



June 2017

# ARMY CONTRACTING

## Leadership Lacks Information Needed to Evaluate and Improve Operations

Accessible Version

# GAO Highlights

Highlights of [GAO-17-457](#), a report to congressional requesters

## Why GAO Did This Study

In recent years, GAO and other organizations have raised concerns about Army contracting operations, which directly affect a wide range of Army activities. In fiscal year 2016 alone, the Army obligated more than \$74 billion through contract actions.

GAO was asked to examine the Army's contracting operations. This report assesses the extent to which Army leaders have evaluated (1) the efficiency and effectiveness of contracting operations and (2) the effects of organizational changes on contracting operations.

GAO reviewed reports on Army contracting commissioned by the Secretary of the Army and an ASA(ALT); ASA(ALT) memos; Army guidance reorganizing AMC; and Army-wide contracting oversight briefings from fiscal years 2015 and 2016. GAO also interviewed personnel in the Office of the ASA(ALT), at AMC, and other contracting organizations.

## What GAO Recommends

GAO is making eight recommendations to improve the Army's contracting operations such as: developing metrics to assess contracting operations for timeliness, cost savings, and contractor quality; documenting rationales for key decisions; and establishing measurable objectives to assess the effects of organizational changes on contracting operations. The Army generally concurred with GAO's recommendations, but did not agree to establish a contractor quality metric because contracting organizations cannot control all variables that affect quality. GAO continues to believe this action is needed as discussed in the report.

View [GAO-17-457](#). For more information, contact Marie A. Mak at (202) 512-4841 or [MakM@gao.gov](mailto:MakM@gao.gov).

June 2017

## ARMY CONTRACTING

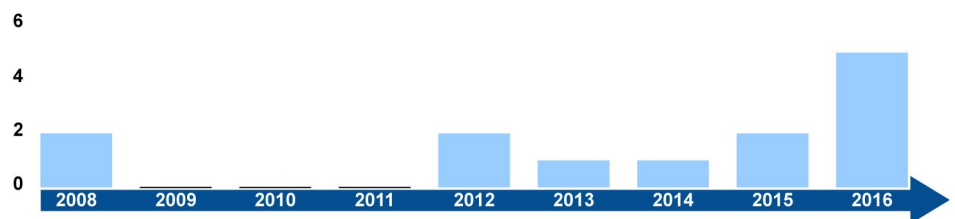
### Leadership Lacks Information Needed To Evaluate and Improve Operations

## What GAO Found

Top Army leaders conduct department-wide contracting reviews, but they have not consistently evaluated the efficiency and effectiveness of the department's contracting operations. Instead, they have primarily focused on efforts to obligate funds before they expire, as well as competition rates and small business participation. In 2014, one of the Army's key strategic planning documents established that contracting operations should adhere to schedule, cost, and performance objectives, but Army leaders have not established the timeliness, cost savings, and contractor quality metrics needed to evaluate contracting operations against such objectives. Without adequate metrics, Army leaders will not have the information needed to determine whether Army contracting operations are meeting the department's objectives. Since 2012, Army leaders, including successive Assistant Secretaries of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), have acknowledged a need for improvements in contracting and have taken positive intermittent steps, but GAO found that these leaders did not sustain the efforts or—alternately—provide a rationale for not doing so. GAO has previously found that leadership must provide clear and consistent rationales to effectively drive organizational transformations. If Army leadership does not document its rationale for key decisions, the Army's contracting organizations may be missing critical information to effectively improve operations going forward.

Top Army leaders have not evaluated the effects of major organizational changes on contracting operations despite repeatedly changing reporting relationships across contracting organizations since 2008, when the Secretary of the Army created the Army Contracting Command. The number of changes has increased since 2012, with five major changes in 2016.

Number of Major Organizational Changes Affecting Army Contracting Operations, 2008-2016



Source: GAO analysis of Army documents. | GAO-17-457

Some Army leaders made organizational changes to centralize contracting decision-making, while others made changes intended to improve support to field operations. When Army leaders made these changes, they did not establish measurable objectives in accordance with federal standards for internal control, and officials from eight different Army organizations told GAO that the numerous changes disrupted contracting operations and caused confusion. Further, GAO found that disagreements over the associated risks and benefits have increased tensions among officials in the ASA(ALT) office and at the Army Materiel Command (AMC). In the absence of measurable objectives and authoritative data, it is unclear whether the benefits of the changes outweighed the costs to implement them.

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**Abbreviations**

ACC	Army Contracting Command
AMC	Army Materiel Command
ASA(ALT)	Assistant Secretary of the Army (Acquisition, Logistics and Technology)
CER	Contracting Enterprise Review
CPARS	Contractor Performance Assessment Reporting System
DASA(P)	Deputy Assistant Secretary of the Army (Procurement)
HCA	Head of Contracting Activity
LCMC	Life Cycle Management Command
MEDCOM	U.S. Army Medical Command
OPORD	Operation Order
NGB	National Guard Bureau
PALT	Procurement Action Lead Time
PARC	Principal Assistant Responsible for Contracting
PEO	Program Executive Office
USACE	U.S. Army Corps of Engineers

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June 22, 2017

The Honorable Claire McCaskill  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable William M. “Mac” Thornberry  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Army relies extensively on its contracting operations to execute its mission. In fiscal year 2016 alone, the Army obligated more than \$74 billion on contracts to acquire a wide range of products and services, including combat vehicles, aircraft, radios, missiles, ammunition, logistics support services, healthcare, and administrative services.

In recent years, the Army has faced challenges in executing its contracting operations. Specifically, in October 2015, we found that the Army had extensively used bridge contracts—extensions to existing contracts or new, short-term sole source contracts to incumbent contractors to avoid a gap in service when an existing contract is set to expire but the follow-on contract is not ready to be awarded.<sup>1</sup> These sole source contracts effectively decreased competition and increased the risk that the government was paying too much. We subsequently issued a management letter to the Executive Director responsible for the contracts and recommended training to contracting officers about the appropriate use of bridge contracts.<sup>2</sup> The Department of Defense concurred with our recommendation and indicated that the Army would issue guidance reminding contracting professionals about the proper use of bridge contracts, but the department has not yet taken the actions necessary to

<sup>1</sup>GAO, *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use*, [GAO-16-15](#) (Washington, D.C.: Oct. 14, 2015).

<sup>2</sup>GAO, *Army Contracting: Training and Guidance Needed to Ensure Appropriate Use of the Option to Extend Services Clause*, [GAO-16-262R](#) (Washington, D.C.: Jan. 28, 2016).

address the recommendation. Separately, in December 2015, we found that the Army Materiel Command (AMC) did not have enough contracting professionals due to several cost-cutting actions taken by the Army since fiscal year 2011 to implement mandated reductions and caps on future spending.<sup>3</sup> We made four recommendations to ensure that the Department of Defense has the right people with the right skills to meet future needs. The department concurred with all four recommendations but has not yet addressed them. Moreover, a 2013 report on Army contracting issues, commissioned by the Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), identified concerns about inconsistent levels of customer service, redundant activities, and inconsistent organizational structures, among other things.<sup>4</sup>

Given these challenges, you asked us to examine the Army's contracting operations. This report assesses the extent to which Army leaders have evaluated (1) the efficiency and effectiveness of contracting operations and (2) the effects of organizational changes on contracting operations.

In order to assess the extent to which Army leaders have evaluated the efficiency and effectiveness of contracting operations, we reviewed key oversight documents including Contracting Enterprise Review (CER) briefings and Annual Summary Health Reports. CER briefings provide the Army's senior contracting leaders with information about the Army's contracting organizations, such as the number of contract actions they execute, obligation and competition rates, and small business participation; while Annual Summary Health Reports assess the extent to which these organizations comply with federal, defense, and Army contracting regulations. We determined that the data contained in the CER briefings were not sufficiently reliable for examining the Army's contracting operations, and our discussion of CER data focuses on these limitations. We also reviewed all of the action items resulting from those CER briefings, strategic guidance such as the Army Campaign Plan, and the Army's Federal Acquisition Regulation Supplement. We also interviewed personnel responsible for overseeing Army contracting operations in the Office of the ASA(ALT), including the ASA(ALT)'s

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<sup>3</sup>GAO, *Defense Acquisition Workforce: Actions Needed to Guide Planning Efforts and Improve Workforce Capability*, [GAO-16-80](#) (Washington, D.C.: Dec. 14, 2015).

<sup>4</sup>Censeo Consulting Group, *Army Contracting Organization: Structure and Authorities* (July 2013).

Principal Military Deputy, the Deputy Assistant Secretary of the Army (Procurement) (DASA(P)), and the acting Deputy Assistant Secretary of the Army (Plans, Programs, and Resources); AMC leadership, including the Deputy Commander of AMC and the Deputy Commander of the Army Contracting Command (ACC); Heads of Contracting Activity (HCA) at the National Guard Bureau (NGB), the U.S. Army Corps of Engineers (USACE), and the U.S. Army Medical Command (MEDCOM); seven Principal Assistants Responsible for Contracting (PARC); and individuals responsible for executing contracting operations throughout the Army.

In order to identify the extent to which Army leaders have evaluated the effects of organizational changes on contracting operations, we reviewed the Gansler Commission report on Army contracting issued in 2007, a 2013 report on Army contracting commissioned by the ASA(ALT), and documentation of Army decisions to change organizational structures.<sup>5</sup> We also interviewed contracting professionals and senior leaders in the Office of the ASA(ALT), ACC, NGB, USACE, and MEDCOM; and requirements generators from eight additional organizations: three Life Cycle Management Commands (LCMC), and five Program Executive Offices (PEO).

We conducted this performance audit from May 2016 to June 2017 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.

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## Background

The Army awards and administers contracts much like the rest of the federal government, adhering in broad terms to a generic contracting life cycle and the Federal Acquisition Regulation. Figure 1 depicts the contracting life cycle.

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<sup>5</sup>The Gansler Commission Report on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting* (Oct. 31, 2007); and Censeo Consulting Group, *Army Contracting Organization: Structure and Authorities* (July 2013).

Figure 1: The Contracting Life Cycle



Source: GAO analysis of Federal Acquisition Regulation. | GAO-17-457

Throughout the contracting life cycle, three key groups have a role in meeting the Army's needs: requirements generators, contracting professionals, and contractors themselves.

- **Requirements generators** are often located in PEOs or LCMCs. PEOs are responsible for large acquisition efforts involving major weapon systems, while LCMCs are responsible for sustaining many of these systems once they have been deployed. Within their respective areas of responsibility, both define requirements in documents such as statements of work, conduct market research, develop cost estimates, and produce written acquisition plans, as necessary. An Army official told us they can also participate in the source selection process and can serve as contracting officers' representatives, monitoring contractors' performance on behalf of the government.
- **Contracting professionals** such as contracting officers use information submitted by requirements generators to determine the type of contract the Army should award and how best to meet competition requirements. They also develop and publish solicitations requesting proposals from contractors, and, after receiving these proposals, they negotiate with contractors, as appropriate, and lead the source selection process. After contract award, contracting professionals ensure contractors comply with contractual quality assurance requirements and submit required reports in a timely manner, among other things. They also closeout the contract, which involves verifying that products and services were provided and making final payments to contractors.
- **Contractors** are responsible for delivering products and services to the Army in accordance with the terms of the contract. These products and services can include major weapon systems, complex research and development activities, and day-to-day administrative support, among other things.



This report primarily focuses on management of contracting professionals, but it is important to note that they alone cannot ensure contractors provide the products and services the Army needs, and that all three groups, along with senior leadership, play key roles in the efficient and effective delivery of products and services.

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### Army's Top Contracting Leaders

The Army's contracting professionals are led by several senior executives who are responsible for overseeing the department's contracting functions, delegating contracting authority, and minimizing the risk that contracting officers will perform improper acts. These contracting leaders include the following:

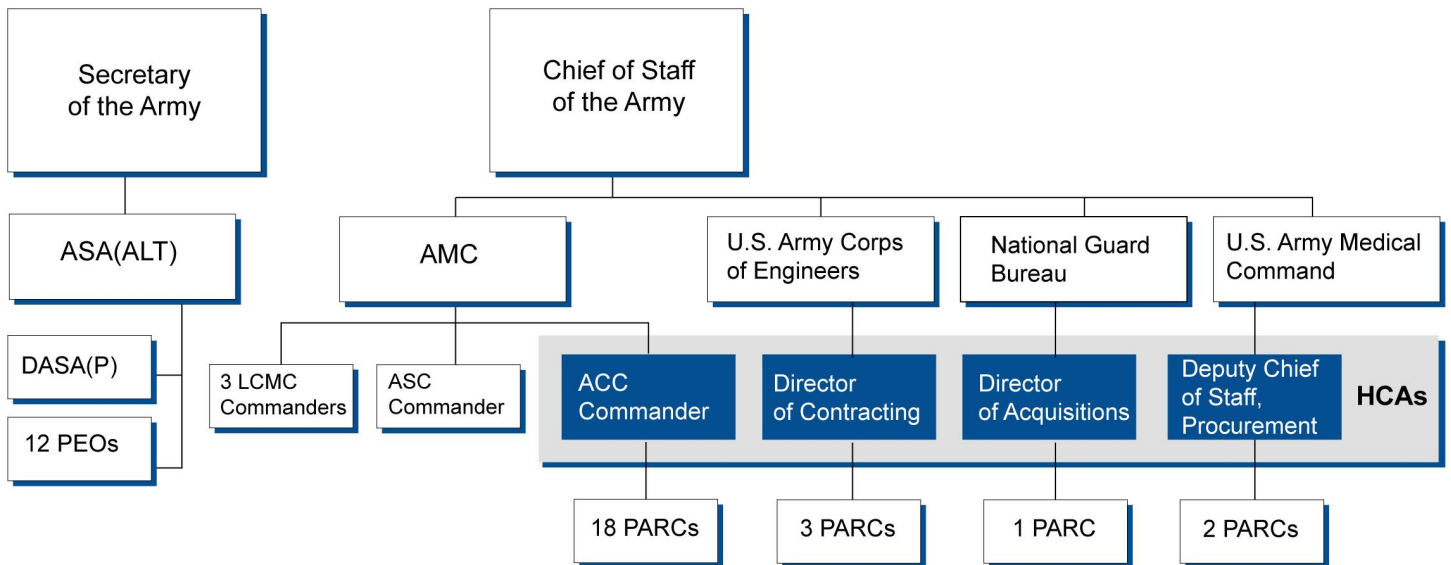
- **The Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT))** is the department's Senior Procurement Executive. In this role, Army policy establishes for the ASA(ALT) the responsibility to oversee the department's contracting operations, designating contracting activities, and delegating contracting authority.
- **The Deputy Assistant Secretary of the Army (Procurement) (DASA(P))** supports the ASA(ALT)'s efforts to meet Senior Procurement Executive responsibilities involving policies and procedures. The DASA(P) also oversees and evaluates the Army's contracting operations.
- **Heads of Contracting Activity (HCA)** are responsible for establishing criteria and procedures to ensure that only contracting officers with adequate knowledge and experience award and administer contracts. Additionally, the Army's HCAs personally approve contracting decisions that reach a certain dollar amount or are particularly complex. The ASA(ALT) has delegated HCA authority to four senior contracting professionals at the following commands: AMC, NGB, USACE, and MEDCOM.
- **Principal Assistants Responsible for Contracting (PARC)** are the senior contracting officials within their respective contracting organizations. They are generally expected to report directly to their respective HCAs and are responsible for carrying out authorities HCAs delegate to them. Among other things, PARCs can select, appoint, train, and terminate contracting officers; approve acquisition plans; and waive certain contract requirements. They are also required to minimize the potential for contracting officers to be subjected to undue influence and to protect them from internal or

external pressure to perform improper acts. The Army's four HCAs have appointed a total of 24 PARCs.

## Army Contracting Organizational Structure

The Army's contracting leaders, contracting professionals, and requirements generators reside in different Army organizations. Figure 2 depicts the relationship between some of these individuals within the larger context of the Army's organizational structure.

**Figure 2: Army Contracting Organizational Structure**



- ACC U.S. Army Contracting Command
- AMC U.S. Army Materiel Command
- ASA(ALT) Assistant Secretary of the Army (Acquisition, Logistics and Technology)
- ASC Army Sustainment Command
- DASA(P) Deputy Assistant Secretary of the Army (Procurement)
- HCA Head of Contracting Activity
- LCMC Life Cycle Management Command
- PARC Principal Assistant Responsible for Contracting
- PEO Program Executive Office

Source: GAO presentation of Army data. | GAO-17-457

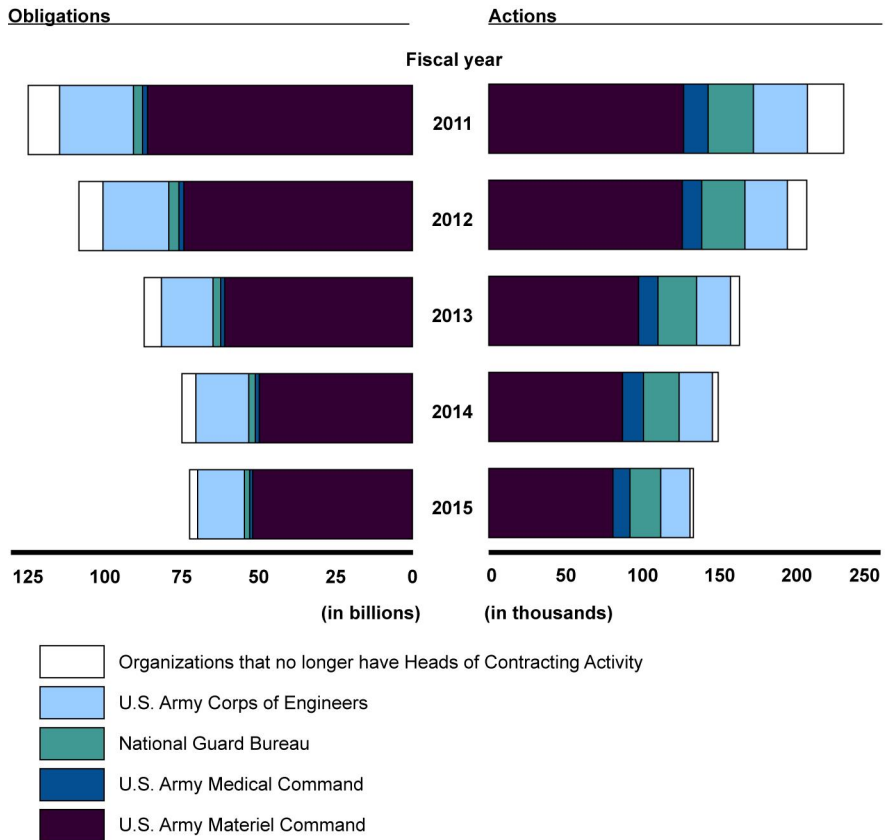
The Army's PARCs often develop relationships with particular requirements generators over time. For example, one PARC at MEDCOM tends to work with requirements generators from the U.S. Army Medical

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Research and Materiel Command. However, the requirements generators do not always reside within the PARCs' respective organizations. For example, requirements generators at PEO Aviation report to the ASA(ALT), but they are supported by the PARC at Redstone Arsenal—one of the 18 PARCs that reports to the ACC commander, who serves as the AMC HCA. In another example, in fiscal year 2015, 45 percent of the funds obligated by the Aberdeen Proving Ground contracting center were intended to meet the requirements of ASA(ALT) organizations, as opposed to 32 percent intended to meet AMC requirements. Nonetheless, the PARC at Aberdeen Proving Ground reports to the AMC HCA.

In recent years, contracting professionals at AMC have executed the bulk of Army contracts, measured by both dollars obligated and actions executed. Figure 3 depicts the dollars obligated and actions executed by each of the four HCA organizations from 2011 to 2015.

**Figure 3: Contract Execution across Army Organizations from Fiscal Year 2011-2015**



Source: GAO analysis of Federal Procurement Data System – Next Generation data. | GAO-17-457

## Expiration of Appropriations

Appropriated funds, including those appropriated to the Army, can be classified various ways, including by duration of availability.<sup>6</sup> The most common type of appropriation is available for obligation only during one specific fiscal year. Other types of appropriations are available for obligation for a definite period of time in excess of one fiscal year, while others are available for obligation for an indefinite period. At the end of the period of availability for an appropriation available for one fiscal year

<sup>6</sup>GAO, *Principles of Federal Appropriations Law*, 4th ed., 2016 rev., ch. 2, [GAO-16-464SP](#) (Washington, D.C.: March 2016).

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or for a definite period in excess of one fiscal year, the appropriation expires and is no longer available for incurring new obligations. The obligated and unobligated balance (if any) remain in an expired account for a period of 5 fiscal years, at which point any remaining unexpended balances are canceled and returned to the general fund of the Treasury.<sup>7</sup>

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## Top Army Leaders Conduct Department-wide Contracting Reviews, but They Have Not Consistently Evaluated the Efficiency and Effectiveness of Contracting Operations

Since 2012, the ASA(ALT) and DASA(P) have used quarterly reviews in an effort to assess the overall health of Army contracting and drive improvements in contracting operations. However, they have not used these reviews to consistently evaluate the efficiency and effectiveness of the department's contracting operations. Instead, several senior Army officials indicated that ensuring funds are obligated before they expire is the key measure for determining contracting success. In 2014, one of the Army's key strategic planning documents established that contracting operations should adhere to schedule, cost, and performance objectives, but the ASA(ALT) and DASA(P) have not established the timeliness, cost savings, and contractor quality metrics needed to evaluate contracting operations against such objectives. Additionally, the ASA(ALT) has not established the metrics needed to effectively evaluate the size of the department's contracting workforce. Further, the DASA(P) office has not consistently implemented the program it established to improve the department's compliance with acquisition policies and regulations. Since 2012, successive ASA(ALT)s have taken intermittent steps to improve evaluations of the Army's contracting operations, but we found that they have not sustained these efforts.

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<sup>7</sup>GAO, *Principles of Federal Appropriations Law*, 3rd ed., [GAO-04-261SP](#) (Washington, D.C.: January 2004).

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## Contracting Oversight Officials Use Quarterly Reviews to Communicate Information to Senior Army Leaders, and Have Plans to Improve the Reviews in 2017

In 2012, recognizing that the Army's contracting organizations lacked alignment on priorities and metrics, the ASA(ALT) and DASA(P) initiated quarterly Contracting Enterprise Reviews (CER) in an effort to increase enterprise-wide coordination, assess the overall health of Army contracting, and drive improvements in contracting operations. According to officials in the DASA(P) office, the intent of the CERs is to establish Army-wide contracting metrics and benchmarks, and provide opportunities for leadership to make recommendations to improve contracting procedures and increase efficiencies. The ASA(ALT) coordinated with the DASA(P) office to develop the CER metrics, which include the following information that DASA(P) officials collect about each HCA: obligation rates, contract actions, competition rates, and small business participation. The CERs also include self-reported information from the Army's PARCs. This information is organized by the department's four contracting organizations—ACC, MEDCOM, NGB, and USACE—and highlights the PARCs' successes, such as important contract awards, and challenges, such as high attrition rates.

In February 2017, 5 years after the ASA(ALT) and DASA(P) initiated the CERs, personnel in the DASA(P) office told us they now consider the CER the best mechanism to communicate contracting information to senior leadership. However, we found that the Army had not taken some basic steps that would help improve contracting procedures and contracting health assessments. For example, we found that DASA(P) lacked documentation of action items coming out of any of the CERs except the one chaired by the ASA(ALT) for the second quarter of fiscal year 2016. Now that the CER is recognized as a key communication tool, DASA(P) officials told us they are working to address such shortcomings. Specifically, they are working to formally define CER policies and procedures and intend to do so by the end of fiscal year 2017. Among other things, they plan to formalize the process for tracking CER action items. DASA(P) representatives acknowledged that there have been inconsistencies in how they detailed the results of prior CER briefings. In addition, they stated that CER briefings had been treated as individual events and not viewed as part of an ongoing process to improve contracting operations across the Army. They explained that the forthcoming CER policies are intended to address these issues.

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Army officials also plan to take steps in fiscal year 2017 to improve the reliability of the data presented in the CER briefings. We found several discrepancies with the data. For example, obligations and contract action data for certain organizations differed within the same CER briefings depending on whether the data came from the contracting organization or DASA(P). In the third quarter fiscal year 2016 CER briefing, USACE reported that it completed 39,600 contracting actions and obligated \$9.01 billion. However, these figures were 14 and 16 percent higher, respectively, than figures DASA(P) officials reported for USACE in the same briefing. DASA(P) representatives told us that the CERs may contain internal discrepancies because different Army organizations pull data from source systems on different dates. However, none of the CER briefings contained caveats or amplifying information to explain any of the data discrepancies. DASA(P) representatives told us that the forthcoming CER policies are intended to improve the reliability of CER data and to clarify the causes of any discrepancies by providing as-of dates for data, among other things.

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### When Assessing Contracting Operations, Army Leadership Has Primarily Focused on Obligation Rates

Army officials from contracting centers, PEOs, LCMCs, major commands, and department headquarters all told us that Army leadership focuses on obligation rates more than any other metric to determine whether contracting efforts have been successful. Senior leaders within AMC and ASA(ALT) also told us that the Army has an “obligation culture,” and the primary focus is ensuring that the Army obligates all of its funds before they expire. This focus is partially out of concern that the Army could miss opportunities to use available appropriations to meet the department’s needs if they expire. Additionally, Army leaders are concerned that appropriations in future years may decrease if the Army does not obligate all of its appropriations before they expire because it could appear that the Army was appropriated more funding than it needed. This issue is not unique to the Army, as appropriations are commonly available for obligation only during a specific fiscal year. A recent DASA(P) stated, however, that this limited perspective increases the risk that contractors will not provide the government goods and services in an efficient or effective manner. Further, contracting professionals and requirements generators repeatedly told us that obligating funds simply to prevent them from expiring does not drive the optimal contracting behavior, particularly in terms of cost savings.

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## Army Contracting Leadership Has Not Established Metrics to Evaluate Its Operations In Terms of Timeliness, Cost Savings, or Contractor Quality

The ASA(ALT) and DASA(P) have not established the metrics needed to evaluate the Army's contracting operations in terms of timeliness, cost savings, or contractor quality. In the absence of these metrics, they have not used CERs to consistently evaluate the efficiency and effectiveness of the Army's contracting operations. As a result, it is unclear whether the department's contracting operations have improved over time or instead have gotten worse, as several groups of requirements generators, particularly officials from PEOs, have asserted.

The Army's 2014 Campaign Plan—a key strategic planning document—established that contracting operations should adhere to schedule, cost, and performance objectives. In practice, Army officials told us this involves awarding contracts in a timely manner, achieving cost savings through contracting activities, and acquiring quality products and services from contractors. Federal standards for internal control state that management should obtain information that links to an entity's objectives.<sup>8</sup> However, recent ASA(ALT)s and DASA(P)s have not established the metrics needed to evaluate the efficiency and effectiveness of contracting operations in terms of schedule, cost, or performance, in part, because of methodological disagreements. For example, contracting professionals and requirements generators disagree about how the amount of time it takes to award a contract should be measured. Contracting professionals argue that requirements generators can provide contracting professionals with poorly defined requirements, and, as such, the requirements generators may be responsible for delays that occur later in the contracting life cycle when contracting professionals have lead responsibility. Similarly, contracting professionals stated that they have not come to a consensus on how to measure cost savings attributable to contracting efforts. These cost saving measures could include comparing contractors' initial bids to the final negotiated prices and avoiding fees, such as licensing fees. As for performance metrics, DASA(P) officials told us that they would like to evaluate contractor performance on a systemic basis. However, they have not identified an

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<sup>8</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#), (Washington, D.C.: September 2014).



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effective means to do so, largely due to a shortage of reliable information about contractors' performance.

Through our interviews with Army officials, we identified the following challenges surrounding efforts to assess (1) the timeliness of contract awards, (2) the cost savings attributable to contracting activities, and (3) the quality of contractors' products and services.

### Timeliness of Contract Awards

Many Army officials consider the timeliness of contract awards the most important factor when it comes to contracting operations. Seven of the eight groups of requirements generators we interviewed stated that their primary concern involving contracting operations is getting their contracts awarded as quickly as possible. In June 2016, the ASA(ALT) reflected this concern following a CER briefing, directing ACC to address inconsistencies in how its contracting centers measure Procurement Action Lead Time (PALT). In general terms, PALT is the amount of time it takes a contracting organization to award a contract after receiving a requirements package from another organization, such as a PEO or LCMC. In September 2016, ACC established specific PALT guidelines for different types of contract actions—for example, 365 days for competitive contracts valued between \$50 million and \$250 million. However, the DASA(P) determined that the guidelines should only be considered a draft because his office should perform a more comprehensive PALT review and determine those guidelines for contracting operations department-wide. DASA(P) representatives told us they planned to initiate a year-long PALT assessment in May 2017 and establish department-wide PALT guidelines by May 2018. However, neither the ASA(ALT) nor the DASA(P) has formalized this goal as a required deadline. Federal standards for internal control state that management should obtain information that links to an entity's objectives.<sup>9</sup> Until the DASA(P) representatives complete their PALT assessment, they will not obtain the information needed to establish department-wide PALT guidelines, and top Army leaders will not have the information needed to determine whether the department's contracting operations are adhering to schedule objectives.

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<sup>9</sup>[GAO-14-704G](#).

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Cost Savings Attributable to Contracting Activities

As important as timeliness is to requirements generators, timeliness can be at odds with other objectives, including cost savings. For example, one PARC stated that his contracting officers were able to get a better deal on a contract due to 3 weeks of extended negotiations with the contractor. He noted that if his contracting officers were assessed solely on timeliness, then perhaps they would not have taken the extra time needed to negotiate the better deal. As such, Army leaders may need multiple metrics that reflect these real-world tensions in order to develop a comprehensive understanding of the department's contracting operations.

A former DASA(P) told us that he directed the Army's PARCs to report their organizations' cost savings attributable to contracting in the fiscal years 2015 and 2016 CER briefings. However, the DASA(P) stated that he did not establish a standard methodology for calculating the savings, and Army contracting officials told us they can use several different methods to determine cost savings associated with contracting. For example, they can: (a) compare a contractor's initial bid to the final negotiated price; (b) compare the price of a follow-on contract to the price of the predecessor contract; and (c) sum potential contract fees that were not realized, such as licensing fees. While these can all be legitimate methods for measuring savings, Army contracting officials also told us how these different methods could produce misleading results. For example, a contractor could submit an initial bid that is unrealistically high as part of a particular negotiation strategy, which could artificially inflate the savings attributable to contracting. The DASA(P) has not yet established a standard methodology for calculating savings, and, as a result, the CER briefings have not presented the information needed to effectively compare cost savings over time or across contracting organizations.

Incomplete data sets have also hindered efforts to calculate cost savings attributable to contracting activities. Only the PARCs from ACC reported any cost savings in CER briefings from the third and fourth quarters of fiscal year 2016. As a result, the extent to which the PARCs at NGB, MEDCOM, and USACE realized any cost savings is unclear. As previously noted, federal standards for internal control state that management should obtain information that links to an entity's objectives.<sup>10</sup> Until PARCs from NGB, MEDCOM, and USACE report cost

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<sup>10</sup>[GAO-14-704G](#).

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savings in CER briefings, the ASA(ALT) and DASA(P) will continue to lack information needed to determine whether the department's contracting operations are adhering to cost objectives.

### Quality of Contractors' Products and Services

The Army's 2014 Campaign Plan established that contracting operations should adhere to performance objectives, and a recent DASA(P) told us that—when it comes to performance—requirements generators are primarily concerned with the performance of contractors, as opposed to the performance of contracting professionals. However, the CER briefings do not include any information on contractor performance—specifically the quality of their products and services. The Contractor Performance Assessment Reporting System (CPARS) is the government-wide database for collecting contractor performance information, and Army officials use information collected through CPARS to assist in source selections. However, Army officials do not use CPARS—or any other system—to provide Army leadership the information needed to compare contractors' performance over time or across contracting organizations. The CER briefings identify the extent to which Army officials enter information into CPARS, but they do not present any information from CPARS on contractors' actual performance. In theory, this information could help Army leadership understand the extent to which soldiers are receiving quality products and services, but, in practice, DASA(P) representatives do not feel the CPARS information is reliable for assessing contractor performance. They noted that the information contained in CPARS is subjective and that thousands of required entries are overdue. As a result, they have not yet identified an effective means to collect and report contractor performance data in aggregate. One alternative approach could involve surveys of requirements generators, as suggested in a 2013 report on Army contracting commissioned by the ASA(ALT), although this approach would likely include its own reliability challenges.<sup>11</sup> Federal standards for internal control state that management should obtain information that links to an entity's objectives.<sup>12</sup> Until DASA(P) representatives identify an effective means to collect and report contractor performance data, top Army leaders will continue to lack information needed to determine whether the

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<sup>11</sup>Censeo Consulting Group, *Army Contracting Organization: Structure and Authorities* (July 2013).

<sup>12</sup>[GAO-14-704G](#).

department's contracting operations are adhering to performance objectives.

### Army Contracting Leadership Has Not Established Metrics Needed to Effectively Evaluate the Contracting Workforce

Army officials at all levels we spoke with expressed concerns regarding the size or experience of the Army's contracting workforce, but Army leaders responsible for contracting have not developed the metrics needed to effectively evaluate the scope of that workforce. For example, all eight groups of requirements generators that we spoke with identified either the size or experience levels of the contracting workforce as a main concern in being able to get their contracts awarded. Similarly, PARCs reporting to two of the Army's four HCAs told us they faced significant workforce challenges. Our prior work has established that successful acquisition efforts depend on agency leadership investing in the acquisition workforce.<sup>13</sup>

According to the Office of the Secretary of Defense, as of September 30, 2016, the size of the Army's contracting workforce had decreased by 17 percent from fiscal years 2007 to 2016, while the size of the contracting workforces at the Air Force and the Navy increased by 25 percent. Similarly, in December 2015, we found that most Department of Defense components sustained their acquisition workforce levels when faced with sequestration and other cost-cutting measures, but the Army did not.<sup>14</sup> Table 1 shows how the size of the Army's contracting workforce changed from fiscal years 2007 to 2016, compared to the contracting workforces at the Air Force and the Navy.

**Table 1: Army, Air Force, and Navy Contracting Workforces, Fiscal Years 2007 to 2016**

Military department	Contracting workforce (fiscal year 2007)	Contracting workforce (fiscal year 2016)	Contracting workforce percentage change
Army	9,632	7,959	-17 percent

<sup>13</sup>GAO, *Framework for Assessing the Acquisition Function at Federal Agencies*, [GAO-05-218G](#) (Washington, D.C.: September 2005).

<sup>14</sup>GAO, *Defense Acquisition Workforce: Actions Needed to Guide Planning Efforts and Improve Workforce Capacity*, [GAO-16-80](#) (Washington, D.C.: Dec. 14, 2015).

Military department	Contracting workforce (fiscal year 2007)	Contracting workforce (fiscal year 2016)	Contracting workforce percentage change
Air Force	6,762	8,452	+25 percent
Navy	5,076	6,347	+25 percent

Source: Office of the Under Secretary of Defense for Acquisition, Technology and Logistics. | GAO-17-457

The ASA(ALT) has struggled in recent years to identify how large the Army’s workforce should be based on its workload, and the responsibility for doing so has shifted from one deputy to another. The 2014 Army Campaign Plan assigned DASA(P) responsibility for determining the appropriate size of the contracting workforce based on the Army’s mission requirements and deployments around the world.<sup>15</sup> However, a recent DASA(P) told us there is currently no mechanism in place to meet this requirement, and explained that the Deputy Assistant Secretary of the Army (Plans, Programs, and Resources) is leading an effort to develop a contracting workforce model. The Deputy Assistant Secretary of the Army (Plans, Programs, and Resources), who also reports to the ASA(ALT), previously established a workforce model for program management. The Deputy Assistant Secretary’s representatives told us they collected data on contracting activities spanning the contracting life cycle, from pre-award tasks through contract closeout, for their contracting workforce model in order to establish ratios between the amount of dollars the Army obligated in a given fiscal year and the contracting personnel on hand in the department at that time. They had expected the U.S. Army Manpower Analysis Agency would validate the contracting workforce model in fiscal year 2016, but, due to data collection issues, they now anticipate it will be validated in fiscal year 2018.

Officials from the Office of the Deputy Assistant Secretary of the Army (Plans, Programs, and Resources) stated that they are working to convert their data into a format the U.S. Army Manpower Analysis Agency uses to get the model validated—an important first step in determining the Army’s contracting workforce requirements. However, current plans indicate that the model will be based on past workload data and will not account for future changes involving several workload drivers, such as the type of contracting action, whether the acquisition was a product or service, or the source selection process. Therefore, the model could produce misleading results and understate the number of contracting officers needed to meet the Army’s demands. The Deputy Assistant Secretary’s

<sup>15</sup>Department of the Army, *Army Campaign Plan 2014 Annex I* (Washington, D.C., Nov. 5, 2014).

representatives stated that the model will not account for changes in these variables because it is intended to serve as an initial baseline. They acknowledged that the current model is not the final solution for determining the Army's contracting workforce requirements and that it is a work in progress. Federal standards for internal control state that management should internally communicate quality information in order to achieve objectives.<sup>16</sup> Army leaders will need more robust information to effectively evaluate the department's contracting workforce and determine whether requirements generators' concerns are valid. Until the ASA(ALT) and DASA(P) obtain this information, they will not know what steps are needed to enhance the department's contracting workforce.

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### Army Contracting Leadership Has Not Met Reporting Requirements

Since 2008, DASA(P)—responsible for overseeing the Army's contracting operations—has been designated the lead Army official responsible for the department's Procurement Management Review program, which is intended to ensure compliance with federal, defense, and Army acquisition policy and regulations. Individual reviews of contracting offices culminate in an overall organizational risk assessment of low, medium, or high; and corrective action plans to address findings and recommendations. This program is formally defined in the Army's Federal Acquisition Regulation Supplement, which states that it shall be implemented in a tiered manner, with the PARCs, HCAs, and DASA(P) conducting complimentary assessments. Specifically, the guidance states that:

- reviews will be conducted for all contracting offices at least once every 36 months;
- every HCA is to submit an Annual Summary Health Report to DASA(P) by October 31 each year; and
- DASA(P) officials will produce a holistic assessment of Army contracting annually by January 31 each year.

However, DASA(P) has not ensured reviews are conducted consistently and within a 36-month period, largely because contracting organizations told DASA(P) they did not have the staff needed to do so. For example,

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<sup>16</sup>[GAO-14-704G](#).

DASA(P) allowed NGB officials to put their reviews on hold from August 2015 to January 2016 in order to focus on training their contracting officers. Similarly, at the beginning of fiscal year 2017, DASA(P) approved an ACC request for a 12-month extension to complete its reviews due to personnel shortages. Four years earlier, in fiscal year 2013, ACC did not conduct a review due to budget constraints. In another case, a DASA(P) representative told us that USACE did not submit an Annual Summary Health Report for fiscal year 2015 and did not provide DASA(P) a reason for not doing so. Further, when we reviewed 12 Annual Summary Health Reports provided by DASA(P)—spanning fiscal years 2013 through 2015—we found that some contracting offices within ACC, NGB, and USACE had not been sufficiently evaluated during the previous 36 months. Only MEDCOM had reviewed all of its contracting offices in the time frame suggested by the Army's Federal Acquisition Regulation Supplement.

In addition, DASA(P) did not produce the required holistic, independent assessment of Army contracting since 2012. DASA(P) officials stated that they could not produce holistic assessments of Army contracting during that time because of staffing shortages. Because DASA(P) did not implement the program in accordance with Army guidance during this time, the HCAs or PARCs self-reported their compliance ratings to the ASA(ALT) without independent DASA(P) reviews, as intended. This may have increased the likelihood that their findings contained errors or bias, and that the PARCs' corrective action plans did not fully reflect the DASA(P)'s perspective. Previously, in fiscal years 2010 and 2011, DASA(P) had identified that more than 30 percent of the contracting offices they independently reviewed were at risk of serious adverse impacts to contracting operations. The deficiencies causing the adverse impacts could include violations of policies and statutes, as well as missing documentation. To resume the independent reviews, at the beginning of 2017, DASA(P) representatives said that they hired a new staff member to produce the holistic assessments, and that this staff member will initially produce an assessment covering fiscal years 2014 through 2017 to account for years that DASA(P) previously missed. The hiring of this staff member is a positive step; however, it is too early to tell if this action alone will improve the rigor of the Procurement Management Review program.

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## Army Contracting Leadership Previously Initiated Efforts to Improve Contracting but Has Lacked Sustained Progress

In recent years, ASA(ALT)s have taken positive intermittent steps to improve the Army's contracting operations, but they have not sustained these efforts. For example, in 2012, the ASA(ALT) initiated an effort intended to improve contracting operations by commissioning a study focused on courses of action that could strengthen the oversight, execution, and accountability of Army contracting. Among other things, this study noted that the metrics reported in the CERs focused on the administrative activities of the contracting organizations and did not measure the quality of their operations. This study included a series of recommendations intended to strengthen contracting oversight, and the ASA(ALT) issued a memorandum in October 2013 supporting the study's recommendations. However, the ASA(ALT) at that time did not issue guidance for implementing the recommendations until January 2016, just prior to when this official left the Army.

The January 2016 guidance directed Army officials to develop criteria for evaluating the efficiency and effectiveness of contracting operations, among other things, but DASA(P) officials noted that the ASA(ALT)'s successor did not implement the guidance and did not offer a reason for not doing so. Instead, the new ASA(ALT) issued new guidance intended to improve the Army's contracting operations through different, but similar, actions. The new guidance focused on: (1) eliminating redundant layers of management and oversight; (2) improving the accountability and transparency between contracting operations and its customers; and (3) improving the contracting workforce and workload. However, similar to the preceding ASA(ALT), the new ASA(ALT) issued this guidance one day before leaving the Army. This again left the responsibility for implementing newly stated contracting guidance to a successor ASA(ALT). Officials from the DASA(P) office told us that the current ASA(ALT) supports her predecessor's efforts and intends to implement the guidance, but they also said that the next ASA(ALT) may not support the efforts, so they want to implement the guidance before the next transition.

Those who serve in the ASA(ALT) position may have reasons for not implementing their predecessors' contracting policies, but if that is so, they should document and disseminate those reasons. We have previously found that leadership must provide clear and consistent



rationales to effectively drive organizational transformations, and federal standards for internal control state that management should internally communicate quality information to achieve the entity's objectives.<sup>17</sup> Given the rate of turnover in the ASA(ALT) position, it is critical that individuals in that role provide their successors and the Army's contracting workforce their rationales for key decisions, particularly when the decisions differ from their predecessors' guidance. Without this information, future ASA(ALT)s may be deprived of critical insights that could help them improve Army contracting operations going forward or, at a minimum, help them avoid missteps that could degrade the effectiveness and efficiency of Army contracting.

In another example of inconsistent leadership, some ASA(ALT)s did not consistently chair CERs, even though the CER briefings are the main way for contracting leaders to convey contracting information to the ASA(ALT). Beginning with the implementation of the CERs in 2012, one ASA(ALT) chaired quarterly CERs regularly through fiscal year 2015. However, a new ASA(ALT) assumed the position in fiscal year 2016 and, according to DASA(P) officials, chaired only one CER due to competing management priorities, such as the acquisition of major weapon systems. Following the CER briefing that the ASA(ALT) attended, the ASA(ALT) directed ACC to take several specific actions that could help improve contracting operations, such as determining measures of contracting timeliness and methods to minimize workforce reductions. However, this was the only time that ASA(ALT) used a CER to direct improvements in contracting operations. We have previously found that leadership must set a tone at the top and demonstrate strong commitment to improve and address key issues.<sup>18</sup> By not attending the CERs or otherwise providing feedback on the CER briefings, it may unintentionally send a signal to contracting staff that contracting issues are not a high priority. Additionally, ASA(ALT)s may miss opportunities to improve the Army's contracting procedures and increase efficiencies.

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## Army Leadership Has Not Evaluated How Major Organizational Changes Have Affected

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<sup>17</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003); [GAO-14-704G](#).

<sup>18</sup>GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015).

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## Contracting Operations, and Competing Leadership Visions Have Increased Tensions

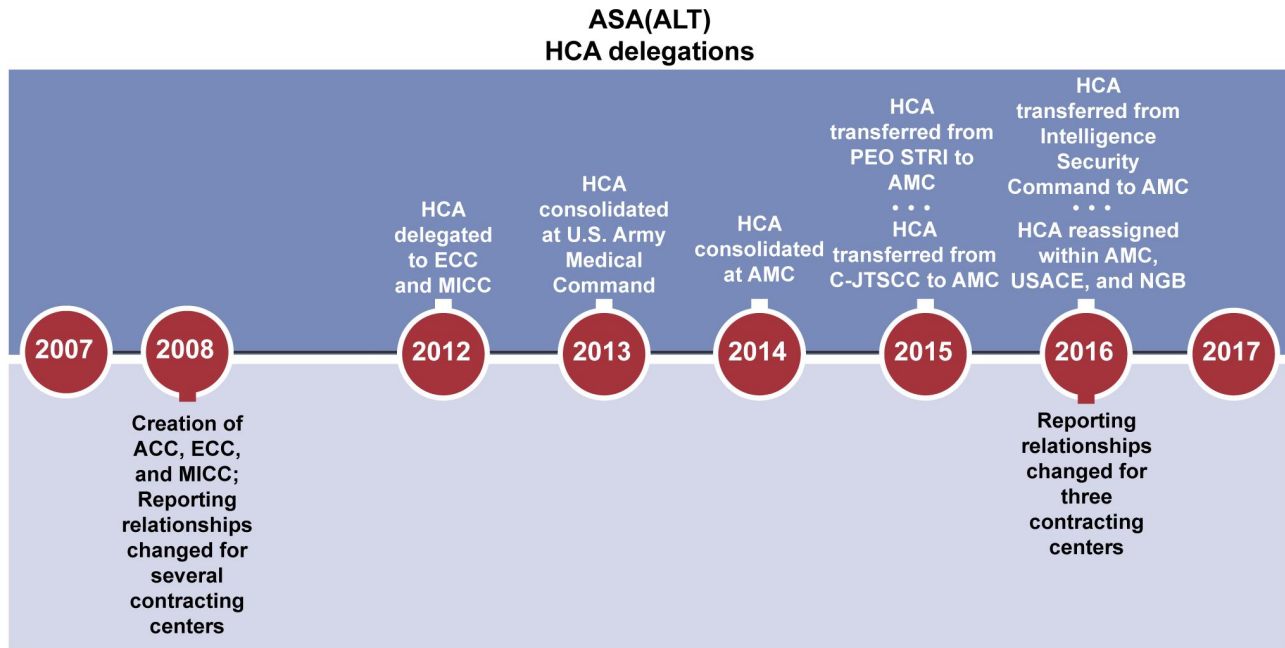
From 2008 through 2016, top Army leaders repeatedly changed reporting relationships across the department's contracting organizations, but they did not establish the measurable objectives needed to determine whether these changes were successful or if the benefits of the changes outweighed the costs to implement them. For example, successive ASA(ALT)s made organizational changes to centralize contracting decision-making, while a Secretary of the Army and an AMC commanding general made organizational changes intended to improve support to field operations. However, we found the Army did not establish the goals in terms of measurable objectives, so the degree to which the Army has achieved the goals is unclear. Additionally, officials from eight different Army organizations told us that the changes led to disruptions in contracting operations and caused confusion. Senior officials responsible for the changes acknowledged the need for measurable objectives to evaluate how the changes have affected contracting operations. However, these officials have not yet agreed upon specific metrics.

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## Army Leaders Have Repeatedly Changed Contracting Units' Reporting Relationships

From 2008 to 2016, successive ASA(ALT)s, a Secretary of the Army, and an AMC commanding general repeatedly changed reporting relationships across the department's contracting organizations in efforts to improve both contracting and field operations. See figure 4 for a timeline identifying major changes these Army leaders made from 2008 to 2016.

**Figure 4: Major Changes Army Leaders Made to Reporting Relationships across the Department’s Contracting Organizations, 2008-2016**



**AMC  
Commanding General and  
Secretary of the Army changes**

- ASA(ALT) Assistant Secretary of the Army (Acquisition, Logistics and Technology)
- ACC U.S. Army Contracting Command
- HCA Head of Contracting Activity
- PARC Principal Assistant Responsible for Contracting
- ECC U.S. Army Expeditionary Contracting Command
- MICC U.S. Army Mission and Installation Contracting Command
- USACE U.S. Army Corps of Engineers
- NGB National Guard Bureau
- AMC U.S. Army Materiel Command
- PEO Program Executive Office Simulation, Training and Instrumentation
- STRI
- C-JTSCC U.S. Central Command Joint Theater Support Contracting Command

Source: GAO analysis of Army documents. | GAO-17-457

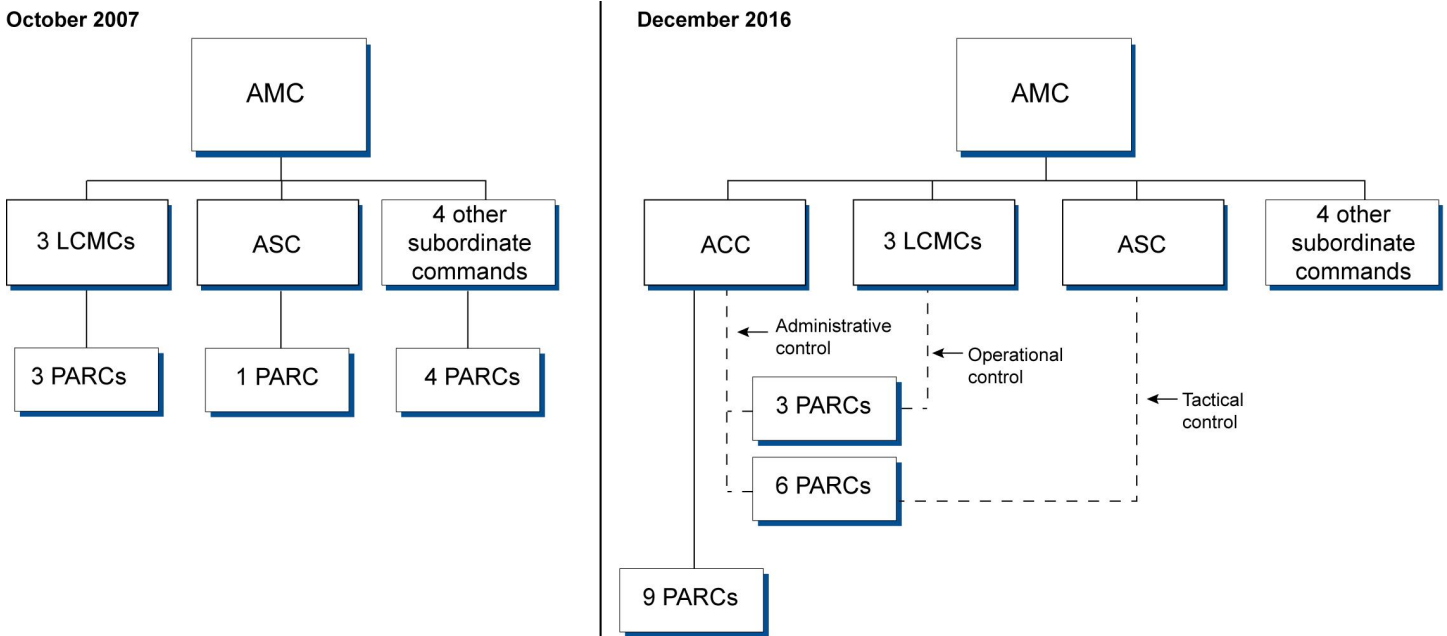
In fiscal year 2007, the Army had 15 HCAs, including 8 within AMC. Between 2008 and 2016, the ASA(ALT) rescinded, consolidated, and reassigned HCA authority seven times in efforts to improve contracting operations, consolidate or clarify contracting professionals’ roles, and streamline procedures.

- In 2012, 4 years after the Secretary of the Army created ACC, the ASA(ALT) delegated HCA authority to the commanding generals of the ACC's two subordinate commands: the Expeditionary Contracting Command and the Mission and Installation Contracting Command, which were created to provide contracting support to Army installations around the world.
- In 2013, the ASA(ALT) reduced the number of HCAs at MEDCOM from two to one. MEDCOM officials explained the ASA(ALT) took this action in order to clarify the role of contracting within the organization, among other reasons.
- In 2014, the ASA(ALT) consolidated HCA authority at AMC, reducing the number of HCAs from nine to one in order to address unclear and overlapping contracting authority within the command.
- In February 2015, ASA(ALT) transferred HCA authority from PEO Simulation, Training and Instrumentation—which acquires training and testing systems for the Army—to AMC when the head of the PEO's contracting center started reporting to the ACC commander.
- In June 2015, the ASA(ALT) transferred HCA authority from the U.S. Central Command-Joint Theater Support Contracting Command—which was responsible for contracting operations in Iraq and Afghanistan—to AMC when AMC contracting units took over the theater support contracting mission.
- In January 2016, the ASA(ALT) rescinded HCA authority from the Intelligence and Security Command due to poor communication between its HCA and PARC.
- In December 2016, ASA(ALT) reassigned HCA authority from the three commanding generals at AMC, NGB, and USACE to contracting professionals within those organizations. According to a former DASA(P), with these delegations, the ASA(ALT) emulated the MEDCOM model—where the Deputy Chief of Staff, Procurement is the HCA—to help ensure that the HCAs are individuals with contracting experience who can focus on contracting issues, rather than commanding generals who have broader responsibilities.

During the same period, 2008 through 2016, the Secretary of the Army and an AMC commanding general changed reporting relationships involving a total of 18 PARCs in efforts to improve the Army's field operations. Specifically, these changes were intended to improve coordination between contracting centers, deployed forces, and logisticians within LCMCs, among others. Figure 5 identifies AMC's contracting organizations at the beginning of fiscal year 2008 and at the

end of calendar year 2016—before and after the reporting relationships changed.

**Figure 5: Army Materiel Command’s Contracting Organizations in October 2007 and December 2016**



- ACC** U.S. Army Contracting Command
- AMC** U.S. Army Materiel Command
- ASC** Army Sustainment Command
- LCMC** Life Cycle Management Command
- PARC** Principal Assistant Responsible for Contracting

Source: GAO presentation of Army data. | GAO-17-457

Note: In 2016, AMC divided control over 3 PARCs between ACC and 3 LCMCs; and control over 6 PARCs between ACC and ASC. At that time, AMC established that administrative control involved resources, personnel management, training, and discipline, among other things; operational control involved assigning tasks, designating objectives, and giving authoritative direction; and tactical control involved the detailed direction necessary to accomplish assigned tasks.

In 2008, the Secretary of the Army dissolved the Army Contracting Agency, which had reported to the ASA(ALT), and realigned its units under the newly created ACC—a subordinate command under AMC. The Secretary of the Army also gave operational control of other AMC contracting centers to ACC. These changes were intended to improve contracting centers’ relationships with Army units that conduct operations around the world.

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Eight years later, in February 2016, an AMC commanding general issued an Operation Order (OPORD) which reassigned operational control for 3 PARCs from ACC to 3 LCMCs, and tactical control for 6 other PARCs to the Army Sustainment Command. ACC retained administrative control over these PARCs. According to AMC officials, leaders made this change in order to better integrate the efforts performed by AMC's subordinate commands. For example, AMC leaders explained that some PARCs should report to LCMCs because the LCMC commanders have the experience and perspective necessary to prioritize the PARCs' work effectively. The LCMC commanders can review contracting priorities with both requirements generators and PARCs to ensure that they are all in agreement.

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### Army Leadership Has Not Evaluated the Effects of Major Organizational Changes, Which Officials Said Disrupted Operations and Caused Confusion

It is unclear whether the benefits of the major organizational changes Army leaders made from 2008 to 2016 have outweighed the costs because Army leaders did not establish the measurable objectives needed to assess the effectiveness of the changes. For the same reason, it is also unclear whether the changes have led to the desired outcomes. For example, when changing reporting relationships in 2016, including the OPORD changes and HCA reassignments, neither the AMC commanding general nor the ASA(ALT) established the measurable objectives needed to assess the costs and benefits of these changes. The AMC commanding general issued the OPORD in an effort to better integrate AMC's subordinate commands, but the OPORD lacks measures needed to evaluate progress toward better integration, making it difficult to assess the OPORD's long term effect. Similarly, the ASA(ALT) reassigned HCA authority in an effort to increase leadership focus on contracting but did not establish measures needed to evaluate the extent or benefits of increased leadership focus.

Federal standards for internal control state that agency management should define objectives in measurable terms so that performance toward achieving objectives can be assessed.<sup>19</sup> In addition, the Office of Management and Budget's guidelines for assessing an agency's acquisition function state that agencies should assess their current

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<sup>19</sup>[GAO-14-704G](#).

organizational structure in response to organizational changes, and use outcome-oriented performance measures to assess the success of the acquisition function in order to support the agency's missions and goals.<sup>20</sup> Senior officials involved with the major organizational changes acknowledged the need for measurable objectives, but these officials have not yet agreed upon specific metrics. For instance, AMC officials told us that they are working to develop and implement metrics to assess contracting operations at regularly scheduled reviews but have not yet finalized the metrics. Additionally, Army officials have not linked the major organizational changes to metrics for measuring the timeliness of contract awards, cost savings attributable to contracting activities, and the quality of contractors' products and services.

Measurable objectives are particularly important for the Army because the major organizational changes have come with costs, causing confusion and leading to disruptions in contracting operations. We have previously found that productivity often decreases after major organizational changes.<sup>21</sup> For example, employees may be unsure how to conduct day-to-day operations while transitioning to a new organizational structure. The changes Army leaders made to reporting relationships across the department's contracting organizations were not exceptions to this rule. Officials from eight Army organizations said the changes led to disruptions in contracting operations and confusion among subordinate commands. For example, officials from six Army organizations told us that the OPORD delayed contract reviews or led to duplicative meetings while AMC personnel were determining how to operate within the new organizational structure. Similarly, contracting officials from three Army organizations told us that when an ASA(ALT) reassigns HCA authority, as an ASA(ALT) did in December 2016, workloads increase at lower staff levels until the new HCA re-delegates certain decision-making authorities to the respective PARCs. This can prevent staff from focusing on their primary responsibilities and lead to less efficient operations.

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<sup>20</sup>Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy, *Guidelines for Assessing the Acquisition Function* (Washington, D.C.: May 2008).

<sup>21</sup>[GAO-03-669](#).

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## In the Absence of Measurable Objectives, Recent Disagreements about Reporting Relationships Have Increased Tensions among Officials

In the absence of measurable objectives and authoritative data to assess the effectiveness of organizational changes, disagreements over the risks and benefits of some of the most recent changes have increased tensions between officials in the ASA(ALT) office and at AMC. When the AMC commanding general issued the OPORD in February 2016, officials in the ASA(ALT) office and in units subordinate to the ASA(ALT) expressed a number of concerns with potential implications of the OPORD, including the potential for LCMC commanders to influence PARC decisions inappropriately. Subsequently, ASA(ALT) officials proposed centralizing all contracting authority across Army contracting under the Office of the ASA(ALT), specifically in DASA(P). DASA(P) argued that centralizing HCA authority across Army contracting would better delineate contracting and command authority, retain contracting decisions within the contracting chain, encourage responsiveness to customer needs, and promote the independence of the contracting function. In order to centralize HCA authority into a single office, the ASA(ALT) would have rescinded the HCA authority for all the HCAs, including the AMC commander. AMC officials said they strongly opposed this proposal and told us it would degrade communication and integration between its subordinate units, displace the mission command of the Army, and ultimately lead to the isolation of subordinate contracting units.

Ultimately, in December 2016, the ASA(ALT) instead reassigned HCA authority from three commanders, including the AMC commander, to contracting professionals within their organizations. As noted earlier, the ASA(ALT) did so to help ensure that the HCAs are individuals with contracting experience who can focus on contracting issues, rather than commanding generals who have broader responsibilities and do not necessarily have contracting expertise. Officials at AMC were receptive to the change, but its benefits are not universally recognized. According to DASA(P) officials, one of the two other commanders that lost HCA authority was strongly opposed to the change, and the lack of measurable objectives deprives proponents of quantitative data that could be used to address such concerns.

In such an environment—characterized by a lack of measurable objectives and authoritative data, and increased tensions between officials in the ASA(ALT) office and at AMC—some of the Army's key



contracting leaders and requirements generators are concerned about the effectiveness of the current organizational structures. We found that Army personnel at six organizations were concerned that the OPORD created the potential for LCMC commanders to sway contracting to favor their own requirements or goals when it gave the LCMC commanders operational control over three PARCs. Army officials at two of those six organizations expressed concern that LCMC commanders might prioritize their own contracting requirements ahead of requirements from other organizations that depend on the three PARCs to meet their contracting requirements—particularly PEOs. Further, we heard officials voice concerns that LCMC commanders might pressure the PARCs to act against their best judgment in order to meet LCMC goals. For instance, officials expressed concerns that LCMC commanders might pressure PARCs to rush contract negotiations in order to more quickly acquire spare parts for fielded systems. In addition, some PARCs were concerned about the changes in rating chains, as LCMC commanders are now responsible for rating the three PARCs' performance but have a limited understanding of contracting issues and the work the PARCs do for customers other than LCMCs. Officials told us that these concerns have not been realized to date, but, given the relatively short amount of time that has passed since the AMC commander issued the OPORD, it is still possible that they may be realized in the future. It is important to note that such concerns are often inherent in organizational structures where contracting professionals report to requirements generators.

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## Conclusions

The Army's contracting professionals are critical to the department's efforts to execute its missions. However, Army leadership has taken a relatively narrow view of the department's contracting operations. By primarily focusing on ensuring that contracting officers are obligating funding before it expires, Army leadership has in effect promoted a "use or lose" perspective and deemphasized the efficiency and effectiveness of contracting operations. Senior leaders responsible for contracting are not systematically assessing the timeliness of contract awards, cost savings attributable to contracting activities, or the quality of contractors' products and services. Additionally, they are not identifying whether they have a large enough workforce to meet the department's contracting needs. As a result, Army leadership does not have the quantitative data necessary to determine whether the department's contracting enterprise has the capacity needed to operate in an efficient and effective manner.

Moreover, as the ASA(ALT) is the Army's senior most contracting official, it is important to set a tone at the top that contracting issues are a priority. When ASA(ALT)s do not attend or weigh in on CERs, they signal that contracting is not a priority and diminish the concerns raised by contracting organizations; they also miss opportunities to improve contracting. Some senior Army leaders have taken intermittent steps to improve the department's contracting operations, but inconsistent oversight reviews and leadership turnover have stalled key efforts. Leadership turnover will continue in the future, and, for this reason, it is critical that senior leaders—particularly ASA(ALT)s—document rationales for key decisions, especially when these decisions run counter to their predecessors' thinking.

Finally, when senior leaders make organizational changes intended to improve operations, they must also establish measurable objectives that will allow them to assess progress toward their ultimate goals. In the absence of such measures, it is unclear whether issues that necessitated the organizational changes have been addressed, and whether contracting outcomes are improving or getting worse. Importantly, without measurable objectives, it is difficult to counter any dissent and confusion among affected parties and support the merits of undertaking the changes.

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## Recommendations for Executive Action

To help Army leadership obtain the information needed to evaluate and improve contracting operations, we recommend the Secretary of the Army take the following eight actions:

1. Ensure the ASA(ALT) and DASA(P) establish and implement CER metrics to evaluate the timeliness of contract awards, cost savings attributable to contracting activities, and the quality of contractors' products and services.
2. Ensure the ASA(ALT) and DASA(P) formally establish May 2018 as the required deadline for DASA(P) representatives to establish department-wide PALT guidelines.
3. Ensure the ASA(ALT) and DASA(P) establish a standard methodology for PARCs to calculate the cost savings they report in CER briefings; and ensure PARCs from NGB, MEDCOM, and USACE use the methodology to report their respective cost savings.

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4. Ensure the ASA(ALT) and DASA(P) identify an effective means to collect and report contractor performance data.
  5. Ensure the ASA(ALT) accurately determines the department's contracting workforce requirements in accordance with the Army's needs.
  6. Ensure future ASA(ALT)s document their reasons for not implementing their predecessors' contracting policies, as applicable.
  7. Ensure ASA(ALT)s consistently chair or otherwise provide feedback on quarterly CERs in order to demonstrate commitment to improving contracting operations.
  8. Ensure that Army leaders establish measurable objectives for organizational changes, such as (a) the February 2016 AMC OPOD, and (b) the December 2016 HCA delegations.

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## Agency Comments and Our Evaluation

The Department of the Army provided written comments on a draft of this report. These comments are reprinted in appendix II and are summarized below. In the written comments, the Department of the Army generally concurred with our eight recommendations, although it did not concur with one part of our first recommendation.

The Army concurred with two of the three parts of our first recommendation to establish CER metrics that evaluate (a) the timeliness of contract awards, and (b) cost savings attributable to contracting activities. The Army did not concur with the third part, in which we recommended that the ASA(ALT) and DASA(P) establish and implement a CER metric to evaluate the quality of contractors' products and services. The Army stated concerns about using such a metric to measure the performance of the Army's contracting organizations because contractor performance is related to multiple variables, including the quality of government oversight, many of which are not within the control of the Army's contracting organizations. We agree that many factors beyond the contracting organization's control can impact contractor performance. Nonetheless, to fulfill their contracting oversight responsibilities, we continue to believe the ASA(ALT) and DASA(P) should establish and implement a CER metric to evaluate the quality of contractors' products and services; and identify how the quality of contractors' products and services change over time, and how this quality varies across the Army's contracting organizations. Further, this

information should be included in the CERs because personnel in the DASA(P) office told us they consider the CERs the best mechanism to communicate contracting information to senior leadership.

Regarding our second and third recommendations that the Army establish a deadline for department-wide PALT guidelines and establish a standard methodology for PARCs to calculate cost savings, the Army concurred and plans to establish guidance by June 2018 and will work with the PARCs to develop a cost saving methodology to incorporate into the CER briefings by the second quarter of fiscal year 2018.

Regarding our fourth and fifth recommendations to collect and better report contractor performance data and accurately determine the department's contracting workforce requirements, the Army concurred, and said it plans to focus on ensuring all contractor performance assessment reports are timely and complete. The Army said it also plans to take a number of actions to include validating and implementing a new predictive resource staffing model for the contracting workforce.

The Army concurred with our sixth recommendation to document ASA(ALT) reasons, as applicable, for not implementing predecessors' contracting policies and stated that ASA(ALT) policies and procedures remain in effect until new direction is issued or the policy is formally rescinded with an explanatory rationale.

The Army concurred with our seventh recommendation to ensure ASA(ALT)s consistently chair or provide feedback on quarterly CER briefings and is developing a standard operating procedure that will explain how feedback, improvements, and recommendations will be communicated to the contracting workforce.

The Army concurred with our eighth recommendation, which involves measurable objectives for organizational changes. The Army proposed several actions to address this recommendation, including developing and implementing a methodology to gauge the effectiveness of HCA delegations and future organizational changes. We believe the proposed actions may do so, but only if Army leaders measure the success of all major organizational changes affecting the department's contracting operations, including those changes initiated by organizations outside the Office of the ASA(ALT), such as AMC.

The Army also provided technical comments on the draft report, which we incorporated as appropriate.

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We are sending copies of this report to the Secretary of the Army and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (202) 512-4841 or [makm@gao.gov](mailto:makm@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Marie A. Mak  
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# Appendix I: Objectives, Scope, and Methodology

The objectives of this review were to examine the extent to which Army leaders have evaluated (1) the efficiency and effectiveness of contracting operations, and (2) the effects of organizational changes on contracting operations.

To address our objectives, we examined several key documents, including the 2007 report of the Gansler Commission on Army Acquisition and Program Management in Expeditionary Operations, a seminal work on Army contracting.<sup>1</sup> We also reviewed a 2013 report on Army contracting commissioned by the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), which included recommendations for transforming Army contracting's organizational structure and operations.<sup>2</sup> Additionally, we examined strategic guidance, such as the Army's Campaign Plan for 2014, and regulatory documents, such as the Army's Federal Acquisition Regulation Supplement.<sup>3</sup> Further, we reviewed documents issued by senior Army leaders, including an Operation Order (OPORD) a commanding general of the Army Materiel Command (AMC) issued in February 2016, which changed the reporting relationships for three of its contracting centers; and a memo an ASA(ALT) issued in October 2016, which directed the implementation of new contracting initiatives.<sup>4</sup> In addition, we obtained Army Audit Agency reports on various Army contracting issues.

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<sup>1</sup>The Gansler Commission Report on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting* (Oct. 31, 2007).

<sup>2</sup>Censeo Consulting Group, *Army Contracting Organization: Structure and Authorities* (July 2013).

<sup>3</sup>Department of the Army, *Army Campaign Plan 2014* (Washington, D.C., August 2013); and Army Federal Acquisition Regulation Supplement, 48 C.F.R. chapter 51.

<sup>4</sup>Department of the Army, *Memorandum for Heads of the Contracting Activity (HCA) and Principal Assistants Responsible for Contracting (PARC): Improvements to Army Contracting Processes* (Washington, D.C.: October 2016); and *Army Materiel Command Alignments*, Operation Order 16-189 (Redstone Arsenal, AL.: February 2016).

To address our objectives, we also interviewed personnel responsible for overseeing contracting operations throughout the Army. Specifically, we spoke to Army leaders in the Office of the ASA(ALT), including the ASA(ALT)'s Principal Military Deputy, a Deputy Assistant Secretary of the Army (Procurement) (DASA(P)), an acting DASA(P), and an acting Deputy Assistant Secretary of the Army (Plans, Programs, and Resources). We also interviewed three of the Army's four Heads of Contracting Activity (HCA): the Director of Acquisitions at the National Guard Bureau (NGB), the Director of Contracting at the U.S. Army Corps of Engineers (USACE), and the Chief of Staff, Procurement at U.S. Army Medical Command (MEDCOM). We interviewed the deputy to the HCA at Army Materiel Command (AMC)—the Deputy Commander of the Army Contracting Command (ACC)—as well as the Deputy Commanding General of AMC. We also interviewed Army officials from seven other contracting organizations and eight organizations that generate contracting requirements: five Program Executive Offices (PEO), and three Life Cycle Management Commands (LCMC). We also interviewed officials from the Army Sustainment Command. Table 2 identifies the specific organizations.

**Table 2: Organizations Included in the Scope of our Army Contracting Review**

Organization type	Organization name
Senior leadership	Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology)
Senior leadership	Army Materiel Command
Contracting	Army Contracting Command (ACC) Headquarters
Contracting	ACC Aberdeen Proving Ground
Contracting	ACC Redstone
Contracting	ACC Rock Island
Contracting	ACC Warren
Contracting	National Guard Bureau, Head of Contracting Activity (HCA) Office
Contracting	U.S. Army Corps of Engineers, HCA Office
Contracting	U.S. Army Medical Command, HCA Office
Requirements generator	Army Sustainment Command <sup>a</sup>
Requirements generator	Aviation and Missile Command
Requirements generator	Communications-Electronics Command
Requirements generator	Program Executive Office (PEO) Aviation
Requirements generator	PEO Combat Support & Combat Service Support
Requirements generator	PEO Ground Combat Systems
Requirements generator	PEO Intelligence, Electronic Warfare & Sensors



Organization type	Organization name
Requirements generator	PEO Missiles & Space
Requirements generator	TACOM (Not an acronym)

Source: GAO presentation of Army data. | GAO-17-457

<sup>a</sup>For the purposes of this table, we have categorized the Army Sustainment Command as a requirements generator. However, Army officials told us that the command's role in generating, managing, and prioritizing contracting requirements is limited. For that reason, we did not include the command in our assessments of the importance of timeliness and workforce issues to requirements generators.

To assess the extent to which Army leaders have evaluated the efficiency and effectiveness of contracting operations, we reviewed key contracting oversight documents. Specifically, we obtained and examined 12 Annual Summary Health Reports produced by Army officials from fiscal years 2013 to 2015. The Army's Federal Acquisition Regulation Supplement requires that HCAs produce these reports as yearly assessments of their respective contracting operations. We also obtained and examined all of the Army's quarterly Contracting Enterprise Review (CER) briefings for fiscal years 2015 and 2016, and documentation of the action items the ASA(ALT) issued following the second quarter fiscal year 2016 briefing; these were the only CER action items Army officials had documented through fiscal year 2016. The DASA(P) office develops the CER briefings in order to provide the ASA(ALT) and DASA(P) quarterly assessments of the overall health of Army contracting and to allow management to drive improvements. The CER briefings contain data DASA(P) officials obtain directly from source systems, such as the Federal Procurement Data System – Next Generation, and self-reported information from the Army's Principal Assistants Responsible for Contracting (PARC).

In order to assess the reliability of the data in the CER briefings, we reviewed the data from each of the quarterly documents from fiscal years 2015 and 2016, made comparisons, and identified discrepancies. We also reviewed source documents, such as the Annual Summary Health Reports and the 2013 Army contracting study.<sup>5</sup> Further, we interviewed DASA(P) officials responsible for coordinating, compiling, and reviewing the CER data, and officials from Army contracting organizations that provided data and information presented in the CER briefings. We determined that the data contained in the CER briefings were not sufficiently reliable for examining the Army's contracting operations, and our discussion in the report of CER data focuses on these limitations.

<sup>5</sup>Censeo Consulting Group, *Army Contracting Organization: Structure and Authorities* (July 2013).

In order to obtain contextual information about the Army's contracting evaluations, we interviewed officials from Army contracting organizations that provide DASA(P) officials data and information presented in the CER briefings, as well as DASA(P) officials responsible for coordinating, compiling, and reviewing the CER data.

To assess the extent to which Army leaders have evaluated the effects of organizational changes on contracting operations, we identified major changes Army leaders made from 2007 through 2016. We focused on this time period because it accounts for the changes Army leaders made following the Gansler Commission's 2007 report on the Army's contracting, including the creation of ACC. We reviewed key documents surrounding these changes, including the 2009 general order from the Secretary of the Army that created ACC.<sup>6</sup> We also reviewed memos ASA(ALT)s issued between 2007 and 2016, including six that rescinded, consolidated, and reassigned HCA authority; and others that focused on the implementation of new processes and practices for contracting operations. In addition, we reviewed a memorandum assembled by ASA(ALT) representatives that provided perspectives on the OPORD AMC issued in February 2016. It included observations from 7 Deputy Assistant Secretaries of the Army and 12 PEOs.

In order to obtain different perspectives on the Army's organizational changes, we interviewed Army leaders from the Office of the ASA(ALT) and AMC, HCAs, PARCs, and requirements generators. In particular, we interviewed Army officials from the three contracting centers affected by the February 2016 AMC OPORD, as well as LCMCs, PEOs, and Army Sustainment Command.

We conducted this performance audit from May 2016 to June 2017 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.

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<sup>6</sup>Army General Order 2009-20: *Establishment of the United States Army Contracting Command as a Major Subordinate Command of the United States Army Materiel Command.*

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# Appendix II: Comments from the Department of the Army

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of the Army



**DEPARTMENT OF THE ARMY**  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

JUN 06 2017

Ms. Marie Mak  
Director, Acquisition and Sourcing Management  
United States Government Accountability Office  
441 G Street, NW  
Washington, DC 20548-0001

Dear Ms. Mak:

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-17457, "ARMY CONTRACTING: Leadership Lacks Information Needed to Evaluate and Improve Operations," dated May 2017.

The DoD partially concurs with comments for recommendation one and concurs with comments for the seven remaining recommendations in the GAO draft report. The detailed responses to the recommendations are enclosed.

The point of contact is Ms. Thomasine L. Coleman, 703-697-0774, or thomasine.l.coleman.civ@mail.mil.

Sincerely,

A handwritten signature in black ink that reads "Steffanie B. Easter". The signature is written in a cursive style.

Steffanie B. Easter  
Acting Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)

Enclosure

**Army Response to Government Accountability Office (GAO) Audit  
Draft Report GAO-17-457  
“Army Contracting – Leaders Lacks Information Needed to  
Evaluate and Improve Operations”**

**Recommendation 1:** Ensure the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)) and Deputy Assistant Secretary of the Army (Procurement) (DASA(P)) establish and implement Contracting Enterprise Review (CER) metrics to evaluate the timeliness of contract awards, cost savings attributable to contracting activities, and the quality of contractor's products and services.

**Army Response: Partially Concur with Comments.**

The Army concurs with developing a metric for cost savings attributable to contracting activities. This metric is currently being developed by the CER Integrated Product Team (IPT) and will be incorporated in the next update to the CER planned for 2QFY18. The Army has noted considerable cost savings through the years and these savings are shared with Army leadership. For example, Army Contracting Command (ACC) - Red Stone Arsenal (RSA), realized a cost savings for FY14-FY16 of \$860M for the Phased Array Tracking Radar to Intercept On Target (PATRIOT) Advanced Capability-3 missile program. Additionally, ACC-RSA executed the HELLFIRE II Buy 16 (FY15-FY17) contract and negotiated a savings of \$336.2M, or 15.73 percent, from the Lockheed Martin Missiles and Fire Control (LMMFC) proposal.

The Army concurs with comment on the recommendation to include a metric for timeliness of contract awards (e.g. Procurement Acquisition Lead Time (PALT)) as part of the CER. Upon conclusion of the business process reengineering linked with the next generation contract writing system (see response to Recommendation 2), the CER IPT will assess implementation of the timeliness of contract award metric.

The Army non-concurs with using the CER to evaluate quality of contractors' products and services. The Army's primary means to assess the quality of contractors' products and services is through the Department of Defense standard, the Contractor's Performance Assessment Reporting System (CPARS). CPARS is used to collect performance data on contracts and orders over the simplified acquisition threshold. Assessing performance through the DoD's mandated process provides contractors with a standardized and fair approach to the collection of this sensitive data. See Army Response to Recommendation 4 for more detailed information on the Army's implementation of CPARS. The Army's non-concurrence with including the quality of contractor outputs of goods and services in the CER stems from our concerns about using this metric as a measure of the performance of the contracting activity. Contractor performance is related to multiple variables, including the quality of the requirement and level and quality of government oversight, many of which are not within control of the contracting office. Senior leadership has other mechanisms at their disposal to monitor contractor performance, such as the Army Systems Acquisition Review Council (ASARC) and the Superior Supplier Incentive Program (SSIP).

The Program Executive Officer and Program Managers use the ASARC forum to provide information on major systems acquisitions at key phases of the acquisition process (including Milestone decisions). The ASARC covers cost, schedule and performance of Army acquisition programs and/or portfolios.

The Army leaders leverage the SSIP which supports Better Buying Power 3.0. The Army, Air Force and Navy Service Acquisition Executives have each established an SSIP aimed at monitoring and reporting the performance of major suppliers and publicly recognizing that performance on an annual basis. SSIP is an annual list of the major suppliers receiving the highest dollar obligations. SSIP Tier rankings are based on CPARS ratings with only superior performers designated as Tier I. Lower rated suppliers are designated Tier II or Tier III. The DoD top performers are released to the public. A google search revealed the 2015 SSIP Top performers at [https://www.army.mil/article/152251/Top\\_defense\\_firms\\_recognized\\_for\\_superior\\_performance/](https://www.army.mil/article/152251/Top_defense_firms_recognized_for_superior_performance/).

Combined, CPARS, ASARCs and the SSIP provide multiple venues for consideration of contractor performance, but not all are appropriate for presentation at the CER, the primary purpose of which is to report on the performance of the contracting activities.

**Recommendation 2:** Ensure the ASA (ALT) and DASA(P) formally establish May 2018 as the required deadline for DASA(P) representatives to establish department-wide PALT guidelines.

**Army Response: Concur with Comments.**

A formal Senior Procurement Executive (SPE) memorandum will be issued to establish the PALT guidelines in conjunction with business process reengineering for the next generation contract writing system. The date to conclude this activity is 12 months from date of contract award, which is currently targeted for June 2018.

**Recommendation 3:** Ensure that the ASA (ALT) and DASA(P) establish a standard methodology for the Principal Assistants Responsible for Contracting (PARCs) to calculate the cost savings they report in CER briefings. Ensure the PARCs from the National Guard Bureau (NGB), United States Army Medical Command (MEDCOM), and United States Army Corps of Engineers (USACE) use the methodology to report their respective cost savings.

**Army Response: Concur with Comments.**

The office of the DASA(P) CER IPT is currently working with the PARCs to develop a standardized method for capturing the reporting cost savings. The proposed methodology will be incorporated in the next update to the CER briefing planned for 2QFY18.

**Recommendation 4:** Ensure ASA (ALT) and DASA(P) identify an effective means to collect and report contractor performance data.

**Army Response: Concur with Comments.**

Additional efforts are needed to ensure reliable and sufficient information to comply with policies for evaluating contractor performance. The Army utilizes the mandatory CPARS, the Government-wide evaluation reporting process for all past performance reports on contracts and orders over the simplified acquisition threshold, and the Past Performance Information Retrieval System (PPIRS). PPIRS contains the "Report Card" (RC) and "Statistical Reporting" (SR) modules. To improve reliability and sufficiency of performance information, the Army will focus on ensuring all performance assessment reports (PARs) are prepared timely, require assessors take training for writing PARs, evaluate PARs for quality information before finalizing report and ensuring Contracting Officers register contracts to allow assessors to prepare PARs in CPARS.

**Recommendation 5:** Ensure the ASA(ALT) and the DASA(P) accurately determines the department's contracting workforce requirements in accordance with the Army's needs.

**Army Response: Concur with Comments.**

For over the past two years, the Deputy Assistant Secretary of the Army for Plans, Programs and Resources (DASA PPR) has been developing a predictive resource staffing model for the contracting workforce. The Predictive Resource Staffing Model for Contracting (PRSM-C) will:

- 1) Provide a baseline for the level of effort and type of staffing performing the comprehensive list of tasks developed within the contracting community to represent contracting workload. Touch time data was collected based on a work breakdown structure and analyzed to identify potential opportunities to drive efficiencies and better align competencies with workload.
- 2) Produce outputs in the form of touch-time required within each contracting organization. The touch-time will be predicted based on the composition of contracting workload by contract type, dollar value, category and other variables to be determined based on statistical analysis of the data. PRSM-C will produce predictions of workforce requirements that encompass the entire organizational footprint.

The US Army Manpower Analysis Agency is working with the office of the DASA(P), the office of the DASA PPR, and the contractor to correct discrepancies found during validation to allow for a full validation of the model. We anticipate validation to be complete in FY18. DASA PPR and DASA(P) will work with contracting activities to deploy PRSM-C and allow reclama for organizations reporting significant discrepancies. The model will continue to be refreshed or modified over time as necessary.

**Recommendation 6:** Ensure future ASA(ALT)s document their reasons for not implementing their predecessors' contracting policies, as applicable.

**Army Response: Concur with Comments.**

The ASA(ALT) and DASA(P) fully support transparency of decision making as a primary means to generate enterprise-level support whenever possible. All contracting policies and procedures issued by the ASA(ALT) remain in effect until new policy or guidance is issued or until it is formally rescinded via a policy letter with explanatory rationale. Failure to execute policy (before or after the transition of the ASA(ALT)) will be reviewed and corrected with the appropriate staff elements.

**Recommendation 7:** Ensure ASA(ALT)s consistently chair or otherwise provide feedback on quarterly CERs in order to demonstrate commitment to improving contracting operations.

**Army Response: Concur with Comments.**

The CER IPT is standardizing the roles, responsibilities and frequency of quarterly reviews of the briefings. This process will be documented in Standard Operating Procedures and will explain how feedback, improvements, and recommendations are communicated to the contracting workforce.

**Recommendation 8:** Ensure that the Army leaders establish measurable objectives for organizational changes, such as (1) February 2016 AMC Operation Order, and (2) the December 2016 Head of Contracting Activity delegations.

**Army Response: Concur with Comments.**

The ASA(ALT) and DASA(P) recognize the importance of measurable objectives to assess the effectiveness of organization change, to include HCA delegations. With the implementation of the Army Contracting Study, the office of the DASA(P) established standard criteria for the evaluation of contracting performance, to include a customer satisfaction feedback process and customer focused metrics. The office of the DASA(P) established a methodology for providing periodic contracting organization performance feedback from the ASA(AL&T)/SPE to the Head of Contracting Activity through the CER. The office of the DASA(P) confirms this methodology will be used to gauge the effectiveness of HCA delegations and potentially other future organizational changes.



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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Marie A. Mak, (202) 512-4841 or [makm@gao.gov](mailto:makm@gao.gov)

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## Staff Acknowledgments

In addition to the contact listed above, W. William Russell (Assistant Director), Nathan Tranquilli (Assistant Director), Lauren A. Friedman, and Stephen V. Marchesani made significant contributions to this report. Peter Anderson, Kristine Hassinger, Julia Kennon, and Robin Wilson also contributed.

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# Appendix IV: Accessible Data

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## Agency Comment Letter

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Accessible Text for Appendix II: Comments from the  
Department of the Army

Page 1

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## Strategic Planning and External Liaison

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