



Results in Brief: Contracted Advisory and Assistance Services for the U.S. Army Future Combat Systems

What We Did

We initiated this audit in response to allegations made to the Defense Hotline relating to the operational test and evaluation of the U.S. Army Future Combat Systems (FCS). The complainant alleged that the Director of Operational Test and Evaluation (DOT&E) had inappropriately awarded a contract for engineering and technical analysis support to the Science Applications International Corporation (SAIC) because it was also participating in system development.

To address the allegations, we reviewed whether the same contractors that participated in the development of the FCS were also involved in the operational testing of the systems (section 2399, title 10, United States Code, "Operational Test and Evaluation of Defense Acquisition Programs). We also reviewed whether contractors had organizational conflicts of interest (OCIs) as defined in the Federal Acquisition Regulation (FAR) by providing systems engineering and technical direction related to the FCS in light of their involvement in the development of the systems (FAR Subpart 9.5, "Organizational and Consultant Conflicts of Interest").

What We Found

The Defense Hotline allegations were substantiated. DOT&E has used SAIC as its primary commercial contractor for advisory and assistance services since 1999 even though SAIC and The Boeing Company serve as Lead System Integrators (LSIs) for system development and demonstration (SDD) of the FCS. Further, the solicitation and contract provisions for DOT&E's requirements explicitly stated "offerors and providers are excluded from this contract who have significant involvement in development of DoD systems that are under, or will be under DOT&E oversight." SAIC contended that the SDD contract was a "systems integration contract, not a development (supply-the-system or maintain-the-system) contract;" however, total contract expenditures through December 31, 2007, of \$11.4 billion are from the Research, Development, Test, and Evaluation appropriation. DOT&E, the FCS Program Office, and the Army test agencies frequently used the same contractors for advisory and assistance services that were developing the FCS. In FY 2007,

SAIC and four other services contractors received about \$91.0 million in funding for advisory and assistance services even though these contractors were involved in the SDD efforts for the FCS. DOT&E and the Army did not exercise the good judgment and sound discretion needed to prevent the existence of conflicting roles that might bias a contractor's judgment or provide it an unfair competitive advantage. See Appendix B for a detailed discussion of the hotline complaint.

We commend the contracting officer for the U.S. Army Test and Evaluation Command for taking swift action during the audit to delete the FCS-related tasks from its contract after concluding that SAIC had statutory OCIs regarding those tasks.

What We Recommend

The FCS Program Office needs to discontinue obtaining advisory and assistance services from SAIC, an FCS developer, unless appropriate waivers are obtained.

DOT&E and the Army test agencies need to determine whether it is appropriate to obtain advisory and assistance services from a contractor that has significant involvement in the development of systems that they are or will be overseeing, and if necessary, follow the appropriate waivers procedures and also determine whether these requirements would be more appropriately met by Government employees.

DoD needs to develop a standard OCI clause, which precludes contractors involved in the development, production, or testing of a system for a military department from providing technical advice to the program office for that system or from participating in activities impacting the operational test and evaluation of that system unless appropriate waivers are obtained.

Management Comments and Our Responses

We received fully responsive comments from the Director, Defense Procurement and Acquisition Policy. We request additional comments from the Army on Recommendation 2.a. and from DOT&E on Recommendation 3.a. by December 30, 2009. Please see the recommendations table on the back of this page.