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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JUN -7 2013

MEMORANDUM FOR COMMANDER UNITED STATES SPECIAL OPERATIONS COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION & PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense Inspector General Report DODIG-2013-050, entitled "Recovering Organizational Clothing and Individual Equipment From Civilians and Contractor Employees Remains a Challenge" (Project D2012-D000LD-0067.000)

The Department of Defense Inspector General (DoDIG) conducted an audit to determine whether Army efforts to improve controls with tracking and recovery of Organizational Clothing and Individual Equipment (OCIE) were adequate. For the purposes of this memorandum, OCIE includes all military clothing and individual equipment issued to contractor personnel authorized to accompany U.S. Armed Forces deployed outside the United States. OCIE remains government property and must be returned upon completion of the mission or transferred to the individual.

The DoDIG found that despite efforts to improve controls, many challenges related to the recovery of OCIE from civilians and contractor employees still exist and have resulted in higher costs of replacing unreturned OCIE, as well as potential loss of funds from uncollected debt. Additionally, the DoDIG recommended that OSD review contracting policies for necessary change. The USD(AT&L) response to the DoDIG stated that the Director, Defense Procurement and Acquisition Policy will issue a memorandum to the DoD contracting community emphasizing the need for all Components to include proper language in new and existing contracts to hold contractors liable for unreturned OCIE.

Please review the full DoDIG Report DODIG-2013-050 at http://www.dodig.mil/PUBS/index.cfm. Attached are the results in brief.

To address key recommendations in the report, contracting officers, in coordination with the requiring activity and OCIE issue facility, shall include the following minimum requirements in contracts to ensure recovery of OCIE:

1. Ensure that DFARS clause 252.225-7040 is in the contract. This clause provides specific requirements regarding OCIE issued to contractor personnel authorized to accompany U.S. Armed Forces deployed outside the United States.

2. Ensure a Synchronized Pre-deployment and Operational Tracker (SPOT)-generated Letter of Authorization (LOA) is provided to all contract employees authorized to receive military clothing and military issued equipment as Government Furnished Equipment (GFE). See DFARS PGI 225.74 for information on the use of LOAs.

3. To the extent OCIE is issued to contractor employees and the contract is not already appropriately modified, the contracting officer shall execute a contract modification to ensure the GFE issued to all contract employees is clearly added to the contract. Follow the requirements at PGI 245.103-72 Government-furnished property attachments to solicitations and awards and include specific instructions regarding the location where the issued items are to be returned to the Government.

Your support in this area is greatly appreciated. My point of contact is Mr. Jeff Grover at 703-697-9352, or Jeffrey.Grover@osd.mil.

Richard Ginman
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

Results in Brief: Recovering Organizational Clothing and Individual Equipment From Civilians and Contractor Employees Remains a Challenge

What We Did

Our objective was to determine whether the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD[AT&L]) established a working group and developed and implemented procedures to recover organizational clothing and individual equipment (OCIE) from civilians and contractor employees, as recommended in DoD Office of Inspector General Report No. D-2010-069, "Central Issue Facilities at Fort Benning and Related Activities," June 21, 2010. We also determined whether Army personnel implemented controls to mitigate risks associated with OCIE recovery.

What We Found

OUSD(AT&L) officials did not establish a working group or develop and implement procedures to recover OCIE from civilians and contractor employees. Instead, Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness officials discussed the prior report recommendations during existing working group meetings and agreed that the Army would serve as the lead agent and develop and implement corrective actions. However, neither the discussion nor the decision to delegate the responsibility to the Army was documented.

In addition, Defense Procurement and Acquisition Policy officials did not review contracting policies for necessary changes. This occurred because Defense Procurement and Acquisition Policy officials were waiting for the results from the working group before changing contracting policies.

Army officials from Army G-4, Army Materiel Command, and the central issue facilities at Fort Benning and Camp Atterbury implemented some controls to mitigate risks associated with recovery of OCIE. Despite these efforts to improve controls, many challenges related to the recovery of OCIE from civilians and contractor employees still existed and resulted in increased costs to replace unreturned OCIE, as well as potential loss of funds from uncollected debt. For example, we identified approximately $20 million in unreturned OCIE issued to civilian and contractor employees who deployed from Fort Benning and Camp Atterbury between October 2006 and May 2012. Improved procedures to recover OCIE from civilians and contractor employees should reduce costs for replacing unreturned OCIE and decrease the potential loss of funds from uncollected debt.

What We Recommend

We recommend that the Under Secretary of Defense for Acquisition, Technology, and Logistics, implement corrective actions to address the recommendations in Report No. D-2010-069 and develop a time-phased plan with measurable goals and metrics regarding the implementation of recommendations in that report.

Management Comments and Our Response

The Assistant Secretary of Defense for Logistics and Materiel Readiness responded on behalf of the Under Secretary of Defense for Acquisition, Technology, and Logistics. Management comments were responsive to the recommendations. Although not required to comment, the Director, Supply Directorate, Army G-4, provided informal comments and agreed with the response from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. Please see the recommendations table on the back of this page.