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Congressional Committees

Subject: *Iraq and Afghanistan: Agencies Are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting*

The Departments of Defense (DOD) and State (State) and U.S. Agency for International Development (USAID) have relied extensively on contractors in Iraq and Afghanistan to provide a range of services, such as security, transportation, and base operations. Additionally, State and USAID have relied on recipients of grants and cooperative agreements—two types of assistance instruments—to implement infrastructure, governance, and economic development projects in the two countries.

Reliable, meaningful data related to contracts and assistance instruments are a starting point for informing agency decisions and ensuring proper management and oversight. In recent years, Congress has taken a series of actions to increase the oversight and availability of information related to Iraq and Afghanistan contracts and assistance instruments. Specifically, amendments from the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (NDAA for FY2011) require those three agencies to submit annual joint reports to Congress on their contracts and assistance instruments with work performed in Iraq and Afghanistan.[1] The reports are to address several matters, such as the number and value of contracts and assistance instruments, number of contractor and assistance personnel, number of contractor personnel performing security functions, and any plans for strengthening the collection and coordination of contract information. In April 2012, the three agencies issued their second *Annual Joint Report on Contracting in Iraq and Afghanistan*, covering fiscal year 2011(hereafter, referred to as the 2011 joint report), to congressional committees. Their first joint report, covering fiscal year 2010 (2010 joint report) was issued in May 2011.

The joint reporting requirement builds upon earlier requirements for the three agencies to track information on contracts, assistance instruments, and associated personnel. The National Defense Authorization Act for Fiscal Year 2008 (NDAA for FY2008) directed DOD, State, and USAID to identify common databases to serve as repositories of information on contracts and contractor personnel in Iraq and Afghanistan.[2] The three agencies subsequently designated the DOD-managed Synchronized Predeployment and Operational Tracker (SPOT) as their common database for such information. With the passage of the National Defense Authorization Act for Fiscal Year 2010 (NDAA for FY2010), Congress expanded the requirement to cover grants, cooperative agreements, and associated

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[1]Pub. L. No. 111-383, § 835.

[2]Pub. L. No. 110-181, § 861.

personnel.[3] In response, the agencies agreed that SPOT was also their system of record for tracking statutorily required assistance instrument and personnel information. Although tracking this information should provide much of what the agencies are to include in their joint reports, there is no statutory requirement for the agencies to use SPOT as the basis for what they present in the joint reports or for any other purpose.

Amendments to the NDAA for FY2008 made in 2011 directed us to assess and report annually on the three agencies' joint report.[4] Pursuant to that mandate, we have reviewed the 2011 joint report and are providing our required assessments of (1) the data and data sources used by the agencies to develop the joint report; (2) the agencies' steps to improve SPOT to track statutorily required information on contracts, assistance instruments, and associated personnel; and (3) the agencies' use of SPOT to manage, oversee, and coordinate contracting in Iraq and Afghanistan.[5]

To assess the information presented in the 2011 joint report, we reviewed the report and obtained the underlying data from DOD, State, and USAID. We assessed the data and sources by performing various analyses to identify limitations or errors that would affect the information presented in the report. This included comparing data and methodologies used to prepare the 2010 and 2011 joint reports for each agency. We also interviewed agency officials to discuss steps they took to obtain, validate, and verify the data. To determine steps taken to improve the reliability of data in SPOT and the system's functionality, we reviewed documentation of recent and planned SPOT system changes. We also interviewed agency officials to identify relevant improvement efforts, particularly as they pertain to shortcomings identified in prior GAO reports. To determine how the agencies used data from SPOT to manage, oversee, or coordinate contracting, we interviewed DOD, State, and USAID officials responsible for maintaining SPOT and users of the system to identify examples of how they are using these data.

We conducted this performance audit from May 2012 to September 2012 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.

Results in Brief

Although SPOT was designated as the common database for the statutorily required information on contracts, assistance instruments, and related personnel in Iraq and Afghanistan, officials from DOD, State, and USAID generally relied on other data sources they regarded as more reliable to prepare the 2011 joint report. For example, only State relied directly on SPOT for contractor and assistance personnel information, while none of the three agencies used SPOT to identify the number of contractor and assistance personnel killed or wounded in the two countries. The agencies used a variety of sources to prepare the 2011 joint report and, in some cases, used different data sources or changed their methodologies from what was used for the 2010 joint report. This was generally done in an effort to provide better information or address limitations identified in our prior reports.

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[3]Pub. L. No. 111-84, § 813 (2009).

[4]Section 835 of NDAA for FY2011.

[5]For our assessment of the 2010 joint report, see GAO, *Iraq and Afghanistan: DOD, State and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel,* GAO-11-886 (Washington D.C.: Sept. 15, 2011).

While the agencies' changes in sources and methodologies could result in more reliable data, they limit the comparability of agency-specific information to identify trends from the 2010 joint report to the 2011 joint report. Additionally, the agencies did not use consistent methodologies to obtain and present the data contained in the 2011 joint report, limiting comparability of data across the agencies. For example, based on information presented by each agency, it is not possible to obtain an accurate number for the total value of new contracts awarded in Afghanistan because the agencies used different measures for contract values and one agency did not break out values by country. As a result of the differences from year to year and among the agencies, information in the joint report should not be used to draw conclusions across the three agencies about contracts, assistance instruments, and associated personnel in Iraq or Afghanistan for fiscal year 2011 or to identify trends over time.

DOD and State have taken some steps to improve their contractor personnel data in SPOT and recent system changes may also help to improve the system's functionality. DOD and State officials explained that they are continuing to verify that data in an effort to improve the reliability of personnel data, while USAID did not identify any effort to improve the data, citing its limited use of the system. In addition, the SPOT program office implemented changes to the system that may improve functionality as well as address limitations we previously identified. For example, contractor personnel job titles have been standardized to make it easier to identify related jobs such as security functions. These changes were not in place in time to facilitate the agencies' efforts to prepare the 2011 joint report, but according to agency officials, they may help with the preparation of future reports. However, some State and USAID officials have questioned whether continued investments should be made in SPOT's development given that other systems can provide them with information on contracts, assistance instruments, and associated personnel that better meet their mission needs.

DOD, State, and USAID generally do not use SPOT to help manage, oversee, and coordinate contracting in Iraq and Afghanistan. The three agencies have primarily used the system to generate authorizations for contractor personnel to use U.S. government services. Officials from the three agencies identified the use of systems and mechanisms other than SPOT to facilitate contract management and coordination. For example, each agency has its own systems to manage its contracts. Additionally, State and DOD officials cited senior-level interagency groups that meet regularly to coordinate contracting issues in Iraq and Afghanistan. DOD officials told us that although SPOT was not designed to be a planning tool, they anticipate using data from the system more to help inform planning efforts, particularly those related to the drawdown in Afghanistan.

In this report, we are recommending that the Secretaries of Defense and State and the USAID Administrator work together to standardize the methodologies used to obtain and present information contained in the annual joint report on contracting in Iraq and Afghanistan to provide Congress with comparable information across agencies and years.

We provided DOD, State, and USAID with a draft of this report for their review and comment. In written comments on the draft, the three agencies agreed with our recommendation and indicated they would work together to implement it.

Background

Congress previously required us to report on DOD, State, and USAID contracts and assistance instruments with work performed in Iraq or Afghanistan.[6] In those reports, we

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[6]Section 863 of the NDAA for FY2008.

detailed challenges faced by these agencies in tracking and reporting information on contract and assistance information.[7] Last year, the responsibility for reporting this information was transferred from us to the agencies. The NDAA for FY2011[8] directs DOD, State, and USAID to submit an annual joint report on contracts in Iraq or Afghanistan to include the following information:

- number and value of contracts and assistance instruments awarded,[9]
- number and value of active contracts and assistance instruments,
- extent to which such contracts and assistance instruments used competitive procedures,[10]
- number of contractor and assistance personnel working at the end of each quarter of the reporting period,[11]
- number of contractor and assistance personnel who are performing security functions at the end of each quarter of the reporting period,[12] and
- number of contractor and assistance personnel killed or wounded.

The law further specifies that the agencies are to include in their reports the sources of information and data used to compile the required information, a description of any known limitations of the data reported, and any plans for strengthening collection, coordination, and sharing of information on contracts in Iraq and Afghanistan through improvements to common databases.

The requirements in the NDAA for FY2011 build upon requirements contained in prior national defense authorization acts. Specifically, Section 861 of the NDAA for FY2008 directed DOD, State, and USAID to enter into a memorandum of understanding (MOU) that, among other things, identified common databases to serve as repositories of information on

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[7]See GAO, *Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel*, GAO-11-1 (Washington, D.C.: Oct. 1, 2010); *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-1 (Washington, D.C.: Oct. 1, 2009); and *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19 (Washington, D.C.: Oct. 1, 2008).

[8]Pub. L. No. 111-383, § 835.

[9]Section 864(a)(2) of the NDAA for FY2008, as amended by section 813(a) of the NDAA for FY2010, defines a "contract in Iraq or Afghanistan" as "a contract with [DOD], [State], or [USAID], a subcontract at any tier issued under such a contract, a task order or delivery order at any tier issued under such a contract, a grant, or a cooperative agreement (including a contract, subcontract, task order, delivery order, grant, or cooperative agreement issued by another Government agency for [DOD], [State], or [USAID] if the contract, subcontract, task order, delivery order, grant, or cooperative agreement involves worked [sic] performed in Iraq or Afghanistan for a period longer than 30 days." In this report, the term contract refers to a contract, task order, or delivery order with work in Iraq or Afghanistan and the term assistance instrument refers to a grant or cooperative agreement with work in Iraq or Afghanistan, within the parameters established by the NDAAs for FY2008 and FY2010.

[10]Section 844(c) of the National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81 (2011) further amended the required contents of the joint report to include the percentage of contracts awarded on a competitive basis as compared to established goals for competition in contingency contracting actions. This requirement took effect in December 2011 and was not reflected in the 2011 joint report.

[11]The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417, § 854(d) (2008) amended section 864 of the NDAA for FY2008 to define "contractor personnel" as "any person performing work under contract for [DOD], [State], or [USAID], in Iraq or Afghanistan, including individuals and subcontractors at any tier." Section 813 of the NDAA for FY2010 expanded the NDAA for FY2008 definition of "contract" to include grants and cooperative agreements and, therefore, personnel working under grants or cooperative agreements in Iraq and Afghanistan fall within the definition of "contractor personnel."

[12]Section 864 of the NDAA for FY2008 defines private security functions as the "guarding of personnel, facilities or property of a Federal agency, the contractor or subcontractor, or a third party" and "any other activity for which personnel are required to carry weapons in the performance of their duties."

contracts and contractor personnel in Iraq and Afghanistan. In July 2008, DOD, State, and USAID signed an MOU in which they agreed SPOT would serve as their common database and be the system of record for the statutorily required contract and personnel information. After amendments were made to the original requirement in 2010, the three agencies signed an MOU that specified that SPOT would include information on DOD, State, and USAID contracts, assistance instruments, and associated personnel with more than 30 days of performance in Iraq or Afghanistan or valued at more than the simplified acquisition threshold.[13]

SPOT is funded and managed by DOD and was initially developed by the U.S. Army to track detailed information on contractor personnel deployed with U.S. forces. DOD, State, and USAID have phased in SPOT's implementation, with each developing its own policies and procedures governing the system's use. SPOT contains information on the contract or task order, contractor personnel, and each contractor personnel's deployments, as well as tracks information on contractor-managed equipment. Most of the data in SPOT is entered by the contractor firms, and agencies provide guidance and requirements to the contractor firms specifying requirements to enter information into SPOT.

DOD, State, and USAID Used Different Data Sources and Methodologies in an Effort to Provide More Accurate Information but Comparability Is Limited

Although DOD, State, and USAID designated SPOT as their system for tracking statutorily required information on contracts, assistance instruments, and associated personnel in Iraq and Afghanistan, the agencies generally relied on other sources of information to prepare the 2011 joint report. For example, only State relied directly on SPOT for contractor and assistance personnel information, and none of the three agencies used SPOT to identify the number of contractor and assistance personnel killed or wounded. A State official responsible for developing the joint report told us that it is unrealistic that one database could provide all the information required for the joint report. According to the officials responsible for preparing their respective agency's section of the joint report, they utilized sources they regard as providing more complete and accurate information than the data available in SPOT. For example, USAID officials stated that they generally do not use SPOT for management purposes because it does not meet their mission needs, and other data collected by the missions in Iraq and Afghanistan provided more reliable information. Table 1 summarizes the data sources DOD, State, and USAID used to report on contracts, assistance instruments, and associated personnel for the 2010 and 2011 joint reports.

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[13]At the time the MOU was signed, the simplified acquisition threshold was $100,000 for most acquisitions. This threshold was increased to $150,000 in October 2010. 75 Fed. Reg. 53129 (Aug. 30, 2010).

Table 1: Data Sources used by DOD, State, and USAID on Contracts, Assistance Instruments, and Associated Personnel for the 2010 and 2011 Joint Reports

		Data source	
	Agency	2010	2011
Number and value of new and active contracts and extent of competition	DOD	Federal Procurement Data System—Next Generation (FPDS-NG)	FPDS-NG and SPOT
	State	FPDS-NG	FPDS-NG
	USAID	Phoenix[a] and FPDS-NG	FPDS-NG
Number and value of assistance instruments[b]	State	Not reported	State's Grants Database Management System
	USAID	Phoenix	USAID's grant and financial management systems[c]
Number of personnel working on contracts and assistance instruments, including personnel performing security functions	DOD	U.S. Central Command Quarterly Contractor Census/ SPOT-Plus[d]	U.S. Central Command Quarterly Contractor Census/ SPOT-Plus
	State	SPOT	SPOT
	USAID	Mission-collected data and estimates	Mission-collected data
Number of personnel killed or wounded	DOD	Department of Labor's Office of Workers' Compensation Programs Defense Base Act Summary[e]	Department of Labor's Office of Workers' Compensation Programs Defense Base Act Summary
	State	Bureau-collected data	Bureau-collected data
	USAID	Mission-collected data	Mission-collected data

Source: 2010 and 2011 joint reports.

[a]Phoenix is USAID's financial management system.
[b]We did not identify any DOD assistance awards in Iraq or Afghanistan for fiscal years 2010 or 2011.
[c]Systems include the Federal Assistance Award Data System and the Global Acquisition and Assistance System.
[d]SPOT-Plus is a SPOT-populated census template that is distributed to DOD contracting activities for quarterly review.
[e]The Defense Base Act Summary is a Department of Labor system that tracks claims for disability, medical, and death benefits for contractor personnel working outside the United States or on U.S. military bases.

The data presented in the agencies' 2011 joint report not only came from a variety of sources, but even when the agencies relied on the same data sources, they in some cases used different methodologies, definitions, and presentations. Further, in some cases, the agencies used different data sources or changed their methodologies from the 2010 joint report for certain categories of information. Officials explained that, in some cases, this was done in an effort to provide better information or address limitations we previously identified. However, the differences among the agencies and between the years in how data were obtained, analyzed, and presented limit the comparability of the information. For example, based on information presented in each agency's section of the report, it would not be possible to obtain an accurate number for the total value of contracts awarded across agencies in Afghanistan because the agencies used different measures for contract values and did not always break out values by country. In some cases, the agencies explained the limitations and differences associated with the information they presented in the 2011 joint report. In other cases, these limitations and differences are not disclosed or evident in the joint report. As a result of the differences among the agencies and from year to year, the joint report should not be used to draw conclusions across agencies about contracts,

assistance instruments, and associated personnel in Iraq or Afghanistan for fiscal year 2011 or to identify trends over time.

For **contract-related information** presented in the 2011 joint report, all three agencies changed either their data sources or methodology from the 2010 joint report. In addition, although all three agencies utilized the Federal Procurement Data System – Next Generation (FPDS-NG), the federal government's system for tracking information on contracting actions, as their source for contract values in the 2011 joint report, the information presented by the three agencies is not comparable because of differences in methodologies and definitions.

- DOD changed its data source and methodology for identifying contracts and reporting contract values and, as a result, the information presented in the 2011 joint report is not comparable to the 2010 joint report. DOD noted in the 2011 joint report that the change in methodology resulted in relatively lower values than reported for fiscal year 2010. For example, DOD estimated a difference for new contract awards of about $8 billion in Afghanistan and $800 million in Iraq as a result of the methodological change. DOD's methodology, including limitations, was disclosed in the 2011 joint report. For the 2010 joint report, DOD used FPDS-NG as its only data source for contract information, using the principal place of performance recorded there to identify relevant contracts and their values. As we noted in last year's report, relying on principal place of performance in FPDS-NG is imprecise and contributes to underreporting of contracts and their associated value because agencies can only choose one country, but contracts may have performance in multiple countries. In contrast, for the 2011 joint report, DOD used SPOT to identify contracts with performance in Iraq and Afghanistan. Once it identified those contracts, it then used FPDS-NG to determine their value. In trying to match the contracts in SPOT with FPDS-NG data, DOD officials found that some contracts did not have a match. The officials explained they manually searched FPDS-NG and were able to identify values for most contracts with a significant number of contractor personnel deployments recorded in SPOT. This methodology addresses the limitation of using FPDS-NG's place of performance to identify contracts performed in Iraq and Afghanistan. DOD officials also stated they believed this methodology represented a step forward in using SPOT as the common database. They acknowledged, however, this methodology presents other limitations because it does not include some contracts that were included in the 2010 joint report. For example, contracts for products were not included in the 2011 report because such contracts would not have contractor personnel registered in SPOT, but contracts for products and their associated values were included in the 2010 report.

  In addition, DOD made changes to how it determined the total contract value for each country. For the 2010 joint report, DOD reported the total value of each contract in one country identified in FPDS-NG as the principal place of performance. For the 2011 joint report, DOD allocated the value of each contract to Iraq and Afghanistan based on the percentage of contractor personnel deployed to each country. For example, for a contract with 20 percent of its personnel deployed in Afghanistan, 30 percent in Iraq, and 50 percent in other countries, 20 and 30 percent of the contract value identified in FPDS-NG would be allocated to Afghanistan and Iraq, respectively. In contrast, State and USAID counted the entire obligated amount of each contract for the country identified as the principal place of performance in FPDS-NG. In addition, how DOD reported the value of its new contract awards differed from State and USAID, which prevents comparability of values across the agencies. DOD reported contract dollar values based on the FPDS-NG field "Base and All Options Value"—the total estimated value of the

contract including the base contract and all options or orders. In contrast, State and USAID reported the amounts obligated during fiscal year 2011.[14] Using the total estimated value of contracts generally results in a higher value than reporting actual obligations in a given fiscal year.

- State relied on FPDS-NG to identify contract values in terms of obligations for both the 2010 and 2011 joint reports but changed its methodology, which produced slightly different results between the two years. For the 2010 joint report, State included values for all contracts including products and services identified as having performance in Iraq and Afghanistan. For the 2011 joint report, State excluded contracts for products and contracts for which the sum of all obligations during fiscal year 2011 was less than $100,000.[15] Excluding contracts coded as products reduced State's reported amounts for fiscal year 2011 by about 4 percent for both new and active contracts.[16] Excluding contracts with less than $100,000 in obligations reduced the amount reported for new contracts by less than 1 percent but increased the amount reported for active contracts by $235 million, or about 8.5 percent, because this methodology excluded a number of contracts for which funds were deobligated in fiscal year 2011.

  In addition, State's presentation of contract values differed from DOD and USAID. State aggregated contract values for Iraq and Afghanistan, presenting a single value for the two countries. In contrast, DOD and USAID report contract values by country. This difference precludes the calculation of contract values for each country across the three agencies.

- For the 2010 joint report, USAID used its financial management system (Phoenix) as the primary data source for contracts because its contract writing system that feeds data into FPDS-NG was deployed in Iraq but not Afghanistan. As a result, not all contract information from Afghanistan was entered into FPDS-NG. For the 2011 joint report, USAID used FPDS-NG for the source of contract information because the contract writing system had been deployed in Afghanistan and, therefore, USAID officials had greater confidence in the FPDS-NG data.

For both the 2010 and 2011 joint reports, all three agencies provided data on the **extent of competition or competitive procedures** used for contract awards. DOD changed its data source for competition information from FPDS-NG to SPOT for the 2011 joint report. FPDS-NG identifies the specific competitive procedures used, while SPOT reports competition in a yes/no field that does not provide the same level of detail. In contrast, State and USAID presented the more detailed contract competition information available through FPDS-NG. However, those two agencies did not provide information, as required, on the extent to which competitive procedures were used to award their assistance instruments.

In developing information on **contractor and assistance personnel,** including those performing security functions, DOD, State, and USAID used the same data sources they had used for the 2010 joint report. However, we identified some differences in methodology and, in one case, errors in the 2011 joint report.

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[14]The amount obligated or deobligated by each transaction.

[15]State officials plan to exclude contracts with obligations of less than $150,000 from next year's joint report to reflect the revised simplified acquisitions threshold.

[16]State used the FPDS-NG product and service code to identify and exclude contracts for products. FPDS-NG allows only one code per record based on the preponderance of the contract value but a contract can include both products and services.

- USAID counted contractor and assistance personnel differently for Iraq and Afghanistan and, for Afghanistan, made changes in how those personnel numbers were presented in the joint report. For Iraq, for both the 2010 and 2011 reports, USAID presented the number of personnel working under its contracts and assistance instruments at the end of each quarter, which is also how DOD and State presented their personnel information. In contrast, for Afghanistan, USAID presented the number of personnel hired throughout each quarter but used different methods to report those numbers for the two years. For fiscal year 2010, the quarterly personnel numbers for Afghanistan represented the incremental number of new hires. For example, if 1,000 personnel were hired in the first quarter and in the second quarter an additional 500 were hired and 500 were fired—ending with 1,000, USAID would have reported 500 personnel for the second quarter. In the 2011 joint report, the numbers represented the cumulative number of new hires reported for each quarter. Therefore, using the example above, USAID would have reported 1,500 personnel for the second quarter. USAID did not disclose the basis for these numbers or the change in methodology from 2010 to 2011 in the joint report, which could lead to incorrect conclusions about the number of USAID contractor and assistance personnel in Afghanistan, particularly when compared to USAID's number for Iraq or the other agencies' personnel numbers. USAID officials told us that for the joint report covering fiscal year 2012, they plan to change the presentation of personnel in Afghanistan from the number hired throughout each quarter to the number working at the end of each quarter.

- State relied on SPOT to determine contractor personnel numbers for both the 2010 and 2011 joint reports, including those performing security functions. However, our review of State's fiscal year 2011 data identified a calculation error that resulted in both an over- and under-statement for security personnel in Afghanistan for each quarter reported. For one quarter, we found that this error undercounted personnel by 383 individuals, or 26 percent, but for another quarter over counted personnel by 173 individuals, or 10 percent.

- DOD did not change its data source or methodology for identifying the number of contractor personnel, as it continues to utilize the U.S. Central Command quarterly contractor census until the reliability of SPOT data improves. As we previously reported, DOD has experienced challenges collecting accurate and reliable census data on local national contractor personnel, particularly in Afghanistan. These challenges include fluctuating numbers and work at remote locations, which make it difficult for DOD officials to validate the data. Although DOD officials told us they continue to face challenges counting local national contractor personnel, they indicated increased confidence in the reported numbers.

To identify the number of **contractor and assistance personnel killed or wounded**, the three agencies used the same data sources and methodologies for both the 2010 and 2011 joint reports. Although SPOT has the functionality to track information on personnel killed or wounded, contractor firms do not generally enter this information. As a result, none of the three agencies used SPOT to report this information. The joint report noted challenges obtaining this information through SPOT. For example, the agencies expressed uncertainty as to the scope of the requirement to report contractor personnel who are killed or wounded; specifically, whether this should include only those personnel killed or wounded as a result of hostile actions or should also include those who died or were injured in non-hostile incidents, such as car accidents.

Efforts Taken to Improve SPOT Data Reliability and Functionality

Efforts to Improve Data Reliability

In an effort to improve the reliability of the data in SPOT, DOD and State officials informed us that they are continuing to regularly validate data regarding the number of contractor and assistance personnel in Iraq and Afghanistan. However, USAID officials told us that given the fact they do not generally use SPOT for management purposes because it does not meet their mission needs, they have not taken steps to validate or otherwise improve the reliability of the data in SPOT.

Since January 2010, DOD has had a process in place—known as SPOT-Plus—to reconcile contractor personnel numbers from SPOT with the quarterly U.S. Central Command contractor census. Through this process, DOD distributes SPOT-populated templates to DOD contracting activities for quarterly review to identify information that needs to be corrected or entered into SPOT, which DOD officials told us has improved its completeness and accuracy. They explained that they will continue comparing SPOT and census data for all contracting offices within each DOD agency until SPOT data reaches a confidence level of 85 percent.[17] That is, the same personnel are counted in the census as in SPOT. At that point they plan to discontinue the census for that agency and rely on SPOT for contractor personnel information for the joint report. They noted that once agencies are dropped from the census, DOD plans to conduct random samplings to ensure they maintain this level of confidence. According to DOD officials, 8 DOD agencies out of 13 have achieved the 85 percent confidence level and are no longer participating in the quarterly census. DOD officials explained that the category of contractor personnel that still presents a challenge to reaching the 85 percent confidence level is local national personnel, due to a lack of identification information, such as unique names or identification numbers. In contrast, the officials expressed a relatively high level of confidence in the reliability of data in SPOT on U.S. citizen contractor personnel.

State officials also explained that they are continuing to review SPOT data on a monthly basis in an effort to improve data reliability. State officials responsible for the joint report receive monthly rosters from the State bureaus with contracts in Iraq and Afghanistan, which they use to reconcile and correct personnel data in SPOT. As a result of these efforts, State officials told us that they are increasingly confident in the reliability of personnel data in SPOT.

Efforts to Improve Functionality

In our prior work, we identified a number of challenges associated with the agencies' implementation of SPOT and the system's functionality. In 2009, we recommended that DOD, State, and USAID develop a joint plan for addressing SPOT's limitations, such as establishing uniform requirements for contract number entry. DOD and State disagreed with the need for a plan to address the issues we identified. They cited ongoing coordination efforts and planned upgrades to SPOT as sufficient. While USAID did not address our recommendation, it noted plans to continue meeting with DOD and State regarding SPOT. Our work in 2011, in which we identified several practical and technical challenges that continued to affect SPOT's ability to track statutorily required data, demonstrated that many of the issues with the agencies' implementation of SPOT that our recommendation was

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[17]Each DOD agency has multiple contracting offices or components for which that agency retains oversight. For example, the Department of the Army is an agency with 67 contracting offices that are tracked individually under the census. Each of these 67 contracting offices must reach the 85 percent confidence level before the Department of the Army as a whole will be removed from the manual census requirement.

intended to address had not been resolved. In particular, the agencies had not assessed their respective informational needs or determined how SPOT could be best implemented to meet those needs.

Although the agencies have still not implemented our 2009 recommendation, the SPOT Program Office has implemented several changes intended to improve the system's functionality that may address some previously identified limitations. Not all of these changes were in place in time to facilitate the agencies' efforts to prepare the 2011 joint report, but according to agency officials, they should help with the preparation of future reports.

SPOT job titles are standardized. We previously found that SPOT could not be used to reliably distinguish contractor personnel performing security functions from other contractor personnel. Specifically, categorizing personnel by job title, which is a SPOT data field, was problematic because, according to SPOT managers, the system had many job titles to choose from and contractor firms could also enter their own job titles. To address this issue, in March 2012 the SPOT Program Office standardized and reduced the available job titles, as well as removed the capability for contractor firms to enter their own job titles. For job titles, SPOT now uses the Department of Labor's occupational categories and descriptions. According to SPOT program officials, this change should make it easier to categorize personnel by their jobs, which may help facilitate the identification of contractor personnel performing security functions.

SPOT can track task orders and subawards. As we previously reported, SPOT did not provide a reliable means of obtaining information on task orders and subawards. The statutory requirement to track information on contracts and assistance instruments includes a requirement to track comparable information on task and delivery orders as well as subcontracts. In August 2011, SPOT was modified to allow for the identification of task orders and subawards, and users can now associate contractor personnel deployments with the specific task order or subaward they support. This should facilitate tracking of these statutorily required data, according to SPOT program officials.

SPOT has a limited link to FPDS-NG. We previously reported that SPOT could not be used to obtain financial and competition information on contracts as agreed to in the MOUs because it lacked a link to FPDS-NG. In January 2012, SPOT program managers linked FPDS-NG to SPOT through the Total Operational Picture Support System (TOPSS), which is the reporting and analysis component of SPOT. This link provides a limited connection to FPDS-NG information and allows users to query TOPSS to obtain total contract values. However, through our discussions with agency officials, we identified several limitations with the FPDS-NG link.

- The link cannot be used to populate SPOT with other contract data, such as contract numbers, dates, or competition information. As a result, SPOT users must still manually enter this information.

- Based on our review of the TOPSS contract value reports for all three agencies, about 17 percent of contracts in SPOT could not be linked to data in FPDS-NG. According to SPOT Program Office officials, this occurred because there was no match between the contract numbers in SPOT and those in FPDS-NG.[18]

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[18]In November 2010, the SPOT Program Office modified SPOT to require DOD users to enter contract numbers in a standardized format that can be matched with information in FPDS-NG, but contract number formats for State and USAID users are not similarly standardized.

- As FPDS-NG only contains information on contracts, the link does not provide a means to obtain information on the value of assistance instruments and whether they were competed. According to DOD officials, State and USAID officials have not requested a link to their systems that contain assistance instrument information.

In April 2011, SPOT was modified to address concerns cited by State and USAID officials and contractor firms and assistance recipients that the safety of local nationals could be at risk should SPOT, with its detailed personal information, be compromised. The system now allows users to enter the aggregate number of personnel working under a contract or assistance instrument, rather than requiring personnel to be entered individually with personally identifiable information. This provides a means of counting local nationals working under contracts and assistance instruments who previously were not entered into the system. The 2011 joint report was the first joint report to incorporate information from the aggregate count function. However, the use of this function appears relatively limited. State was the only agency to use SPOT directly for personnel numbers in the joint report. Of State's personnel numbers, for the fourth quarter of fiscal year 2011, the number of personnel entered aggregately was less than 2 percent of all personnel in Iraq and about 16 percent in Afghanistan. USAID officials explained that while they have entered aggregate personnel information into SPOT, doing so is not a priority because they regard other sources that collect such information as better meeting their mission needs and entering the information into SPOT would be duplicative. For example, USAID created the Afghan Info database to help manage its development projects and associated personnel in Afghanistan. They, therefore, used Afghan Info instead of SPOT's aggregate count function to develop the numbers presented in the joint report. DOD officials told us they generally do not use the aggregate count function as DOD's policy continues to require most personnel working under contracts that meet reporting thresholds to be entered by name into SPOT.

While these changes to SPOT are intended to improve the system's functionality and address aspects of our 2009 recommendation, their implementation is relatively recent. It is, therefore, not yet clear whether these changes are sufficient to improve the system to the point that agencies could rely primarily on SPOT to prepare the joint report. In addition, these changes do not address the fact that the agencies cannot rely on SPOT to report on the number of personnel killed or wounded. Although SPOT has the functionality to record this information, none of the agencies identified efforts to improve compliance in entering this information into the system. Further, officials at State and USAID indicated a reluctance to invest in SPOT's continued development since they have other systems that provide them with information on contracts, assistance instruments, and associated personnel that better meet their mission needs. State officials also questioned whether such continued development is needed as the number of contractor and assistance personnel in Iraq and Afghanistan is expected to decrease. As a result, the agencies will likely continue to rely on other sources of information for the joint report.

Agencies Primarily Use SPOT to Manage Contractor Personnel

Officials from each of the three agencies told us that they primarily use SPOT to help manage and oversee contractor personnel and their deployments in Iraq and Afghanistan, as opposed to using the system to help manage, oversee, or coordinate contracting. As such, DOD officials explained that they use the system to track and manage contractor personnel deployments at locations throughout combatant commands and to generate documents that authorize contractor personnel to use U.S. government services, such as medical and dining services. Similarly, State and USAID officials told us that they primarily use the system to generate authorizations for the use of government services in Iraq and Afghanistan.

Instead of using SPOT to help manage contracts, officials from the three agencies identified other systems and mechanisms used to facilitate management as well as coordination. For example, State uses its Integrated Logistics Management System to manage its contracts, while USAID uses its Global Acquisition and Assistance System. In addition to having its own systems to manage contracts, DOD also uses its Joint Contingency Contracting System to maintain information on local vendors in Afghanistan. Additionally, officials identified mechanisms beyond SPOT to coordinate contracting among and within their agencies. For example, State and DOD officials explained that the Executive Steering Groups for Iraq and Afghanistan, which involve senior officials from those departments, regularly meet to coordinate on contracting issues. State officials told us that in preparation for the transition from a DOD to State-led presence in Iraq, they held regular teleconferences, during which they were able to coordinate with about 20 DOD contracting entities at one time. In addition, a DOD contracting command in Afghanistan identified steps it has taken, such as assigning liaisons, to help U.S. Forces-Afghanistan determine the level of contractor support needed as they plan for the drawdown of U.S. forces and to ensure that contractor support is synchronized with operations. This should help ensure that contracts are ended as bases close or that, for bases that will remain open, support contracts are transitioned to longer-term contractual relationships. The officials noted that SPOT and other systems, such as FPDS-NG, can provide data to help inform their coordination discussions and efforts.

DOD officials told us that although SPOT was not designed to be a planning tool, as the quality of its data improves, they anticipate using data from the system more to help inform planning efforts. For example, U.S. Central Command officials have already used such data to help generate forecasting reports identifying resource requirements, including food and other services provided to contractor personnel. In addition, DOD officials told us they plan to use the system to help manage contractor personnel and equipment during the drawdown in Afghanistan. For example, data taken from SPOT on the number of contractor personnel and their equipment at a particular location could be used to create projections to help develop a plan for effectively and efficiently drawing down the number of contractor personnel and removing equipment from that location. This would help the commander at that location ensure that services, such as security, continue as contractor personnel transfer out. DOD officials told us that U.S. Central Command is working to identify additional data fields, such as those related to equipment, to be added in SPOT that could facilitate planning for the drawdown. Such additions would not only be useful for Afghanistan but could have utility for future DOD missions. However, a senior DOD contracting official in Afghanistan noted that use of the system as a planning tool is entirely dependent on the validity of the data and expressed confidence that the data are relatively accurate.

Conclusions

Congress has directed DOD, State, and USAID to report annually on specific information regarding contracts and assistance instruments with performance in Iraq and Afghanistan. Such data are a starting point for providing decision makers, both at the agencies and in Congress, with a clearer understanding of the extent to which they rely on contractors and assistance instrument recipients and for facilitating oversight to improve planning and better account for costs. Although the agencies designated SPOT as their system of record for the statutorily required information on contracts, assistance instruments, and associated personnel in Iraq and Afghanistan, there is no requirement for the agencies to use the system to prepare their joint reports or for other purposes. As was the case with their 2010 joint report, the agencies primarily relied on other sources of data—sources that they view as more reliable—for their 2011 joint report. Regardless of what data systems the agencies rely on, the usefulness of the resulting joint report has been limited by differences in methodology, definitions, and presentation. These differences prevent decision makers from

using information in the report to compare across agencies and obtain an overall accurate picture of contracting and assistance activities in Iraq and Afghanistan over time.

Recommendation for Executive Action

To ensure that the agencies provide Congress with comparable information across agencies and years on contracts, assistance instruments, and associated personnel with performance in Iraq and Afghanistan, we recommend that the Secretaries of Defense and State and the Administrator of USAID work together to standardize the methodologies used to obtain and present information contained in the annual joint report on contracting in Iraq and Afghanistan to the greatest extent possible.
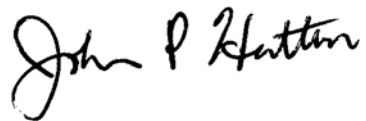
Agency Comments

We provided a draft of this report to DOD, State, and USAID for their review and comment. The three agencies agreed with our recommendation, acknowledging the value of having standardized methodologies and presentations in the joint report, and indicated they would work together to do so. Written comments provided by DOD, State, and USAID appear in enclosures I, II, and III, respectively.

<p style="text-align:center">***</p>

We are sending copies of this report to the Secretary of Defense, the Secretary of State, and the Administrator of the U.S. Agency for International Development, as well as interested congressional committees. The report also is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841 or huttonj@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 that made major contributions to this report are listed in enclosure IV.

John P. Hutton
Director
Acquisition and Sourcing Management

Enclosures — 4

List of Committees

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

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

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Dianne Feinstein
Chairman
The Honorable Saxby Chambliss
Vice Chairman
Select Committee on Intelligence
United States Senate

The Honorable Howard P. "Buck" 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 Darrell E. Issa
Chairman
The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Michael Rogers
Chairman
The Honorable C.A. Dutch Ruppersberger
Ranking Member
Permanent Select Committee on Intelligence
House of Representatives

Enclosure I: Comments from the Department of Defense

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

LOGISTICS AND
MATERIEL READINESS

AUG 3 0 2012

Mr. John P. Hutton
Director
Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Hutton:

Enclosed is the Department of Defense response to the GAO Draft Report,
GAO-12-977R, "IRAQ AND AFGHANISTAN: Agencies are Taking Steps to Improve Data on
Contracting but Need to Standardize Reporting," dated August 3, 2012 (GAO Code 121049).

Sincerely,

Alan F. Estevez

Enclosure:
As stated

GAO Draft Report Dated August 3, 2012
GAO-12-977R (GAO CODE 121049)

"IRAQ AND AFGHANISTAN: AGENCIES ARE TAKING STEPS TO
IMPROVE DATA ON CONTRACTING BUT NEED TO
STANDARDIZE REPORTING"

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS

<u>RECOMMENDATION:</u> To ensure that the agencies provide Congress with comparable information across agencies and years on contracts, assistance instruments, and associated personnel with performance in Iraq and Afghanistan, the GAO recommends that the Secretaries of Defense and State and the Administrator of USAID work together to standardize the methodologies used to obtain and present information contained in the annual joint report on contracting in Iraq and Afghanistan to the greatest extent possible.

<u>DOD RESPONSE:</u>

Concur. The Department agrees there is value in standardizing the methodologies used to obtain and present information in the report and will work with Department of State and United States Agency for International Development to that end.

Enclosure II: Comments from the Department of State

United States Department of State
Comptroller
1969 Dyess Avenue
Charleston, SC 29405

Dr. Loren Yager
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

SEP 0 5 2012

Dear Dr. Yager:

We appreciate the opportunity to review your draft report, "Iraq and Afghanistan: Agencies are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting" GAO Job Code 121049.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Jim Moore, Logistics Management Specialist, Bureau of Administration at (703) 875-5382.

Sincerely,

James L. Millette

cc: GAO – John P. Hutton
     A – Joyce A. Barr
     State/OIG – Evelyn Klemstine

Department of State Comments to GAO Draft Report

Iraq and Afghanistan: Agencies are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting
(GAO-12-977R, GAO Code 121049)

The Department of State appreciates the opportunity to comment on GAO's draft report *"Iraq and Afghanistan: Agencies are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting."*

GAO Recommendation: To ensure the agencies provide Congress with comparable information across agencies and years on contracts, assistance instruments, and associated personnel with performance in Iraq and Afghanistan, we recommend that the Secretaries of Defense and State and the Administrator of USAID work together to standardize the methodologies used to obtain and present info contained in the annual joint report on Contracting in Iraq and Afghanistan to the greatest extent possible.

Department Response: Concur. The Department of State agrees there is value in standardizing the methodologies used to obtain and present information in the report and will work with the Department of Defense and United States Agency for International Development to that end.

Enclosure III: Comments from the U.S. Agency for International Development

John P. Hutton
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Hutton:

I am pleased to provide the formal response to the Government Accountability Office (GAO) draft report entitled "Iraq and Afghanistan: Agencies are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting" (GAO-12-977R) for the U.S. Agency for International Development (USAID).

The enclosed USAID comments are provided for incorporation with this letter as an appendix to the final report.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this audit review.

Sincerely,

Angelique M. Crumbly
Acting Assistant to the Administrator
Bureau for Management
U.S. Agency for International Development

Enclosure: a/s

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USAID COMMENTS ON GAO DRAFT REPORT Iraq and Afghanistan: Agencies are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting (GAO-12-977R)

Recommendation 1: We recommend that Secretaries of Defense and State and the Administrator of USAID work together to standardize the methodologies used to obtain and present information contained in the annual joint report on contracting in Iraq and Afghanistan to the greatest extent possible.

Management Comments: USAID concurs with the GAO Recommendation, cognizant of the different business models employed by each agency and the systems used to implement the mission of each agency. The policies, procedures and systems implemented by each agency reflect those differences. In an effort to collect and provide the most accurate information, each agency will continue to rely on its own established systems as the best source for information. Notwithstanding these differences, to the extent resources allow, USAID is committed to continuing the effort to standardize the methodologies used to collect information. USAID agrees that whenever possible the agencies should use common systems in order to facilitate greater comparability.

USAID also concurs that the agencies should continue to work towards more consistent presentation of the data. Although collection systems may vary, the presentation of the data across agencies could be improved.

Over the course of the last year, USAID has made a concerted effort to improve overall coordination and work more closely with our counterparts at the Department of State and the Department of Defense. USAID attends monthly inter-agency meetings and has regular correspondence with our counterparts to collaborate on the development, expanded functionality and improvements to the Synchronized Predeployment and Operational Tracker (SPOT) database.

Enclosure IV: GAO Contact and Staff Acknowledgments

GAO Contact

John P. Hutton, (202) 512-4841 or huttonj@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Johana R. Ayers, Assistant Director; Carole Coffey; Burns Chamberlain Eckert; Kasea Hamar; David Hancock; Julia Kennon; Bradley Terry; and Alyssa Weir made key contributions to this report.

(121049)