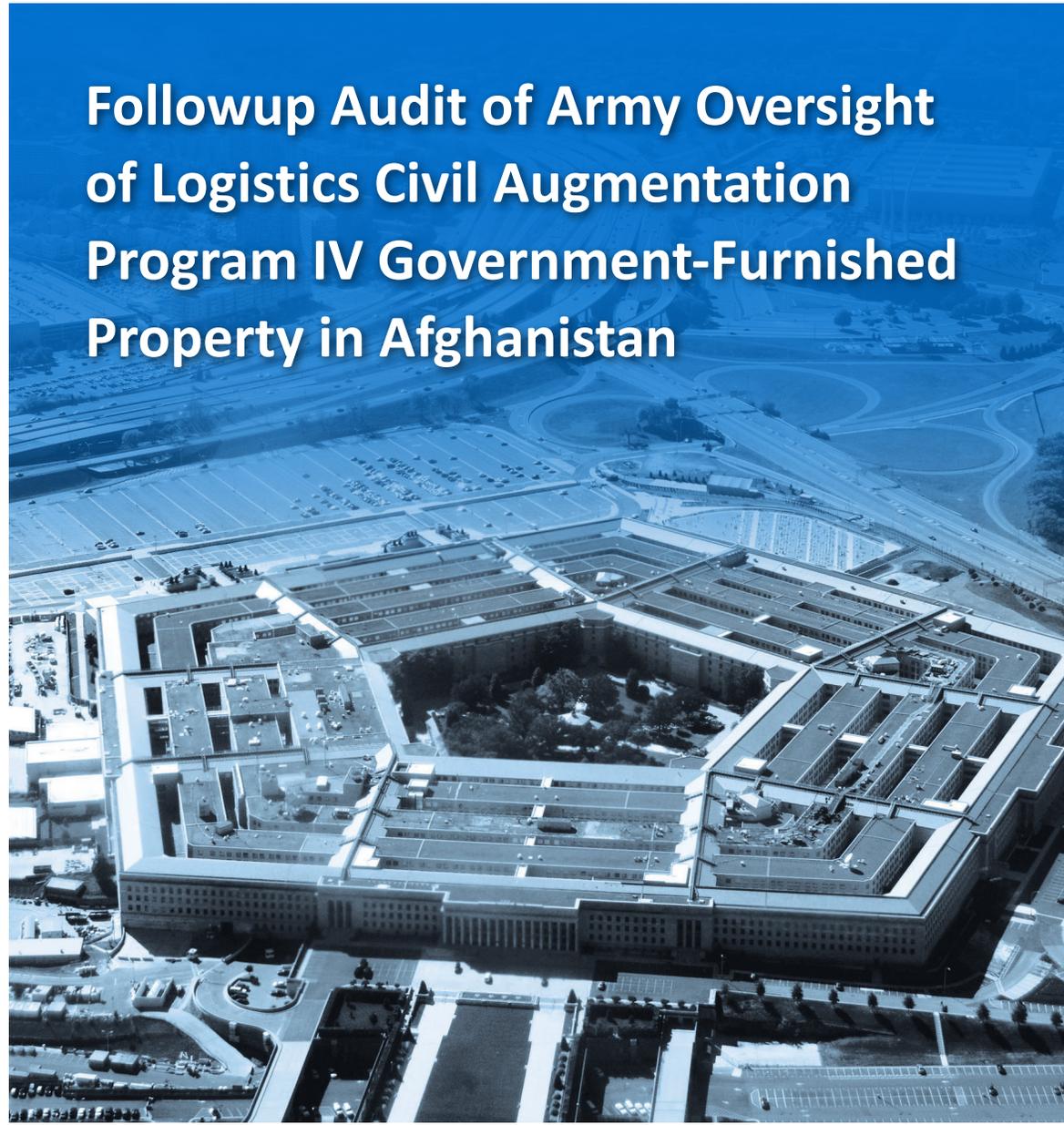




# INSPECTOR GENERAL

*U.S. Department of Defense*

SEPTEMBER 22, 2021



## Followup Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





# Results in Brief

## *Followup Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan*

September 22, 2021

### Objective

The objective of this followup audit was to determine whether the Army implemented the recommendations identified in Report No. DODIG-2018-040, "Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan," December 11, 2017, to improve the accountability of Government-furnished property (GFP).

### Background

The Army uses Logistics Civil Augmentation Program (LOGCAP) contracts to provide sustainment support to U.S. operations around the world, including Afghanistan. The two LOGCAP contractors in Afghanistan provide services such as laundry, dining, housing, construction, and facilities maintenance.

GFP is property owned by the Government and furnished to the contractor for performance of a contract. The Army is required to establish an official record and maintain processes to account for GFP issued to contractors. Furthermore, Army contracting officers must ensure that contract modifications fully account for all GFP additions, subtractions, and transfers.

The 401st Army Field Support Battalion (AFSBn)-Afghanistan, under the Army Sustainment Command, maintains the Army's GFP accountable records and issues the standard operating procedures for overseeing GFP in Afghanistan. The property book officer for GFP is part of the 401st AFSBn and is responsible for maintaining a property record to provide visibility and accountability of GFP.

### Background (cont'd)

Property administrators, under Army Contracting Command-Afghanistan, oversee and maintain property accountability of GFP. Property administrators facilitate GFP updates with LOGCAP contractors and contracting actions, such as modifications to update GFP on the contract.

### Finding

The 401st AFSBn and Army Contracting Command-Afghanistan did not fully implement two of four recommendations from Report No. DODIG-2018-040 to improve the accountability of GFP. Although Army Contracting Command-Afghanistan did improve training on GFP guidance and accountability requirements and modified task orders to capture GFP changes on contract modifications, the Army's accountable records were still inaccurate. Specifically, we found that the 401st AFSBn did not maintain the accountable records to reflect accurate visibility of GFP possessed by the contractor. In addition, the 401st AFSBn and Army Contracting Command-Afghanistan did not independently initiate any GFP reconciliations between the Army's accountable records and contractors' GFP listings in accordance with standard operating procedures.

The property book officer did not update the Army's accountable records because large amounts of GFP additions and subtractions caused backlogs of GFP updates. Additionally, the property book officer did not conduct reconciliations because the 401st AFSBn did not circulate the updated standard operating procedures that included the reconciliation requirement.

As a result of not fully implementing corrective actions to maintain accurate GFP accountability, as of March 2021, the Army and contractors' accountable records differed by 16,504 items, valued at \$53.6 million. In April 2021, the U.S. Government announced a complete withdrawal of forces from Afghanistan, which will require thousands of pieces of equipment to be destroyed, transferred to the Afghans, or



# Results in Brief

## *Followup Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan*

### **Finding (cont'd)**

retrograded.<sup>1</sup> Commanders need to know the quantity, type, and location of Government property to make informed transportation, destruction, or disposal decisions related to the drawdown. Poor accountability and visibility of GFP items will complicate these decisions during the drawdown. Additionally, there is a risk of loss or theft if the Army does not have proper accountability of GFP during the drawdown.

### **Recommendations**

Because of the withdrawal, we recognize that the organizations in Afghanistan responsible for taking action on GFP accountability recommendations must now focus on the final disposition of all property in Afghanistan. Specifically, according to a senior LOGCAP official in Afghanistan, the 401st AFSBn personnel withdrew from Afghanistan in mid-June 2021. LOGCAP contractors remained in Afghanistan to assist with the efforts to transfer, destroy, or retrograde equipment through June 2021, and Army Contracting Command–Rock Island will track the contractors' records for equipment closeout purposes.

Recommending improvements based on the issues identified during our audit would not be feasible. However, it is important that the Army improve GFP accountability for LOGCAP used in other countries and in future contingency operations.

As a result, we recommend that the Commanding Generals of the Army Contracting Command and Army Sustainment Command each review the issues discussed in this report and publish lessons learned related to GFP accountability for LOGCAP contracts.

<sup>1</sup> Retrograde is an organized process of moving troops and equipment away from an enemy. A withdrawal is a type of retrograde where units disengage the enemy and voluntarily relocate for another mission. During this process, commanders transfer equipment to another theater of operations or repair facility for re-use.

### **Management Comments and Our Response**

The Commanding Generals of the Army Contracting Command and Army Sustainment Command both agreed with the recommendation to review issues discussed in this report and publish lessons learned related to GFP accountability for LOGCAP contracts. Specifically, the Commanding General of the Army Contracting Command stated that the Army Contracting Command will add a reconciliation requirement to acquisition policy, and provide training on the use and implementation of item-unique identification and reconciliations to the Property Administration and Contracting community.

Additionally, the Commanding General of the Army Sustainment Command stated that the Commander of the 401st Army Field Support Brigade will:

- update standard operating procedures to include the corrective actions taken to resolve the backlog of GFP transactions;
- train personnel on GFP reconciliation and accountability procedures; and
- include an item-unique identification requirement in future LOGCAP performance work statements.<sup>2</sup>

The Commanding General of the Army Sustainment Command also stated the lessons learned will be incorporated into future LOGCAP contracts by July 2022.

Please see the Recommendations Table on the next page for the status of the recommendations.

<sup>2</sup> During the fieldwork phase of this audit, the 401st AFSBn was the command responsible for maintaining the Army's GFP accountable records in Afghanistan. After the withdrawal of 401st AFSBn personnel from Afghanistan, the 401st Army Field Support Brigade assumed responsibility for programs managed by the 401st AFSBn. As a result, the 401st Army Field Support Brigade provided management comments on this audit.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commanding General, Army Contracting Command	None	1	None
Commanding General, Army Sustainment Command	None	2	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

September 22, 2021

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION  
AND SUSTAINMENT  
UNDER SECRETARY OF DEFENSE FOR POLICY  
COMMANDER, U.S. CENTRAL COMMAND  
DIRECTOR, JOINT STAFF  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

**SUBJECT:** Followup Audit of Army Oversight of Logistics Civil Augmentation Program IV  
Government-Furnished Property in Afghanistan (Report No. DODIG-2021-127)

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

The Commanding General of the Army Contracting Command and the Commanding General of the Army Sustainment Command agreed to address all the recommendations presented in the report; therefore, we consider the recommendations resolved but open. As described in the Recommendations, Management Comments, and Our Response section of this report, we will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, please provide us within 90 days your response concerning specific actions in process or completed on the recommendations. Send your response to either [followup@dodig.mil](mailto:followup@dodig.mil) if unclassified or [rfunet@dodig.smil.mil](mailto:rfunet@dodig.smil.mil) if classified SECRET.

We appreciate the cooperation and assistance received during the audit. If you have any questions, please contact me at [REDACTED]

A handwritten signature in blue ink, reading "Richard B. Vasquez", is located below the text.

Richard B. Vasquez  
Assistant Inspector General for Audit  
Readiness and Global Operations

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## Acronyms and Abbreviations

# Introduction

## Objective

The objective of this followup audit was to determine whether the Army implemented the recommendations identified in Report No. DODIG-2018-040, “Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan,” December 11, 2017, to improve the accountability of Government-furnished property (GFP). See the appendix for a discussion of the scope and methodology and prior audit coverage.

## Background

The Army has used Logistics Civil Augmentation Program (LOGCAP) contracts since 1992 to provide sustainment support to U.S. operations around the world, including at Bagram and Kandahar Airfields in Afghanistan. LOGCAP contractors provide services such as laundry, dining, housing, construction, and facilities maintenance. LOGCAP IV is a multiple-award contract awarded to three contractors, two of which operate in Afghanistan.

U.S. Forces–Afghanistan is responsible for operations at Bagram and Kandahar Airfields and requires support through LOGCAP for which they coordinate with Army Contracting Command–Rock Island (ACC-RI) to administer the contracted support. Specifically, ACC-RI awarded two cost-plus-award-fee contracts and associated task orders for LOGCAP IV services in Afghanistan—task order 0004 to DynCorp International for the Southern Afghanistan area of responsibility, including Kandahar Airfield, and task order 0005 to Fluor Intercontinental for the Northern Afghanistan area of responsibility, including Bagram Airfield.<sup>3</sup> See Table 1 for the periods of performance and not-to-exceed amounts for task orders 0004 and 0005.

*Table 1. LOGCAP IV Periods of Performance and Not-To-Exceed Amounts*

LOGCAP Task Orders	Period of Performance	Not-To-Exceed Amounts
Task Order 0004: Southern Afghanistan	July 7, 2009, to June 30, 2021	\$7,027,860,503.06
Task Order 0005: Northern Afghanistan	July 7, 2009, to June 30, 2021	11,925,337,771.43
<b>Total</b>		<b>\$18,953,198,274.49</b>

Source: The DoD OIG.

<sup>3</sup> A cost-plus-award-fee contract provides payment of allowable incurred costs. The fee consists of a fixed base amount and an award amount that is based on the contractor’s performance. ACC-RI awarded contracts W52P1J-07-D-0007 and W52P1J-07-D-0008.

## **Government-Furnished Property**

The Federal Acquisition Regulation defines GFP as property owned by the Government and subsequently furnished to the contractor for performance of a contract.<sup>4</sup> GFP includes equipment, material, real property, and special test equipment and tooling; for example, vehicles, electricity generators, and computer equipment. The Federal Acquisition Regulation requires contractors to maintain complete and current GFP records, and DoD Instruction 5000.64 requires DoD Components to maintain records for all GFP issued to contractors.<sup>5</sup> Figure 1 shows examples of GFP issued to contractors in Afghanistan.



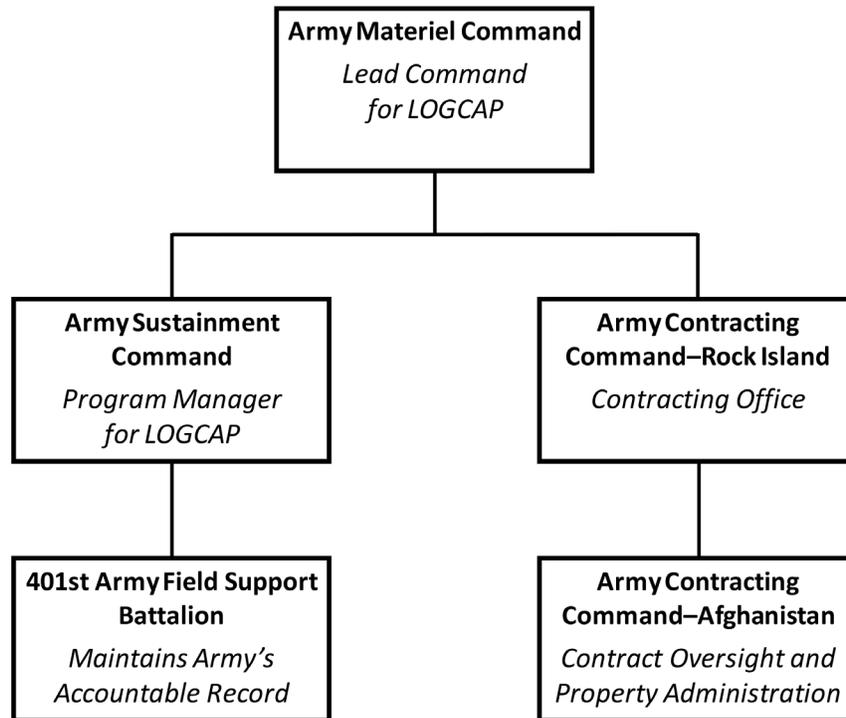
## **Key Players for LOGCAP Accountability**

The Army Materiel Command manages the LOGCAP IV contract through its subordinate commands to meet the sustainment requirements of U.S. Forces–Afghanistan. Each subordinate command has specific responsibilities regarding LOGCAP administration and accountability. To ensure that the Army maintains complete accountability of GFP provided to contractors, it is essential that these commands communicate and coordinate effectively. Figure 2 shows the organizational structure for the key players responsible for GFP accountability under the LOGCAP contract.

<sup>4</sup> Federal Acquisition Regulation, Part 45, “Government Property,” Subpart 45.1 “General,” March 10, 2021.

<sup>5</sup> Federal Acquisition Regulation, Part 52, “Solicitation Provisions and Contract Clauses,” Subpart 52.245-1, “Government Property,” January 2017. DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” June 10, 2019.

Figure 2. LOGCAP Key Players



Note: Intermediary commands that do not play a direct role in LOGCAP IV in Afghanistan were not included.

Source: The DoD OIG.

### ***Army Sustainment Command***

The Army Sustainment Command oversees Army logistics around the globe to ensure that the Soldiers on the ground have what they need, when they need it. The Army Sustainment Command also manages LOGCAP through its LOGCAP Program Management Office. The Program Management Office is responsible for the overall direction and execution of LOGCAP and works with Army Contracting Command officials to develop, execute, monitor, and adjust LOGCAP services.

### ***401st Army Field Support Battalion***

The 401st Army Field Support Brigade commands three battalions operating in Kuwait, Qatar, and Afghanistan to execute operational sustainment support for the Army Sustainment Command.<sup>6</sup> The 401st Army Field Support Battalion (AFSBn)–Afghanistan is responsible for maintaining the Army's GFP accountable records in Afghanistan.<sup>7</sup> The property book officer (PBO) for GFP

<sup>6</sup> During the fieldwork phase of this audit, the 401st AFSBn was the command responsible for maintaining the Army's GFP accountable records in Afghanistan. After the withdrawal of 401st AFSBn personnel from Afghanistan, the 401st Army Field Support Brigade assumed responsibility for programs managed by the 401st AFSBn. As a result, the 401st Army Field Support Brigade provided management comments on this audit.

<sup>7</sup> Throughout the report, we refer to the 401st AFSBn–Afghanistan as the 401st AFSBn.

is part of the 401st AFSBn. The 401st AFSBn issues the Theater Provided Equipment (TPE) Standard Operating Procedure (SOP) to establish policies and procedures for overseeing GFP in Afghanistan.<sup>8</sup> The PBO is responsible for following the GFP accountability procedures and guidelines in the TPE SOP; ensuring compliance with applicable regulations and policies, such as Army Regulation 735-5; and maintaining a property record to provide visibility and accountability of GFP.<sup>9</sup>

### ***Army Contracting Command–Rock Island and Army Contracting Command–Afghanistan***

ACC-RI, one of the Army Contracting Command’s six contracting centers, provides global contracting support for the Army. ACC-RI awarded the LOGCAP contract and task orders for Afghanistan, and issues contract modifications. The Army Contracting Command appoints and deploys property administrators as part of Army Contracting Command–Afghanistan (ACC-A) to oversee and maintain property accountability of GFP provided to contractors. Property administrators facilitate GFP additions, subtractions, and transfers with LOGCAP contractors and validate these processes once completed. Additionally, according to the property administrator, ACC-A consolidates GFP transfer documentation on a quarterly basis to facilitate contract actions, such as contract modifications to update the GFP on the contract.

### ***Army Accountability of GFP***

Army Regulation 735-5 requires the Army to establish an official record and process to account for GFP. The PBO uses the Army’s accountable system of record for LOGCAP, Global Combat Support System–Army, to track the transfer of LOGCAP GFP from the Army to the contractor and to maintain the accountable records over the life of the contract. Global Combat Support System–Army tracks, among other things, a description and quantity of the item.

Furthermore, the Army Federal Acquisition Regulation Supplement states that contracting officers must ensure that changes to GFP made over time, such as additions, subtractions, and transfers, are reflected in contract modifications to fully account for all GFP updates.<sup>10</sup> Additionally, Army Regulation 735-5 states that the contracting office should notify the PBO on additions, subtractions, and

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<sup>8</sup> “Army Materiel Command Theater Provided Equipment (TPE) Theater Property Book Office Afghanistan (TPBO) Standard Operating Procedures,” May 1, 2018. GFP is a subset of TPE.

<sup>9</sup> Army Regulation 735-5, “Property Accountability Policies,” November 9, 2016.

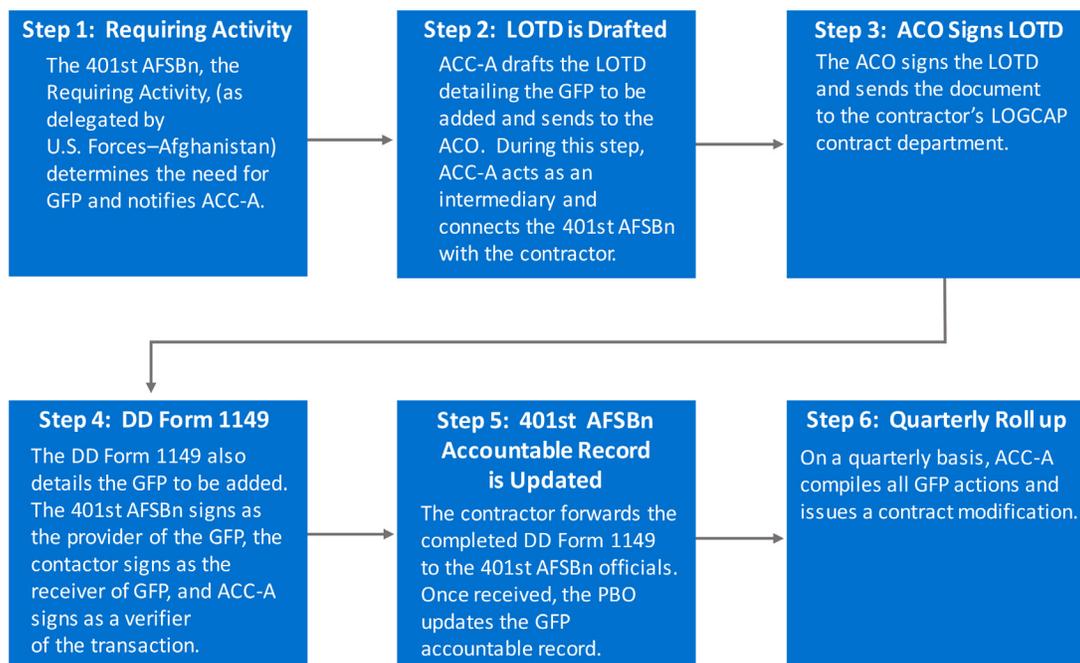
<sup>10</sup> Army Federal Acquisition Regulation Supplement 5145, “Government Property,” Subpart 5145.390, “Documentation of Government Property in Contracts,” May 1, 2019.

transfers of any GFP during the life of the contract. The PBO will then use that information to update the accountable records for visibility of GFP transferred to the contractor.

### ***Process for Updating the Contract and Army's GFP Accountable Records in Afghanistan***

The 401st AFSBn and ACC-A are the key players involved in updating the LOGCAP contract to add and remove GFP. See Figure 3 for the process of issuing GFP to a LOGCAP contractor.

*Figure 3. The Process For Issuing GFP to a LOGCAP Contractor*



Note: An LOTD is a letter of technical direction, which is a document issued by contracting officials to provide technical direction to the contractor, such as directing the contractor to accept GFP. The ACO is the administrative contracting officer, who oversees the LOGCAP contractors. The DD Form 1149 is the form that documents requisition, invoicing, and shipping.

In addition, the processes within this figure are as described to the audit team. According to an Army Contracting Command official, not all the duties illustrated are specifically required by regulation; for example, contracting actions are not required to be completed on a quarterly basis.

Source: The DoD OIG.

To remove GFP from a contract, the contractor generates a closure document within the Government property disposition system.<sup>11</sup> The contractor provides this closure document to the PBO and will return the GFP to the 401st AFSBn or

<sup>11</sup> An Army Contracting Command official stated that this system is the Plant Clearance Automated Reutilization Screening System.

have it destroyed if the GFP has reached the end of its life cycle. Using the closure documentation, the PBO must update the Army's accountable records to maintain accurate visibility of GFP.

### ***Summary of Report No. DODIG-2018-040***

In Report No. DODIG-2018-040, the DoD Office of Inspector General (DoD OIG) determined that the Army did not perform effective oversight of LOGCAP GFP in Afghanistan. Specifically, the report concluded that as of May 2017, the Army Sustainment Command had not included at least 26,993 items provided to the LOGCAP IV contractors in the Army's accountable records. The Army's accountable records were incomplete because ACC-RI did not properly modify the LOGCAP IV contract for GFP transfers and did not coordinate GFP transfers with the PBO. Additionally, Army guidance did not include sufficient controls for identifying and resolving GFP accountability deficiencies. As a result of the Army's poor accountability of LOGCAP GFP in Afghanistan, at least \$99.9 million in property was at increased risk of being lost, stolen, or unaccounted for without Army detection.

To correct these problems, the DoD OIG recommended that the Commanding General of the Army Contracting Command coordinate with the Commander of Expeditionary Contracting Command–Afghanistan to:

- review and validate the contractors' GFP listings, modify LOGCAP task orders 0004 and 0005 to ensure all GFP currently possessed by the LOGCAP contractors is properly reflected in the contract, and provide the PBO with the updated contract attachment; and
- develop a GFP training manual and train personnel on the Army guidance and processes for LOGCAP accountability.<sup>12</sup>

The Army Contracting Command Deputy Commanding General agreed with the recommendations and provided contract modifications, GFP listings, and a training manual to show the corrective actions taken to address the recommendations.<sup>13</sup>

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<sup>12</sup> Expeditionary Contracting Command–Afghanistan was the command in charge of contract administration during the fieldwork phase of the prior audit. In September 2017, Army Contracting Command re-designated Expeditionary Contracting Command–Afghanistan to ACC-A. As a result, our followup work on recommendations addressed to Expeditionary Contracting Command–Afghanistan will refer to ACC-A.

<sup>13</sup> The DoD OIG also recommended the corrective actions implemented on LOGCAP IV be effectively included in the establishment and execution of the LOGCAP V contract. However, according to 401st AFSBn officials, due to the drawdown, the LOGCAP V task orders for Afghanistan will not be issued. Therefore, this recommendation was not included in the scope of this audit and is closed.

The DoD OIG also recommended that the Commanding General of the Army Sustainment Command task the Commander of the 401st Army Field Support Brigade to update the:

- Army's official GFP accountable records using the contract modifications mentioned above; and
- TPE SOP to require the PBO to coordinate with Expeditionary Contracting Command–Afghanistan to reconcile, at least biannually, the GFP accountable records with the contractors' records and address any discrepancies.

Army Sustainment Command officials agreed with the recommendations and provided evidence that the Army's accountable records had been updated using contract modifications and an updated TPE SOP to show the corrective actions taken to address the recommendations. All four recommendations were closed before the beginning of this followup audit.

### ***What We Reviewed***

To verify whether the Army's actions taken in response to the prior report improved LOGCAP IV GFP accountability, we:

- reviewed contract modifications issued in December 2020 and January 2021 to verify that they properly reflect GFP possessed by the contractor and compared the Army's GFP accountable records for all GFP active on the contract as of March 2021 to the contractors' listings for task orders 0004 and 0005 to determine whether they matched;
- reviewed Army Contracting Command training requirements and materials to verify whether training was provided and whether it included Army guidance and processes for LOGCAP accountability; and
- reviewed the TPE SOP to verify that it included a requirement for the PBO to coordinate with ACC-A to reconcile the Army's GFP accountable records with the contractors' listings and address any discrepancies.

In addition, we requested documented support for reconciliations to verify that 401st AFSBn and ACC-A officials compared their accountable records to the contractors' GFP listings and resolved any resulting discrepancies from January 2019 through February 2021.

## 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>14</sup> We identified internal control weaknesses with the 401st AFSBn and ACC-A's oversight of the GFP accountable records. Specifically, the 401st AFSBn and ACC-A did not reconcile the Army's GFP accountable records in accordance with the TPE SOP. Additionally, 401st AFSBn and ACC-A officials did not perform specific oversight to ensure that the PBO continuously updated the Army's accountable records or performed GFP reconciliations, in conjunction with property administrators. We will provide a copy of the report to the senior official responsible for internal controls in the Army.

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<sup>14</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, Incorporating Change 1, effective June 30, 2020.

## Finding

### The Army's GFP Accountable Records Are Still Inaccurate

The 401st AFSBn and ACC-A did not fully implement two of four recommendations from Report No. DODIG-2018-040, to improve GFP accountability. Although ACC-A did improve training on GFP guidance and accountability requirements and modified task orders to capture GFP changes on contract modifications, the Army's accountable records were still inaccurate. Specifically, we found that the 401st AFSBn did not maintain the accountable records to reflect accurate visibility of GFP possessed by the contractor. In addition, the 401st AFSBn and ACC-A did not independently initiate any GFP reconciliations between the Army's accountable records and contractors' GFP listings in accordance with the TPE SOP between December 2018 and January 2021.

The 401st AFSBn PBO did not update the Army's accountable records because large amounts of GFP additions and subtractions caused backlogs of GFP updates. Additionally, the PBO did not conduct reconciliations because the 401st AFSBn did not circulate the updated TPE SOP that included the reconciliation requirement to the PBO. Furthermore, a lack of a common data element between the Army's accountable records and the contractors' GFP listings made comparison and discrepancy identification difficult. Although the DoD has issued policies since the early 2000s to phase in the use of item-unique identification in the Army's accountable records through an online registry, neither 401st AFSBn nor ACC-A leadership enforced the requirement to implement the registry during or before our audit work.

As a result of not fully implementing corrective actions to maintain accurate GFP accountability, as of March 2021, the Army and contractors' accountable records differed by 16,504 items, valued at \$53.6 million. In April 2021, the U.S. Government announced a complete withdrawal of forces from Afghanistan, which will require thousands of pieces of equipment to be destroyed, transferred to the Afghans, or retrograded.<sup>15</sup> According to U.S. Forces-Afghanistan officials, commanders need to know the quantity, type, and location of Government property to make informed transportation, destruction, or disposal decisions related to the

<sup>15</sup> Retrograde is an organized process of moving troops and equipment away from an enemy. A withdrawal is a type of retrograde where units disengage the enemy and voluntarily relocate for another mission. During this process, commanders transfer equipment to another theater of operations or repair facility for re-use.

drawdown. Poor accountability and visibility of GFP items will complicate these decisions during the drawdown. Additionally, there is a risk of loss or theft if the Army does not have proper accountability of GFP during the drawdown.

## **The Army Implemented Two Recommendations to Train Property Administrators and Issue Contract Modifications**

ACC-A implemented two recommendations from Report No. DODIG-2018-040. The two recommendations related to improving training on GFP guidance and accountability requirements, and issuing contract modifications to reflect all GFP in the possession of the contractors.

### ***ACC-A Trained Property Administrators on Accountability Responsibilities***

As a corrective action to address the DoD OIG's prior recommendation, Army Contracting Command established a training manual and trained personnel on GFP guidance and accountability requirements. In Report No. DODIG-2018-040, the DoD OIG found that additional training and resources would improve GFP accountability processes and support continuity between deploying and re-deploying personnel.<sup>16</sup> To verify that the corrective actions were implemented, we interviewed ACC-A and 401st AFSBn personnel to determine whether training was provided. We also requested and reviewed any training documentation related to GFP accountability. We found that since the prior audit, ACC-A has trained its team of three property administrators on overall accountability, including auditability processes, GFP transfer validations, and contract modifications. The training did not include reconciliation lessons on comparing the Army's accountable records and the contractors' GFP listings. ACC-A representatives stated that all new property administrators receive this training once before deployment. Additionally, the three property administrators received appointment letters from Army Contracting Command Headquarters before their LOGCAP assignment, certifying that they have met all training and experience requirements.

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<sup>16</sup> The prior report recommendation on training focused on property administrator training and did not address PBO training. PBOs do not receive any property accountability training before a deployment; they are expected to be trained before being hired as a PBO.

### ***ACC-A Issued Contract Modifications to Reflect All GFP Possessed by Contractors***

As corrective actions to address the DoD OIG's prior recommendation, ACC-A reviewed and validated the contractors' GFP listings and modified LOGCAP task orders to ensure that all GFP possessed by contractors was properly reflected by modifications. In the prior report, the DoD OIG found that Army contracting officials did not modify the LOGCAP IV contract for GFP transferred to a contractor and did not communicate all of the transfers, whether a modification was issued or not, to the PBO. To verify that the recommendation was implemented, we requested documentation to support that ACC-A continued to update the contract when GFP was added or removed. ACC-A officials stated that they issued contract modifications on a quarterly basis, and provided the most recent GFP-related contract modifications for each task order, issued in December 2020 for Task Order 0005 and January 2021 for Task Order 0004. For example, the December 2020 modification added 242 items of GFP to the contractor's records, at a value of \$683,139.

Additionally, during our audit, we found that in the interim between contract modifications, ACC-A issued contracting actions, such as letters of technical direction, whenever GFP was issued to the contractor, and provided this documentation to the PBO to update the Army's accountable record.

### **The Army Did Not Fully Implement Two Recommendations to Update Accountable Records or Conduct Reconciliations**

The Army did not fully implement two recommendations from Report No. DODIG-2018-040 to improve GFP accountability. Specifically, the 401st AFSBn did not update the Army's GFP accountable records, and the 401st AFSBn and ACC-A did not independently initiate any reconciliations between the Army's accountable records, the contractors' listings, and the contract modifications.

### ***The PBO Did Not Continue to Update the GFP Accountable Records***

The 401st AFSBn PBO did not fully implement corrective actions to continue updating the Army's accountable records. As of March 2021, we found that the PBO had updated the accountable records using the contract modifications from January 2018, but did not properly update the GFP accountable records after these initial updates. In Report No. DODIG-2018-040, the DoD OIG found that ACC-A did not communicate GFP transfers or provide GFP listing updates to the PBO; therefore, the PBO did not update the Army's accountable records for GFP changes.

As a corrective action to address the DoD OIG’s prior recommendation, ACC-A began in January 2018 processing and issuing contract modifications and providing the updated GFP listings to the PBO on a quarterly basis. During our audit and

*As of March 2021, the Army’s records for GFP differed from the contractors’ listings by 16,504 items, valued at \$53.6 million.*

review of the Army’s accountable system of record, as of March 2021, the Army’s records for GFP differed from the contractors’ listings by 16,504 items, valued at \$53.6 million. Therefore, we

determined that corrective actions, initially taken in response to the prior report recommendations, had not continued. See Table 2 for a breakdown of the discrepancies between the Army’s accountable records and the contractors’ GFP listings.

*Table 2. Army’s Accountable Records and the Contractors’ GFP Listing Discrepancies*

Area of Responsibility	GFP in Contractor’s System		GFP in Army’s System		Discrepancy	
	Items	Value	Items	Value	Items	Value
Task Order 0004: Southern Afghanistan	10,455	\$19,468,620	25,599	\$70,321,162	15,144	\$50,852,542
Task Order 0005: Northern Afghanistan	23,225	117,354,054	24,585	120,097,522	1,360	2,743,468
<b>Total</b>	<b>33,680</b>	<b>\$136,822,674</b>	<b>50,184</b>	<b>\$190,418,684</b>	<b>16,504</b>	<b>\$53,596,010</b>

Source: The DoD OIG.

### **401st AFSBn and ACC-A Officials Did Not Conduct GFP Reconciliations**

The 401st AFSBn and ACC-A did not fully implement corrective actions to address the recommendation to require the PBO and property administrators reconcile the Army’s accountable records in accordance with the updated TPE SOP.

In Report No. DODIG-2018-040, the DoD OIG found that the 401st AFSBn should have documented procedures for performing a reconciliation between the GFP recorded in the Army’s accountable records and the contractors’ GFP listings to verify they match.

In December 2018, the 401st AFSBn updated the TPE SOP to require the property administrator and PBO to coordinate and reconcile the GFP accountable records biannually and correct deficiencies. Since the December 2018 TPE SOP update, the 401st AFSBn and ACC-A should have completed four reconciliations as of the start of our audit in January 2021. However, the 401st AFSBn and ACC-A did not independently initiate any reconciliations of the Army's GFP accountable records with the contractors' GFP listings. In July 2020, U.S. Forces–Afghanistan officials requested that ACC-A officials provide a 100-percent account of GFP in Afghanistan that would need to be transported during the anticipated drawdown of U.S. forces from Afghanistan. Based on this information, U.S. Forces–Afghanistan J4 officials requested a reconciliation of the records to be completed by October 2020. As of the October 2020 deadline, U.S. Forces–Afghanistan J4 officials identified that the Army and contractor GFP listings still differed by 10,500 items. Specifically, the 401st AFSBn needed to add 8,500 items to the Army's accountable records and remove 19,000 items, resulting in a net change of 10,500 items. As of April 2021, the 401st AFSBn had completed 5 percent of the reconciliation for Task Order 0004 and 32 percent for Task Order 0005.<sup>17</sup>

*As of January 2021, the 401st AFSBn and ACC-A had not independently initiated any reconciliations of the Army's GFP accountable records with the contractors' GFP listings.*

## Army GFP Record Updates Were Backlogged and PBO Did Not Use Reconciliation Guidance

*An ACC-A official stated that reconciliations are not feasible because there is no common data element between the Army and contractors' GFP records to allow for easy comparison and discrepancy identification.*

The 401st AFSBn PBO did not maintain accurate Army accountable records because of backlogs in GFP changes. Additionally, the 401st AFSBn did not circulate the updated TPE SOP that included the reconciliation

requirement. Furthermore, an ACC-A official stated that reconciliations are not feasible because there is no common data element between the Army and contractors' GFP records to allow for easy comparison and discrepancy identification. However, the use of a common data element has been required by DoD policy since June 2008.<sup>18</sup>

<sup>17</sup> The objective of the J4 Logistics reconciliation was to determine transportation requirements for the Afghanistan drawdown. As a result, the reconciliation focused on the number of items, rather than their value.

<sup>18</sup> DoD Instruction 8320.04, "Item Unique Identification Standards for Tangible Personal Property," originally issued June 16, 2008, September 3, 2015, Incorporating Change 3, August 27, 2019.

### ***Large Number of GFP Additions and Subtractions Caused Backlogs***

The 401st AFSBn PBO did not update the Army's accountable records because large amounts of GFP additions and subtractions caused backlogs of GFP changes. For example, in July 2020, U.S. Forces–Afghanistan officials found there were 23,000 GFP items that needed to be added to the Army's record. By October 2020, the size of the backlog had decreased to 8,500 items. Also, since October 2020, in coordination with 401st AFSBn and ACC-A officials, the contractors demolished, provided to Afghan forces, and returned to the Army, thousands of GFP items due to the anticipated Afghanistan drawdown. According to U.S. Forces–Afghanistan J4 officials, these actions by the contractors resulted in 19,000 pieces of equipment that then needed to be removed from the Army's accountable records. According to U.S. Forces–Afghanistan officials, the 10,500 net difference between the Army's and contractors' records could have been avoided if the 401st AFSBn and ACC-A performed periodic reconciliations.

### ***New 401st AFSBn TPE SOP Guidance Not Provided to PBO***

The PBO did not coordinate or conduct reconciliations in accordance with the TPE SOP because the 401st AFSBn did not ensure that personnel rotating into Afghanistan were aware of the guidance. Specifically, in December 2018, the 401st AFSBn updated and signed the TPE SOP in response to the prior audit recommendation; however, when we requested the document, the current PBO was not aware of its existence. We determined that 401st AFSBn leadership assigned personnel to GFP accountability positions but did not brief them on the TPE SOP. According to 401st AFSBn leadership, there was not an opportunity to brief the TPE SOP to new or temporary personnel rotating into Afghanistan. Therefore, PBOs rotating into Afghanistan, who were responsible for keeping an accurate accountable records, were not aware of any reconciliation requirements.

### ***Lack of Item-Unique Identifier***

In addition, the Army and contractors did not use the same item-unique identifier to ensure that their records could easily reconcile. As a result, an ACC-A official stated that reconciliations are not feasible. Although the DoD has issued policies since the early 2000s to phase in the use of item-unique identification in the Army's accountable records through an online registry, neither 401st AFSBn nor ACC-A leadership enforced the requirement to implement the registry during or before our audit work. Therefore, to verify that the Army's accountable records captured all GFP possessed by the contractor, the PBO has to do additional research to match

items between listings. For example, 401st AFSBn officials stated that the PBO may spend up to 2 weeks gathering information such as manufacturer and model numbers, and tracing the information through multiple systems for a single item.

Defense Federal Acquisition Regulation Supplement 252.211-7007 requires that contractors use item-unique identification to trace individual GFP items throughout the equipment life cycle and establishes the Item-Unique Identification Registry as the master data source for GFP.<sup>19</sup> DoD Instruction 4161.02 states that the DoD Components shall ensure that accountable property records are maintained using the Registry and require contractors to report GFP to the Registry.<sup>20</sup> Although the contractors track GFP using a form of unique identification, such as a serial number or item-unique identification, ACC-A officials stated that official use of the Registry had not been implemented in Afghanistan as of February 2021. According to an Army Contracting Command official, the Army did not enforce this requirement for LOGCAP IV because of Afghanistan's wartime environment. The Army Contracting Command official did not provide any further details of or justification for not enforcing the unique identifier requirement. An ACC-A official stated that item-unique identification would be used on future LOGCAP contracts.

## The Army Cannot Fully Account for LOGCAP GFP Provided to the Contractors in Afghanistan

As a result of not fully implementing corrective actions to maintain the Army's accountable records or conduct reconciliations, as of March 2021, the Army and contractors' accountable records differed by 16,504 items, valued at \$53.6 million. Until the 401st AFSBn processes the backlog of GFP actions and reconciles the Army and contractors' accountable records, there is a risk that the Army's financial statements are not accurate or supportable. In the DoD's FY 2020 Agency Financial Report, GFP accountability was identified as a material weakness.<sup>21</sup> As a result of this weakness, there is an increased risk that the DoD will not be able to prevent, detect, or correct errors in its financial records related to GFP. Consequently, if the DoD understates its property held by contractors, it might unnecessarily buy more property than it needs in the future. Similarly, if the DoD overstates its property held by contractors—as the DoD OIG found during this followup audit—it might not buy enough property to meet its future needs, which could lead to reduced capabilities.

<sup>19</sup> Defense Federal Acquisition Regulation Supplement Part 252, "Solicitation Provisions and Contract Clauses," Subpart 252.211, RESERVED, Section 252.211-7007, "Reporting of Government-Furnished Property," May 20, 2021.

<sup>20</sup> DoD Instruction 4161.02, "Accountability and Management of Government Contract Property," April 27, 2012, Incorporating Change 2, August 31, 2018.

<sup>21</sup> "United States Department of Defense Agency Financial Report, Fiscal Year 2020."

Furthermore, since the prior report, the Army began a drawdown of U.S. troops from Afghanistan, resulting in the closure of several bases. According to U.S. Forces–Afghanistan J4 officials, commanders need to know the quantity, types, and location of Government property to plan for and transfer equipment throughout Afghanistan or to other countries. The quantity, types, and location of Army’s GFP must be accurate for the DoD to continue making informed transportation and coordination decisions related to the drawdown. Otherwise, poor accountability and visibility of GFP items will complicate these decisions during the drawdown, and GFP loss or theft may occur.

## Impact of Withdrawal of All U.S. Forces from Afghanistan on Potential Recommendations

In April 2021, the U.S. Government announced the full withdrawal of U.S. military personnel, civilians, and contractors from Afghanistan by September 11, 2021. This announcement shifted the focus of the 401st AFSBn and ACC-A personnel’s efforts from reconciling the backlog of GFP actions to rapidly winding down contracts, such as LOGCAP IV. We recognize that the organizations in Afghanistan responsible for taking action on potential GFP accountability recommendations must now focus their attention on determining the final disposition of tens of thousands of pieces of equipment.

*In June 2021, the 401st AFSBn discontinued the reconciliation that U.S. Forces–Afghanistan requested and worked to zero out the Army’s GFP accountable records as equipment is destroyed, transferred to the Afghans, or retrograded.*

In addition, in June 2021, the 401st AFSBn officials stated that they discontinued the reconciliation that U.S. Forces–Afghanistan requested and worked to zero out the Army’s GFP accountable records as equipment is destroyed, transferred to the Afghans, or retrograded. According to a senior LOGCAP official in Afghanistan,

401st AFSBn personnel withdrew from Afghanistan in mid-June 2021. However, LOGCAP IV contractors remained in Afghanistan and assisted with the efforts to transfer, destroy, or retrograde equipment through June 2021, and ACC-RI will track the contractors’ records for equipment closeout purposes. Without completion of the reconciliation, we will be unable to determine whether the accountability records match or identify any missing pieces of GFP. Therefore, we determined that recommending improvements based on issues—some of which are unique to Afghanistan—identified during our audit would be neither feasible nor an appropriate use of the 401st AFSBn’s limited remaining time in Afghanistan.

It is important, however, that the Army improve GFP accountability and reconciliation processes for LOGCAP used in other countries and in future contingency operations. Without improvements to GFP accountability, the Army will continue to put thousands of pieces of equipment, worth millions of dollars, at risk of loss, theft, or misuse during contingency operations. We are therefore issuing a recommendation to the primary providers of equipment in contingency operations for purposes of identifying and documenting lessons learned and improving accountability practices on future contracts in contingency operations.

## **Recommendations, Management Comments, and Our Response**

Although not required to comment, the Commander of the 401st Army Field Support Brigade provided the following comments on the finding. For the full text of the Commander's comments, see the Management Comments section of the report.

### ***Management Comments on Army Accountable Records and Reconciliations***

The Commander agreed with the finding and stated that high staff turnover led to inconsistent application of GFP reconciliation and accountability procedures. As a result, the 401st Army Field Support Brigade will ensure that personnel are trained in GFP reconciliation and accountability procedures. The 401st Army Field Support Brigade plans to assess internal controls related to cataloging GFP and develop a corrective action plan to reduce the backlog of GFP transactions. The SOPs will be revised to include the corrective actions taken. Additionally, the 401st Army Field Support Brigade will coordinate with the LOGCAP Program Office to ensure that the item-unique identification requirement is included in future LOGCAP performance work statements.

### ***Our Response***

We acknowledge the comments from the Commander of the 401st Army Field Support Brigade and appreciate the 401st Army Field Support Brigade's efforts in correcting the findings of this report.

## ***Recommendation 1***

We recommend that the Commanding General of the Army Contracting Command review the issues discussed in this report and publish lessons learned related to Government-furnished property accountability for Logistics Civil Augmentation Program contracts. These issues include:

- reconciliation of Government-furnished property contract records and
- implementation of the item-unique identification requirement.

### ***Army Contracting Command Comments***

The Commanding General of the Army Contracting Command agreed with the recommendation and stated that the Army Contracting Command will add a reconciliation requirement to acquisition policy and provide reconciliation training to the Property Administration and Contracting community. The Commanding General also acknowledged the importance of item-unique identification and stated that the Army Contracting Command will provide training on its use and implementation to property and contracting personnel.

### ***Our Response***

Comments from the Commanding General addressed the specifics of the recommendation. By identifying corrective actions related to GFP reconciliation and the item-unique identification requirement, the Commanding General's comments meet the intent of our recommendation. We consider the recommendation resolved and will close it with receipt of the updated acquisition policy and training curriculums on reconciliation and item-unique identification use.

### ***Department of the Army G-4 Comments***

Although not required to comment, the Army G-4 Director of Operations stated that he agreed with the comments submitted by the Army Contracting Command.

### ***Our Response***

We acknowledge the comments from the Director of Operations and appreciate the Army's efforts in closing the recommendation.

### ***Army Materiel Command Comments***

Although not required to comment, the Executive Deputy to the Commanding General of the Army Materiel Command stated that she agreed with the comments submitted by the Army Contracting Command.

### ***Our Response***

We acknowledge the comments from the Executive Deputy to the Commanding General and appreciate the Army Materiel Command's efforts in closing the recommendation.

### ***Recommendation 2***

**We recommend that the Commanding General of the Army Sustainment Command review the issues discussed in this report and publish lessons learned related to Government-furnished property accountability for Logistics Civil Augmentation Program contracts. These issues include:**

- **backlogs of Government-furnished property transactions;**
- **lack of internal communication and implementation of Government-furnished property reconciliation and accountability policy; and**
- **implementation of the item-unique identification requirement.**

### ***Army Sustainment Command Comments***

The Commanding General of the Army Sustainment Command agreed with the recommendation and stated that the Commander of the 401st Army Field Support Brigade will implement corrective actions for the identified issues. As previously noted in comments on the finding above, the 401st Army Field Support Brigade will update SOPs to include the corrective actions taken to resolve the backlog of GFP transactions. The 401st Army Field Support Brigade will train personnel on GFP reconciliation and accountability procedures. Additionally, the item-unique identification requirement will be included in future LOGCAP performance work statements. The Army Sustainment Command will ensure that these lessons learned are incorporated into future LOGCAP contracts by July 2022.

### ***Our Response***

Comments from the Commanding General addressed the specifics of the recommendation. By identifying corrective actions related to GFP backlogs, reconciliation and accountability policy, and the item-unique identification requirement, the Commanding General's comments meet the intent of our recommendation. We consider the recommendation resolved and will close it with receipt of the updated SOPs, training curriculum on reconciliation and accountability procedures, and the performance work statement from the next awarded LOGCAP contract that includes the item-unique identification requirement.

### ***Department of the Army G-4 Comments***

Although not required to comment, the Army G-4 Director of Operations stated that he agreed with the comments submitted by the Army Sustainment Command.

### ***Our Response***

We acknowledge the comments from the Director of Operations and appreciate the Army's efforts in closing the recommendation.

### ***Army Materiel Command Comments***

Although not required to comment, the Executive Deputy to the Commanding General of the Army Materiel Command stated that she agreed with the comments submitted by the Army Sustainment Command.

### ***Our Response***

We acknowledge the comments from the Executive Deputy to the Commanding General and appreciate the Army Materiel Command's efforts in closing the recommendation.

## Appendix

### Scope and Methodology

We conducted this performance audit from January 2021 through June 2021 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.

To determine whether the Army implemented the recommendations identified in Report No. DODIG-2018-040, “Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan,” December 11, 2017, we reviewed the contracts and the task orders to obtain LOGCAP background information and the roles and responsibilities of the commands. We also reviewed applicable criteria, such as the Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement, the Army Federal Acquisition Regulation Supplement, DoD Instructions 5000.64 and 4161.02, and Army Regulation 735-5, to determine GFP accountability requirements.<sup>22</sup>

Recommendation 1.c from the prior report recommended ensuring that corrective actions taken on LOGCAP IV would be included in the establishment and execution of the LOGCAP V contract. LOGCAP V was estimated to begin July 2021; however, according to 401st AFSBn officials, due to the drawdown, the LOGCAP V task orders for Afghanistan will not be issued. Therefore, this recommendation was not included in the scope of this audit and is closed.

We planned to conduct site visits at Bagram and Kandahar Airfields in Afghanistan to conduct interviews and physical GFP inventory testing. Due to coronavirus disease–2019 pandemic travel restrictions, we did not travel to Afghanistan and alternatively conducted all meetings from conference calls and removed inventory testing from the scope of our audit.

We interviewed officials from ACC-RI, ACC-A, the Army Sustainment Command, and the 401st AFSBn, and performed analysis based on documents and testimonial evidence received. Specifically, in March 2021, we obtained a listing of GFP issued to LOGCAP IV contractors from Global Combat Support System–Army and

<sup>22</sup> Defense Federal Acquisition Regulation Supplement Procedures, Guidance and Information Part 245, “Government Property,” Subpart 245.1, “General,” Section 245.103-70, “Furnishing Government property to contractors,” March 23, 2018. Army Federal Acquisition Regulation Supplement Part 5145, “Government Property,” Subpart 5145.3, “Authorizing the Use and Rental of Government Property,” Section 5145.390, “Documentation of Government property in contracts,” May 1, 2019.

the contractors' property management systems and compared them to identify discrepancies. We reviewed the two most recent contract modifications, issued in December 2020 and January 2021, to confirm that ACC-A continued to ensure that GFP possessed by contractors was reflected in modifications.

## **Internal Control Assessment and Compliance**

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control components and underlying principles related to the Army's processes for GFP oversight in Afghanistan. Specifically, we assessed the control activities within the established processes to determine whether the 401st AFSBn and ACC-A designed and implemented effective internal controls to ensure that the Army performs GFP accountability oversight. Control activities are the actions management establishes through policies and procedures to achieve objectives. We found that the 401st AFSBn and ACC-A had control activities for ensuring personnel were properly trained. However, the 401st AFSBn and ACC-A did not implement control activities to ensure accurate GFP records or conduct reconciliations in accordance with the TPE SOP.

In addition, we assessed the control environment and monitoring for the established processes to determine whether the 401st AFSBn and ACC-A implemented internal controls for exercising oversight responsibility and performing monitoring activities. The control environment provides the foundation for an internal control system and includes exercising oversight responsibility. Monitoring includes establishing and operating monitoring activities to oversee the internal control system and evaluate the results. We found that ACC-A oversight officials have monitoring controls implemented to ensure contract modifications are issued. However, 401st AFSBn and ACC-A officials did not perform specific oversight to ensure that the PBO continuously updated the Army's accountable records or performed GFP reconciliations, in conjunction with property administrators.

Furthermore, we assessed information and communication within the established processes to determine whether the 401st AFSBn and ACC-A implemented effective controls for communicating internally. Information and communication includes appropriate methods of interaction throughout the organization. We found that 401st AFSBn leadership had poor internal communication controls because personnel assigned to GFP accountability positions were not briefed on the TPE SOP. In addition, we found that there are weaknesses in the 401st AFSBn and ACC-A's

ability to communicate internally and ensure that GFP updates occur timely and consistently. We determined that the PBO and property administrator did not coordinate or communicate with each other to conduct reconciliations.

Steps such as ensuring effective oversight and communicating GFP accountability expectations can help ensure that the GFP accountable records are accurately stated. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## Use of Computer-Processed Data

We relied on computer-processed data from the Global Combat Support System–Army and the LOGCAP IV contractors’ property management systems to perform this audit. The data contained listings of GFP issued to LOGCAP IV contractors. We analyzed the data from the property management systems in February and March 2021 and determined that the Army’s accountable records did not match the LOGCAP IV contractors’ records. We did not determine whether the data from Army and the contractor were complete and accurate, or whether Army’s data were more accurate than the contractors’ data, we only highlighted the discrepancies between both data sets after determining that they did not match. While property management system controls are important and relevant to the reliability of the data we reviewed, the system controls did not have an impact to the objective or basis of the finding. Our finding is based on the discrepancies between the two systems; therefore, we concluded that the data we used were sufficient and appropriate to support the audit findings and conclusions.

## Prior Coverage

During the last 5 years, the DoD OIG issued two reports discussing LOGCAP GFP and contract administration. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

### **DoD OIG**

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

ACC-A did not award and administer any of the 15 contracts in the audit team’s sample in accordance with applicable Federal regulations and Army Contracting Command procedures. For example, ACC-A did not track the status of Government property required to be turned over to the Government for all three contracts that contained Government property. In addition, ACC-A contracting officials did not have the required knowledge, training, or experience needed to perform contract administration in accordance

with regulations and procedures. Therefore, ACC-A did not have reasonable assurance that it successfully mitigated contingency contracting risks, such as mismanagement of Government property.

Report No. DODIG-2018-040, "Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan," December 11, 2017

The Army did not perform effective oversight of LOGCAP GFP in Afghanistan. Specifically, the Army Sustainment Command did not include at least 26,993 items provided to the LOGCAP IV contractors in the Army's accountable records as of May 2017. The Army's accountable records were incomplete because ACC-RI did not properly modify the LOGCAP IV contract for GFP transfers and did not coordinate GFP transfers with the PBO. In addition, Army guidance did not include sufficient controls for identifying and resolving GFP accountability deficiencies. As a result, at least \$99.9 million in property was at increased risk of being lost, stolen, or unaccounted for without Army detection.

# Management Comments

## Army Contracting Command



DEPARTMENT OF THE ARMY  
U.S. ARMY CONTRACTING COMMAND  
4505 MARTIN ROAD  
REDSTONE ARSENAL, AL 35898-5000

AMCC-IR (RN 11-7a)

30 July 2021

MEMORANDUM FOR Mr. Bret Mullinix, Director, Internal Review Audit and Compliance Office, Headquarters, U.S. Army Materiel Command, 4400 Martin Road, Redstone Arsenal, AL 35898

SUBJECT: Department of Defense Inspector General (DoDIG) Audit Draft Report  
Project No. D2021-D000RJ-0056.000 Follow up Audit of Army Oversight of  
Logistics Civil Augmentation Program IV Government-Furnished Property in  
Afghanistan

1. Reference. DoDIG Audit Draft Report "Follow up Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan (Project No. D2021-D000RJ-0056.000)
2. The Commanding General, U.S. Army Contracting Command (ACC) concurs with Recommendation 1.
3. Headquarters (HQs) ACC will insert requirements to conduct a reconciliation on these actions within the HQs ACC Acquisition Instruction (AI) and will provide training to the Property Administration and Contracting community. HQs ACC will develop training on utilization of the Item Unique Identifier (IUID) Module and present this to the Property and Contracting communities. Additionally, HQs ACC will work with the Virtual Contracting Enterprise (VCE) Team to add a question to the Receiving question set for the Property Management System Analysis (PMSA) on the utilization of the IUID Module and provide guidance to the property community on the addition and importance of this action.
4. The ACC point of contact for this memorandum is Ms. Melody Wilson, Internal Review Audit and Compliance Office, at [REDACTED]

Encl

  
CHRISTINE A. BEELER  
Brigadier General, USA  
Commanding

## Army Contracting Command (cont'd)

**Recommendation #1:**

Reconciliation of Government Furnished Property contract records

Response: ACC Concur with the recommendation for the reconciliation of Government Furnished Property between the contractor's stewardship records and the GFP listings annotated within PIEE (GFP Module)/Contract. HQ ACC will insert requirements to conduct a reconciliation on these actions within the HQ ACC Acquisition Instruction (AI) and will provide training to the Property Administration and Contracting community. Estimated completion date for AI 30 December 2021 and estimated training date NLT end of second quarter FY22.

**Actions Taken from previous audits/lessons learned:**

Established a Government Furnished Property (GFP) baseline modification within the GFP Module in the Procurement Integrated Enterprise Environment (PIEE) for all contracts delegated to ACC-A for property administration. Received all Contractor Acquired Property (CAP) via contract modification utilizing the GFP Module within PIEE for all contracts under ACC-A administration. All modifications and GFP listings were provided to the Theater Property team within Bagram. Actions ensured that the US Government had visibility of all Government Property and allowed for the creation of fiduciary records within the associated Accountable Property Systems of Record (APSR) Global Command and Control System-Army (GCSS-A).

Created numerous additional Contract Data Requirements Lists (CDRL) for LOGCAP and APS-5.

- Property Reallocation Plan (PRP): CDRL was initiated to provide senior leadership with specifics on Government Property located on sites scheduled for eventual close-out. Report showed specific property information as well as logistics requirements (trucks/aircraft) required to remove assets
- Disposition Report: CDRL was created to provide contracting and requirements activities with a standardized report showing all disposition actions (transfer, Loss, PCARSS, etc.). Report provides a concise listing of all disposition actions occurring during the established timeframe easing reconciliation.

Established a training program within the Afghanistan Area of Responsibility for 920A (Warrant Officer Property Accounting Technician) and 92Y (NCO Army Unit Supply Specialist) assigned to the ACC Contract Support Battalions (CSBs). Individuals are assigned to the CSB to accomplish FAR Part 45 property administration functions. Training was contingency specific and covered actions such as contract receipt and review, PMSA accomplishment, LOGCAP fundamentals, PCARSS, and Loss of GP actions.

**Recommendation #2:**

Implementation of the Item Unique Identifier (DFARS Clause 252.211-7007 "Reporting of Government-Furnished Property")

Response: ACC Concur with the recommendation for the contractor's to utilize the IUID Registry within the PIEE Property Management Module. All LOGCAP V contracts contain the DFARS Clause 252.211-7007 requiring the utilization of the module by the contractors. HQ ACC will develop training on utilization of the IUID Module and present this to the Property and Contracting communities.

## Army Contracting Command (cont'd)

Additionally, HQ ACC will work with the VCE Team to add a question to the Receiving question set for the Property Management System Analysis (PMSA) on the utilization of the IUID Module and provide guidance to the property community on the addition and importance of this action. Estimated completion date NLT end of second quarter FY22.

*NOTE: Currently the GFP Listings within the GFP Module within PIEE do not have a dedicated data field to annotate the UII or the serial number. There are work around actions, but without a dedicated field for this information reconciliation of the listings will remain difficult. The GFP listing is an OSD managed document.*

## Army Sustainment Command



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY SUSTAINMENT COMMAND  
1 ROCK ISLAND ARSENAL  
ROCK ISLAND, IL 61299-6500

JUL 15 2021

AMAS-CG

MEMORANDUM FOR Mr. Bret A. Mullinix, Director, Internal Review and Audit Compliance Office, Headquarters, U.S. Army Materiel Command, 4400 Martin Road, Redstone Arsenal, AL 35898

SUBJECT: DoDIG Draft Report, "Followup Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan" (Project No. D2021-D000RJ-0056.000)

1. Thank you for the opportunity to review and comment on the Draft Report.
2. DODIG Draft Report, DoD Inspector General, July 8, 2021, issued a recommendation to the Army Sustainment Command (ASC): The Army Sustainment Command review the issues discussed in this report and publish lessons learned related to Government-furnished property accountability for Logistics Civil Augmentation Program contracts. These issues include:
  - a) backlogs of GFP transactions
  - b) lack of internal communications and implementation of GFP reconciliation and accountability policy
  - c) implementation of the item-unique identification requirement
3. I concur with the recommendation.
4. The POC is Mr. Kpakpo Hounzouke-Akue, AMAS-IR, [REDACTED]

Enclosures  
ASC Response to Draft Report  
401<sup>st</sup> Response to Draft Report  
DODIG D000RJ-0056.000 Draft Report

  
CHRISTOPHER O. MOHAN  
Major General, USA  
Commanding

## Army Sustainment Command (cont'd)

**DODIG  
Draft Report  
“Followup Audit of Army Oversight of Logistics Civil Augmentation  
Program IV Government-Furnished Property in Afghanistan”  
(Project No.D2021-D000RJ-0056.000)**

**General Comments:**

I reviewed the enclosed draft report and concur with the findings; ASC will implement the following:

Recommendation to: The Commander, Army Sustainment Command  
Recommendation 2: We recommend that the Commander of the Army Sustainment Command review the issues discussed in this report and publish lessons learned related to Government-furnished property accountability for Logistics Civil Augmentation Program contracts. These issues include:

- Backlogs of Government-furnished property transactions;
- Lack of internal communication and implementation of Government furnished property reconciliation and accountability policy; and
- Implementation of the item-unique identification requirement.

We concur with the action and will implement the following:

**Command Comment:**

The 401<sup>st</sup> AFSB Commander has acknowledged the issues identified and will take action to correct the following:

- Backlogs of Government-furnished property transactions;
- Lack of internal communication and implementation of Government furnished property reconciliation and accountability policy; and
- Implementation of the item-unique identification requirement.

ASC Acquisition Integration Management Center will ensure lessons learned are incorporated into future LOGCAP contracts by July 2022.

## Department of the Army G-4



**DEPARTMENT OF THE ARMY**  
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-4  
500 ARMY PENTAGON  
WASHINGTON, DC 20310-0500

DALO-OP

MEMORANDUM FOR Department of Defense Inspector General (DoDIG/Mr. Kevin O'Connor)  
Program Director, Audit Readiness and Global Operations, 4800 Mark Center Drive, Alexandria,  
VA 22350-1500

SUBJECT: Official Army Response to Department of Defense Inspector General Draft Report:  
Follow – up Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-  
Furnished Property in Afghanistan, Project D2021-D000RJ-0056.000

1. The ODCS-G4 has reviewed and endorses the subject draft report and responses from Army Materiel Command, Army Contracting Command and the Army Sustainment Command. Specific comments are included at the enclosure.
2. The ODCS-G4 point of contact is Mr. Mark A. Turner, [REDACTED]

[REDACTED]  
CHARLES R. HAMILTON  
Major General, GS  
Director of Operations

## Army Materiel Command



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND  
4400 MARTIN ROAD  
REDSTONE ARSENAL, AL 35898-5000

AMIR

16 AUG 2021

MEMORANDUM FOR Department of Defense Inspector General (DoDIG/Mr. Kevin O'Connor), Program Director, Audit Readiness and Global Operations, 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Command Comments to Department of Defense Inspector General Draft Report: Follow-up Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan, Project D2021-D000RJ-0056.000

1. The U.S. Army Materiel Command has reviewed and endorses the subject draft report and responses from both the Army Contracting Command and the Army Sustainment Command. Specific comments are included at the enclosure.

2. The U.S. Army Materiel Command point of contact is Mr. Paul A. Cheremisinoff,  
[REDACTED]

Encl

Handwritten signature of Lisha H. Adams in cursive script.  
LISHA H. ADAMS  
Executive Deputy to the  
Commanding General

## 401st Army Field Support Brigade



DEPARTMENT OF THE ARMY  
401st ARMY FIELD SUPPORT BRIGADE  
CAMP ARIFJAN, KUWAIT  
APO AE 09366

ASSW-CO

14 July 2021

MEMORANDUM FOR Commander, HQ, US Army Sustainment Command, ATTN: AMSAS-HRC, 1 Rock Island Arsenal, Rock Island Arsenal, IL 61299

SUBJECT: Follow up Audit of Army Oversight of Logistics Civil Augmentation Program IV Government-Furnished Property in Afghanistan (Project No.D2021-D000RJ-0056.000)

1. I have reviewed the enclosed draft report and concur with the findings. The following comments are submitted in response to the recommendations provided.
  - a. The 401<sup>st</sup> AFSB Government-Furnished Property (GFP) reconciliation and accountability procedures were not consistently followed. The high staff turnover and mission OPTEMPO contributed to the gap in knowledge and the inexperience related to GFP accountability. Going forward, the 401<sup>st</sup> AFSB will ensure personnel are trained and have a shared understanding of all processes and procedures related to GFP reconciliation and accountability procedures.
  - b. The 401<sup>st</sup> AFSB reviewed internal procedures and processes, finding that the required GFP information (make, model, cost, etc.) required to catalog GFP into GCSS-A was incomplete, which contributed to the large backlog of GFP transactions. The 401<sup>st</sup> AFSB will assess its internal controls and develop a corrective action plan to address the backlog of GFP transactions and codify these changes into the Contract Deliverable Requirements List (CDRL) and our unit GFP SOPs.
  - c. The 401<sup>st</sup> AFSB will coordinate with the LOGCAP Program Office ensuring that the requirements outlined in DoDI 4161.02 are included in the contractor's Performance Work Statement (PWS) requiring contractors to upload all GFP into the DoD Item Unique Identifier (IUID) registry using the equipment's Unique Item Identifier (UJI). The Contracting Officer Representative (COR) and the Government Property Administrator (GPA) will be the parties responsible to ensure contractors are following guidance prescribed in the PWS.

2. The point of contact for this memorandum is David Tremble, [REDACTED]

MCCLELLAND,PATRICK  
KJAMES [REDACTED]

PATRICK J. MCCLELLAND  
COL, LG  
Commanding

## Acronyms and Abbreviations

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<b>ACC-A</b>	Army Contracting Command–Afghanistan
<b>ACC-RI</b>	Army Contracting Command–Rock Island
<b>AFSBn</b>	Army Field Support Battalion
<b>GFP</b>	Government-Furnished Property
<b>LOGCAP</b>	Logistics Civil Augmentation Program
<b>PBO</b>	Property Book Officer
<b>SOP</b>	Standard Operating Procedure
<b>TPE</b>	Theater Provided Equipment



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