM extended it through May 2017. It then awarded three bridge contracts that spanned more than 4 years, totaling \$122 million. In March 2021, the current contract was extended until September 2021. Table 4 shows the contract number,

<sup>10</sup> MSSI provides critical life support and health services to personnel under the Chief of Mission authority at five facilities located in Baghdad, Basrah, and Erbil in Iraq.

performance period, and contract value of the MSSl bridge contracts awarded for support in Iraq.

**Table 4: MSSl Bridge Contract Numbers, Periods of Performance, and Value**

Contract Number	Period of Performance	Contract Value at Time of Award (in millions)
SAQMMA17C0180	May 2017 to September 2018	\$36
19AQMM18C0208	September 2018 to March 2020	\$47
19AQMM20C0052	March 2020 to September 2021	\$39
<b>Total</b>		<b>\$122</b>

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System on April 21, 2021.

#### *Worldwide Protective Services Contract*

The Worldwide Protective Services contract provides static guard security services, protective movement security services, and other specialized emergency services, primarily for diplomatic missions that are in high-threat areas. Individual task orders are awarded for specific services at specific diplomatic facilities. A task order was competitively awarded under WPS I to provide Baghdad security services in September 2010. After the task order expired in January 2017, a 1-year bridge contract was awarded, extending the task order to ensure continuity of operations during the transition of task orders from WPS I to WPS II. Table 5 shows the contract number, performance period, and contract value of the WPS bridge contract awarded for support in Iraq.

**Table 5: WPS Bridge Contract Numbers, Periods of Performance, and Value**

Contract Number	Period of Performance	Contract Value at Time of Award (in millions)
SAQMMA17C0047	January 2017 to January 2018	\$193
<b>Total</b>		<b>\$193</b>

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System on April 21, 2021.

## **Roles and Responsibilities**

The Bureau of Administration, Office of the Procurement Executive (OPE) provides leadership in overseeing Department-wide acquisition policies, including developing, issuing, and maintaining acquisition regulations, procedures, and guidance, including those in the Foreign Affairs Handbook (FAH). Under the leadership of the Procurement Executive, AQM manages, plans, and directs the Department's acquisition programs and conducts contract operations in support of activities worldwide. AQM provides a full range of professional contract management services, including acquisition planning, contract negotiations, cost and price analysis, and



contract administration. AQM is also responsible for implementing Federal and Department policies regarding noncompetitive contracts.

Although AQM manages the acquisition process, it is a shared responsibility between AQM and the program offices that receive the contracted goods and services. AQM's Customer Guide for Contracting, a handbook that sets out the process and timelines for procuring contract services, states that "the acquisition process begins with the development of a complete and adequate procurement request package from the requiring office (also referred to as the program office)."<sup>11</sup> As stated in 14 FAH-2 H-330, the procurement request package serves as the foundation for the entire acquisition and must be as thorough as possible in order that the resulting contract reflects the needs of the requirements office.<sup>12</sup> Among other activities, the program office identifies the contract requirements, drafts statements of work, and participates in the review of contract proposals. Using the information provided by the program office, contracting personnel in AQM prepare the solicitation, coordinate the actions resulting in contractor selection, and prepare a contract stating the requirements, responsibilities, and provisions governing contractor performance.

### **Purpose of the Ongoing Audit and the Management Assistance Report**

This Management Assistance Report is intended to provide early communication of limitations OIG identified concerning the Department's use of bridge contracts during its ongoing audit of noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq. For the purposes of this Management Assistance Report, OIG is using the previously cited GAO definition of a bridge contract.<sup>13</sup> The primary objective of the audit is to determine whether the Department (1) followed acquisition policy in awarding noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq and (2) undertook required steps to ensure the Department paid fair and reasonable prices for noncompetitive awarded contracts in Afghanistan and Iraq. During the audit, OIG found that the Department had frequently used bridge contracts in Afghanistan and Iraq over multiple years to noncompetitively extend contract services beyond the expiration of the original contract. The ongoing audit relates to Overseas Contingency Operations Freedom's Sentinel and Inherent Resolve and is being conducted in accordance with OIG's oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended; as such, this report also relates to those Overseas Contingency Operations. For this Management Assistance Report, OIG reviewed 5 specific contract service areas in Afghanistan and Iraq and 11 separate bridge contracts related to those contract services. OIG is reporting the deficiencies discussed in this Management Assistance Report in accordance with generally accepted government auditing standards. In performing the work related to these deficiencies, OIG interviewed OPE and AQM officials, reviewed FAR and Department guidance, and reviewed contract documentation for

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<sup>11</sup> AQM, Customer Guide for Contracting 4 (Updated August 2020).

<sup>12</sup> 14 FAH-2 H-330, "Procurement Request Package" and 14 FAH-2 H-331, "Purpose and Use."

<sup>13</sup> Neither CICA nor the FAR specifically define bridge contracts so, in its reporting on the use of bridge contracts, GAO had developed a definition. OIG adopted the GAO definition.

the bridge contracts awarded from December 2014 to March 2021. OIG faced challenges in completing this work due to the COVID-19 pandemic. These challenges included limitations on in-person meetings and difficulty accessing information, and related difficulties within the Department, which affected its ability to respond to OIG requests for information in a timely manner. Despite the challenges, OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

## RESULTS

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### **Finding A: The Department Frequently Used Bridge Contracts in Lieu of Full and Open Competition in Afghanistan and Iraq**

Although a bridge contract is typically a short-term contract awarded to the incumbent contractor to avoid a lapse in service when there was a delay in competitively awarding a follow-on contract, OIG found that the Department used bridge contracts on multiple occasions for several consecutive years in Afghanistan and Iraq. Specifically, OIG found that 10 of 11 (91 percent) bridge contracts had been consecutively awarded to the incumbent contractor for more than 2 years. More specifically, OIG found that 7 of 11 (64 percent) bridge contracts to provide programmatic support to the Afghan government had been consecutively awarded to the incumbent contractor for more than 2 years. In addition, 3 of 11 (27 percent) bridge contracts to provide medical support in Iraq had been consecutively awarded to the incumbent contractor for more than 4 years. The eleventh bridge contract OIG reviewed, for the purpose of providing security services in Iraq, had been awarded to the incumbent contractor for 1 year. OIG determined that a primary reason the Department had used bridge contracts, in lieu of full and open competition, is because there is no Federal or Department guidance that establishes parameters on the number of consecutive uses of a bridge contract being awarded to the incumbent contractor to continue services. In addition, the use of bridge contracts can be attributed, at least in part, to the program offices' preference for their use because they provide them continuity of services with minimal changes on the ground. Until these deficiencies are fully addressed, the Department will not be positioned to realize the benefits of competitive procurements for services supporting contingency operations in Afghanistan and Iraq.

#### ***Department Has No Guidance for the Use of Bridge Contracts***

The reliance on bridge contracts in Afghanistan and Iraq can be attributed, in part, to the lack of Department guidance establishing parameters for when it is appropriate to use such contracts in lieu of full and open competition. For example, 14 FAH-2 H-320 addresses acquisition planning, the acquisition cycle, and market research, but does not address the use of bridge contracts.<sup>14</sup> According to OPE officials, the FAR's lack of bridge contract guidance makes it difficult to create Department procedures regarding their use. OPE's Overseas Contracting &

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<sup>14</sup> 14 FAH-2 H-320, "Acquisition Planning."

Simplified Acquisition Guidebook provides a general definition of bridge contracts; however, the guidance only applies to overseas contracting officers for the purpose of describing how to award and administer common contracts and simplified acquisitions at overseas posts.<sup>15</sup> The bridge contracts OIG reviewed were awarded by AQM at headquarters and were not simplified acquisitions.

It is also important to note that the lack of guidance in the use of bridge contracts is not limited to the Department. For example, in an October 2015 report on the Government's use of bridge contracts, GAO reported that the Departments of Defense, Health and Human Services, and Justice had limited or no insight into the use of bridge contracts, as bridge contracts were not defined or addressed in agency guidance or in the FAR. However, GAO also reported that two Department of Defense components, the Navy and Defense Logistics Agency, instituted definitions, policies, and procedures to manage and track the use of bridge contracts. GAO reported that the Department of Defense components took these steps due to concerns that bridge contracts were being used too frequently and were limiting competition.<sup>16</sup> As demonstrated by the Navy and Defense Logistics Agency, the lack of guidance in the FAR does not prevent the Department from curating guidance for appropriate use of bridge contracts.

Providing a Department-wide definition for bridge contracts and establishing procedures for their use could lead to increased competition in awarding contracts, thereby potentially resulting in cost savings to the Department. For example, in recompeting the JSSP contract in 2017, an analysis of the two offers submitted showed that one was \$6.8 million less than the other. Subsequently, AQM awarded the follow-on contract to the firm that submitted the lower offer. In addition, a 2016 study prepared for the Bureau of Diplomatic Security reported that contracting processes for the bureau were inefficient and an estimated minimum \$6 million was expended annually on bridge contracts.<sup>17</sup> Furthermore, the study estimated that the bureau's 14 bridge contracts in FY 2015 were estimated to cost \$8.1 million, or 23 percent, more than the expected cost based on the previous contract. In fact, depending on the contract, cost increases for the services rendered ranged from 3 percent to 233 percent.<sup>18</sup> Based on these findings and the actions taken by the Navy and Defense Logistics Agency to establish parameters on the use of sole-source bridge contracts, OIG offers the following recommendation:

**Recommendation 1:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive amend the Foreign Affairs Handbook to include a subsection in 14 FAH-2 H-320, Acquisition Planning, providing direct guidance on sole source noncompetitive contracts or contract extensions with an existing contractor to bridge the

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<sup>15</sup> Overseas Contracting & Simplified Acquisition Guidebook, January 2020, Chapters 1 at 6 and 4, at 10-11.

<sup>16</sup> GAO 16-15, October 2015, at Highlights.

<sup>17</sup> Censeo Consulting Group, *Management Study Summary Report, Prepared for US Department of State Overseas Protective Operations (DS/IS/OPO) Updated April 1, 2016*, at 4. The report identified areas for improvement and DS developed implementation plans.

<sup>18</sup> *Ibid*, at 33.

time between the original end of that contractor's contract and the competitive award of a follow-on contract, including providing definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

**Management Response:** OPE concurred "with the intent of recommendation 1," stating that in consultation and collaboration with the Office of Federal Procurement Policy, it will amend the Foreign Affairs Handbook to include a subsection in 14 FAH-2 H-320, Acquisition Planning, providing direct guidance on sole source noncompetitive contracts or contract extensions with an existing contractor to bridge the time between the original end of that contractor's contract and the competitive award of a follow-on contract, including providing definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

OPE also identified steps the Office of Federal Procurement Policy is taking related to bridge contracts. OPE stated that without a government-wide standard definition of bridge contracts incorporated in the FAR, "it will be difficult for agencies to take steps to reduce their reliance on noncompetitive bridge contracts or remediate internal deficiencies—such as issues related to acquisition planning or challenges with the acquisition workforce—that may lead to delays in the award of follow-on contracts." Until the FAR is updated, GAO recommended the Office of Federal Procurement Policy Administrator "should provide guidance to agencies on (1) a definition of bridge contracts, with consideration of contract extensions and stand-alone bridge contracts, and (2) suggestions for agencies to track and manage their use of these contracts."

**OIG Reply:** On the basis of OPE's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OPE has amended the Foreign Affairs Handbook to provide direct guidance on sole source noncompetitive contracts or contract extensions to include definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

***AQM Did Not Competitively Award Follow-on Contracts in a Timely Manner, Resulting in the Use of Bridge Contracts to Continue Services***

OIG also found that 10 bridge contracts, which supported SaSS, CSSP, JSSP, and MSSSI, were repeatedly noncompetitively awarded because AQM did not award follow-on contracts in a timely manner. The eleventh bridge contract, which involved a WPS task order, was the only

bridge contract award reviewed by OIG that was used in a manner consistent with GAO's definition of a bridge contract as a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract. Specifically, the WPS task order bridge contract was a short-term contract to the incumbent contractor for a 1-year period in order to transition to the new WPS base contract and avoid a lapse in service. Table 6 summarizes the periods of performance for the sole-source bridge contracts OIG reviewed, along with the predecessor<sup>19</sup> and follow-on competitive contracts for the same services.

**Table 6: Predecessor, Bridge, and Follow-On Contracts Periods of Performance**

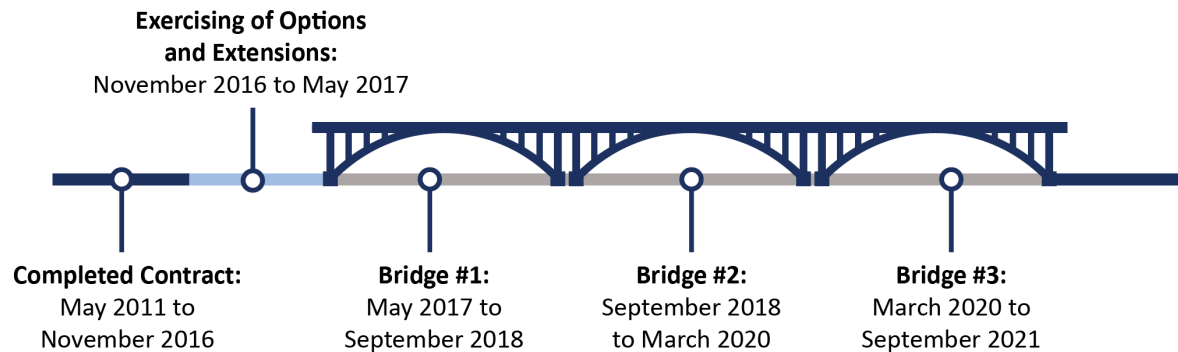
<b>Contracted Service</b>	<b>Period of Previously Competed Contract</b>	<b>Period Covered by Bridge Contracts</b>	<b>Period of Follow-on Competitive Award (Including Option Years)</b>
SaSS	February 2007 to December 2014	January 2015 to September 2018	September 2018 to March 2024
CSSP	May 2010 to December 2014	January 2015 to August 2017	June 2017 to November 2022
JSSP	June 2010 to December 2014	January 2015 to August 2017	August 2017 to January 2023
MSSI	May 2011 to May 2017	May 2017 to September 2021	To Be Determined
WPS	September 2010 to January 2017	January 2017 to January 2018	August 2017 to February 2023

**Source:** Generated by OIG based on contract award data obtained from the Federal Procurement Data System from April 21, 2021, to May 19, 2021.

The failure to competitively award follow-on contracts created conditions under which the subsequent use of bridge contracts became the only available option to continue the services provided in the contract. For example, AQM provided OIG with a chronology of the MSSI recompetition that began with issuance of the December 2015 solicitation. Over the next 5 years, AQM received offers, engaged with those making the offers, and amended the solicitation. However, AQM failed to issue an award. According to AQM officials, an award was not made in a timely manner for many reasons, including changing requirements and multiple changes to personnel on the evaluation panels. However, had the award been made in a timely manner it would have minimized turnover of personnel on the evaluation panels. Figure 1 illustrates the timeline of the MSSI contract and includes the series of bridge contracts.<sup>20</sup>

<sup>19</sup> According to GAO, a predecessor contract is the contract in place prior to the award of a bridge contract. For the five contract service areas discussed in this report, predecessor contracts were competitively awarded to the contractor that provided the services prior to being awarded the bridge contract.

<sup>20</sup> See the Background section of this report for additional details related to the series of bridge contracts for MSSI.

**Figure 1: Medical Support Services in Iraq Bridge Contract Timeline**

**Source:** OIG generated based on award data obtained from AQM involving the Medical Support Services Iraq contract.

Even though the illustration is specific to the MSSSI contract, the SaSS, CSSP, and JSSP contracts follow similar timelines and sequences. For example, recompeting the CSSP and JSSP contracts took several years before a competitive award was made. Bureau of International Narcotics and Law Enforcement Affairs officials cited security concerns in Afghanistan as one of the reasons that made recompeting the CSSP and JSSP contracts difficult. In total, bridge contracts were used for almost 32 months for each requirement.

Although OPE leadership, in concert with AQM, is critical to a successful acquisition process, it also needs the full support of the program offices because the acquisition planning process is a shared responsibility. However, OPE and AQM officials told OIG that program offices frequently prefer the use of bridge contracts because it provides the program offices continuity of services with minimal changes on the ground and requires less work in potentially transitioning to new contracts. Consequently, and notwithstanding the benefits of competition in realizing potential cost savings for the Department and U.S. taxpayers, there is limited incentive for the program offices to end the practice of awarding consecutive sole-source bridge contracts to the incumbent contractor.

It is also notable that AQM officials told OIG that there is presently no mechanism in place for OPE to unilaterally end the frequent use of bridge contracts because OPE does not have direct authority or overt influence over many of the program offices. For example, of the three program offices whose bridge contracts OIG reviewed, only one is in the same chain of command as OPE and AQM. Specifically, the Bureau of Diplomatic Security is the program office for the WPS contract and is under the same senior leadership as OPE—the Under Secretary for Management. For the other bridge contracts reviewed, the Bureau of International Narcotics and Law Enforcement Affairs is the program office for the SaSS, CSSP, and JSSP contracts and reports to the Under Secretary for Civilian Security, Democracy, and Human Rights. The Bureau of Near Eastern Affairs is the program office for the MSSSI contract and reports to the Under Secretary for Political Affairs. Consequently, only the Office of the Secretary of State, including the Deputy Secretary for Management and Resources, has authority over all three bureaus.



Therefore, it could be helpful to have a mechanism for OPE to elevate the use of bridge contracts to allow the Deputy Secretary for Management and Resources to engage with the program offices when bridge contracts go beyond the intended purpose of providing a “short-term” option to avoid a lapse in service.

OIG also determined that the Department’s use of sole-source contracts can be attributed, in part, to inadequate planning during the acquisition cycle. According to the Foreign Affairs Handbook, 14 FAH -2 H-323, “[t]he acquisition cycle begins with advance acquisition planning and initiation of the procurement request and ends with the acceptance of the supplies or services and final payment to the contractor.”

OIG found that the AQM justifications to use bridge contracts frequently cited FAR 6.302-2, unusual and compelling urgency.<sup>21</sup> Specifically, FAR Part 6, Competition Requirements, requires contracting officers to justify noncompetitive contracts in writing and prescribes the required contents, approver levels, and process by which these justifications must be made publicly available. Additionally, OPE created the Justification for Other than Full and Open Competition (JOFOC) Guide<sup>22</sup> to show contracting officers how to prepare and process justifications according to the statutory requirement outlined in the FAR. Although the FAR requires that the justifications contain sufficient facts and rationale to justify the use of the specific authority cited, it does not require any information on why or how the delay occurred in awarding a competitive contract and how the delay will be resolved. Moreover, though some of the justifications OIG reviewed discussed factors that delayed awarding a competitive follow-on contract, none addressed what measures have been, or will be, undertaken to resolve the delay.

In addition, although AQM cited unusual and compelling urgency as the statutory authority that permitted awarding the bridge contracts, FAR Subpart 6.301, Policy, states that contracting without providing for full and open competition shall not be justified based on a lack of advance planning. According to AQM officials, because the procurement process had started when “unusual and compelling urgency” was cited for the bridge contracts, the Department complied with CICA and FAR requirements. However, OIG notes that the length of time from the beginning of the solicitation process to the contract award spanned several years for 10 of 11 bridge contracts reviewed. The lone exception was the WPS task order. Moreover, in the case of the MSSI contract, acquisition planning for its transition to a competitive contract is still

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<sup>21</sup> FAR Subpart 6.302-2, Unusual and Compelling Urgency states, “When an agency’s need for the supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless the agency is permitted to limit the number of sources from which it solicits bids or proposals, full and open competition need not be provided for.” This authority “may not exceed one year, including all options, unless the head of the agency determines that exceptional circumstances apply. This determination must be documented in the contract file.” The Secretary of State delegated authority to the Assistant Secretary of State for Administration to exercise all duties, responsibilities, and powers of the Secretary with respect to Department procurement. The Assistant Secretary of State for Administration redelegated this authority to the Procurement Executive. The Procurement Executive signed off on the justification and approvals citing FAR 6.302-2.

<sup>22</sup> OPE, Justification for Other than Full and Open Competition (JOFOC) Guide (June 2016).

underway. These conditions demonstrate that there is insufficient advanced planning in the acquisition planning process. In addition, the continued use of the same justification, “unusual and compelling urgency,” shows that the Department has not taken adequate steps to plan for various contingencies that could be encountered in high-threat locations and may delay competitive contract award procedures, even though the Department has been working in these environments for more than two decades.

To become better positioned to realize potential cost savings gained through full and open competition, the Department needs to take steps to limit its use and frequency of sole-source bridge contracts. In addition, inadequate acquisition planning can expose the Department to issues of legal liability. For example, in a 2013 Federal court decision, *Innovation Development Enterprises of America, Inc. vs. The United States*, the court ruled against the Government concerning the award of bridge contracts to incumbent contractors. The court sustained a protest because it was determined that a “failure to account for transition periods between an incumbent contractor and a new contractor is yet another form of lack of advance planning” that will not justify a sole-source procurement.<sup>23</sup> To reduce the frequency of sole-source bridge contracts, especially in overseas contingency operations such as Afghanistan and Iraq, OIG is offering the following recommendations:

**Recommendation 2:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, develop and implement a process to identify and elevate to the Assistant Secretary of Administration, who serves as the appointed agency Chief Acquisition Officer, instances when the acquisition planning process is adversely impacted due to insufficient program office participation so the Chief Acquisition Officer can engage with the impacted program office bureau’s assistant secretary to resolve delays in pursuing full and open competition for contracts in overseas contingency environments.

**Management Response:** OPE concurred “with the intent of recommendation 2” and requested that the recommendation be revised so that instances when the acquisition planning process is adversely impacted due to insufficient program office participation, the issue be elevated to the Assistant Secretary of Administration who is the appointed agency Chief Acquisition Officer. The Chief Acquisition Officer would engage with the impacted program office bureau’s Assistant Secretary to resolve delays. OPE stated that if OIG accepted the change to the recommendation, it would develop and implement the recommended process.

**OIG Reply:** OIG’s recommendation in a draft of this report included the Deputy Secretary of State for Management and Resources, rather than the Assistant Secretary of Administration, who serves as the appointed agency Chief Acquisition Officer. Because the Secretary of State has delegated all duties, responsibilities, and powers with respect to Department procurement and authority to the Assistant Secretary of State for

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<sup>23</sup> *Innovation Development Enterprises, Inc. vs. The United States*, No. 11-217 C, 2013.



Administration,<sup>24</sup> OIG modified the recommendation to reflect the requested changes by OPE and considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OPE has developed and implemented a process to identify and elevate instances when the acquisition planning process is adversely impacted due to insufficient program office participation to the Assistant Secretary for Administration, who would then engage with the impacted program office bureau's Assistant Secretary to resolve delays in pursuing full and open competition for contracts in overseas contingency environments.

**Recommendation 3:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, revise its Justification for Other than Full and Open Competition (JOFOC) Guide to require that written justification for using less than full and open competition for awarding bridge contracts include information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

**Management Response:** OPE concurred with the recommendation, stating that it will revise its Justification for Other than Full and Open Competition (JOFOC) Guide to require written justification for using less than full and open competition for awarding bridge contracts, including information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

**OIG Reply:** On the basis of OPE's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OPE has revised its Justification for Other than Full and Open Competition (JOFOC) Guide to require that written justification for using less than full and open competition for awarding bridge contracts include information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

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<sup>24</sup> Department of State, Delegation of Authority No. 357, Delegation to the Assistant Secretary for Administration of Procurement Functions and Authorities, April 30, 2013.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive amend the Foreign Affairs Handbook to include a subsection in 14 FAH-2 H-320, Acquisition Planning, providing direct guidance on sole source noncompetitive contracts or contract extensions with an existing contractor to bridge the time between the original end of that contractor's contract and the competitive award of a follow-on contract, including providing definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

**Recommendation 2:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, develop and implement a process to identify and elevate to the Assistant Secretary of Administration, who serves as the appointed agency Chief Acquisition Officer, instances when the acquisition planning process is adversely impacted due to insufficient program office participation so the Chief Acquisition Officer can engage with the impacted program office bureau's assistant secretary to resolve delays in pursuing full and open competition for contracts in overseas contingency environments.

**Recommendation 3:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, revise its Justification for Other than Full and Open Competition (JOFOC) Guide to require that written justification for using less than full and open competition for awarding bridge contracts include information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

## APPENDIX A: BUREAU OF ADMINISTRATION, OFFICE OF THE PROCUREMENT EXECUTIVE RESPONSE

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United States Department of State

Washington, D.C. 20520

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July 09, 2021

### MEMORANDUM

TO: OIG/AUD – Bernard Vennemann

FROM: A/OPE/AP – John C. Dockery *JD*

SUBJECT: OPE Management Response to the Management Assistance Report: Improved Guidance and Acquisition Planning is Needed to Reduce the Use of Bridge Contracts in Afghanistan and Iraq (AUD-MERO-21-XX)

Thank you for the opportunity to provide a response to the subject report. The point of contact for this report is the A/OPE Front Office ([A-OPEFrontOfficeAssistants@state.gov](mailto:A-OPEFrontOfficeAssistants@state.gov)).

**Recommendation 1:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive amend the Foreign Affairs Handbook to include a subsection in 14 FAH-2 H-320, Acquisition Planning, providing direct guidance on sole source noncompetitive contracts or contract extensions with an existing contractor to bridge the time between the original end of that contractor's contract and the competitive award of a follow-on contract, including providing definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

**Management Response to Draft Report (07/09/21):** The Office of the Procurement Executive (A/OPE) concurs with the intent of recommendation 1. A/OPE, in consultation and collaboration with the Office of Federal Procurement Policy (OFPP), will amend the Foreign Affairs Handbook to include a subsection in 14 FAH-2 H-320, Acquisition Planning, providing direct guidance on sole source noncompetitive contracts or contract extensions with an existing contractor to bridge the time between the original end of that contractor's contract and the competitive award of a follow-on contract, including providing definitions to the terms: "bridge contract" or "bridge actions," the parameters under which these sole source noncompetitive contracts and extensions can be used, and a requirement to provide additional information necessary to justify consecutive uses of a noncompetitive sole source award.

In January 2020, OFPP staff stated in response to the Government Accountability Office (GAO) report that they are reviewing actions agencies have taken related to bridge contracts, and that they are reviewing the extent to which OFPP regulatory action is necessary moving forward. OFPP staff noted that there is no estimated timeframe for completion of this review. A government-wide standard definition of bridge contracts would help ensure all agencies have better insight into their use of these contracts and provide agencies with the information to manage their use. Without taking the necessary steps to develop a definition for bridge contracts, parameters for their usage, and incorporating it into the Federal Acquisition Regulation

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(FAR), it will be difficult for agencies to take steps to reduce their reliance on noncompetitive bridge contracts or remediate internal deficiencies—such as issues related to acquisition planning or challenges with the acquisition workforce—that may lead to delays in the award of follow-on contracts. As an interim measure, until the FAR is amended, GAO recommended the Administrator of OFPP should provide guidance to agencies on (1) a definition of bridge contracts, with consideration of contract extensions and stand-alone bridge contracts, and (2) suggestions for agencies to track and manage their use of these contracts.

**Recommendation 2:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, develop and implement a process to identify and elevate instances to the Deputy Secretary of State for Management and Resources when the acquisition planning process is adversely impacted due to insufficient program office participation in pursuing full and open competition for contracts in overseas contingency environments to allow the Deputy Secretary to engage with the program offices to resolve delays in awarding competitive contracts.

**Management Response to Draft Report (07/09/21):** The Office of the Procurement Executive concurs with the intent of recommendation 2 but recommends that instances when the acquisition planning process is adversely impacted due to insufficient program office participation the issue be elevated to the Assistant Secretary of Administration who, as the appointed agency Chief Acquisition Officer, would engage with the impacted program office bureau's assistant secretary to resolve delays. If the OIG accepts this recommendation, the Office of the Procurement Executive will develop and implement the recommended process.

**Recommendation 3:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, revise its Justification for Other than Full and Open Competition (JOFOC) Guide to require that written justification for using less than full and open competition for awarding bridge contracts include information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

**Management Response to Draft Report (07/09/21):** The Office of the Procurement Executive concurs with recommendation 3 and will revise its Justification for Other than Full and Open Competition (JOFOC) Guide to require written justification for using less than full and open competition for awarding bridge contracts, including information on why and how the delay occurred, what measures have or will be undertaken to resolve the delay, and the milestones to achieving full and open competition.

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## OIG AUDIT TEAM MEMBERS

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