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IRAQ DRAWDOWN

Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role

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Why GAO Did This Study

The drawdown of U.S. forces in Iraq and the transition from a U.S. military to a civilian-led presence after December 2011 continue amid an uncertain security and political environment. This report is one in a series of reviews regarding the planning and execution of the drawdown. Specifically, this report assesses the extent to which DOD has planned for, begun to execute, and mitigated risk associated with (1) transferring and removing personnel and equipment from remaining bases in Iraq; (2) curtailing unneeded contract services, transitioning expiring contracts, and providing adequate contract oversight; and (3) facilitating and supporting the transition to a civilian-led presence in Iraq. GAO examined relevant DOD planning documents, attended drawdown-related conferences, interviewed State officials and DOD officials throughout the chain of command in the United States, Kuwait, and Iraq, and visited several locations in Kuwait and Iraq to observe drawdown operations.

What GAO Recommends

GAO recommends that DOD take further action to (1) acquire and maintain real-time visibility over contractor-managed government-owned equipment; (2) collect data on unaccounted-for equipment found during base transitions; (3) work with contractors to gather and distribute information needed to demobilize their workforces; and (4) officially clarify the scope of DOD's role in post-2011 Iraq, to include the privileges and immunities to be afforded all DOD government personnel. DOD concurred with all of GAO's recommendations.

View [GAO-11-774](#) or key components. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

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Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role

What GAO Found

DOD has robust plans and processes for determining the sequence of actions and associated resources necessary to achieve the drawdown from Iraq, which is well underway with a significant amount of equipment removed from Iraq and bases transitioned, among other things. However, several factors contribute to making this phase more challenging than the previous drawdown phase. First, DOD will have less operational flexibility in this phase of the drawdown, yet will need to move a greater amount of equipment than in prior drawdown phases. Second, DOD is closing the largest bases with fewer available resources left on site, which creates a set of challenges and risks greater than what DOD faced during the prior drawdown phase. Although DOD's plans and processes create flexibility and mitigate risk, it has limited visibility over some equipment remaining in Iraq and does not track equipment found on transitioning bases that is not listed on any property accountability record. Without addressing these issues, DOD may miss opportunities to make the drawdown more efficient.

DOD has taken action to improve its management of contracts in Iraq, such as enhancing contract oversight and assigning Contracting Officer's Representative responsibilities as a primary duty, although concerns, such as lack of experience among contract oversight personnel, remain. As the drawdown progresses, DOD may face further challenges in ensuring that major contracts transition without gaps in key services. To ensure the continuity of key services while continuing to reduce these services, some units are exploring the option of using local contractors to provide certain services since local contractors do not require extensive support, such as housing, and will not have to be repatriated to their country of origin at the end of the contract, although GAO has previously reported on challenges associated with hiring such firms resulting in the need for greater oversight. Some units also intend to replace contractor personnel with servicemembers to ensure continuity of certain services, such as guard security and generator maintenance. Despite various steps to ease contractor demobilization, DOD faces challenges in demobilizing its contractors, including operational security-driven limits on exchanging information such as base closure dates and ensuring accurate contractor planning. Without taking additional steps to address these challenges, DOD may be unable to effectively implement its demobilization guidance and ensure the effective reduction of contract services to appropriate levels and ultimate demobilization of all its contractors.

As the U.S. presence in Iraq transitions to a civilian-led presence, although DOD and State interagency coordination for the transition began late, both agencies have now coordinated extensively and begun to execute the transfer or loan to State of a wide range of DOD equipment, while DOD has taken steps to minimize any impact on unit readiness of such transfers. DOD also has agreed to potentially provide State with extensive contracted services, including base and life support, food and fuel, and maintenance, but State may not have the capacity to fund and oversee these services. Further, DOD plans a robust post-2011 presence as part of an Office of Security Cooperation operating under Chief of Mission authority. However, the scope of DOD's activities in post-2011 Iraq and associated issues, including privileges and immunities to be afforded DOD personnel, may not be well understood by various DOD officials and organizations, thereby risking an uncoordinated approach.

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Abbreviations

ARCENT	U.S. Army Central
CAP	Contractor Acquired Property
CENTCOM	U.S. Central Command
CMGO	Contractor-Managed Government-Owned
COR	Contracting Officer's Representative
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DOD	Department of Defense
FAR	Federal Acquisition Regulation
LOGCAP	Logistics Civil Augmentation Program
MRAP	Mine Resistant Ambush Protected
OPORD	Operations Order
OSC-I	Office of Security Cooperation - Iraq
RPAT	Redistribution Property Assistance Team
SCO-I	Senior Contracting Official - Iraq
SOFA	Status of Forces Agreement
State	Department of State
USF-I	U.S. Forces – Iraq

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G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
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Congressional Addressees

The drawdown of all military forces and equipment from Iraq, which DOD must complete by December 31, 2011 in accordance with the Security Agreement between the United States and the Government of Iraq,¹ is an operation of unprecedented magnitude. Over the course of several months, DOD must redeploy from Iraq about 46,000 military and at least 57,000 contractor personnel, remove or transfer at least four times as much theater provided equipment as it has during prior drawdown phases,² and transition to the Government of Iraq all remaining bases in Iraq,³ including every large installation. This will be the culmination of a logistics operation that, according to senior DOD officials, is the largest in scope since the Second World War. In preparing for the current phase of the drawdown, U.S. Forces-Iraq (USF-I) reduced the number of U.S. forces in Iraq from about 82,000 in June 2010 to 50,000 ahead of the August 31 timetable established by the President.⁴ In addition, USF-I formally ended its combat mission and transitioned to Operation New Dawn on September 1, 2010. Under Operation New Dawn, the mission of U.S. forces includes advising, assisting, and training Iraqi security forces, partnering with Iraqi forces to conduct counter-terrorism operations,

¹See Agreement on the Withdrawal of United States Forces from Iraq and the Organization of Their Activities during Their Temporary Presence in Iraq, U.S.-Iraq, art. 24, ¶ 1, Nov. 17, 2008, Temp. State Dep't No. 09-6. (Hereinafter Security Agreement.) The Security Agreement was signed on November 17, 2008 and entered into force on January 1, 2009. The agreement includes a basic timeline and requirements for the drawdown of U.S. forces from Iraq. Sometimes referred to as the Status of Forces Agreement (SOFA), the Security Agreement is referenced in the Strategic Framework Agreement between the United States and the Republic of Iraq. See Strategic Framework Agreement for a Relationship of Friendship and Cooperation, U.S.-Iraq, § III, Nov. 17, 2008, Temp. State Dep't No. 09-7.

²To date, theater provided equipment has referred to a pool of stay-behind equipment that has accumulated in Iraq since combat operations began in 2003. This equipment will need to be removed from Iraq or transferred before December 31, 2011, like all other DOD equipment.

³We use the term "transition" to refer to all activities associated with turning facilities previously occupied by U.S. forces over to the Government of Iraq.

⁴On February 27, 2009, President Obama announced that by August 31, 2010, the U.S. mission in Iraq would change from combat to supporting the Iraqi government and its security forces.

executing the current phase of USF-I's drawdown plan, and supporting the transition to a civilian-led presence in Iraq.

The drawdown of U.S. forces, the execution of Operation New Dawn, and the transition from a U.S. military to a civilian-led presence continue amidst an uncertain security and political environment. In particular, although DOD reported that attack levels have decreased since the height of the violence in June 2007, enemy attacks persist and insurgents and terrorists continue to operate in Iraq. During the past months, al Qaeda in Iraq has conducted numerous high-profile attacks against Iraqi government targets throughout the country. In addition, according to the Department of State (State), a number of other groups have attacked U.S. government personnel, including several Shia extremist groups responsible for the recent and frequent attacks on the U.S. Embassy, and in June 2011, 15 U.S. troops were killed in Iraq, the highest number in 2 years, according to DOD. Further, senior U.S. officials have expressed concerns about the Iraqi government's ability to provide for its internal security and external defense, citing weaknesses in its logistics, intelligence, and air defense capabilities. Should the Government of Iraq request that some U.S. forces stay after December 2011, this would dramatically alter current plans; senior U.S. officials continue to state the U.S. government would be willing to entertain such a request.

This report is a continuation of our efforts to review the planning and execution of the drawdown of U.S. forces and equipment from Iraq, and builds upon our prior reports and testimony. Specifically, this report evaluates the execution of the current phase of the U.S. military withdrawal from Iraq, which began on September 1, 2010, and will end on December 31, 2011. Our specific objectives were to determine the extent to which DOD has planned for, begun to execute, and mitigated risk associated with (1) transferring and removing personnel and equipment from remaining bases in Iraq; (2) curtailing unneeded contract services, transitioning expiring contracts, and providing adequate contract oversight; and (3) facilitating and supporting the transition to a civilian-led presence in Iraq. To meet our objectives, we examined relevant DOD planning documents, including USF-I and U.S. Army Central (ARCENT) operations orders, attended drawdown-related conferences, spoke with DOD officials throughout the chain of command in the United States, Kuwait, and Iraq, and visited several locations in Kuwait and Iraq to observe drawdown operations. In the U.S. and Iraq, we also spoke with Department of State officials involved with the Iraq transition. A more detailed discussion of our scope and methodology is included in appendix I. We conducted this performance audit from April 2010 through

September 2011 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.

Background

The Security Agreement between the United States and the Government of Iraq clearly states the objectives for the drawdown from Iraq, and DOD has further defined the conditions necessary to achieve these objectives. Time lines for the drawdown were established by the Security Agreement and further defined by the President of the United States. The Security Agreement provides that all U.S. forces,⁵ a term that includes personnel and equipment, shall withdraw from Iraqi territory no later than December 31, 2011.⁶ In addition, the U.S. government must transition all remaining bases where it maintains a presence to the Government of Iraq upon withdrawal. In regards to the retrograde⁷ of equipment and base transitions, the high-level conditions DOD has identified as important to the achievement of these objectives include the orderly and efficient movement or transfer, as appropriate, of equipment out of Iraq by the time lines established by the Security Agreement. Further conditions include the establishment of a mission capable⁸ civilian-led presence in Iraq by October 1, 2011, which is necessary to enable DOD to focus on

⁵The Security Agreement defines “United States forces” as the “entity comprising the members of the United States Armed Forces, their associated civilian component, and all property, equipment, and materiel of the United States Armed Forces present in the territory of Iraq.” See Security Agreement, art. 2, ¶ 2.

⁶See Security Agreement, art. 24, ¶ 1. Current DOD plans do, however, anticipate a limited number of military personnel in Iraq beyond 2011 as part of the planned Office of Security Cooperation-Iraq (OSC-I). According to DOD officials, these personnel would operate under the authority of the Chief of Mission pursuant to 22 U.S.C. § 3927, rather than the CENTCOM combatant commander.

⁷We use the term “retrograde” to indicate the removal of military equipment from Iraq.

⁸Mission capable, as defined by the Department of State, includes ensuring that all enduring Consulates, International Narcotics and Law Enforcement sites, and aviation and logistics hubs in Iraq have the following: secure and protected facilities; secure ground and air movement; quick reaction capability; communications (to include secure and unsecure voice and data); access to medical facilities and medical evacuation; and basic infrastructure and life support.

achieving the redeployment of personnel, retrograde of equipment, and base transition goals by the end of the year.

DOD anticipates that after December 31, 2011, all U.S. personnel remaining in Iraq, including DOD military personnel and civilians, will operate under the authority of the Chief of Mission for execution of security assistance activities.⁹ The United States government intends to stand up a regional diplomatic presence, a large-scale police training program, and an office of security cooperation (under the Chief of Mission's authority) to continue training and equipping the Iraqi security forces.¹⁰ According to the State Department Iraq Transition Coordinator, as of June 2011, the plans for the U.S. government presence in Iraq after 2011 include about 16,000 personnel. This official stated that these personnel will perform a wide range of functions in addition to diplomacy and security assistance/cooperation, with the majority of personnel likely comprised of contractor personnel responsible for security and life support (such as facility operation, food service, laundry, etc.). Besides meeting requirements for security and life support, other major aspects of the transition include acquiring the use of property through land use agreements, repurposing or constructing new facilities, and defining requirements for and implementing solutions in the areas of logistics, aviation, equipment, information technology, and contracting/contract oversight.

The logistics infrastructure supporting the redeployment and retrograde effort in the Iraqi theater of operations is large and complex, consisting of military organizations operating in both Iraq and Kuwait. It is through Kuwait's three seaports and two airports that the majority of U.S. forces and all of DOD's sensitive equipment, such as combat vehicles, flow from the theater of operations. DOD also uses commercial shipping firms to

⁹Section 3927 of Title 22 of the United States Code provides that the chief of mission to a foreign country shall have full responsibility for the direction, coordination, and supervision of all government executive branch employees in the country, except for certain employees, including those under the command of a U.S. area military commander. See 22 U.S.C. § 3927(a). The USF-I Operations Order relating to OSC-I provides for execution of certain functions pursuant to chief of mission authority for security assistance activities and command direction from CENTCOM in matters that are not functions or responsibilities of the ambassador. USF-I Operations Order No. 11-01, Annex V, Appendix 4 (Jan. 6, 2011).

¹⁰We are currently conducting a separate assessment of the transition to a civilian-led presence in Iraq, the scope of which will include some of these activities.

retrograde units' nonsensitive material and equipment, such as individual equipment and spare parts, through ports in Jordan and Iraq, and uses an airport in Iraq in addition to airports in Kuwait to facilitate the redeployment of military personnel. Myriad logistics organizations in both Iraq and Kuwait support these operations, including elements of U.S. Central Command (CENTCOM), USF-I, U.S. Army Central (ARCENT), U.S. Transportation Command, U.S. Special Operations Command, the Defense Logistics Agency, the 1st Theater Sustainment Command, Army Materiel Command, and U.S. Air Forces Central Command. Many of these organizations have command relationships with each other, and their activities are synchronized through the issuance of written orders that define each organization's drawdown tasks, among many other things. In the case of the drawdown from Iraq, such orders and associated activities comprise DOD's plans.

U.S. forces in Iraq rely on contractor personnel to provide a wide range of services including managing dining facilities, repairing military vehicles, providing trucks and drivers for transporting supplies, and maintaining airfields. Military units, such as the "mayors" who oversee base operations, communicate their needs for contracted services to the appropriate contracting personnel, who in turn seek to fulfill these "requirements" through contracting vehicles such as orders, modifications, or new contracts. According to DOD data, as of May 30, 2011, there were approximately 61,000 contractor personnel in Iraq. Approximately 52 percent of these contractor personnel are working under the Logistics Civil Augmentation Program (LOGCAP), the largest single contract supporting operations in Iraq and Kuwait.¹¹ The day-to-day activities of LOGCAP contractor personnel in Iraq are overseen by contracting officers' representatives (COR) managed by the Defense Contract Management Agency (DCMA), which administers the contract in Iraq on behalf of the LOGCAP Program Office, U.S. Army. The remainder of the contractor personnel primarily work under contracts awarded by CENTCOM-Joint Theater Support Contracting Command and perform a range of services. Although contracting officers are responsible for providing contract oversight, day-to-day oversight of contractors is generally the responsibility of CORs, who ensure that the government receives the agreed-upon services at the agreed-upon quality, avoids

¹¹LOGCAP is a program that provides worldwide logistics and base and life support services in contingency environments, and is currently providing most base and life support in Iraq.

poor outcomes, and minimizes fraudulent practices.¹² CORs typically come from military units and perform their duties as an added responsibility.

Prior GAO Work

GAO has issued several reports over the past 3 years addressing the drawdown of forces and equipment from Iraq. In September 2008, we reported on the progress of drawdown planning, and concluded that DOD had not adequately defined roles and responsibilities for executing the drawdown, resulting in multiple teams engaged in retrograde operations without a unified or coordinated chain of command.¹³ We recommended that the Secretary of Defense, in consultation with CENTCOM and the military departments, take steps to clarify the chain of command over logistical operations in support of the retrograde effort. Since that time, a number of DOD organizations have issued plans outlining a phased drawdown from Iraq that meet time frames set forth in the Security Agreement and presidential guidance while being responsive to security conditions on the ground. Furthermore, partially in response to our recommendation, DOD has created several organizations to achieve unity of effort over retrograde operations.

After the publication of our September 2008 report, we continued to monitor DOD's progress in planning for and executing the drawdown. In November 2009, we testified before the Commission on Wartime Contracting in Iraq and Afghanistan outlining several unresolved issues that had the potential to impede the effective execution of the drawdown.¹⁴ Following that testimony, we issued a report in April 2010 that went into greater detail on the progress of the drawdown and identified challenges that could impact its efficient execution.¹⁵ We

¹²Contracting officers' representatives assist in the technical monitoring or administration of a contract, performing duties authorized by the contracting officer. See 48 C.F.R. § 1.604. However, they have no authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract. See 48 C.F.R. § 1.602-2(d)(5); § 201.602-2(2)(iv).

¹³GAO, *Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq*, [GAO-08-930](#) (Washington, D.C.: Sep. 10, 2008).

¹⁴GAO, *Operation Iraqi Freedom: Preliminary Observations on DOD Planning for the Drawdown of U.S. Forces from Iraq*, [GAO-10-179](#) (Washington, D.C.: Nov. 2, 2009).

¹⁵GAO, *Operation Iraqi Freedom: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq*, [GAO-10-376](#) (Washington, D.C.: Apr. 19, 2010).

recommended that the Secretary of Defense direct the appropriate authorities to take action in regards to planning for achieving unity of effort in operational contract support, mitigating the risks of contract transitions¹⁶ and insufficient contract oversight personnel, and clarifying the capacity of Kuwait as a temporary staging location for equipment. DOD concurred with all of our recommendations and stated that it is taking steps to address each one. For example, since our April 2010 report, DOD conducted an analysis of the benefits and costs of a prior planned transition to a new LOGCAP contract and decided not to make the transition based on its findings.

DOD Has Conducted Robust Planning for the Current Drawdown Phase and Execution Is Under Way, but Visibility and Tracking of Some Equipment Remain a Challenge

DOD has robust plans and processes for determining the sequence of actions and associated resources necessary to achieve its objectives for the drawdown from Iraq. The current phase of the drawdown is well under way with a significant amount of equipment removed from Iraq and bases transitioned, among other things. Further, DOD successfully completed the previous drawdown phase, demonstrating the ability to plan and execute complex drawdown operations. However, several factors, including limited operational flexibility and the need to move a greater amount of equipment and close the largest bases with fewer available resources create a set of challenges and risks greater than what DOD faced during the prior drawdown phase. DOD's existing plans and processes create flexibility and mitigate risk, but DOD continues to face challenges maintaining real-time visibility over some equipment and tracking unaccounted for equipment remaining after bases undergo the transition process.

¹⁶Contract transition is a general term we use to describe the process in which the contractor or contract vehicle for a given contracted service or capability is replaced by another contractor and/or contract vehicle. For example, contract transition might occur when contracted services are still needed, but the existing contract expires and is not extended; the transition might be to a new contract with the same contractor or a new contract with a different contractor.

DOD's Planning Processes Facilitated the Successful Execution of the Previous Drawdown Phase, but Completing the Current Phase Will Be More Challenging

Successful Execution of Previous Drawdown Phase

The completion of the prior drawdown phase, conducted between June and August 2010, demonstrated DOD's ability to plan and execute complex drawdown operations. Several contributing factors enabled the successful reduction of military forces to 50,000 in accordance with the August 31, 2010 time line and removal of non-mission-essential equipment from Iraq.

- **Use of modeling tools and metrics.** The models and projections run by the Army's Responsible Reset Task Force,¹⁷ ARCENT Comptroller staff, and the CENTCOM Deployment Distribution Operations Center helped to more accurately predict the personnel and cargo flows out of Iraq, enabling the positioning of necessary resources and as a whole ensuring that sufficient capacity was in place to meet logistics requirements. Based on the known amount of equipment in Iraq, USF-I, in conjunction with other DOD organizations, set monthly targets for the reduction of rolling and containerized nonrolling stock,¹⁸ and DOD organizations in Kuwait created and refined a set of tools to track the activities conducted to meet these targets and provide the visibility necessary to make adjustments. For example, Army field support brigade and Responsible Reset Task Force personnel worked together to refine the flow chart used to track the movement of equipment through the critical nodes associated with the retrograde of

¹⁷The Responsible Reset Task Force assists with the provision of disposition instructions for materiel retrograding out of Iraq and synchronizes those instructions with the reset of Army equipment. Reset refers to the repair, recapitalization, and replacement of military equipment in order to restore units' equipment to a desired level of combat capability commensurate with mission requirements and availability of resources.

¹⁸Rolling stock is a subset of major end items (Class VII equipment) and includes wheeled vehicles, tracked combat vehicles, wheeled/tracked construction equipment, trailers, semi-trailers, and standard trailer-mounted equipment such as generators.

equipment through Kuwait, such as wash racks, that could become limiting factors if stressed beyond capacity.

- **Emphasis on end-to-end equipment movements.** DOD took steps to ensure that non-mission-essential equipment removed from Iraq to Kuwait received rapid disposition. When we visited Kuwait soon after the completion of this prior phase, the equipment lots were orderly and largely empty because equipment had been shipped to its final destination, such as Afghanistan or the United States, with the exception of the lot dedicated to the storage of Mine Resistant Ambush Protected vehicles. Further, ARCENT was actively reducing the backlog of containers at the lot reserved for unserviceable equipment unloading and sorting. Further, by the time of our visit in March 2011, DOD had resolved the problems that had resulted in nearly 60 frustrated¹⁹ containers languishing in one lot we found during our visit to Kuwait in September 2010. The frustration was primarily due to lack of customs documentation and poor container packing practices associated with a pilot program to send unserviceable equipment directly to a depot in the United States.
- **Employment of commercial shipping and alternative air ports for the removal of equipment and redeployment of personnel.** DOD's use of commercial "door-to-door"²⁰ shipping through Jordan and, to a lesser extent, Iraq itself, for the majority of nonsensitive unit equipment, and the use of Al Asad Air Base in Iraq for unit redeployments directly to the United States successfully alleviated pressure on the Kuwait-based redeployment and retrograde infrastructure. For example, DOD officials we spoke with in September 2010 after the previous phase of the drawdown noted that approximately 30 percent of containerized cargo went through the Jordanian port of Aqaba, while 20 percent went through the Iraqi port of Umm Qasr.

¹⁹Frustration, with respect to equipment, refers to a delay in movement which can be a result of plan changes, missing paperwork, or a lack of disposition instructions, among other causes.

²⁰A door-to-door movement in international transport logistics is commonly understood to mean the movement of cargo from its point of origin to its destination. Door-to-door movements involve the intact movement of a particular cargo and are often associated with a single transaction in which a commercial logistics service provider transports the cargo for the whole journey.

Current Drawdown Plans and Execution Status

- **Successful pilot of the partial self-redeployment concept.** Partial self-redeployment of equipment and personnel consists of a military unit “road marching” from its location in Iraq to camps in Kuwait. During the road march, which is conducted as a military operation, the unit drives its own vehicles and provides for its own security, rather than scheduling movements for these vehicles via contracted transportation. As usual, the unit arranges for the shipment of its non-sensitive equipment via door-to-door moves through ports in Jordan and Iraq. DOD employed this concept with the 4th Stryker Brigade, 2nd Infantry Division, which departed Iraq in August 2010, just prior to the change of mission. According to DOD officials, partial self-redeployment reduces demand on critical transportation assets and will be employed during the current drawdown of forces.

DOD has conducted robust planning for the sequence of actions necessary to achieve its objectives for the drawdown. As they have for prior drawdown phases, the major commands involved in conducting the drawdown have issued extensive written plans. In particular, USF-I issued its Operations Order (OPORD) 11-01 and ARCENT issued its supporting OPORD 11-01. These plans include many annexes, appendixes, and tabs that provide a high level of detail. For the first time USF-I’s operations order includes an annex W that addresses the operational contract support issues specific to the drawdown, such as contract descoping and contractor demobilization.²¹ Among many other things, these plans include detailed roles, responsibilities, and tasks for military units and logistics staffs that pertain to completing the retrograde and transfer of equipment and necessary base transitions by the established dates. For example, these plans and their supporting documentation set forth the order of base closures and time lines that must be met to achieve operational objectives. Other planning materials go into further details on the ways DOD plans to achieve its objectives for the drawdown. For example, USF-I’s “Base Closure Smart Book” provides a series of templates, instructions, and operating procedures that cover the entire base transition process.

DOD continues to use the war-gaming process to further refine the sequence of drawdown actions and to identify and mitigate associated

²¹Contract “descoping” refers to a reduction in services commensurate with declining needs. Contractor demobilization, in the context of the drawdown, refers to a contractor reducing and ultimately ending its presence and footprint if not needed to support any U.S. government enduring presence in Iraq.

resource shortfalls. In particular, DOD employs “rehearsal of concept” drills, synchronization conferences, and focused “deep dive” analyses to round out its drawdown planning activities. For example, DOD has held several rehearsal of concept drills in Kuwait and Iraq that focus on the logistics aspects of the current drawdown phase, which are attended by senior leadership and planning officials from USF-I, ARCENT, other Army staff and components, as well as various elements within the Office of the Secretary of Defense, and State Department personnel, among others. During these conferences, attendees study all the steps the various commands will have to take to meet the drawdown objectives to reveal any outstanding issues and unmitigated risks and determine solutions. For example, during the ARCENT-hosted rehearsal of concept drill held in March 2011, participants analyzed the amount of equipment that will have to be moved every week between March and December 2011 and matched these requirements with available capacity. Such conferences provide a process by which planners are able to reschedule equipment movements to less demanding periods should requirements exceed available resources and capacity at a particular time and set the stage for ongoing monitoring of key indicators such as Redistribution Property Assistance Team (RPAT) capacity.²² Under the process, should key resources such as transportation assets still be deemed insufficient, participants can set decision points for acquiring additional capacity. In addition, participants can take steps to synchronize key activities, including ensuring that services like those provided by Defense Logistics Agency-Disposition Services, which conducts disposal, demilitarization, and re-utilization of unserviceable equipment, do not end before or while they are still needed to facilitate the drawdown.

DOD has made substantial progress in executing the drawdown since our April 2010 report and the current phase of the drawdown is well under way. In terms of military personnel and contractors, 46,000 and 61,000 continue to conduct operations or work under DOD contracts out of pre-drawdown levels of 134,100 and 125,163 respectively, as of June 2011. In regards to equipment, as of May 2011 DOD had retrograded 2.36 million pieces since May 2009, or approximately 69 percent of the amount of equipment that was in Iraq in May 2009. Of the total number of bases, DOD had closed or transitioned 452, leaving 53. According to senior DOD

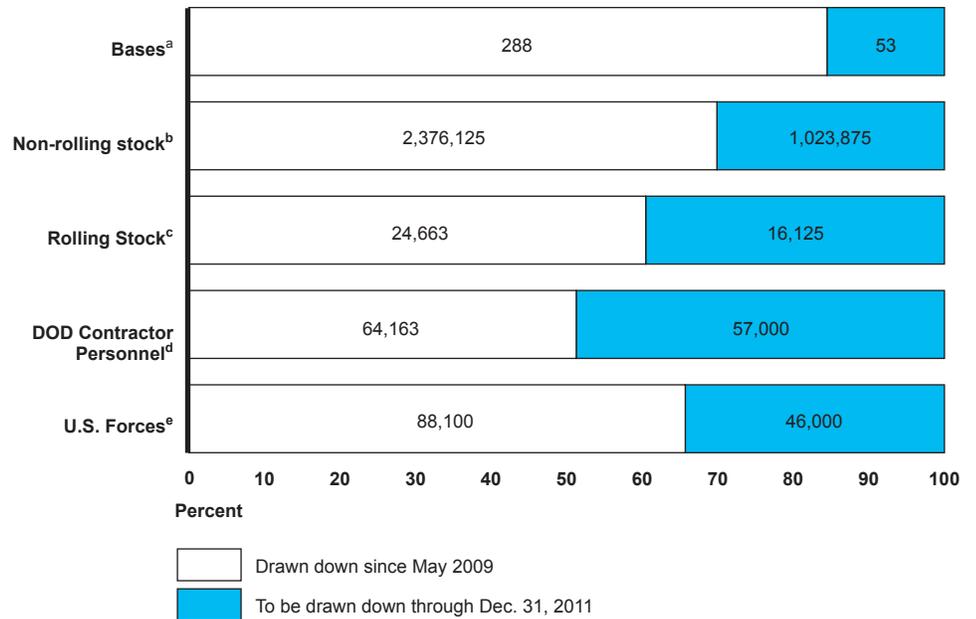
²²The Redistribution Property Assistance Team mission is to facilitate the expedient turn-in of all excess major end items (theater provided equipment), improve property accountability, and enable asset visibility of the received equipment.

officials, base transition activities are proceeding ahead of schedule and U.S. forces are proactively removing nonmission essential equipment and materiel such as excess ammunition, although the level of effort required to complete the transition of the remaining bases will be higher than it has been for the smaller bases that have closed to date. In addition to the retrograde of equipment, DOD continues to make progress in transferring equipment to the Government of Iraq, with over 38 percent of about 48,000 items of equipment provided to Iraq as of May 2011 under the United States Equipment Transfer to Iraq program.²³ DOD intends to complete all of its planned transfers, excluding Foreign Excess Personal Property, by December 2011. For the category of non-excess equipment for which DOD obtained special statutory authority to transfer, on which we have previously reported,²⁴ senior DOD officials state that the department has requested an extension of the relevant authority as part of its fiscal year 2012 legislative proposals, which they state will help ensure the completion of these transfers as planned. Figure 1 shows the personnel and equipment that has been retrograded during all prior drawdown phases, as well as what remains for DOD to redeploy, retrograde, or transfer, as appropriate, prior to December 31, 2011.

²³Under this program DOD transfers equipment to the Government of Iraq using four authorities; Foreign Excess Personal Property (such as generators and mattresses), excess equipment (such as older versions of weapons, vehicles, and body armor), sales from stock (such as spare parts and ammunition), and non-excess equipment provided under special statutory authority (811 pieces of equipment such as High Mobility Multi-Purpose Wheeled Vehicles and trailers).

²⁴Among other things, section 1234 of the National Defense Authorization Act for Fiscal Year 2010 authorized the Secretary of Defense, with the concurrence of the Secretary of State, to provide non-excess equipment to the Government of Iraq in certain circumstances and following notification to certain congressional committees. See Pub. L. No. 111-84, § 1234 (2009). This authority was extended in the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. See Pub. L. No. 111-383, § 1214(a) (2011).

Figure 1. Drawdown Progress Since May 2009 and What Remains to Be Drawn Down through December 31, 2011



Source: GAO analysis based on DOD data.

^aAssumes that all USF-I run bases will transition by December 31, 2011. Data current as of July 2011. (Note: While plans for the post-2011 U.S. Government presence in Iraq call for DOD and State personnel to continue operating at some of the current USF-I base locations, these bases will still need to transition to the Government of Iraq.)

^bAssumes that all non-rolling stock intended for retrograde will be removed from Iraq by December 31, 2011. Data current as of March 2011.

^cAssumes that all military rolling stock will be removed from Iraq by December 31, 2011. Data current as of March 2011. (Note: Military rolling stock that State is planning to use in support of its post-2011 Iraq presence, such as MRAPs, are not included.)

^dAssumes that the number of contractor personnel supporting DOD contracts in Iraq will reduce to approximately 4,000 by December 31, 2011. Data current as of June 2011.

^eAssumes that all military personnel, excluding the number identified by DOD as intended to remain to fulfill Office of Security Cooperation-Iraq (OSC-I) tasks, will leave Iraq by December 31, 2011. Data current as of June 2011.

Logistical Challenges Characteristic of the Current Drawdown Phase

Beyond the uncertain security environment and potential for increased violence as indicated earlier, which could affect DOD's retrograde operations and base transitions, DOD will face greater risks and challenges to its ability to complete the current drawdown phase than it faced earlier at least in part due to three primary factors:

- **DOD will have less operational flexibility.** Like the prior drawdown phase, the current phase will peak during the final months before

DOD intends to achieve its operational objectives. During the prior drawdown phase, DOD set monthly equipment retrograde targets to achieve a notional goal for amount of equipment remaining in Iraq by August 31, 2010, but had the ability to address any unanticipated requirements after that date. However, in this final phase, DOD must now achieve its equipment retrograde goals by a specific date and, as a result, cannot leave United States forces' equipment in Iraq to be dealt with after December 31, 2011. DOD therefore lacks the flexibility it was able to draw upon in retrograding equipment during the prior drawdown phase in case unexpected challenges arise.

- **Equipment retrograde and base transition requirements are greater than during prior drawdown phases.** DOD will need to move and transfer a larger amount of equipment during the current phase of the drawdown than in the prior drawdown phase. For example, the unit responsible for processing theater-provided equipment for retrograde estimated that it will have to process an amount of this equipment four times greater than the amount associated with the prior drawdown phase. Further, DOD has yet to complete the transition of any of its large bases.²⁵ Of the 53 bases remaining to be transferred in Iraq, 11 are considered large bases. All of these transitions are projected to occur prior to December 31, 2011, after which the current Security Agreement ends. According to DOD officials, each of these remaining base transitions will be more complex, time consuming, and likely ripe for unanticipated challenges than such transitions have been to date due to the scope of activities necessary to complete the transitions.
- **DOD will have fewer available resources.** DOD's infrastructure in Iraq that supports its equipment retrograde and base transition efforts, such as materiel handling equipment and military personnel, will simultaneously decrease as USF-I exits Iraq. Base-level personnel with whom we met expressed serious concerns with the sufficiency of

²⁵DOD defines its largest bases in Iraq, referred to as Contingency Operating Bases, as follows. A Contingency Operating Base is usually occupied by an element larger than Brigade Combat Team size, from a single service or joint services, and is generally a command and control hub or a regional logistics hub; characterized by advanced infrastructure for facilities and communications for the expected duration of the operations. A Contingency Operating Base may include an airfield that is C-130 capable or larger. However, according to USF-I, not all of the bases it considers to be large bases are Contingency Operating Bases. According to USF-I, they are simply large in relation to other bases in Iraq.

military, civilian, and contractor personnel to set the conditions for transitioning the base according to the schedules required by USF-I's plan. For example, officials were concerned that as living standards decrease on bases in Iraq and new job opportunities open elsewhere, contractors will be unable to remain fully staffed and thus less likely to complete their work and demobilize by the required date. In addition, DOD officials cite the collapsing support infrastructure in Iraq as a challenge for the current phase, noting concerns regarding the availability of key transportation resources, such as aviation assets, flatbed trucks, and heavy equipment transporters.

DOD's Drawdown Plans and Processes Reduce Risk, but DOD Faces Challenges Associated with Limited Visibility and Data Pertaining to Some Equipment

Because DOD has fewer resources with which to meet a higher level of requirements amidst less operational flexibility, existing challenges associated with unanticipated requirements may be magnified. However, according to DOD officials, flexibility inherent to the plans and planning processes discussed earlier in this report mitigate the lack of operational flexibility and challenges inherent to doing more with less. For example, according to these officials, written modifications to plans through fragmentary orders and an adjustable requirements projection process allow for continual updates and adjustments necessary as conditions change. In addition, USF-I officials cite further risk mitigation built into current planning, such as 30 days of additional time added to each of the remaining bases' transition schedules to account for unanticipated delays. In addition, senior DOD officials cite as risk mitigation the raising of the dollar value limit, from \$15 million to \$30 million per installation,²⁶ of certain equipment that can be transferred to the Government of Iraq as Foreign Excess Personal Property in conjunction with a base closure or return, in accordance with DOD's prioritized excess equipment disposition

²⁶Memorandum from the Deputy Under Secretary of Defense for Logistics and Materiel Readiness, *Authority to Transfer Foreign Excess Personal Property In Iraq* (Oct. 9, 2009). The authority applies to property transfers at Forward Operating Bases.

process.²⁷ In these ways, DOD accounts for the fluid nature of the operational environment and unforeseen operational requirements associated with the current drawdown phase. Notably, however, last-minute adjustments, such as those made in response to initially unanticipated retrograde requirements and associated transportation needs, may increase costs since buying contracted transportation could be more expensive in the short-term. On the whole, DOD officials assert the department will meet its objectives for removing or transferring all equipment by December 31, 2011.

DOD also has been responsive to risks identified via our continued oversight. For example, during the course of our work, we found that Army guidance did not make clear whether units can turn unserviceable equipment in to RPAT yards as opposed to Defense Logistics Agency-Disposition Services sites. Because redeploying units are typically very busy, especially if they are leaving a transitioning base, we found that they were turning such equipment in to RPAT yards because it is more convenient, according to RPAT officials. However, officials noted that because units sometimes turn in such equipment without paperwork and have even removed identifying markings such as serial numbers to avoid retribution, determining disposition for these items has been a time consuming and unanticipated challenge for the RPAT yards. In response to our findings, the Army rapidly issued guidance to clarify and reinforce the equipment disposition processes for the drawdown from Iraq, including the turn-in of unserviceable equipment.²⁸ In addition, according to the Defense Logistics Agency, Expeditionary Disposal Remediation

²⁷Personal property excess to unit requirements is to be screened through the chain of command for redistribution opportunities. USF-I then screens the property across all military organizations, U.S. contractors supporting the military in Iraq, other U.S. government organizations in Iraq, CENTCOM requirements, the Department of State, and the National Association of State Agencies for Surplus Property. Requirements for property are prioritized in accordance with CENTCOM priorities as follows: 1. U.S. Forces in support of Iraq; 2. U.S. Forces in support of Afghanistan; 3. U.S. Department of State in Iraq; 4. National Association of State Agencies for Surplus Property; 5. U.S. Equipment Transfer to Iraq. Property is not eligible for transfer to the Government of Iraq as Foreign Excess Personal Property unless it is excess to all U.S. government requirements, U.S. military requirements in the CENTCOM area of operations, and any specific requirements identified by the military services. If there is no U.S. requirement, then the property is eligible for transfer as Foreign Excess Personal Property to Iraqi recipients as approved by the Department of State.

²⁸Headquarters Department of the Army Message, *Reinforcement and Clarification of Disposition Instructions in Support of the Iraq Responsible Drawdown*, June 24, 2011.

Teams were established in April 2011 and started traveling with RPAT teams to process unserviceable assets and train the Army on filling out paperwork for unserviceable turn-ins. In regards to containers, which is a category of equipment for which we have previously reported DOD lacked full visibility,²⁹ USF-I reports that a recent audit in Iraq found that the container system of record was significantly more accurate than previously reported to us. Given the reasons for the poor initial accuracy, including lack of discipline in recording containers' status as they changed locations, the challenge for USF-I will be to maintain this level of accuracy as the pace of the drawdown increases.

Additional Risk Factors

DOD has taken numerous and robust actions to mitigate the risk to completing an efficient and orderly drawdown of forces, but continues to lack real time visibility over contractor-managed, government-owned (CMGO) equipment³⁰ and does not collect complete data on the amount of previously unaccounted-for equipment being found as bases transition, which may increase the likelihood that unanticipated requirements for retrograding or transferring this equipment will emerge. Joint doctrine³¹ cites the importance of joint logistics environmentwide visibility over logistics resources (including equipment), describing that visibility as a desired attribute of logistics information systems, in part, because it provides the knowledge necessary to make effective decisions. In this vein, DOD drawdown-related orders highlight such visibility as a priority for effectively and efficiently achieving drawdown objectives. For example, one drawdown order identifies the maintenance of asset visibility as a key task to ensure accountability and to help reduce cases of fraud, waste, and abuse.³²

²⁹See [GAO-10-376](#).

³⁰For simplicity, we use the term "contractor-managed government-owned (CMGO) equipment" to include all items owned or leased by the government that the contractor manages expressly to perform the contract, including items given to the contractor by the U.S. government for performance (government furnished property) and items acquired, fabricated, or otherwise provided by the contractor for performance and to which the government has title (contractor acquired property).

³¹See Joint Chiefs of Staff, Joint Pub. 4-0, *Joint Logistics* (July 18, 2008).

³²United States Army Central Operation Order No. 11-01 (Feb. 8, 2011).

Limited Real-Time Visibility
over Contractor-Managed
Government-Owned Equipment

As we previously reported, over time DOD has improved accountability and visibility for much of its equipment in Iraq but, as of April 2010, continued to face challenges with CMGO equipment.³³ Specifically, officials responsible for property accountability cited the Federal Acquisition Regulation (FAR) requirement that contractors track equipment through their own systems as a limiting factor to these officials' ability to maintain real-time visibility.³⁴ Because these systems are not linked to government systems, government personnel have been required to periodically request contractor-tracked information and rely on regular government-conducted physical inventories to ensure accurate visibility, which limits such visibility to points in time. Subsequent to our April 2010 review, Headquarters, Department of the Army, Logistics continued to raise this as a challenge from a drawdown planning and execution perspective. However, according to officials in the Office of the Undersecretary of Defense for Acquisition, Technology, and Logistics responsible for DOD equipment accountability policy, allowing contractors to track CMGO equipment using government systems as well as their own systems would remove critical checks and balances, thus heightening the potential for fraud, and a DOD memorandum suggests that the establishment of separate accountable property records by DOD components for contractor-acquired property could increase the likelihood of double-counting.³⁵ As a result, CMGO equipment can still only be tracked in real time by government personnel, such as those responsible for executing the drawdown, after the equipment has been "delivered" to the government, which often may not occur until contract performance

³³[GAO-10-376](#).

³⁴Under FAR clause 52.245-1, where included in the contract, the contractor must have a system to manage (control, use, preserve, protect, repair, and maintain) government property in its possession. See 48 C.F.R. § 52.245-1(b). Generally, the contractor must initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of the property, consistent with voluntary consensus standards and/or industry-leading practices and standards. See *id.* The clause specifies a number of descriptors to be used in its systems and information to be collected. See § 52.245-1(f). A related provision in the Defense Federal Acquisition Regulation Supplement (DFARS) suggests a role for the contracting officer in determining the acceptability of the system and approving or disapproving of it. See 48 C.F.R. § 245.105(b). However, according to officials, there is no standardized process for contractors to maintain accountability over government-owned property.

³⁵Memorandum from the Office of the Undersecretary of Defense for Acquisition, Technology and Logistics, *Contractor Acquired Property (CAP) under Cost Reimbursement Contracts and Line Items* (Jan. 11, 2010).

ends. Therefore, real-time visibility over this category of equipment during the drawdown remains an issue.³⁶ For example, USF-I estimated that its confidence in its total equipment visibility was only 80 percent as of June 2011, primarily due to shortfalls in its visibility over CMGO equipment, according to DOD officials. According to Army data, such equipment comprises over a third of the Army equipment remaining in Iraq.

To facilitate the drawdown, DOD has taken near-term actions to mitigate the lack of real-time visibility over CGMO equipment and improve the management of this property.³⁷ First, USF-I coordinated with contractors to conduct full property inventories and submit a property re-allocation plan at least 120 days prior to the end of the contract performance period. According to senior DOD officials, all contractors overseen by DCMA have submitted these plans. These officials stated that the plans provide a starting point inventory by location and contract of all CMGO property and, according to DOD, illustrate DOD's ongoing efforts to address CMGO issues. However, the information on equipment provided by the re-allocation plans still represents a "point in time" and does not provide real-time visibility while the assets are re-allocated. Similarly, while senior DOD officials expect that the results of the latest USF-I-performed wall-to-wall property inventory, scheduled to complete by the end of June 2011, will increase the level of confidence in CMGO visibility beyond the current 80 percent primarily by ensuring that all similar items, such as fire trucks, are consistently recorded, such visibility will only be an accurate snapshot as of that date—before much of this equipment will be leaving Iraq. Second, USF-I's Contracting Fusion Cell, which was established in March 2011 to centralize the reporting of contractor demobilization milestones from all bases within Iraq, manages a new database that tracks contractor personnel and equipment. According to USF-I officials, the intent is for the database to provide real-time data so that USF-I can track over time how much CMGO equipment needs to leave Iraq. However, DOD officials have expressed concern that the new database faces similar data reliability and completeness challenges as other systems being used in

³⁶CENTCOM-Joint Theater Support Contracting Command asserted that USF-I has addressed CMGO property accountability issues by requiring vendors to conduct a 100 percent inventory of CMGO property. However, physical inventories do not provide real-time visibility over CMGO property, as discussed above.

³⁷USF-I's Base Closure Smart Book contains guidance on conducting property inventories of CMGO equipment and the use of property reallocation plans.

Iraq to track contractor information face, as discussed in more detail later in this report.

DOD's continued need to rely on the results of physical inventories to obtain accurate planning data may increase the likelihood that unanticipated requirements associated with the retrograde or transfer of CMGO equipment will emerge. In particular, as the CMGO equipment re-allocation, transfer, and retrograde processes continue, previously unaccounted-for property may be brought to record in a contractor's accountability system—yet remain invisible to the government unless it conducts further inventories. According to a senior DOD official, officials in Iraq recently discovered that one contractor had been using 200 CMGO trucks it had obtained from another contractor, yet had never transferred these vehicles to its own property record. Because these trucks were not on the contractor's list of equipment, they had not been included in prior inventories. As a result, these trucks were not factored into DOD's drawdown plans until they were properly added to the contractor's equipment tracking system and checked by USF-I. According to DOD officials, USF-I is developing a standard operating procedure to address abandoned property that contractors might leave behind and decrease the time to obtain disposition instructions for such property from months to days, which may help mitigate the risk posed by unanticipated requirements. Nevertheless, as the number of forces in Iraq continues to decline, USF-I's ability to conduct regular equipment inventories may become more limited, and, as a result, this kind of property may not become visible to drawdown planners until late in the drawdown process. Senior Army officials responsible for property accountability expressed concerns that CMGO equipment that contractors may deliver to the government and abandoned contractor equipment will comprise the greatest proportion of unaccounted equipment DOD will need to rapidly address during the drawdown, likely at the last minute. Some common CMGO items, such as materiel handling equipment, are expensive, in high demand in Afghanistan, and take a relatively large amount of resources, such as transportation assets, to move. DOD officials acknowledge that accountability and visibility of CMGO equipment needs to be re-examined and have noted that additional steps, likely in the form of policy and training, will be required. Without developing a means to achieve and maintain real-time visibility over critical CMGO property that retains the important checks and balances inherent to DOD's current accountability processes, DOD will continue to face challenges ensuring the efficient retrograde and transfer of such property as it completes the drawdown in Iraq and begins the drawdown in Afghanistan.

Lack of Complete Data for Found-on-Installation Equipment

The transition of large bases in Iraq will likely exacerbate the challenges posed by the lack of real time visibility over CMGO property. In particular, DOD officials in Iraq remain concerned that the total amount of previously unaccounted-for equipment that DOD will need to address will likely increase. For example, after the completion of one of the largest base transitions to date, USF-I officials said that they were surprised at the amount of unaccounted-for equipment that was left over at the end of the transition process. Beyond CMGO equipment, Army data demonstrates that the increase over the past 2 years apparent in “found-on-installation”³⁸ equipment rates is at least partially attributable to base closures in Iraq, but other factors, including the implementation of the Army’s Property Accountability Campaign,³⁹ have also likely contributed, according to Army officials. Although Army officials view this increase positively because the Army can now account for this equipment, they also told us that Army-tracked found-on-installation data cannot be used as the sole indicator for leftover unaccounted-for equipment because such property may also represent equipment that was not properly entered into the Army’s property accountability system of record due to a lack of proper accompanying documentation. According to Army officials, USF-I has in the past tracked the amount of unaccounted-for equipment that was found remaining on bases that closed. For example, these officials previously identified such equipment as amounting to between 3 percent and 5 percent of all equipment on a base. However, based on their communication with USF-I, these officials now say that USF-I no longer tracks these data. As a result, DOD drawdown planners may lack an accurate planning factor for unaccounted-for government equipment and abandoned contractor equipment left over after the remaining bases in Iraq transition. Without continuing to track these data, DOD may therefore miss an opportunity to enhance the fidelity of its drawdown

³⁸Found-on-installation equipment refers to nonexpendable equipment that is on-hand and that is not on an accountable record.

³⁹The intent of the Property Accountability Campaign is to account for all Army property and to recover and reintegrate excess equipment back into the Army supply system for disposition or redistribution. It includes initiatives such as the fielding of a Property Accountability Task Force to identify and fill gaps in policy, training, and resources; command inspections; and the establishment of excess equipment turn-in programs at Army installations. It also requires deployed units to accurately record equipment and supplies in their property books and prevent the return of unauthorized excess property to home station, and institutes a compliance reporting mechanism for unit commanders, among other things.

projections and improve its processes to reduce the amount of such property.

DOD Has Taken Steps to Improve Contract Management and Oversight in Iraq, but Challenges Remain

DOD has taken action to improve its management of contracts in Iraq, such as enhancing contract oversight through command emphasis and assigning COR responsibilities as a primary duty in certain instances. However, other concerns, such as lack of experience among contract oversight personnel, remain. As the drawdown progresses, DOD may face further challenges in ensuring that major contracts transition without gaps in key services, and in effectively implementing its guidance for descoping contracts and demobilizing contractor personnel and infrastructure. Specific challenges for DOD include providing certain information, such as base closure dates, to contractors, obtaining information from contractors such as accurate personnel headcounts, and ensuring sufficient resources to facilitate full contractor demobilization.

DOD Has Taken Steps to Improve Contract Management and Oversight but Some Concerns Remain

Contract Requirements Management

DOD has taken steps to address several of our findings related to issues affecting contract management for the drawdown.⁴⁰ For example, we reported in April 2010 that USF-I guidance may not allow sufficient time for all contracted services needed during the drawdown to be put on contract in a responsible manner, which could lead to potential waste and service delays.⁴¹ Specifically, we found that standard operating procedures for requirements validation in Iraq only stated that personnel

⁴⁰[GAO-10-376](#). We have reported extensively on the use of contractor personnel for combat and logistics support and the need for improving various aspects of contract management and oversight. See GAO, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, [GAO-07-145](#) (Washington, D.C.: Dec. 18, 2006); and *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans*, [GAO-03-695](#) (Washington, D.C.: June 24, 2003).

⁴¹[GAO-10-376](#).

should submit requirements for contracted services at least 90 days prior to the date that funding is needed. However, this may not allow for sufficient time to obtain new contracted services and could lead to inefficient contracting practices. In March 2011, USF-I revised its financial management guidance to clarify time lines for submitting packages to the command's requirement validation process.⁴² Specifically, the guidance informs units that, for requirements over a certain dollar threshold, they should consider the time it could take to obtain bids for new contracts, mobilize contractors, and perform other tasks associated with validating requirements, and adjust their submittal plans to USF-I accordingly, potentially 150 to 180 days before the start of the contract's period of performance. In addition, USF-I issued an order that informed units to submit requirements to the Contract Review Board at least 90 days prior to the end of the contract's period of performance for units with existing contract options or 120 to 135 days prior to the start of the period of performance for new contracts.⁴³ Further, by requiring paperwork for late submissions explaining failure to comply, the order provides an additional incentive for units to submit their requirements for contracted services within the specified time frames. As a result, DOD has taken steps that could reduce the risks of poor outcomes that may follow from a lack of timely planning for contracted services, such as undefinitized contract actions,⁴⁴ increased costs, lengthened schedules, underperformance, and service delays.

In addition, we reported in April 2010 that USF-I's predecessor, Multinational Force-Iraq, had in its drawdown plans delegated the responsibility for determining contract support requirements to contracting agencies, such as Joint Contracting Command-Iraq/Afghanistan (CENTCOM-Joint Theater Support Contracting Command's predecessor), rather than to operational personnel such as combat force commanders, base commanders, and logistics personnel, among

⁴²USF-I, *Money As A Weapons System Theater Financial Management Policy* (Baghdad, Iraq: March 1, 2011).

⁴³The Contract Review Board is a USF-I organization that is intended to review contracts up for renewal with annualized costs greater than \$3 million, new requirements with annualized costs over \$1 million, and construction requirements greater than \$750,000. According to USF-I guidance, this board complements the Joint Facilities and Acquisition Review Board by providing additional scrutiny and reporting requirements.

⁴⁴Undefinitized contract actions, where permitted, allow contractors to begin work before reaching a final agreement on contract terms and conditions, including price.

others.⁴⁵ Further, we reported that, in accordance with joint doctrine and Army guidance,⁴⁶ when planning for contractor support, planners must be aware of the operational principle of centralized contracting management to achieve unity of effort. We reported that centralized management can be achieved through means intended to synchronize and coordinate all contracting support actions being planned and executed in the operational area. USF-I has taken steps to ensure inclusion and coordination in determining contract support requirements for contract descoping and contractor demobilization between contracting support organizations and operational units. For example, USF-I, in preparation for the drawdown, issued an order requiring the senior tactical commander at each base to control and manage the accountability and drawdown of contracted support on their base.⁴⁷ The order requires that these commanders, in conjunction with requiring activities and in coordination with contracting organizations, identify every service contract, task order, or service function operating within their base and determine a cessation date for each service and establish demobilization milestones. In a different order, USF-I instructed units to work with contracting organizations to identify and eliminate duplicate contracted services and to work with the Regional Contracting Center chief and other contract support organizations to determine the best contracting approach going forward.⁴⁸ Such steps may help DOD improve its unity of effort in contract management as the drawdown progresses and ultimately concludes.

Contract Oversight

DOD has also taken steps to improve contract oversight for the drawdown. For example, DOD has taken some steps to provide a

⁴⁵As we reported, in Iraq and Kuwait these operational personnel are responsible for determining the best approach to accomplish their assigned tasks and, if the approach includes contractors, identifying the types and levels of contracted support needed.

⁴⁶Joint Chiefs of Staff, Joint Pub. 4-10, *Operational Contract Support* (Oct. 17, 2008); Army Field Manual 3-100.21, *Contractors on the Battlefield* (Jan. 3, 2003). The field manual has since been deemed obsolete and has been replaced with Army Tactics, Techniques, and Procedures No. 4-10 (FM 3-100.21), *Operational Contract Support Tactics, Techniques, and Procedures* (June 2011).

⁴⁷USF-I Fragmentary Order No. 2676, *Contractor Drawdown Operational Controls* (Feb. 4, 2011).

⁴⁸USF-I Fragmentary Order No. 1056, *Contract Right Sizing for RDOF* (Apr. 23, 2010). Although this fragmentary order implemented the previous drawdown guidance, DOD officials indicated that it was still in effect.

sufficient number of trained contract oversight personnel to oversee contracts supporting the drawdown. We previously reported that DOD has had difficulties providing enough contract oversight personnel to deployed locations and training military personnel on how to work effectively with contractors in operations.⁴⁹ In Iraq, we spoke with contracting officials from CENTCOM-Joint Theater Support Contracting Command and several Regional Contracting Centers, as well as officials from DCMA, LOGCAP, and the Air Force Contract Augmentation Program, and none reported experiencing contract oversight personnel shortfalls. DCMA employs a risk-based approach to contract oversight, allocating oversight personnel, such as CORs, and more frequent audits for contracts depending on the risk of mission failure and contractor problems. For example, according to DOD officials, DCMA has required monthly audits and assigned oversight personnel to contracts deemed medium to high risk, and depending on the contract, may conduct an audit every other month for those deemed low risk. Further, according to senior contracting officials, USF-I has taken steps to ensure that commanders and other senior leaders within the chain of command understand the importance of having CORs available and sufficiently trained to provide oversight during the drawdown. Several contracting officials said that they have seen an overall improvement in the following areas:

- **Assignment of oversight functions as a primary duty:** According to contracting officials in Iraq, many units recognize the need to have CORs perform their oversight duties in a full-time capacity.⁵⁰ For instance, contracting officers responsible for contracts at Victory Base Complex and Joint Base Balad, a major air base north of Baghdad, said that units have CORs who work full time on overseeing contracts, such as the contract to provide bottled water to U.S. bases in Iraq. We also met with CORs from Air Force and Army units who stated that their primary roles were to provide contract oversight.
- **Command emphasis on oversight:** Several contracting officials attributed improvements in contract oversight to efforts by senior leaders to place a greater focus on issues involving operational

⁴⁹For more details, see [GAO-10-376](#) and GAO, *Warfighter Support: Continued Actions Needed by DOD to Improve Contractor Support in Contingency Operations*, [GAO-10-551T](#) (Washington, D.C.: March 17, 2010).

⁵⁰We previously reported that contract oversight personnel often had difficulties performing their contract-related duties because of competing duties. See [GAO-10-551T](#).

contract support.⁵¹ For example, in October 2010, the USF-I Commanding General issued a memorandum describing the importance of the COR's oversight function and the need to ensure that CORs have the necessary training, time, and experience to perform their duties, citing our prior work.⁵²

- **Improved training:** CENTCOM-Joint Theater Support Contracting Command (through Regional Contracting Centers) has held regularly scheduled training in Iraq and Kuwait to ensure that CORs and other contracting personnel have the training and certification necessary to perform their contract-related responsibilities. Several CORs told us that they received a combination of classroom and online instruction, while others only received online instruction. However, several CORs told us that they did not find the online instruction to be effective in preparing them to perform their oversight responsibilities.⁵³ Some were also provided training before they deployed to Iraq. Senior contracting officials said that they have a surplus of personnel trained as CORs in Kuwait and Iraq in case additional oversight personnel are necessary.
- **Contractor demobilization preparation:** In February 2011, the Regional Contracting Centers began holding demobilization orientations, developed by CENTCOM-Joint Theater Support Contracting Command in conjunction with DCMA, during which contract oversight personnel can discuss issues affecting contract demobilization, such as the need to obtain decisions from commanders on which contracts to descope and when to conduct such actions.

Nevertheless, DOD continues to experience some challenges ensuring full contract oversight. Army guidance states that CORs usually serve in

⁵¹DOD defines operational contract support as the process of planning for and obtaining supplies, services, and construction from commercial sources in support of joint operations along with the associated contractor management functions.

⁵²Memorandum from the USF-I Commanding General, *Contracting Officer's Representatives (COR) Vigilance During Operation New Dawn* (Oct. 18, 2010).

⁵³For additional information on COR training, please see GAO, *Operational Contract Support: Actions Needed to Address Contract Oversight and Vetting of Non-U.S. Vendors in Afghanistan*, [GAO-11-771T](#) (Washington, D.C.: June 30, 2011).

their position as an extra duty, depending upon the circumstances,⁵⁴ and senior DOD officials told us that assigning COR responsibilities as an extra duty is desirable because the government can take advantage of the individual COR's expertise associated with his or her primary duties. However, Army guidance also recognizes that it is a key duty that cannot be ignored without creating risk to the government.⁵⁵ In addition, USF-I's drawdown guidance states that units should make every effort to ensure that contracts considered critical to their mission, or contracts with exceptionally large footprints, have dedicated COR oversight and, accordingly, requires units to provide full-time COR support for such contracts.⁵⁶ In Iraq during the drawdown, contract oversight has been hindered in at least some instances in which CORs' primary duties have limited their ability to concentrate fully on their contract oversight duties. For example, contractors have reported to contracting officials instances in which CORs were not available on site during some of the previous base closures, and their absence hindered the resolution of certain contractor demobilization issues. According to an October 2010 Center for Army Lessons Learned document,⁵⁷ the quality of inputs from CORs declined during the previous drawdown as CORs refocused on their primary duties. However, senior DOD officials noted that the other duties CORs typically perform, such as force protection, may at times trump their COR duties.

DOD Faces Challenges in Conducting Major Contract Transitions and Ensuring Orderly Contractor Demobilization

⁵⁴See Army Tactics, Techniques, and Procedures No. 4-10 (FM 3-100.21), *Operational Contract Support Tactics, Techniques, and Procedures* (June 20, 2011).

⁵⁵Army Tactics, Techniques, and Procedures No. 4-10.

⁵⁶See USF-I Operations Order No. 11-01, Annex W: *Operational Contract Support* (May 15, 2011).

⁵⁷Center for Army Lessons Learned, *CALL Lesson of the Day: Senior Contracting Official-Iraq (SCO-I), CENTCOM Contracting Command Lessons Learned*, October 16, 2010.

Ensuring Continuity of Services during Upcoming Major Contract Transitions May Be Challenging

As the drawdown progresses, units may encounter challenges when transitioning one contract to another. We have previously reported on contract transition issues as challenges, and one of the major lessons learned from the prior drawdown phase is the need to synchronize such transitions with ongoing operations to mitigate the risk of service disruption.⁵⁸ In 2010 an Army battalion stationed in Kuwait, responsible for providing theater sustainment-level maintenance, experienced a labor strike, service disruptions, accidents that resulted in deaths, and other challenges that unit leadership attributed in large part to the transition of a major maintenance contract. Also contributing to these challenges was the intensity of operational activities at the time, which included the peak of efforts needed to complete the prior drawdown phase, the build-up of forces in Afghanistan, and the reconstitution of the Army's prepositioned equipment in Kuwait. These challenges added to the unit missing some required delivery dates for equipment intended for use in Afghanistan. The extent to which the unit meets required delivery dates is a key measure of mission success, according to unit personnel. During our March 2011 visit, several senior military officials in Kuwait expressed concerns with the transition of the major line haul (trucking) contract in Kuwait. According to these officials and DOD data, this contract, which is critical for transporting equipment between Iraq and Kuwait, is expected to complete its transition during a period of heightened operational activity.

The LOGCAP transition in Iraq will also be challenging. In April 2010 we recommended that DOD analyze the benefits, costs, and risks of transitioning from LOGCAP III to LOGCAP IV and other service contracts in Iraq to determine the most effective and efficient means for providing essential services during the drawdown, recognizing that the department was not required to make the transition.⁵⁹ DOD concurred with our recommendation, conducted the analysis, and decided not to conduct the transition to LOGCAP IV. Unlike during the prior drawdown phase, however, DOD's only option for maintaining LOGCAP services in Iraq after December 2011 is to transition to LOGCAP IV and DOD has approved an internal Action Memorandum to potentially allow State to use LOGCAP at its sites after 2011 as appropriate and feasible. Altogether,

⁵⁸See [GAO-10-376](#) for information on the challenges we found associated with transitioning major contracts during ongoing operations and our recommendations.

⁵⁹[GAO-10-376](#).

LOGCAP IV support is planned for 12 sites that are currently LOGCAP-supported and seven sites, including locations in Erbil and Basrah, that do not currently have LOGCAP services. After a projected task order award date of July 31, 2011, the transition will occur in two phases, with base and life support functions, such as dining facilities and laundry services, expected to transition first during a projected 100-day period, followed by transportation and materiel handling functions.⁶⁰ The Army projects LOGCAP IV to have initial operating capability (base and life support) by October 1, 2011, and full operating capability by December 31, 2011.

Although the circumstances are different, like we found in our April 2010 report, the transition will carry risks. For example, a base in Iraq is expected to lose its bulk fuel and airfield operations capabilities needed during the transition until the new LOGCAP services are in place due to the length of time needed to complete transition tasks. In addition, because of the amount of work necessary to prepare sites DOD and State anticipate to be used after December 31, 2011, the existing contractor risks not completing its construction projects before the transition, according to senior LOGCAP program management officials. The transition will be made even more complex by the need to maintain base life support and transportation services to within days of base closures, according to LOGCAP program management documentation. Transitioning the transportation component of LOGCAP will have its own unique challenges, including a complex and time-consuming property disposition process and uncertain requirements to support State. To mitigate such risks, LOGCAP program management is taking steps, such as working with CENTCOM-Joint Theater Support Contracting Command and the Contracting Fusion Cell to validate property and material requirements on a location-by-location basis, according to LOGCAP program officials. In addition, according to LOGCAP documentation and a senior DOD official, LOGCAP is projected to transition first at the seven post-2011 locations where its services are currently not provided to account for additional complexity associated with standing up LOGCAP at the new sites. Finally, according to DOD officials, contractual actions such as period of performance extensions, where feasible, may help mitigate any potential service gaps.

⁶⁰While a draft copy of this report was at DOD and State for comment, a task order was awarded under LOGCAP, but the award was protested and has yet to be resolved, as of September 1, 2011.

DOD Has Taken Steps to
Descopel Contracts and Plan for
Contractor Demobilization, but
May Face Challenges in
Implementing Its Guidance

**Steps to Plan for Contract Descoping and Contractor
Demobilization**

To facilitate the drawdown, DOD has taken steps to plan contract “descoping,” which, for the purposes of this report, we define as a reduction in services commensurate with declining needs, and contractor demobilization, which, in the context of the drawdown, we define as the contractor’s actions to reduce and ultimately end its presence and footprint if not needed to support the U.S. government’s presence in Iraq after 2011. At the theater level, CENTCOM-Joint Theater Support Contracting Command, under the direction of USF-I, established the “Contracting Fusion Cell” in March 2011, and USF-I issued a fragmentary order directing the Cell to centralize the reporting of contractor demobilization milestones from all bases within Iraq; measure, assess, and report contractor demobilization milestones; and provide guidance and assistance to units, staff elements, and contracting activities as required. Since its establishment, the Contracting Fusion Cell has participated in a Rehearsal of Concept drill and a contracting summit to review and analyze issues affecting contractor demobilization. We attended the contracting summit and observed USF-I staff, units from across Iraq, and other stakeholders review major issues concerning contract requirements and demobilization for participating units and bases. As mentioned in the previous section, the Contracting Fusion Cell also employs a database in which division commanders input data on each of their active contracts, including counts of contractor personnel and equipment. Several senior military officials said that this database has been useful in providing data to plan the movements of personnel and equipment for the drawdown. However, some contracting officials noted that the same issues that have affected other efforts to capture accurate and reliable data on the contractor population in Iraq, such as the general lack of available data for personnel on firm fixed price contracts and challenges counting contractors that are on leave or out of the country on emergencies, are likely to affect the Contracting Fusion Cell’s database as well.

Steps to Plan for Contractor Demobilization

DOD has also improved contractor demobilization planning based on lessons learned from the prior drawdown phase. According to an October 2010 Center for Army Lessons Learned document, one lesson learned

from the Senior Contracting Official-Iraq was that contractors needed more guidance regarding closing contractor camps (referred to as “man camps”) during the prior drawdown phase.⁶¹ This document stated that there were occasions when contractors left Iraq man camps and associated facilities without proper close out, abandoned equipment, failed to repatriate personnel (especially third country nationals), failed to obtain proper Iraq exit visas, did not return government furnished equipment, did not close out in the appropriate contractor accountability system, and did not return badges. Since at least November 2010, CENTCOM has required all contracts and solicitations in Iraq to include a templated contractor demobilization clause that addresses the above-listed issues. CENTCOM-Joint Theater Support Contracting Command has also developed a template for CORs to ensure that contractor demobilization plans adhere to certain time frames. Moreover, USF-I has included in its guidance examples of cessation of services and contract demobilization schedules and a demobilization worksheet. However, according to senior contracting officials, there is no standard demobilization plan that contractors can submit. To address this shortfall, a senior contracting official stated in April 2011 that the office of the Senior Contracting Official-Iraq planned to develop a demobilization plan template for contractors.

At the unit level, mayor cells⁶² are working with units, DOD contracting activities (such as Regional Contracting Centers, LOGCAP, and DCMA), and contractors performing work on their respective bases to identify and determine when certain contract requirements can be reduced and ultimately terminated. For example, the mayor cell for Joint Base Balad has established a set of milestones and time lines to descope contracts and demobilize contractors performing work on the base. One contract planned for descoping involves airfield sweepers. Joint Base Balad officials said that they plan on reducing the number of contracted airfield sweepers after the base’s fighter (F-16 squadron) mission ends and have also identified a date after which the services will no longer be needed. Additionally, senior officials in charge of Contingency Operating Base Marez, a U.S. base in northern Iraq, are planning to end their contract for

⁶¹CALL, *CALL Lesson of the Day: Senior Contracting Official-Iraq (SCO-I), CENTCOM Contracting Command Lessons Learned* (Oct. 16, 2010).

⁶²Mayor cells are comprised of military unit personnel with the responsibility for managing and maintaining installations.

security personnel to coincide with their base transition plans. The Contracting Fusion Cell, DCMA, and Regional Contracting Centers monitor the progress of contract descoping and demobilization through tools that track milestones and time lines for each of their respective contracts. For instance, these organizations are tracking the submission of contractor demobilization plans, which are required by a CENTCOM-Joint Theater Support Contracting Command clause.

Units are taking further steps to ensure the continuity of key services while continuing to descope contracts. For example, as bases begin descoping contracts and demobilizing contractor personnel in preparation for base transition, some units are exploring the option of using local contractors to provide certain services. According to senior military officials, since local contractors do not require extensive base life support, such as housing, and will not have to be repatriated to their country of origin at the end of the contract, they can be employed to provide certain services that would otherwise have to be discontinued. However, we have previously reported on challenges hiring local national contractors, including the need for greater oversight due to Iraqi firms' relative lack of experience, limited capacity and capability, unfamiliarity with U.S. quality standards and expectations, and lack of quality control processes that U.S. firms have in place.⁶³ Some units also intend to replace contractor personnel with servicemembers to ensure continuity of certain services, such as guard security, airfield vegetation removal, and generator maintenance and are conducting "troop-to-task" analysis to determine which servicemembers will perform these tasks and how many will be needed. For example, the mayor cell at Joint Base Balad has developed plans to reduce contractor personnel for the base's incinerator operations and eventually replace them with servicemembers. Officials from one mayor cell noted that these additional tasks may further tax unit personnel who are in short supply and busy meeting other priorities.

Challenges Implementing Contractor Demobilization Guidance

Although major contractor demobilizations have yet to occur, early indications suggest that DOD faces several challenges as it implements its contractor drawdown guidance. DOD has guidance in place to facilitate the descoping of contract services and contractor demobilization. In

⁶³[GAO-10-376](#).

particular, USF-I's drawdown guidance states that contracting organizations in Iraq are to work with the requiring activities (typically military units) and base leadership to ensure all contracts and task orders are adequately scoped to meet mission requirements and are scheduled to cease or terminate when no longer required. It also provides time frames by which contractors must be notified to complete key tasks and cease providing services.⁶⁴ However, without taking additional steps to address the challenges discussed below, DOD may be unable to effectively implement its guidance and ensure the effective reduction of contract services to appropriate levels and ultimate demobilization of all its contractors.

- **Providing information to contractors.** Guidance in a USF-I fragmentary order requires senior tactical commanders at each base to notify all contractors with the base closure or transition date no later than 180 days prior to the base closure or transition so the contractors can start preparing their personnel and equipment for redeployment. However, LOGCAP program officials were unable to provide base transition dates to subcontractors because base closure dates and other information relevant to demobilization are classified, which limited the contractors' ability to plan their demobilization tasks such as replacing third country national personnel with local national personnel to ensure continuity of service while downsizing their infrastructure. An annex to USF-I's drawdown guidance also states that in most cases contractors must be notified in writing 45 to 120 days in advance of the service cessation date. Nevertheless, according to senior contracting officials, contractors have expressed concerns about the lack of clarity on when to reduce services and which contracted services will be needed as USF-I proceeds with the drawdown. According to senior contracting officials, some contractors reported instances in which they were notified only a few weeks in advance to transition to a new location, affecting their ability to plan. Fluid base transition dates may exacerbate this challenge. For example, according to a senior contracting official, the date for the transfer of a U.S. base to the Government of Iraq changed eight times within 3 weeks, which made it difficult to plan for the termination of contracts at the base and contractor demobilization.

⁶⁴USF-I OPORD 11-01 Annex W, *Operational Contract Support* (Jan. 6, 2011).

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- **Obtaining accurate and sufficient information from contractors.** According to DOD officials, as part of demobilization planning, contractors submit property re-allocation plans that list property in-use and excess to the contractors' needs as well as contractors' plans for re-allocating the property, among other things. Contractors submit these plans in conjunction with joint government/contractor inventories conducted 120 days prior to base transition. However, according to several contracting officials, some contractors had provided mayor cells with draft or incomplete plans, some of which contained inaccurate information and incorrect assumptions, on how they intend to redistribute their property in preparation for base transitions. USF-I drawdown guidance also requires senior tactical commanders at every base in Iraq to account for all task orders, contracts, and service functions on their bases, to include contractor employee headcount data and report such information on a regular basis to the Contracting Fusion Cell.⁶⁵ However, several base management officials told us that because they do not have direct contact with or visibility over subcontractors, they cannot ensure that contractor personnel are not being undercounted during contractor headcounts, which may hinder planning for the resources needed to complete contractor demobilization.⁶⁶
 - **Sufficiency of resources to complete contractor demobilization.** According to USF-I guidance, in addition to preparing a demobilization plan, key tasks that contractors need to perform to complete demobilization include participating in joint property inventories of CMGO property at least 120 days prior to base transition, as well as scheduling and coordinating transportation, among other things.⁶⁷ In regards to coordinating transportation, USF-I is working to include

⁶⁵USF-I FRAGO 2676; USF-I OPORD 11-01 Annex W, *Operational Contract Support* (Jan. 6, 2011).

⁶⁶As a further example of the challenge of accounting for contractor personnel, when closing Forward Operating Base Sykes, a medium-sized base in Iraq, CENTCOM-Joint Theater Support Contracting Command said that it found 392 third country nationals when they were only expecting to find 381. According to CENTCOM-Joint Theater Support Contracting Command, this was due to a database not being updated by vendors when they reassigned their workers to other locations during the course of employment. CENTCOM-Joint Theater Support Contracting Command said that this issue was being addressed with a new demobilization clause that was being inserted in contracts with its vendors. CENTCOM-Joint Theater Support Contracting Command also stated that it was conducting face-to-face interviews with all of its contractors to help them understand what is expected with respect to accounting for contractor personnel.

⁶⁷USF-I FRAGO 2676.

contractor personnel requirements in its planning but, according to senior contracting officials, contractors have expressed concerns about the availability of resources to redeploy their personnel and move their equipment as the drawdown progresses. Contractors have also expressed concern about their ability to communicate with government personnel during demobilization, according to these officials.

DOD and State Are Coordinating to Establish and Support the Post-2011 U.S. Government Presence in Iraq, but Key Elements of This Presence May Not Be Well Understood throughout DOD

DOD and State interagency coordination for the transition began late, but both agencies have now coordinated extensively to plan for the transfer or loan to State of a wide range of DOD equipment, and DOD has taken steps to minimize any impact on unit readiness of such transfers. DOD also has approved an internal Action Memorandum to potentially allow State to use DOD contracts to obtain services such as base and life support, food and fuel, and maintenance, as appropriate and feasible within funding constraints, but agreements between State and DOD have not been finalized and State may not have sufficient funding or capacity to oversee these contracted services. Further, State is taking steps to replace services that DOD will no longer provide, but these services will be different because State's mission in Iraq will be different than DOD's mission. In terms of scope, DOD plans a robust post-2011 presence as part of an Office of Security Cooperation operating under Chief of Mission authority. However, the extent to which DOD's personnel would receive status protections such as privileges and immunities and the limited nature of the anticipated engagement model with Iraq may not be fully understood throughout the department.

DOD Has Coordinated Extensively with State to Plan for the Provision of Equipment and Contracted Services to Support the Post-2011 U.S. Government Presence in Iraq

DOD and State Have Conducted Extensive Interagency Coordination for the Transition, Although Such Coordination Occurred Late

In addition to redeploying its military personnel and retrograding or transferring its remaining equipment, during the drawdown DOD aims to facilitate the transition to a civilian-led presence in Iraq, and, to that end, has engaged in formal interagency coordination with State at various levels within the two departments. One of the principle objectives of this coordination has been to define State's needs for external support and determine how DOD can best meet those needs. For example, DOD and State established the "Ad Hoc Senior Executive Steering Group on the DOD to State Transition" in September 2010 to assess State's needs in the logistics and sustainment areas, define requirements, and manage solutions, in particular those anticipated to be provided by DOD. Co-chaired by the Deputy Assistant Secretary of Defense for Program Support and the Deputy Assistant Secretary of State for Logistics Management, this group meets biweekly. According to these two officials, the meetings greatly facilitated State's ability to develop its requirements for DOD support, including equipment. In addition, both State and, according to DOD officials, DOD, have designated a senior-level official responsible for the transition. For example, the State Department Iraq Transition Coordinator coordinates State's aspects of the transition from military to civilian operations in Iraq. On the ground in Iraq, multiple USF-I personnel, including planners and logisticians, are embedded as liaisons within Embassy Baghdad's Management Cell for Transition, and interagency transition cells are in place at all sites that are anticipated to transition to State throughout Iraq. Finally, USF-I stood up separate working groups for transitioning operations and base-level sustainment, which include State participation. Coordination at these multiple levels helped facilitate, for example, the identification and planning for the 310 out of the more than 1,000 Joint USF-I / U.S. Embassy Baghdad Joint Campaign Plan-specified tasks DOD currently performs in Iraq that State anticipates assuming after the transition.⁶⁸

The coordination outlined here occurred late in the process and the delays have made the transition more challenging than it otherwise could have been, compounding State's relatively limited capacity to plan, as noted by senior DOD officials and acknowledged by senior State officials.

⁶⁸The 2010 *Joint Campaign Plan for Iraq* is a classified strategic document composed and approved by top DOD and State officials in Iraq. The plan includes short-term and longer term objectives in four specific areas—political, security, economic and energy, and rule-of-law—and is updated periodically to reflect changes in the environment in Iraq. GAO has reviewed this plan and its previous versions since 2005, issuing several classified reports.

DOD Plans to Provide Military Equipment to State and Has Taken Steps to Mitigate Impact on Readiness

As a result, for example, State's Inspector General found that the initial lack of senior level DOD and State officials in Washington, D.C. dedicated to the Iraq transition process contributed to the inability of operational level DOD and State officials to obtain timely decisions on key transition issues.⁶⁹ During our travel to Iraq, numerous officials at numerous levels cited the critical importance of planning early to minimize challenges in conducting future similar transitions, such as will be necessary in Afghanistan.

DOD and State interagency coordination has facilitated the identification of State's requirements for DOD equipment and identified efficient solutions to meet these needs. In an April 2010 memo to DOD, State presented its assessment that it lacked the resources and capability to provide technology, vehicles, and aircraft to adequately meet the extreme security challenges in Iraq. The justification for DOD equipment transfer accompanying the memo suggested that, without the transfer of DOD military equipment, the security of State personnel in Iraq would be degraded significantly and one could expect increased casualties. To that end, according to State officials, State initially requested about 23,000 individual pieces of equipment encompassing a wide range of items. To meet these needs, DOD established an "Equipping Board" with members from the Office of the Secretary of Defense, Joint Staff, and military services. According to Equipping Board participants, State's initial request did not fully reflect the actual capabilities State needed. These officials said that DOD subject matter experts in areas such as medical and airfield logistics assisted State officials in defining State's requirements in these areas, reducing the request to around 3,800 individual pieces of mostly standard military equipment worth approximately \$209 million. In addition to cutting potential costs to State by reducing the overall number of items requested, the board also created efficiencies by, for example, substituting requests for expensive equipment such as new CT scan machines and night vision goggles for older versions already in Iraq that, while less capable, will nevertheless meet State's needs, according to DOD officials.⁷⁰ In addition to DOD military equipment, State has also

⁶⁹United States Department of State Middle East Regional Office, *Department of State Planning for the Transition to a Civilian-led Mission in Iraq*, MERO-I-11-08 (Washington, D.C.: May 2011).

⁷⁰According to congressional testimony, the substitution of the older CT machines saved State \$8 million.

expressed needs for nonstandard⁷¹ equipment in Iraq. Aside from 60 Mine Resistant Ambush Protected (MRAP) vehicles, this equipment includes mainly low-value items, such as containerized housing units, desk chairs and other office equipment, which USF-I plans to transfer after screening the items for USF-I, CENTCOM, and service requirements. In terms of the number of total items, the scope of non-standard equipment transfers is projected to be much larger than the transfer of standard DOD military equipment.

DOD plans to provide military equipment to State through various means, and for non-excess equipment has taken steps to mitigate any impact on readiness. According to DOD documentation, 32 percent of the total State request will be comprised of excess defense articles provided at no cost, such as collapsible fabric fuel tanks, 7.5-ton cranes, and speakers; and about 6 percent will be items loaned, including the MRAPs and biometric equipment; and about 62 percent will be non-excess equipment provided to State through sales from stock, including items such as aircraft flares, radios, and medical equipment. According to DOD officials involved in the process, the non-excess equipment items for State were assigned a risk level to determine their potential impact on readiness if transferred. For example, 101 out of 185 medical item types were deemed to be at high risk of affecting readiness. According to DOD officials, for the high-risk items, State intends to pay full acquisition value to facilitate rapid replacement, versus the low-risk items, for which State plans to pay depreciated value. In addition, according to DOD officials, DOD has taken steps to accelerate the procurement of some of the high-risk items to be transferred to State. Finally, the MRAPs DOD intends to loan to State are coming out of requirements for Army Prepositioned Stocks⁷² rather than

⁷¹Standard equipment refers to those items authorized on a military unit's modified table of organization and equipment, which documents the specific types and amounts of equipment Army units are authorized to have. Nonstandard equipment refers to equipment issued to units that is not authorized on their modified table of organization and equipment, and includes a wide range of items such as construction equipment, materiel handling equipment, flat screen televisions, certain types of radios, and Mine Resistant Ambush Protected vehicles.

⁷²Through their individual programs, each of the military services maintains preconfigured groups of combat and logistics equipment on ships and ashore at locations around the world. These equipment "sets" are intended to speed response times of U.S. forces to operating locations and reduce the strain on scarce airlift or slower sealift assets. The Army stores sets of combat brigade equipment, supporting supplies, and other stocks at land sites in several countries and aboard prepositioning ships in the Pacific and Indian Oceans.

DOD Plans to Provide Contracted Services to State Amidst Concerns about State's Capacity to Fund and Oversee Them

unit stocks. According to DOD, these factors will minimize any impact on unit readiness of transferring or loaning equipment to State. Remaining issues to be resolved include determining how to replace loaned equipment that is destroyed or severely damaged during the course of its use, since, according to DOD officials, State will likely have to request additional procurement funding if it determines that a replacement is necessary.

In addition to equipment transfers and loans, through the interagency coordination process, DOD has approved an internal Action Memorandum to potentially support State's post-2011 presence in Iraq by allowing State to use DOD contracts to obtain needed services as appropriate and feasible, but agreements between State and DOD have not been finalized. First, State anticipates obtaining base and life support such as dining facility and laundry operations through an order on the Army's LOGCAP contract. The Army projects that between 4,500 and 5,500 contractor personnel will be necessary to provide these services to State. Second, State anticipates relying on a DOD contract to provide 100 DOD contractor personnel to maintain some of the equipment transferred and loaned by DOD, including major items such as vehicles, under a contract DOD already plans to have in place to support its own personnel in Iraq. Third, State anticipates obtaining food and fuel through Defense Logistics Agency contractors. Finally, DOD intends to provide various capabilities such as information technology support and the contracted capability to detect incoming rocket or mortar fire and provide warnings. According to DOD and State officials, using DOD's existing contracting mechanisms for these services would be more efficient than if State were to award its own contracts. Documentation including DOD's initial estimates valued the support requested by State at about \$575 million per year, for which, under the proposed terms of a draft interagency agreement, State would reimburse DOD. However, DOD's documentation raised concerns about State's ability to fund these services, given the amounts designated for these purposes in State's budget requests.⁷³ According to State, the time frame for LOGCAP support is subject to

⁷³In the documentation, DOD suggested that if State is unable to obtain the necessary funding to reimburse DOD for the requested support, DOD would need to seek new statutory authority and associated funds.

negotiation with DOD, after which it may either award its own contract or use local supply options if conditions permit.⁷⁴

According to State documentation, State currently faces shortfalls in personnel with sufficient experience and expertise to perform necessary contract oversight. As a result, State plans to use DOD support for certain contract management and oversight functions.⁷⁵ In particular, the Defense Contract Management Agency (DCMA) and Defense Contract Audit Agency (DCAA) intend to provide contract pricing, administration, and audit services for the LOGCAP contract, and, according to DOD officials, Army Materiel Command has agreed to provide management functions for the maintenance contract. Projected requirements for these functions include 47 DCMA personnel supporting State operations, as well as 3 DCAA and 3 Army Materiel Command civilians. State would provide CORs to oversee the DOD contractors. According to State, the COR function is one that is normally part of the duties of a Foreign Service officer or specialist position at embassies abroad and CORs are identified as part of the normal assignment cycle. As of early July 2011, State documentation identified 35 individuals to perform COR duties associated with 136 LOGCAP oversight areas across locations in Iraq, such as dining facilities operation and firefighting services. COR positions for 31 oversight areas remained to be filled, including air operations throughout Iraq.

⁷⁴The Commission on Wartime Contracting in Iraq and Afghanistan has expressed concerns about State's capacity to effectively manage the acquisition of services in Iraq moving forward. In our ongoing work GAO is assessing State's capacity for acquiring services in conflict environments, such as Iraq, Afghanistan, and Pakistan, where it has a sustained presence.

⁷⁵As discussed later in this report, according to DOD and State officials, the scale of the proposed combined DOD and State presence in Iraq after December 2011 would be unprecedented. In light of this unprecedented challenge, in a justification and request accompanying an April 2010 memorandum, State noted that without life support provided through the Logistics Civil Augmentation Program (LOGCAP) managed by the Army Sustainment Command, State would be forced to redirect its resources towards developing, implementing, and overseeing a massive new life support infrastructure in Iraq. Thus, recognizing the expertise of DOD, State requested to continue to receive contract management and oversight support from DOD and to remain on LOGCAP for the short term, until either local conditions improved to permit supply and support through more traditional means, or until State could establish its own life support infrastructure through its own contractors.

In addition to receiving contract support through DOD, in some cases State intends to directly contract for services that it currently receives through DOD, particularly in the medical, aviation, information technology, and security areas. For example, State recently awarded a contract that State documentation indicates will provide for seven health units, one large Diplomatic Support Hospital, and three small Diplomatic Support Hospitals in large part to replace medical services that DOD has provided to date in Iraq. In addition, State's Bureau of Diplomatic Security will conduct static security activities at U.S. facilities with only a State presence remaining in Iraq past December 31, 2011. According to DOD and State officials, DOD, through CENTCOM, would be responsible for security on the Office of Security Cooperation-Iraq (OSC-I) sites under the proposed terms of a draft Memorandum of Understanding between DOD and State.⁷⁶ According to testimony from the Under Secretary of State for Management before the Wartime Contracting Commission, static and movement security for State's Embassy in Baghdad alone will cost nearly \$2.5 billion over the next 5 years. Even with the increase in such capacity, the drawdown of military forces will result in lost protective security capabilities for State because State's mission in Iraq is significantly different than DOD's mission. As a result, State will rely to a greater extent on the Government of Iraq for certain types of security activities. For example, State will deploy a "sense and warn" platform that will allow for advance warning in case of incoming fire such as rockets and mortars, but will not include the capability to fire back at the attackers, as DOD currently fields at its bases—which will become an Iraqi responsibility.

DOD Is Currently Negotiating for Authority for Its Continued Presence in Iraq, but the Scope of the Proposed Mission and Protections for DOD Personnel Are Not Well Understood within DOD

According to DOD and State officials, the scale of the combined DOD and State presence in Iraq after December 2011 will be unprecedented. A June 2011 DOD report to congressional committees projected nearly 20,000 DOD contractor personnel to be spread across all post-December 2011 sites in Iraq. However, DOD and State now expect this number to be lower, and state that current plans call for an estimated total number of U.S. government direct hires and contractors in the range of 16,000 to 17,000 personnel. As stated recently by a Department of State official before the House Armed Services Committee, about 14,000 of those

⁷⁶According to State officials, this Memorandum of Understanding has not yet been finalized.

personnel will likely be contractor personnel operating under both DOD and State. According to DOD and State, the expected number of personnel has changed from the earlier projection due to the fact that plans are continually being refined and because contracts have since been awarded. DOD and State expect that the exact number of personnel in Iraq after December 2011 will continue to change as contracts are put in place and requirements are further refined. In addition to providing contract support services to State as discussed earlier, DOD personnel intend to operate an Office of Security Cooperation-Iraq (OSC-I), which would be funded by both DOD and State. As of June 2011, DOD planning documents called for DOD personnel to remain at 10 sites countrywide.⁷⁷ Six of these sites would be OSC-I only sites staffed by DOD personnel and contractors. DOD and State personnel, including those implementing the police training program under State's Bureau of International Narcotics and Law Enforcement Affairs, would be colocated at the four remaining sites. DOD's activities under OSC-I will include the fielding, administration, and oversight of an estimated 157 military or civilian personnel and Security Assistance Teams comprised of 763 military, civilian, or contractor personnel. According to a report from the State Department's Office of Inspector General⁷⁸ and senior DOD officials, OSC-I's mission would include advising, training, and equipping Iraqi forces, supporting professional military education; planning joint military exercises; and managing foreign military sales programs involving \$6.1 billion in Iraqi funds and \$2 billion in U.S. funds through the Iraqi Security Forces Fund. Under this mission, DOD's planned activities include Security Force Assistance, which is a new subset of security cooperation described in the 2010 Quadrennial Defense Review as encompassing activities to train, equip, advise, and assist host countries' forces in becoming more proficient at providing security to their populations and protecting their resources and territories.⁷⁹ DOD also intends to provide for the management, security, and sustainment of its sites and some construction DOD officials refer to as "site improvements" to enhance the sites' suitability. According to senior DOD officials, with the exception of

⁷⁷As acknowledged in DOD documents, operations after 2011 would require consent from the Government of Iraq.

⁷⁸MERO-I-11-08.

⁷⁹According to DOD documentation, the department may currently lack authority to fund these activities, as well as those of the 763 contractor personnel comprising the Security Assistance Teams.

one site near the U.S. Embassy in Baghdad, the OSC-I presence in Iraq will not remain longer than 3 years.

According to senior DOD officials, in the absence of an Iraqi request for an extended U.S. military presence, the U.S. government is not attempting to negotiate a Status of Forces Agreement⁸⁰ with the Government of Iraq in regards to the post-December 2011 U.S. presence. Rather than negotiating a Status of Forces Agreement, DOD is preparing to stand up OSC-I, though it does not yet have final approval from the Government of Iraq to establish such a presence. According to State officials, this leaves the Strategic Framework Agreement as the overarching basis for OSC-I's activities.⁸¹ Nevertheless, DOD is proceeding with preparations for the OSC-I sites, including construction, absent land use agreements with the Government of Iraq with the assumption that these agreements will be forthcoming. This carries some risk; for example, State officials noted that approximately \$18 million was obligated to prepare an Embassy Branch Office in Mosul that was subsequently "indefinitely postponed" as an enduring site due in part to a lack of buy-in from the Iraqi government. According to State officials, while State is working to recoup some of those funds from the contractor, State officials stated that they expected to recoup only about \$8 to \$10

⁸⁰Although individual Status of Forces Agreements may differ greatly, such an agreement generally provides for the status of U.S. forces in a foreign state. Status of Forces Agreements often describe the rights and privileges of covered individuals, addressing issues such as the applicability of the foreign state's criminal and civil jurisdiction over U.S. armed forces personnel, DOD civilian employees, and/or contractor personnel working for the DOD. These agreements may also cover a variety of other topics including entry and exit, arming, customs, and the applicability of taxes and duties. According to a Congressional Research Service report, the U.S. Government has agreements that may be considered status of forces agreements with 126 countries in the world. See Congressional Research Service, *Status of Forces Agreement (SOFA): What Is It, and How Has It Been Utilized?* (Washington, D.C.: Jan. 5, 2011).

⁸¹The *Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States of America and the Republic of Iraq* contains general agreements between the two countries on a variety of issues, broadly establishing the course of the future relationship between Iraq and the United States. The preamble to the agreement affirmed the desire of the two countries to establish a long-term relationship of cooperation and friendship. See *Strategic Framework Agreement for a Relationship of Friendship and Cooperation*, U.S.-Iraq, Nov. 17, 2008, Temp. State Dep't No. 09-7. With respect to defense and security cooperation, the Strategic Framework provides that such cooperation shall be undertaken pursuant to the Security Agreement. See *id.* at § III. The Strategic Framework is not a status of forces agreement, and unlike the Security Agreement, it does not address topics such as the applicability of criminal and civil jurisdiction to U.S. armed forces or the application of Iraqi law.

million, although the exact amount had not yet been determined. According to State documentation and senior State officials, as of June 2011, the Government of Iraq had not formally signed any agreements for the OSC-I-only sites. According to DOD and State officials, delays associated with forming a government after Iraq's March 2010 parliamentary elections have hindered the negotiation of these agreements. In particular, Iraq continues to lack both a Minister of Defense and a Minister of Interior with whom to negotiate these agreements and others.

The scope of DOD's proposed mission in Iraq after 2011 and the extent to which DOD personnel conducting these activities will be ensured protections may not be well understood throughout the department. According to senior DOD officials and State officials, without a request from the Government of Iraq for a follow-on U.S. military presence, all U.S. government activities in Iraq, including those performed by DOD military, civilian, and contractor personnel, will occur under Chief of Mission authority, as approved by the National Security Deputies Committee in May 2010. Additionally, according to senior DOD and State officials and DOD documentation, DOD and State anticipate that direct-hire, full-time DOD military and civilian personnel working under OSC-I can be accredited to the diplomatic mission as administrative and technical staff, with some status protections such as privileges and immunities provided under the Vienna Convention on Diplomatic Relations.⁸² Notwithstanding DOD's intent to operate under Chief of Mission authority, a CENTCOM information paper dated February 2011, coordinated with DOD's Office of the General Counsel, makes the

⁸²Generally, the Vienna Convention addresses the operation of diplomatic missions within receiving states, including the privileges and immunities afforded various classes of members of the mission staff. See *Vienna Convention on Diplomatic Relations*, Apr. 18, 1961, 22 U.S.T. 3227, 500 U.N.T.S. 95 (entered into force with respect to the U.S. Dec. 13, 1972). Under the Vienna Convention, administrative and technical staff of the mission enjoy several privileges and immunities, including: freedom from arrest or detention; inviolability of person, papers, and property; immunity from the receiving State's criminal jurisdiction; immunity from the receiving State's civil and administrative jurisdiction, except for acts performed outside the course of their duties; and exemption from certain dues and taxes. See *id.*, art. 37, ¶ 2, arts. 29-35. Under article 10, the receiving state must be notified of the appointment of members of the mission. See *id.*, art. 10. Senior DOD officials suggested that the only thing the Vienna Convention does not guarantee is the right of military personnel to carry a gun or wear their uniforms. State maintained that, if permitted by Iraqi law, OSC-I personnel may wear uniforms and, as appropriate, carry weapons.

assumption that, absent clarification from the Secretary of Defense, the 157 DOD personnel would operate under the direction of the CENTCOM commander, rather than the Chief of Mission. The information paper also raised some questions regarding the feasibility of notifying OSC-I personnel to the Government of Iraq as part of the administrative and technical staff. This apparent incongruity has contributed to a lack of understanding within the Department of the precise scope of DOD's mission in post-2011 Iraq and the status protections that will be afforded to DOD personnel. For example, senior DOD officials stated that a variety of organizations within DOD continue to push for a role in post-2011 Iraq even though these organizations' activities are not part of the anticipated engagement model based on Chief of Mission authority, which, according to those officials, could limit the range of activities DOD can perform in Iraq. Similarly, due to uncertainty regarding status protections, Army officials expressed concern that DOD would be unable to prevent one of its military or civilian personnel from languishing in an Iraqi jail if, for example, he or she were to be involved in an accident in which an Iraqi dies. Further, senior USF-I officials have expressed frustration with differing legal opinions on such issues. Without officially clarifying these issues or without a status of forces or other agreement that includes such details, DOD personnel may lack clarity as to the scope of DOD's mission in Iraq after December 31, 2011, and the department may be less able to ensure unity of effort⁸³ among its organizations and with State in completing the transition to a civilian-led presence in Iraq. DOD may therefore risk an uncoordinated approach in defining and implementing the range of activities its OSC-I personnel will perform.

Conclusions

The drawdown of U.S. military forces and equipment from Iraq, an operation governed by the time line set forth in the Security Agreement, is an operation of unprecedented magnitude, and will occur amidst an uncertain political and security environment as well as the ongoing transition to a civilian-led U.S. government presence in Iraq. Much has been done to facilitate the drawdown. DOD has conducted detailed planning for the sequence of actions and associated resources necessary to mitigate risk and to achieve its goals of transferring and removing

⁸³Unity of effort requires coordination and cooperation among all forces toward a commonly recognized objective, although they are not necessarily part of the same command structure. Joint Publication 1, *Doctrine for the Armed Forces of the United States* (Mar. 20, 2009).

personnel and equipment from the remaining bases in Iraq. In addition, DOD has taken steps to improve its management and oversight of contracts in Iraq by issuing new guidance, developing metrics and milestones for tracking key dates and progress, establishing a cell to provide a common operating picture for all contracts in Iraq, and working to ensure a sufficient number of CORs are available to conduct oversight. To help facilitate the transition to a civilian-led presence in Iraq, DOD has engaged in interagency coordination with State at various levels, and both agencies are working closely to coordinate the provision of equipment and services needed to support the transition. However, without taking further action in regards to its visibility over CMGO equipment and in tracking equipment that is brought to record during the completion of base transitions, DOD may not be able to take advantage of further opportunities to reduce the likelihood of unanticipated requirements and to refine its drawdown projections. Further, challenges DOD faces in implementing its contractor demobilization guidance, including providing key information to contractors and ensuring robust contractor demobilization planning, may hinder the base transition process if contractors miss key dates or demobilize in a less than orderly fashion. Finally, DOD and State's ability to ensure a timely, coordinated approach to defining and implementing OSC-I may suffer absent an official clarification on the scope of DOD's activities in post-2011 Iraq in accordance with the anticipated engagement model and the extent to which all DOD government personnel will receive status protections such as privileges and immunities, since DOD may lack a status of forces or other agreement after December 31, 2011.

Recommendations for Executive Action

We recommend that the Secretary of Defense take the following four actions.

To help ensure that DOD will be able to complete the orderly and efficient retrograde and transfer of its equipment and transition of its bases in Iraq by minimizing unanticipated requirements,

- direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in conjunction with the Secretary of the Army and the Commander, U.S. Central Command, to approve and implement, as appropriate, a process, to include associated policy and training, for acquiring and maintaining real-time visibility of CMGO equipment before it is delivered to the U.S. government that meets the needs of operational forces while retaining

oversight features inherent to DOD's current accountability processes; and

- direct the Commander, U.S. Forces-Iraq take steps to collect accurate data on equipment that is found during the large base closure process but not recorded in any property book, and, as appropriate, refine the projection for equipment needing to be retrograded and transferred based on these data.

To maximize its ability to achieve an orderly and efficient drawdown of contracted services in Iraq, direct the Commander, U.S. Forces-Iraq, to (1) assess the risk of providing all contractors, including their subcontractors, with the information—such as base transition dates—required to descope services and demobilize their workforces, against the risk of contractors' inability to meet milestones without it and take the appropriate actions based on this assessment; (2) take appropriate measures, such as enforcement of guidance laid out in the template to be developed by the office of the Senior Contracting Official-Iraq, to ensure robust contractor planning associated with demobilization; and (3) engage contractors to ensure that total personnel headcounts accurately reflect all personnel, including those working under subcontracts.

To ensure that the U.S. government activities in Iraq after December 2011 reflect the appropriate unity of effort and focus DOD and State's efforts on implementing a coordinated approach to defining and implementing the activities to be undertaken by OSC-I, issue a memorandum clarifying the command structure of any DOD elements remaining in Iraq post-2011 and the scope of DOD activities authorized in post-2011 Iraq in accordance with an approved engagement model, including guidance regarding actions or decisions that will be taken in the event adequate privileges, exemptions, and immunities are not obtained for such DOD elements.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD concurred with our four recommendations listed above, but asked that our last recommendation be reworded to clarify the timing of our recommendation. We agreed to modify the recommendation to specify that the guidance should be completed once the engagement model is finalized. The Department of State also provided a number of informal technical comments that we considered and incorporated, as appropriate. The Department of State did not provide formal written comments.

In its comments regarding our first recommendation, DOD stated that it agrees that accountability of contractor-managed government-owned equipment is important. DOD further commented that USF-I has developed a Base Transition Smart Book that defines CMGO procedures and provides a series of templates, instructions, and operating procedures that cover the entire base transition process. While the Base Transition Smart Book may define CMGO procedures, as we note in our report, these procedures do not provide real-time visibility over this category of equipment and we continue to believe that DOD needs to develop a process which will allow real-time visibility of CMGO equipment before it is delivered to the U.S. government. Regarding our second recommendation, DOD commented that it agrees that the collection of accurate data of found equipment is necessary to refine projections for equipment retrograde, and noted that the Base Transition Smart Book provides guidance on how to manage found equipment and update projections for closure. However, as we note in our report, USF-I no longer tracks unaccounted-for equipment that was found remaining on bases that closed. As a result, DOD drawdown planners may lack an accurate planning factor for unaccounted-for government equipment and abandoned contractor equipment left over after the remaining bases in Iraq transition. Therefore we continue to believe that USF-I should take additional steps to collect data on equipment that is found during the base closure process, and use this data to refine the projection for equipment needing to be retrograded and transferred. In response to our third recommendation, DOD commented that it acknowledges the risks associated with providing any contractor critical transition information about base closures and timelines. DOD said that it will address this risk using a vigorous vetting process and security background checks. DOD also commented that it will make certain that demobilization planning captures the associated requirements concerning contractors and their materiel and it further noted that the accountability of all contractor personnel, both prime contractors and their subcontractors, will be maintained through continued Synchronized Predeployment Operational Tracker (SPOT) compliance and the periodic contractor census conducted under the purview of the Commander, U.S. Forces-Iraq. As we have noted in previous reports, however, agency-reported data in SPOT and the census should not be used to identify trends or draw conclusions about the number of contractor personnel due to limitations such as incomplete and inaccurate data.⁸⁴ As a result, DOD cannot ensure that

⁸⁴GAO, *Iraq and Afghanistan: DOD, State, and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel*, [GAO-11-886](#) (Washington,

contractor personnel are not being undercounted during contractor headcounts, and we continue to believe that additional action to engage with contractors is necessary. Regarding our last recommendation, DOD concurred with the intent of our recommendation but asked that we modify the wording of the recommendation to clarify that the guidance should be developed after the engagement model has been finalized. We agree with DOD's suggested change and therefore modified our recommendation accordingly.

The department also provided an informal technical comment that we considered and incorporated, as appropriate. A complete copy of DOD's written comments is included in appendix II.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Secretary of State; the Chairman of the Joint Chiefs of Staff; and the Secretary of the Army. This report also is available at no charge on our Web site at <http://www.gao.gov>.

Should you or your staffs have any questions concerning this report, please contact me at (202) 512-8365 or solisw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.



William M. Solis
Director, Defense Capabilities and Management

D.C.: Sep. 15, 2011).

List of Addressees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable John F. Kerry
Chairman
The Honorable Richard Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Joseph Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Ileana Ros-Lehtinen
Chairman
The Honorable Howard L. Berman
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Honorable John Tierney
Ranking Member
Subcommittee on National Security, Homeland Defense
and Foreign Operations
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Scope and Methodology

To determine the extent to which the Department of Defense (DOD) has planned for, begun to execute, and identified and mitigated risks associated with transferring and removing personnel and equipment from the bases remaining open past August 31, 2010, we reviewed and analyzed the major plans that guide the execution of the drawdown, including those published by U.S. Forces-Iraq (USF-I) and U.S. Army Central (ARCENT). We also reviewed other relevant documents, including command briefings, the Security Agreement between the United States and the Republic of Iraq, as well as DOD joint doctrine. Additionally, we obtained data and documentation and spoke with officials at many organizations and levels involved in the preparation and execution of drawdown plans to include: the Office of the Secretary of Defense, USF-I, and ARCENT. We also spoke with officials and obtained data and documentation from a range of supporting commands, including Headquarters, Department of the Army, Logistics; Army Materiel Command; Army Sustainment Command; Defense Logistics Agency; Surface Deployment and Distribution Command; CENTCOM Deployment Distribution Operations Center; CENTCOM-Joint Theater Support Contracting Command; Defense Contract Management Agency; Air Force Contract Augmentation Program; and the Logistics Civil Augmentation Program Office. In support of this effort, we traveled to Kuwait in September 2010 and March 2011. We also traveled to Iraq in April 2011. During these trips we spoke with officials, attended planning conferences, obtained data and documentation, and observed the processes instituted to facilitate the drawdown. We also traveled to Sierra Army Depot to observe the culmination of retrograde operations, as well as to U.S. Army Combined Arms Support Command to discuss the institutionalization of lessons learned from the drawdown. To address Department of State issues impacting the drawdown of forces from Iraq, we obtained documentation and spoke with officials at the U.S. Department of State as well as Embassy Baghdad. Throughout the engagement, the team relied upon staff working from our Baghdad Field Office to conduct interviews with officials in theater, attend planning conferences, and to periodically refresh key information.

To determine the extent to which DOD has planned for, begun to execute, and identified and mitigated risks associated with curtailing unneeded contract services, transitioning expiring contracts, and providing adequate contract oversight, we reviewed contracting-specific planning documents, memoranda, and other sources of guidance issued by DOD and subordinate organizations. We also met with contracting officials in Kuwait and Iraq to discuss how military units in Iraq intended to terminate contracted services and demobilize the contractor workforce, while

maintaining sufficient oversight on contracts supporting military operations in theater. In addition, we visited three military bases in Iraq and met with the mayor cells to obtain information on contract descoping and demobilization issues specific to those bases and the impact those issues have on the base transition process. We selected these locations because they are all large bases and because travel was possible during the time frame of our visit. We also met with contracting officers' representatives (COR) from one base to discuss the challenges that they have encountered in the performance of their contract oversight duties. To supplement our analysis, we observed several contracted services, such as debris removal from Camp Victory and incinerator management at Joint Base Balad, and reviewed plans on how bases intended to end contracted services and demobilize the contractor work force in keeping with base transition plans. Further, we observed ARCENT and USF-I rehearsal of concept drills, a contracting summit organized by USF-I and CENTCOM-Joint Theater Support Contracting Command, and a demobilization orientation session to collect information on contracting issues relevant to the U.S. military withdrawal from Iraq and the transition to a civilian-led presence in Iraq after December 2011.

To determine the extent to which DOD has planned for, begun to execute, and mitigated risk associated with facilitating and supporting the transition to a civilian-led presence in Iraq, we reviewed transition-specific planning documents, briefings, and memoranda. We also met with DOD and State officials involved in transition efforts to discuss how DOD and State were coordinating efforts, as well as to discuss the status of activities underway in support of the transition to a civilian-led presence in Iraq. For example, we met with a team of State officials and military liaisons at the Embassy in Baghdad responsible for managing the transition. We also held meetings with the DOD team of officials responsible for coordinating the provision of DOD equipment to State. In addition, we discussed transition efforts during our meetings with officials from a myriad of military commands and DOD organizations, including USF-I, ARCENT, Army Sustainment Command, Defense Logistics Agency, CENTCOM-Joint Theater Support Contracting Command, Defense Contract Management Agency, and the LOGCAP Program Office, among others. To supplement our analysis, we also met with DOD and State officials involved with transition work at a large base in Iraq to observe construction status and to discuss issues associated with the transition. We selected this location based on its status as a large base and because travel was possible during the timeframe of our visit. The team also relied on staff working from the Baghdad Field Office to conduct interviews with officials in

theater involved in transition efforts, as well as to attend periodic update meetings, and to regularly update key information.

Appendix II: Comments from the Department of Defense



LOGISTICS AND
MATERIEL READINESS

ASSISTANT SECRETARY OF DEFENSE
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

Mr. William J. Solis
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

SEP 02 2011

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO Draft Report 11-774, "IRAQ DRAWDOWN: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DoD Role," dated August 2011 (GAO Code 351476). We concur with all recommendations subject to enclosed comments.

The Department appreciates the opportunity to respond to your draft report and we look forward to working with you to ensure an efficient drawdown in Iraq. Should you have any questions, please contact Mr. Kevin Doxey, Kevin.doxey@osd.mil, (703) 693-1685.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Estevez".

Alan F. Estevez

Enclosure:
As stated

GAO Draft Report Dated August 2011
GAO-11-774 (GAO CODE 351476)

**“IRAQ DRAWDOWN: OPPORTUNITIES EXIST TO IMPROVE
EQUIPMENT VISIBILITY, CONTRACTOR
DEMOBILIZATION, AND CLARITY OF POST-2011 DOD
ROLE”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

To help ensure that DOD will be able to complete the orderly and efficient retrograde and transfer of its equipment and transition of its bases in Iraq by minimizing unanticipated requirements.

RECOMMENDATION 1: Direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in conjunction with the Secretary of the Army and the Commander, U.S. Central Command, to approve and implement, as appropriate, a process, to include associated policy and training, for acquiring and maintaining real-time visibility of CMGO equipment before it is delivered to the U.S. government that meets the needs of operational forces while retaining oversight features inherent to DOD's current accountability processes.

DOD RESPONSE: Concur. The Department of Defense agrees that accountability of Contractor-Managed Government-Owned (CMGO) equipment is important. USF-I has developed the Base Transition Smart Book that defines CMGO procedures and provides a series of templates, instructions, and operating procedures that cover the entire base transition process.

RECOMMENDATION 2: Direct the Commander, U.S. Forces-Iraq take steps to collect accurate data on equipment that is found during the large base closure process but not recorded in the property book, and, as appropriate, refine the projection for equipment needing to be retrograded and transferred based on these data.

DOD RESPONSE: Concur. The Department of Defense agrees that the collection of accurate data of found equipment is necessary to refine projections for equipment retrograde. The Base Transition Smart Book provides guidance on how to manage found equipment and update projections for closure.

RECOMMENDATION 3: To maximize its ability to achieve an orderly and efficient drawdown of contracted services in Iraq, direct the Commander, U.S. Forces-Iraq, to (1) assess the risk of providing all contractors, including their subcontractors, with the information—such as base transition dates—required to descope services and demobilize their workforces, against the risk of contractors' inability to meet milestones without it and take the appropriate actions based on this assessment; (2) take appropriate measures, such as enforcement of guidance laid out in the template to be developed by the office of the Senior Contracting Official-Iraq, to ensure robust contractor planning associated with demobilization; and (3) engage contractors to ensure that total personnel headcounts accurately reflect all personnel, including those working under subcontracts.

DOD RESPONSE: Concur. The Department of Defense acknowledges the risks associated with providing any contractor critical transition information about base closures and timelines. The Department of Defense will address this risk using a vigorous vetting process and security background checks. Furthermore, the Department of Defense will make certain that demobilization planning captures the associated requirements concerning contractors and their materiel. Lastly, the accountability of all contractor personnel, both prime contractors and their subcontractors, will be maintained through continued Synchronized Predeployment Operational Tracker (SPOT) compliance and the periodic contractor census conducted under the purview of the Commander, U.S. Forces-Iraq.

RECOMMENDATION 4: To ensure that the U.S. government activities in Iraq after December 2011 reflect the appropriate unity of effort and focus DOD and State's efforts on implementing a coordinated approach to defining and implementing the activities to be undertaken by OSC-I, issue a memorandum clarifying the scope of DOD activities permitted in post-2011 Iraq in accordance with the approved engagement model, to include a statement on any limitations on these activities absent a Status of Forces Agreement and an opinion from DOD's Office of General Counsel on the extent to which all DOD government personnel will receive status protections such as privileges and immunities.

DOD RESPONSE: Concur. Provided the inclusion of the following substitution (in quotations): To ensure that the U.S. Government activities in Iraq after December 2011 reflect the appropriate unity of effort and focus DOD and State's efforts on implementing a coordinated approach to defining and implementing the activities to be undertaken by OSC-I, ". . . issue a memorandum clarifying the command structure of DoD elements remaining in Iraq post-2011, and the scope of DoD activities authorized in post-2011 Iraq in accordance with the approved engagement model, including guidance regarding actions or decisions that will be taken in the event adequate privileges, exemptions, and immunities are not obtained for such DoD elements."

Appendix III: GAO Contact and Staff Acknowledgments

GAO contact

William M. Solis, (202) 512-8365 or solisw@gao.gov

Acknowledgments

In addition to the contact named above, individuals who made key contributions to this report include Carole F. Coffey, Grace A. Coleman, Gilbert H. Kim, Anne M. McDonough-Hughes, Jason M. Pogacnik, David A. Schmitt, Michael Shaughnessy, Michael Willems, and Matthew R. Young.

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