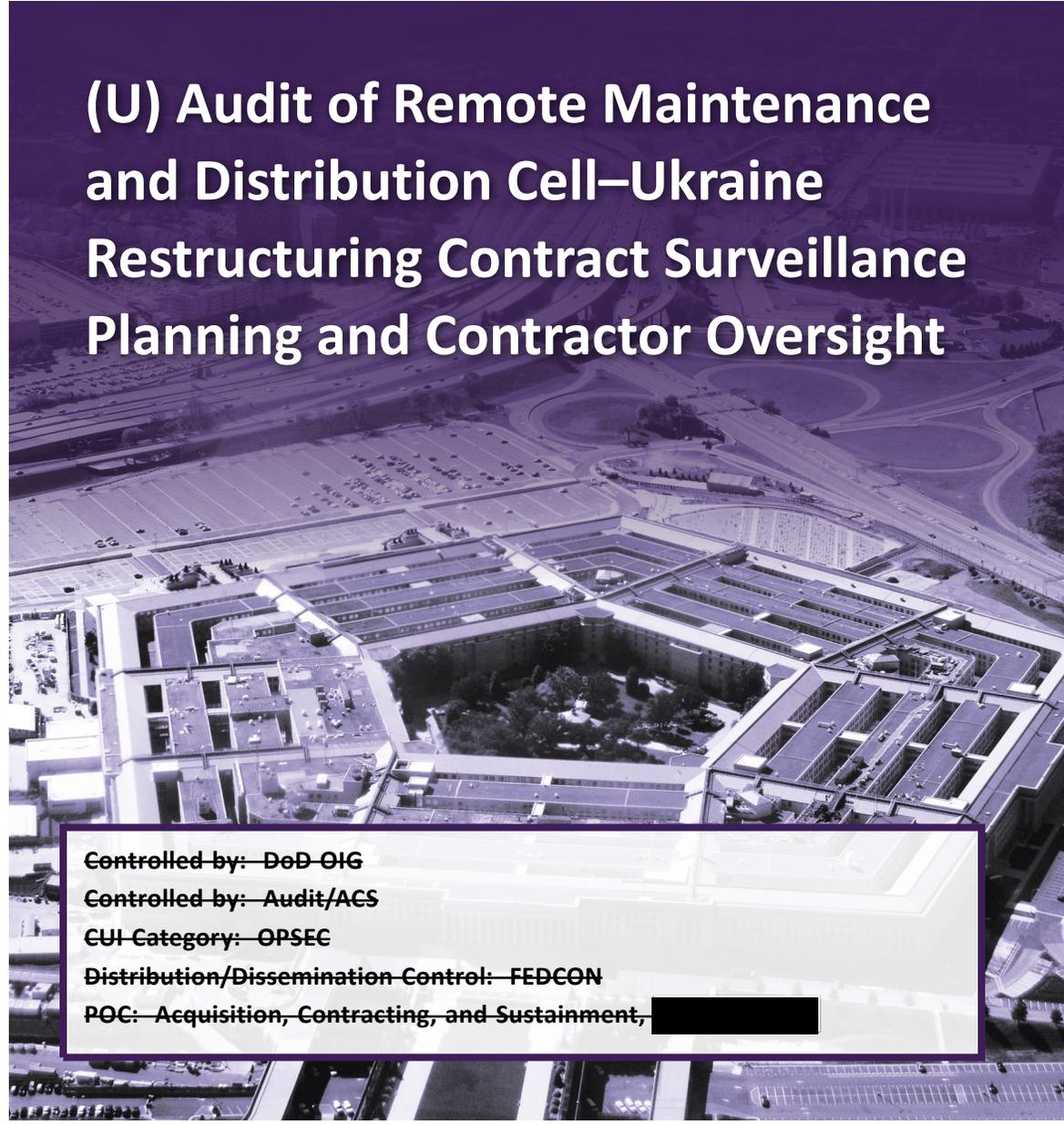


CUI

INSPECTOR GENERAL

U.S. Department of Defense

JUNE 25, 2024



(U) Audit of Remote Maintenance and Distribution Cell–Ukraine Restructuring Contract Surveillance Planning and Contractor Oversight

~~Controlled by: DoD-OIG~~

~~Controlled by: Audit/ACS~~

~~CUI Category: OPSEC~~

~~Distribution/Dissemination Control: FEDCON~~

~~POC: Acquisition, Contracting, and Sustainment, [REDACTED]~~

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY

CUI





(U) Results in Brief

(U) Audit of Remote Maintenance and Distribution Cell–Ukraine Restructuring Contract Surveillance Planning and Contractor Oversight

June 25, 2024

(U) Objective

(U) The objective of this audit was to determine whether Army contracting personnel acted in accordance with Federal and DoD policies to:

1. (U) properly award U.S. Army Tank–Automotive and Armaments Command (TACOM) Task Order W56HZV-23-F-0077, under Contract W56HZV-22-D-ER04 (the task order), for the maintenance of equipment at the Remote Maintenance and Distribution Cell–Ukraine (RDC-U);
2. (U) appropriately plan for and establish controls to conduct surveillance of contractor performance; and
3. (U) effectively monitor contractor performance.

(U) This report is the third and final product issued as part of this audit, and addresses our findings related to the Army’s surveillance controls and Army contracting personnel’s efforts to monitor contractor performance related to the maintenance of equipment at the RDC-U.

(U) We previously issued two other products. Specifically, we issued Report No. DODIG-2024-041 on January 5, 2024, which reported that the Army properly awarded the task order in accordance with Federal and DoD policies by adequately planning the task order and supporting the award decision. We will also issue a product on the effectiveness of invoice reviews by Army contracting personnel.

(U) Background

(U) Since 2014, the United States has provided security assistance to Ukraine in the form of both non-lethal and lethal defense items

(U) Background (cont’d)

(U) to aid in its defense against Russian aggression. On February 24, 2022, Russia conducted a full-scale invasion of Ukraine, and on March 16, 2022, the President announced that the United States would increase the amount and types of defense items provided to Ukraine. As the Russian full-scale invasion continued and the United States began to provide more advanced weapon systems, the DoD realized that Ukraine would require maintenance and repair support to continue its defense. As a result, in July 2022, the Army established the RDC-U in Jasionka, Poland, to support the maintenance and repair of U.S.-provided equipment for Ukraine.

(U) U.S. Army TACOM personnel serve as the primary and alternate contracting officer’s representatives for the RDC-U task order, and support the Army’s oversight of the contractor maintenance performed at the RDC-U.

(U) Findings

(U) In this report, we found that Army contracting personnel planned and established controls to conduct surveillance of contractor performance at the RDC-U in accordance with Federal and DoD policies. Army contracting personnel also adjusted the surveillance procedures and number of oversight personnel located onsite to adapt to changing requirements in the RDC-U’s mission and to ensure continued surveillance of the contractor’s maintenance efforts. In addition, Army contracting personnel tasked to conduct contract oversight at the RDC-U possessed the necessary experience and completed the required training in accordance with DoD policy. Furthermore, Army contracting personnel performed adequate contract oversight to ensure satisfactory contractor performance. As a result, Army contracting personnel provided assurance that the contractor accomplished the task order requirements for providing maintenance, repair, and sustainment support to assist in Ukraine’s defense against Russian invasion.

(U) Recommendations

(U) We did not make any recommendations in this report.





OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

June 25, 2024

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, U.S. EUROPEAN COMMAND

SUBJECT: (U) Audit of Remote Maintenance and Distribution Cell-Ukraine
Restructuring Contract Surveillance Planning and Contractor Oversight
(Report No. DODIG-2024-101)

(U) This final report provides the results of the DoD Office of Inspector General's audit. We considered management's comments on a discussion draft copy of this report when preparing the final report. We did not make any recommendations; therefore, no management comments are required.

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

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read "Carmen J. Malone".

Carmen J. Malone
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

(U) Contents

(U) Introduction

(U) Objective.....	1
(U) Related Remote Maintenance and Distribution Center–Ukraine Work	1
(U) Background.....	2

(U) Finding. Army Contracting Personnel Properly Conducted Contract Oversight in Support of the Remote Maintenance and Distribution Cell–Ukraine..... 7

(U) Army Contracting Personnel Developed Surveillance Controls and Conducted Oversight in Accordance with Federal and DoD Policies.....	7
(U) Conclusion.....	16

(U) Appendix

(U) Scope and Methodology	17
(U) Internal Control Assessment and Compliance	18
(U) Use of Computer-Processed Data	18
(U) Prior Coverage.....	18

(U) Acronyms and Abbreviations..... 21

(U) Introduction

(U) Objective

(U) The objective of this audit was to determine whether Army contracting personnel acted in accordance with Federal and DoD policies to:

1. (U) properly award U.S. Army Tank–Automotive and Armaments Command (TACOM) Task Order W56HZV-23-F-0077, under Contract W56HZV-22-D-ER04 (the task order), for the maintenance of equipment at the Remote Maintenance and Distribution Cell–Ukraine (RDC-U);
2. (U) appropriately plan for and establish controls to conduct surveillance of contractor performance; and
3. (U) effectively monitor contractor performance.

(U) This report is the third and final product issued as part of this audit, and addresses the second and third sub-objectives related to the Army’s surveillance controls and Army contracting personnell’s efforts to monitor contractor performance related to the maintenance of equipment at the RDC-U.

(U) We previously issued two other products. Specifically, we issued Report No. DODIG-2024-041, “Management Advisory: Audit of Remote Maintenance and Distribution Cell–Ukraine Restructuring Contract Award,” on January 5, 2024, which addressed the first sub-objective of this audit. In the management advisory, we reported that the Army Contracting Command (ACC) properly awarded the task order in accordance with Federal and DoD policies by adequately planning the task order and supporting the award decision.

(U) We will also issue a product on the effectiveness of invoice reviews by Army contracting personnel. See Appendix A, “Prior Audit Coverage.”

(U) Related Remote Maintenance and Distribution Center–Ukraine Work

(U) The DoD OIG announced the “Audit of DoD Maintenance Operations for Military Equipment Provided to Ukraine” (Project No. D2023-D000RH-0088.000) on February 21, 2023. The announced objective of the audit was to determine whether the DoD efficiently and effectively provided maintenance support for U.S. weapon systems and equipment provided for Ukraine operations; however, the DoD OIG revised the objective to determine the extent to which the DoD provided

(U) maintenance support for U.S. military equipment provided for Ukraine operations. To avoid duplication of effort, we did not review the contractor-provided maintenance support during our audit. The DoD OIG plans to issue this audit report in fourth quarter FY 2024.

(U) Background

(U) Since 2014, the United States has provided security assistance to Ukraine in the form of both non-lethal and lethal defense items to aid in its defense against Russian aggression. On February 24, 2022, Russia conducted a full-scale invasion of Ukraine. In response, on March 16, 2022, the President announced that the United States would increase the amount and types of defense items provided to Ukraine. Since then, the United States has provided additional advanced weapon systems such as M-777 howitzers, High Mobility Artillery Rocket Systems, Stryker Combat Vehicles, and Bradley Infantry Fighting Vehicles.

(U) Providing Defense Articles Through Presidential Drawdown Authority

(U) While the United States has provided defense items through multiple programs and authorities, most of the defense items that the United States has provided to Ukraine since the February 2022 Russian invasion have come from Presidential Drawdown Authority. From August 27, 2021, through March 12, 2024, the President issued 55 drawdown orders totaling \$26.2 billion to provide defense items to Ukraine.

(U) Following the issuance of a presidential drawdown order under Presidential Drawdown Authority, the Defense Security Cooperation Agency issues an execute order directing the Military Services and Defense Agencies to fulfill the order. The purpose of the execute order is to facilitate the immediate movement of defense items from military units and existing DoD resources to assist and support Ukraine's ongoing defense efforts. Subsequently, the Army coordinated and synchronized the timely transfer of operational equipment to the U.S. European Command for onward movement to Ukraine.

(U) Remote Maintenance and Distribution Cell–Ukraine

(U) As the Russian full-scale invasion continued and the United States began to provide more advanced weapon systems, the DoD realized that Ukraine would require maintenance and repair support to continue its defense. As a result, in July 2022, the Army established the RDC-U in Jasionka, Poland, to support the maintenance and repair of U.S.-provided equipment for Ukraine.¹

(CUI) [Redacted]
[Redacted]
[Redacted] Because the

U.S. military is not authorized to operate in Ukraine, the RDC-U conducts remote maintenance sessions leveraging Ukrainian translators and secure voice, video, and chat channels to guide Ukrainian counterparts through the entire maintenance process of weapon systems they may find unfamiliar.²

(CUI) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

- (CUI) [Redacted]
[Redacted]
- (CUI) [Redacted]
- (CUI) [Redacted]
[Redacted]
- (CUI) [Redacted]
[Redacted]

¹ (U) The Remote Maintenance and Distribution Cell–Ukraine was previously known as the Tele-Maintenance and Distribution Cell–Ukraine from July 2022 until December 16, 2022, when Army officials changed the name of the activity to better reflect “Remote Maintenance.”

² (U) Remote Maintenance is defined as the use of any telecommunications system to perform maintenance actions remotely.

(U) Figure 1 shows the offloading of equipment at the RDC-U.



(U) [REDACTED]

[REDACTED]

[REDACTED] On December 5, 2022, the ACC issued task order W56HZV-23-F-0077, valued at \$475.8 million, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ³ [REDACTED]

[REDACTED]

[REDACTED]

(U) Army Contracting Command

(U) As the Army’s principal buying agent, the ACC supports Army readiness and modernization by providing contracting support. ACC civilian personnel serve as the contracting officer and contract specialists for task order W56HZV-23-F-0077.

(U) U.S. Army Tank–Automotive and Armaments Command

(U) TACOM manages the Army’s ground equipment supply chain, which constitutes approximately 60 percent of the Army’s total equipment. TACOM personnel serve as the primary contracting officer’s representatives (CORs) and alternate CORs (ACORs) for the RDC-U task order. As of December 2023, two primary CORs and five ACORs supported the Army’s oversight of contractor maintenance performed at the RDC-U.⁴ Two ACORs focus on maintenance, and the other

³ (U) The ACC awarded Task Order W56HZV-23-F-0077 as a cost-plus-fixed-fee services contract, and the task order consists of 1 base year and 4 option years.

⁴ (U) Initially, the Army assigned one COR and one ACOR to perform oversight at the RDC-U; however, additional oversight personnel were added as the RDC-U workload expanded.

(U) three ACORs focus on transportation, supply, and quality assurance.⁵ Both primary CORs are located in the Continental United States but visit the RDC-U as needed, and the ACORs serve onsite at the RDC-U for 180-day rotations.⁶

(U) Federal and DoD Oversight Guidance

(U) The Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) are the primary Federal and DoD guidance for quality assurance and contract oversight. The FAR states that agencies must ensure that supplies and services acquired under Government contracts conform to the contract's quality and quantity requirements and include inspection, acceptance, and other measures associated with quality requirements.⁷ In addition, the FAR states that the contracting officer is responsible for ensuring performance of all necessary actions for effective contracting, compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships.⁸

(U) The FAR and DFARS also require DoD Components to generate various contract oversight programs and procedures. Specifically, the DFARS requires DoD Components to implement a contract quality control assurance program to ensure that contract performance conforms to specified requirements.⁹ The DFARS also states that contracting officers for service contracts should prepare quality assurance surveillance plans (QASPs) to facilitate assessment of contractor performance.¹⁰ According to the DoD COR Guidebook, the QASP establishes procedures on how contracting personnel will assess or inspect the contractor's work. The QASP should detail what will be inspected, how the inspection will take place and by whom, and how the inspection will be documented.¹¹

(U) The FAR requires that all performance-based contracts for services contain a performance work statement (PWS).¹² According to the FAR, to the maximum extent practicable, the PWS should describe the work in terms of the required results rather than how the work should be accomplished or the number of hours to be provided. The PWS should also enable assessment of work performance against measurable performance standards.

⁵ (U) The ACORs assigned to perform oversight over maintenance, transportation, and supply are TACOM employees; however, the ACOR assigned to conduct quality assurance is an employee of the Defense Contract Management Agency.

⁶ (U) The number of ACORs serving onsite at the RDC-U generally ranged from one to six at any point in time.

⁷ (U) FAR Part 46, "Quality Assurance."

⁸ (U) FAR Part 1, "Federal Acquisition Regulations System," Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," Section 1.602, "Contracting Officers," Subsection 1.602-2, "Responsibilities."

⁹ (U) DFARS Part 246, "Quality Assurance."

¹⁰ (U) DFARS Part 246, "Quality Assurance," Subpart 246.4, "Government Contract Quality Assurance."

¹¹ (U) "DoD Contracting Officer's Representatives Guidebook," May 2021.

¹² (U) FAR Part 37, "Service Contracting," Subpart 37.6, "Performance-Based Acquisition."

(U) The DoD COR Guidebook states that the QASP must be prepared in conjunction with the PWS and should be tailored to address the performance risks inherent in the specific contract type and the work effort addressed by the contract.¹³ According to the DoD COR Guidebook, a QASP is mandatory for any contract, task order, or delivery order for services over the simplified acquisition threshold.¹⁴ Therefore, contracts for services, including time-and-material and labor-hour contracts, must include a QASP to facilitate assessment of contractor performance.

(U) Contract Oversight Personnel

(U) The key contract administration personnel responsible for carrying out Government quality assurance surveillance at the RDC-U include the contracting officer and the CORs, including the ACORs. DoD Instruction 5000.72 establishes requirements for identifying, training, and certifying CORs across the DoD.¹⁵ The Instruction states that the contracting officer must designate CORs in writing and outlines minimum COR experience and training requirements depending on dollar value, complexity of the requirements, and contract performance risk associated with the contract for which the COR is designated. Contracting personnel identified the RDC-U task order as a Type B requirement; therefore, CORs must have at least 12 months of agency experience and complete initial and refresher COR training.¹⁶

¹³ (U) "DoD Contracting Officer's Representatives Guidebook," May 2021.

¹⁴ (U) According to FAR Part 2, "Definition of Words and Terms," Subpart 2.1, "Definitions," Subsection 2.101, "Definitions," the simplified acquisition threshold is \$250,000, except for acquisitions of certain supplies and services, in which the threshold may be higher.

¹⁵ (U) DoD Instruction 5000.72, "DoD Standard for Contracting Officer's Representative (COR) Certification," March 26, 2015, (Incorporating Change 2, November 6, 2020). According to DoD Instruction 5000.72, ACORs are also considered CORs for certification purposes.

¹⁶ (U) DoD Instruction 5000.72 defines three types of standards: Type A, Type B, and Type C. For each type, the Instruction outlines the minimum experience and training requirements. According to the Instruction, Type B standards apply to fixed-price contracts with incentives, fixed-price contracts with other than low performance risk, and other than fixed-price contracts.

(U) Finding

(U) Army Contracting Personnel Properly Conducted Contract Oversight in Support of the Remote Maintenance and Distribution Cell–Ukraine

(U) Army contracting personnel planned and established controls to conduct surveillance of contractor performance at the RDC-U in accordance with Federal and DoD policies. Army contracting personnel also adjusted the surveillance procedures and number of oversight personnel located onsite to adapt to changing requirements in the RDC-U's mission and to ensure continued surveillance of the contractor's maintenance efforts. In addition, Army contracting personnel tasked to conduct contract oversight at the RDC-U were nominated in writing, possessed the necessary experience, and completed the required training in accordance with DoD policy.¹⁷ Furthermore, Army contracting personnel performed adequate contract oversight to ensure satisfactory contractor performance. As a result, Army contracting personnel provided assurance that the contractor accomplished the task order requirements for providing maintenance, repair, and sustainment support to assist in Ukraine's defense against Russian invasion.

(U) Army Contracting Personnel Developed Surveillance Controls and Conducted Oversight in Accordance with Federal and DoD Policies

(U) Army contracting personnel properly developed surveillance controls and performed contract oversight for the maintenance of equipment at the RDC-U. Specifically, Army contracting personnel planned and prepared various oversight procedures, including developing a PWS and QASP in accordance with Federal and DoD policies. Furthermore, CORs at the RDC-U possessed the necessary experience and completed required training. Army contracting personnel also performed adequate contract oversight to ensure satisfactory contractor performance of the maintenance of equipment at the RDC-U.

(U) Army Contracting Personnel Developed Initial Surveillance Controls in Accordance with Federal and DoD Policies

(U) Army contracting personnel developed initial oversight procedures in accordance with Federal and DoD policies for the maintenance of equipment at the RDC-U. Specifically, Army contracting personnel properly planned and prepared a PWS and QASP for the award of the RDC-U maintenance task order.

¹⁷ (U) DoD Instruction 5000.72.

(U) Army Contracting Personnel Properly Developed the Performance Work Statement

(U) Army contracting personnel properly developed the initial PWS in accordance with the FAR and DoD COR Guidebook.¹⁸ According to the FAR, agencies shall describe the work in terms of the required results rather than how the work is to be accomplished and enable assessment of work performance against measurable performance standards. The DoD COR Guidebook states that the PWS defines the contract’s performance requirements, and includes identifying required outputs, key performance indicators or performance characteristics, and acceptance standards.

(U) Army contracting personnel explained that they developed the PWS through a joint effort with the contracting officer, COR, and a contract specialist, and many

(U) Army contracting personnel ensured the PWS included descriptions of the work in terms of required results.

senior leader reviews and approvals.

In addition, Army contracting personnel ensured the PWS included descriptions of the work in terms of required results.

Specifically, Army contracting personnel

incorporated measurable performance requirements, including defined performance standards and acceptable performance levels. For example, for repairable item inspections the performance standard is a 100 percent pass rate on first inspection, and the acceptable performance level is a 95 percent pass rate on first inspection.

(U) Furthermore, the PWS included a Contract Data Requirements List (CDRL), which contained reporting requirements and the timeframes for reporting. For example, the PWS states that the contractor shall report the progress of all unscheduled maintenance efforts by the UAF and the contractor, in accordance with CDRL A007. According to the PWS, CDRL A007 is the “Maintenance Report” and the contractor is required to submit the report weekly.

(U) While Army contracting personnel properly developed the initial PWS, contracting personnel stated the PWS was intentionally written to include broad requirements because of the RDC-U’s expanding mission to support Ukrainian defense efforts. As a result, as operations at the RDC-U became more standardized and the requirements became more consistent, Army contracting personnel updated the PWS to better reflect the RDC-U’s mission and the contractor’s responsibilities.

¹⁸ (U) FAR Part 37, “Service Contracting,” Subpart 37.602, “Performance Work Statement”; “DoD Contracting Officer’s Representatives Guidebook,” May 2021.

(U) Army Contracting Personnel Properly Developed the Quality Assurance Surveillance Plan

(U) Army contracting personnel developed the initial QASP in accordance with the FAR and DoD COR Guidebook. The FAR states that Government contract quality assurance shall be performed at such times and places as may be necessary to determine that the supplies or services conform to contract requirements.¹⁹ The FAR also states that QASPs should specify all work requiring surveillance and the method of surveillance. According to the DoD COR Guidebook, a QASP is mandatory for any contract, task order, or delivery order for services over the simplified acquisition threshold. Therefore, contracts for services, including time-and-material and labor-hour contracts, must include QASPs to facilitate assessment of contractor performance.

(U) Army contracting personnel primarily used knowledge from previous maintenance efforts while developing the initial QASP with a vision, mission, and purpose, and an outline of the authority and roles and responsibilities of contracting personnel. Army contracting personnel also stated that they wrote the initial QASP to include a large scope of requirements to be as agile as possible, thus requiring fewer alterations to the QASP. In addition, the QASP described performance requirements and the method of surveillance and provided a performance rating system. The surveillance matrix contained work statements and the standards and acceptable quality levels, as well as inspections for each work statement.

(U) Furthermore, regarding inspections, the surveillance matrix described inspection roles and responsibilities, the work to be inspected, inspection methods, applicable performance standards, and inspection frequencies. For example, the initial surveillance matrix included a work statement for work orders, which stated that work orders should be initiated 1.5 calendar days after equipment or weapon systems arrive at the RDC-U site and should be recorded in the contractor's tracking system upon receipt of every vehicle. The surveillance matrix also stated that the COR is responsible for reviewing 100 percent of all submitted requests. While Army contracting personnel properly developed the initial QASP, personnel also updated the QASP as necessary to reflect changes in the scope of the work at RDC-U.

¹⁹ (U) FAR Part 46, "Quality Assurance," Subpart 46.4, "Government Contract Quality Assurance."

(U) Army Contracting Personnel Adjusted Task Order Requirements and Surveillance Procedures to Address Remote Maintenance and Distribution Cell–Ukraine Mission Changes

(U) As the scope of work at the RDC-U expanded, Army contracting personnel adjusted the task order requirements and surveillance procedures to address the changing mission requirements. Specifically, when work first began under the task order, the RDC-U's primary focus was tele-maintenance. However, as the conflict in Ukraine progressed, the RDC-U mission expanded to provide additional equipment repair and maintenance support for more heavily battle-damaged equipment. As a result, contracting personnel updated the task order requirements to better reflect the RDC-U's mission and the contractor's overall responsibilities for providing equipment maintenance at the RDC-U. Contracting personnel also expanded surveillance procedures, including the number of oversight personnel, to ensure sufficient oversight of contractor performance.

(U) Army Contracting Personnel Updated Task Order Requirements

(U) Army contracting personnel updated task order requirements to address changes in the RDC-U's mission. Initially, contracting personnel stated that they developed task order requirements based on Army maintenance standards. However, as the mission continued, it became evident to contracting personnel that Army maintenance standards did not apply to the work performed at the RDC-U because the equipment was not U.S.-owned and the UAF's needs differed. In addition, the expanding workload at the RDC-U resulted in the need for additional contractor requirements. Therefore, Army contracting personnel updated key task order documentation, such as the PWS, to include the necessary task order requirements.

(U) From December 2022 through January 2024, Army contracting personnel updated the PWS four times to modify significant task order language and

(U) The PWS updates focused on changing the task order language to reflect the specific conditions of the RDC-U.

implement additional contractor requirements. The PWS updates focused on changing the task order language to reflect the specific conditions of the RDC-U and ensure measurable

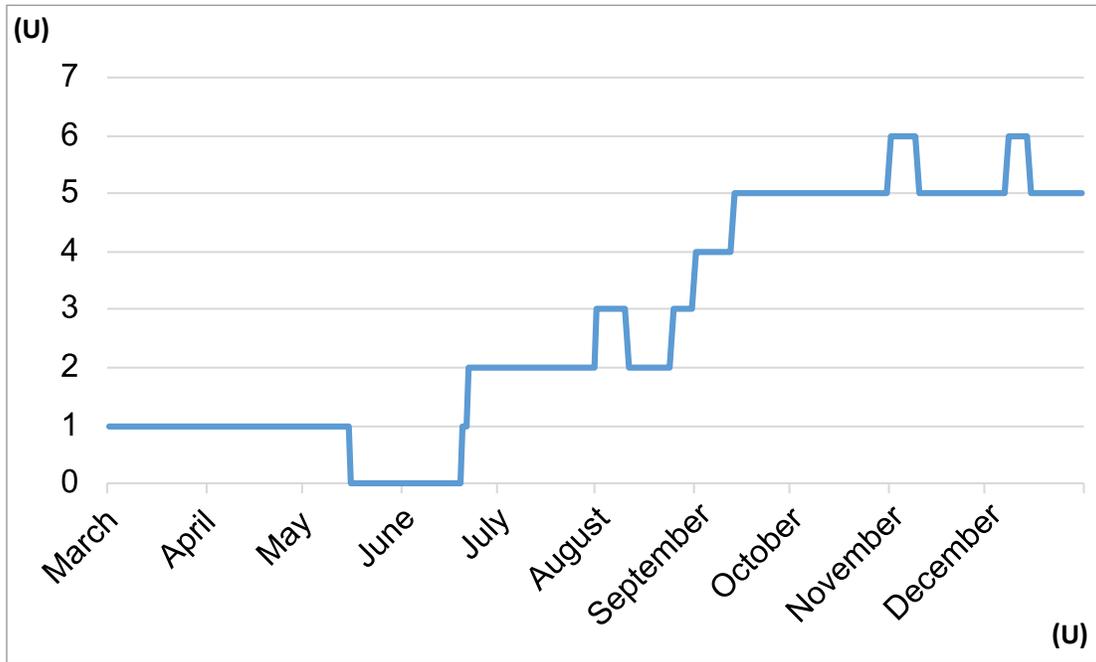
performance standards were in place to evaluate the contractor's performance. For example, in the January 2024 PWS modification, contracting personnel updated the tele-maintenance requirement. The initial PWS required the contractor to answer tele-maintenance calls within 12 hours. However, in the January 2024 update, contracting personnel revised the requirement to require that the contractor identify the equipment fault within 12 hours, complete the in-progress assessment

(U) within 48 hours, and develop the solution path within 96 hours. Contracting personnel also established various new requirements, such as parts inventory procedures, which outlined the contractor’s performance standards for conducting inventory.

(U) Army Contracting Personnel Assigned Additional Oversight Personnel and Updated Surveillance Procedures

(U) Army contracting personnel initially assigned a procuring contracting officer and a COR to conduct contract oversight for the task order, both of whom were located in the United States.²⁰ The procuring contracting officer and COR visited the RDC-U periodically to conduct surveillance of the contractor’s performance; however, as maintenance and repair requirements at the RDC-U increased, Army personnel identified the need to have full-time oversight personnel located onsite. As a result, contracting personnel assigned ACORs, who served 180-day rotations at the RDC-U, to assist with contractor oversight. Specifically, the Army assigned the first ACOR in March 2023, and assigned additional ACORs as surveillance requirements continued to expand. Figure 2 shows the number of ACORs onsite at the RDC-U from March 2023 through December 2023.

(U) Figure 2. Number of Full-time ACORs Located Onsite at the RDC-U



(U) Note: In May 2023, the onsite ACOR took unexpected leave. As a result, there was a gap in ACOR surveillance while Army contracting personnel assigned a new ACOR. However, the primary COR conducted site visits to the RDC-U while there was no ACOR on site. In addition, during some months, the number of ACORs changed throughout the month.

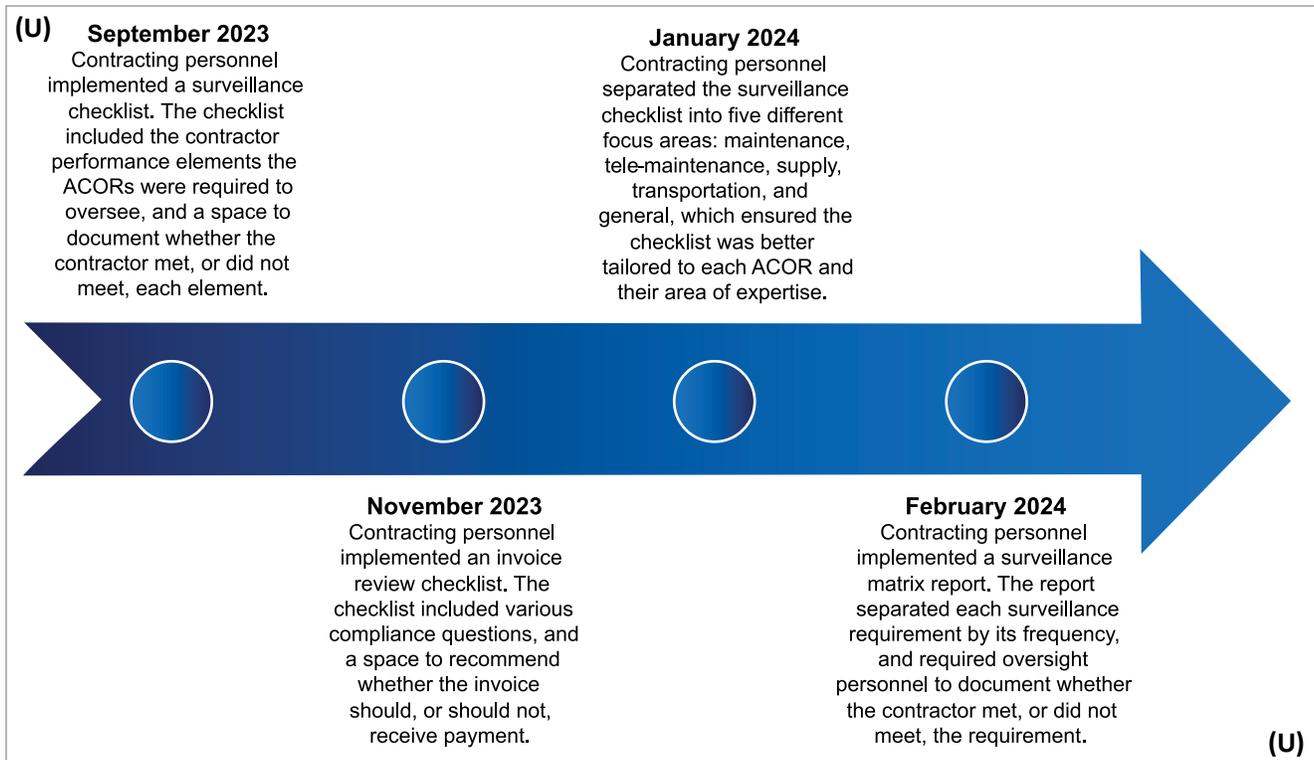
(U) Source: The DoD OIG.

²⁰ (U) The procuring contracting officer is the individual authorized to enter into contracts for supplies and services on behalf of the Government, and who is responsible for overall procurement under the contract.

(U) In addition to the ACORs, Army contracting personnel added more oversight personnel to assist with contractor oversight. Specifically, the Army assigned an administrative contracting officer in September 2023 and a quality assurance specialist in November 2023, both located onsite at the RDC-U, and a second COR in November 2023 who is located in the United States.²¹ By December 2023, the oversight personnel assigned to conduct contractor surveillance for the task order included six personnel located onsite at the RDC-U and three personnel located in the United States. Based on the additional personnel performing oversight, we determined that the Army assigned sufficient personnel to complete all defined surveillance activities and ensure adequate contractor performance.

(U) Army contracting personnel also updated surveillance procedures to ensure oversight coverage of all contractor requirements. Specifically, Army contracting personnel updated key surveillance documentation, such as the QASP, to include the necessary oversight requirements. From December 2022 through February 2024, Army contracting personnel updated the QASP four times to further define the methods of surveillance and the surveillance schedule and implement additional surveillance procedures to document COR oversight. Figure 3 shows a summary of each QASP revision.

(U) Figure 3. Quality Assurance Surveillance Plan Updates.



(U) Source: The DoD OIG.

²¹ (U) The quality assurance specialist assigned to assist with oversight at the RDC-U is also considered an ACOR for the purpose of this task order.

(U) We performed a crosswalk between the contractor performance requirements listed in the PWS and the surveillance procedures outlined in the QASP and determined that Army contracting personnel established surveillance procedures for each task order requirement. Based on the updates Army contracting personnel made to the task order requirements and surveillance procedures, we determined that Army contracting personnel complied with both Federal and DoD requirements by ensuring oversight coverage of all contractor performance requirements. However, Army contracting personnel did not implement these changes until well after the RDC-U mission stabilized. Specifically, in June 2023, Army contracting personnel issued a task order modification to re-baseline, or “right-size,” the task order to account for additional personnel needed to support the changes in the RDC-U workload. Therefore, we determined that by October 2023, Army contracting personnel should have been able to implement many of the needed changes, including any new or updated requirements, in the task order and surveillance procedures.

(U) Army contracting personnel did not update the PWS to include all new contractor performance requirements until January 2024, or 3 months after October 2023. Furthermore, Army contracting personnel made the first significant update to the surveillance checklist in December 2023, or 2 months after October 2023, and did not include all needed surveillance requirements until February 2024, or 4 months after we anticipated the changes. Lastly, contracting personnel also did not implement the surveillance matrix report which, when combined with the surveillance checklist, ensured oversight of each contractor performance requirement, until February 2024. Although the updates to the task order requirements and surveillance procedures were not made in a timely manner, we did not identify any negative impact in Army contracting personnel’s ability to conduct oversight during the time period covered by our review.

(U) Army Contracting Personnel Responsible for Contract Oversight Were Nominated in Writing and Met the Necessary Experience and Training Requirements

(U) Army contracting personnel tasked with contract oversight at the RDC-U were nominated in writing, possessed the necessary experience, and completed the required training in accordance with DoD Instruction 5000.72. The Instruction states that the contracting officer must designate CORs in writing and outlines minimum COR experience and training requirements depending on dollar value, complexity of the requirements, and contract performance risk associated with the contract for which the COR is designated. Contracting personnel identified the RDC-U task order as a Type B requirement; therefore, CORs must have at least 12 months of agency experience and complete initial and refresher COR training.

(U) Army Contracting Officer's Representatives Were Nominated in Writing and Possessed Required Experience

(U) As of December 2023, Army contracting personnel nominated a total of 11 CORs at the RDC-U—2 primary CORs and 9 ACORs.²² Army contracting

(U) Army contracting personnel nominated each COR in writing and ensured that the CORs possessed the necessary 12 months of experience.

personnel nominated each COR in writing and ensured that the CORs possessed the necessary 12 months of experience, as required by the DoD Instruction. Specifically, for

each COR, Army contracting personnel prepared a form that identified the task order, requirement, and COR responsibilities and qualifications, and included the respective COR and COR supervisor's signatures. In addition, all CORs possessed at least 12 months of agency experience.

(U) Army Contracting Officer's Representatives Completed Required Training

(U) Army CORs at the RDC-U completed the required COR training.

DoD Instruction 5000.72 requires CORs to complete initial COR training and any additional training mandated by the contracting activity or agency. Additionally, the Instruction requires CORs to complete a minimum of 16 hours of COR-specific refresher training every 3 years. All 11 CORs at the RDC-U completed initial COR training. Specifically, all CORs completed Defense Acquisition University Course CLC 222, "Contracting Officer's Representative (COR) Online Training." All CORs also completed contract-specific training, such as Defense Acquisition University Course CLC 206, "Contracting Officer's Representatives in a Contingency Environment." As of January 2024, all 11 CORs had completed initial COR training within the last 3 years; therefore, none of the CORs were required to complete COR-specific refresher training.

(U) Army Contracting Personnel Performed Contract Oversight in Accordance with Federal and DoD Policies

(U) Army contracting personnel at the RDC-U performed adequate contract oversight procedures, such as completing ACOR surveillance checklists, generating monthly COR status reports, and reviewing required contractor-submitted reports. Additionally, Army contracting personnel ensured the contractor took corrective actions to address deficiencies in a timely manner and in accordance with the task order requirements.

²² (U) Although Army contracting personnel nominated a total of 11 CORs at the RDC-U, not all CORs were assigned simultaneously. Specifically, the RDC-U assigned one primary COR from December 2022 until November 2023. In November 2023, contracting personnel assigned one additional primary COR. Furthermore, ACORs perform 180-day rotations. As a result, the RDC-U had from one to five ACORs simultaneously, depending on the amount of oversight required and ACOR rotation schedules.

(U) Army Contracting Personnel Performed Adequate Oversight to Ensure Satisfactory Contractor Performance

(U) Army contracting personnel conducted adequate contract oversight to ensure satisfactory contractor maintenance of equipment at the RDC-U. Specifically, Army contracting personnel prepared surveillance documentation to report on the contractor’s performance and identify and address any deficiencies. Army contracting personnel also ensured the contractor submitted required deliverables in accordance with the task order.

(U) Army contracting personnel prepared monthly COR status reports in accordance with the QASP, which summarized the quality and timeliness of the contractor’s work, the number of contractor employees assigned to the task order for the reporting period, and the contractor’s status in submitting required reports and deliverables.²³ The monthly COR status reports only provided summary-level information and did not include a significant level of detail related to the contractor’s performance. In September 2023, Army contracting personnel began implementing additional COR and ACOR surveillance checklists to track and document the surveillance conducted and ensure all QASP requirements were met. Army contracting personnel also continued to update the checklists to include more precise metrics and better document the contractor’s performance.

(U) We confirmed that as of December 2023 the checklists provided significantly more detail than the monthly COR status reports and included multiple PWS elements for the ACORs to monitor. Therefore, starting in December 2023, Army contracting personnel began ensuring the ACORs provide sufficient information regarding the contractor’s performance to the COR each month to support the COR’s overall assessment of the contractor’s performance. Consequently, the monthly COR status reports adequately documented the contractor’s performance and provided assurance that the contractor is complying with the terms of the task order, and any deficiencies in the contractor’s performance will be identified and corrected.

(U) Starting in December 2023, Army contracting personnel began ensuring the ACORs provide sufficient information regarding the contractor’s performance.

(U) According to the PWS, the contractor was required to prepare and submit various deliverables, or CDRLs, including program, contract, and personnel status reports; maintenance reports; a quality program plan; and a risk management plan. Army contracting personnel ensured the contractor submitted CDRLs in

²³ (U) We reviewed the surveillance documentation Army contracting personnel prepared from January 2023 through December 2023. The task order is ongoing; therefore, our review does not include the full scope of the surveillance and oversight documentation Army contracting personnel will prepare in support of this task order.

(U) accordance with the task order. Specifically, based on the CDRLs we reviewed, we determined that all deliverables the contractor submitted conformed with the PWS requirements for content and submission frequency.²⁴ For example, the PWS required the contractor to submit a weekly program status report, or CDRL A002, including information such as site visits and activities, a maintenance overview, and parts and work order information. Our review of CDRL A002 confirmed that the contractor included the required information in the report and submitted the deliverable on a weekly basis as required by the PWS.

(U) Army contracting personnel also issued a non-conformance report to notify the contractor of an instance in which performance fell short of Government expectations, and ensured the contractor took corrective actions to address the deficiency. Specifically, in September 2023, the UAF notified the RDC-U that an air intake hose was not properly connected on a High Mobility Artillery Rocket System vehicle issued to Ukraine. Army contracting personnel investigated the issue the next day and discovered that the contractor failed to submit the work order packet for final quality assurance and quality control validation. Immediately following the issuance of the non-conformance report, the contractor established a corrective action plan, including immediate retraining of its employees on the work order packet process and updating the maintenance standard operating procedures to outline the work order packet workflow and identify required work order packet documentation. Because of the oversight conducted, Army contracting personnel were able to identify and address issues and deficiencies and notify the contractor of performance successes.

(U) Conclusion

(U) Army contracting personnel adequately planned and established controls to conduct surveillance at the RDC-U, including assigning qualified oversight personnel to the task order. In addition, contracting personnel adjusted surveillance procedures to respond to changes as the RDC-U's mission evolved. Furthermore, contracting personnel performed adequate contract oversight procedures to ensure satisfactory contractor performance and ensured the contractor took corrective actions to address deficiencies in a timely manner and in accordance with the task order requirements. As a result, Army contracting personnel provided assurance that the contractor accomplished the task order requirements for providing maintenance, repair, and sustainment support to assist in Ukraine's defense against Russian invasion.

²⁴ (U) We reviewed seven CDRLs related to the contractor's maintenance efforts and quality controls, five of which the contractor was required to submit at intervals ranging from daily to monthly and two which required one-time submission. See Appendix A for more information related to the CDRLs we reviewed.

(U) Appendix

(U) Scope and Methodology

(U) We conducted this performance audit from November 2023 through March 2024 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.

(U) We reviewed contract surveillance documentation to determine whether Army contracting personnel properly planned for and established controls to conduct surveillance of contractor performance. We also reviewed surveillance documentation to determine whether contracting personnel effectively monitored contractor performance in accordance with Federal and DoD policies. Furthermore, we reviewed documentation prepared by the contractor to determine whether contracting personnel ensured the contractor prepared and submitted the deliverables in accordance with the task order requirements. We focused our review on seven CDRLs that related to the contractor's maintenance efforts and quality controls.

(U) Specifically, we reviewed the Weekly Program Status Report (CDRL A002), Contract Status Report (CDRL A004), Personnel Status Report (CDRL A005), Density Accountability Report (CDRL A006), and Maintenance Report (CDRL A007), all of which the contractor was required to submit at intervals ranging from daily to monthly. For these five CDRLs, we reviewed five copies of each of the CDRLs submitted from January 2023 to November 2023. We also reviewed the Quality Program Plan (CDRL A009) and Contractor's Risk Management Plan (CDRL A012), which required one-time submission. Lastly, we reviewed the Army's Paperless Contract File to ensure the contractor submitted CDRLs at required frequencies.

(U) We obtained the task order from the Electronic Document Access system, and documentation prepared or maintained by the contracting office from the Army Paperless Contract File system and through requests for information submitted to contracting personnel. Additionally, we visited TACOM headquarters

(U) in Warren, Michigan, and the RDC-U in Jasionka, Poland. During these trips, we interviewed contracting personnel responsible for contract oversight to discuss their roles and responsibilities for planning surveillance procedures, assigning primary CORs and ACORs, and monitoring contractor performance.

(U) Criteria

(U) We evaluated the surveillance and contractor monitoring review procedures according to the following criteria.

- (U) FAR Part 46, “Quality Assurance”
- (U) FAR Subpart 37.602, “Performance Work Statement”
- (U) FAR Subpart 1.6, “Career Development, Contracting Authority, and Responsibilities”
- (U) DFARS Part 246, “Quality Assurance”
- (U) DoD Instruction 5000.72, “DoD Standard for COR Certification,” March 26, 2015 (Incorporating Change 2, November 6, 2020)
- (U) “DoD Contracting Officer’s Guidebook,” May 2021

(U) Internal Control Assessment and Compliance

(U) We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control environment, control activities, monitoring, risk assessment, and information and communication components of internal controls. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

(U) Use of Computer-Processed Data

(U) We did not use computer-processed data to perform this audit.

(U) Prior Coverage

(U) During the last 5 years, the Department of Defense Office of Inspector General (DoD OIG) issued three reports addressing the maintenance of equipment provided in support of Ukraine. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

DoD OIG

(U) Report No. DODIG-2024-083, "Audit of the Army's Management of Army Prepositioned Stock-5 Equipment," May 24, 2024

(U) The DoD OIG determined that the Army did not effectively manage contractor execution of the storage, maintenance, and accountability of Army Prepositioned Stock-5 (APS-5) equipment. The DoD OIG found that this occurred because Army officials did not consistently follow quality control procedures to enforce contract requirements, validate and ensure correction of maintenance deficiencies, or validate the accuracy of weapons and sensitive item inventories. In addition, when Army officials identified that the contractor failed to meet contract requirements, the contracting officer did not hold the contractor accountable. Furthermore, Army officials did not review invoices before payment to verify contractor-reported costs because the officials misinterpreted invoice review requirements and only reviewed the APS-5 contractor's purchase requests. Additionally, the contracting officer never verified that invoice reviews occurred. As a result, the Army does not have assurance that \$133.4 million paid to the APS-5 contractor resulted in receipt of contracted services.

(U) Report No. DODIG-2024-041, "Management Advisory: Audit of Remote Maintenance and Distribution Cell-Ukraine Restructuring Contract Award," January 5, 2024

(U) The DoD OIG determined that ACC contracting personnel properly awarded the TACOM task order (Contract W56HZV-22-D-ER04, Task Order W56HZV-23-F-0077) for the maintenance of equipment at the RDC-U in accordance with Federal and DoD policies. Specifically, the DoD OIG determined that ACC contracting personnel adequately planned the task order by conducting market research and developing a requirements package, acquisition plan, and request for proposal. Furthermore, the DoD OIG determined that ACC contracting personnel supported the award decision by using a qualified evaluation team to evaluate proposals and by developing and reviewing evaluation factors. The DOD OIG did not make any recommendations in this advisory.

(U) Report No. DODIG-2023-053, "Evaluation of Army Pre-Positioned Equipment Issued in Response to Ukraine and the North Atlantic Treaty Organization Defense Forces," February 27, 2023

(U) The DoD OIG found that the 405th Army Field Support Battalion (405th AFSB) issued some Army Prepositioned Stock-2 (APS-2) equipment to the 1st Armored Brigade Combat team that was not fully mission capable, and the 405th AFSB can improve its equipment maintenance and coordination processes. The DoD OIG found that maintenance and coordination shortfalls occurred because:

- (U) the maintenance requirements for Army Prepositioned Stock equipment during storage did not meet the Army maintenance standard,
- (U) the 405th AFSB could not meet the equipment exercise requirements for maintenance of Army Prepositioned Stock equipment during storage,
- (U) the 405th AFSB and 1st Armored Brigade Combat Team prepared for the deployment without coordinated procedures and timelines to prepare and issue equipment from APS-2 locations, and
- (U) the 405th AFSB lacked clearly defined and consistent procedures during the APS-2 equipment issuance at the equipment configuration and handover area.

(U) Acronyms and Abbreviations

ACOR	Alternate Contracting Officer's Representative
ACC	Army Contracting Command
CDRL	Contract Data Requirements List
COR	Contracting Officer's Representative
DFARS	Defense Federal Acquisition Regulation Supplement
FAR	Federal Acquisition Regulation
PWS	Performance Work Statement
QASP	Quality Assurance Surveillance Plan
RDC-U	Remote Maintenance and Distribution Cell–Ukraine
TACOM	U.S. Army Tank-Automotive and Armaments Command
UAF	Ukrainian Armed Forces



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

Whistleblower Protection safeguards DoD employees against retaliation for protected disclosures that expose possible fraud, waste, and abuse in Government programs. For more information, please visit the Whistleblower webpage at www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/ or contact the Whistleblower Protection Coordinator at Whistleblowerprotectioncoordinator@dodig.mil

For more information about DoD OIG reports or activities, please contact us:

Congressional Liaison

703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324



www.twitter.com/DoD_IG

LinkedIn

www.linkedin.com/company/dod-inspector-general/

DoD Hotline

www.dodig.mil/hotline



CUI



DEPARTMENT OF DEFENSE | OFFICE OF INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, Virginia 22350-1500
www.dodig.mil
DoD Hotline 1.800.424.9098

CUI