

GAO Highlights

Highlights of [GAO-14-229](#), a report to congressional committees

Why GAO Did This Study

For more than a decade, State and USAID have used contractors extensively to help carry out missions in contingency operations, such as those in Iraq and Afghanistan. While State and USAID transition to more traditional diplomatic and assistance missions in Iraq and Afghanistan, contract management and oversight challenges remain significant because the agencies are likely to be called upon again to operate in future contingencies. Section 850(a) of the Fiscal Year 2013 NDAA directed State and USAID to assess their organizational structures, policies, and workforces related to contract support for overseas contingency operations.

Section 850(c) mandated that GAO report on the progress State and USAID have made in identifying and implementing improvements related to those areas. GAO analyzed the extent to which State and USAID have identified and implemented changes to their (1) organizational structures and policies; and (2) workforces, including their use of contractors.

GAO analyzed State and USAID's Section 850 reports to Congress, contract policies and procedures, and 2013 acquisition human capital plans, and interviewed agency officials.

What GAO Recommends

GAO recommends that State assess whether identified changes achieve intended objectives, and that USAID further assess contingency contracting related procedures and practices. State and USAID concurred with the recommendations.

View [GAO-14-229](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov.

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CONTINGENCY CONTRACTING

State and USAID Made Progress Assessing and Implementing Changes, but Further Actions Needed

What GAO Found

The Department of State (State) and U.S. Agency for International Development (USAID) identified a number of changes needed to improve contract support in overseas contingency operations, but have not completed implementation efforts. As required by the Fiscal Year 2013 National Defense Authorization Act (NDAA), both agencies determined that their organizational structures were effective, though State created a new regional Contract Management Office to better support contracting efforts in Iraq. In October 2013, State approved a number of actions to improve policies and procedures, including specific initiatives in acquisition planning and risk management, among others, and intends to institutionalize these changes in its Foreign Affairs Manual in 2014. State generally has not, however, developed plans to assess the impact of these initiatives. Federal internal control standards highlight the importance of managers comparing actual performance to expected results. Accordingly, continued management attention is needed to ensure that these efforts achieve their intended objectives. USAID focused its efforts on areas such as improving contractor performance evaluations and risk management. GAO found that some USAID missions and offices that operate in contingency environments have developed procedures and practices, but USAID did not consider whether these should be institutionalized agency-wide because USAID officials interpreted the legislative requirement to include only a review of agency-wide policies. As a result, USAID may have missed opportunities to leverage its institutional knowledge to better support future contingencies. USAID established a new working group in October 2013 to develop lessons learned, toolkits, and training and is expected to complete its efforts in late 2014. This working group could further assess the policies and procedures developed by the missions and offices, thus potentially affording USAID an opportunity to better leverage its institutional knowledge.

State and USAID have increased their acquisition workforce by 53 and 15 percent, respectively, from their 2011 levels and are in various stages of assessing their workforce needs for overseas contingency operations. Per Office of Management and Budget guidance, both agencies identified competency and skill gaps for their acquisition workforce in their 2013 acquisition human capital plans. State's 2013 plan noted that in response to growth in contracting activity in areas such as Iraq and Afghanistan, additional acquisition personnel are needed. In October 2013, State's Under Secretary for Management approved the formation of a multibureau working group that plans to further explore workforce needs for current and future contingency operations. USAID's 2013 plan cited its greatest challenge as providing training for its acquisition workforce, as many personnel have 5 years or less of contracting experience. USAID established a training division in 2013 for its acquisition workforce. State noted in its Section 850 report that it will increase its focus on conducting risk assessments on the reliance, use, and oversight of contractors through the establishment of risk management staff. USAID's Section 850 report did not address reliance on contractors, but in October 2013, USAID drafted a revision to its planning policy that will require a risk assessment and mitigation plan associated with contractor performance of critical functions in overseas contingency operations.