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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

June 26, 2018

Anita F. Bales  
Director  
Defense Contract Audit Agency  
Department of Defense  
8725 John J. Kingman Road, Suite 2135  
Fort Belvoir, VA 22060-6219

Dear Ms. Bales:

I am writing regarding DCAA's oversight of the Logistics Civil Augmentation Program (LOGCAP) contract in Afghanistan.

On Friday, May 11, 2018, the Office of Inspector General (OIG) for the Department of Defense (DoD) issued a report finding at least \$536 million in questioned and unsupported costs under the LOGCAP contract.<sup>1</sup> The report renews my longstanding concerns regarding the oversight and accountability of the LOGCAP program.<sup>2</sup>

The Army established the LOGCAP program in 1992. The program was created to allow contractors to provide logistical and sustainment services for deployed U.S. forces. Housing construction, fire prevention and emergency services, and food preparation are all controlled by LOGCAP contracts. Since its inception, the Army has used LOGCAP contracts in multiple operations, including the present program in Afghanistan.<sup>3</sup>

OIG found that, in the period from 2015 to 2017, the Army paid all 128 LOGCAP vouchers, valued at \$2.4 billion, with little or no examination of supporting documentation. OIG determined that at least \$536 million of the \$2.4 billion in voucher costs, labor hours, bonuses, and travel costs was supported by questionable documentation. For example, DCAA auditors

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<sup>1</sup> Department of Defense, Office of Inspector General, *DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment* (DODIG-2018-119) (May 2018).

<sup>2</sup> See, e.g., Letter from Senator Claire McCaskill, Ranking Member, to Director of Defense Contract Audit Agency April Stephenson (Nov. 6, 2009).

<sup>3</sup> Department of Defense, Office of Inspector General, *DoD Oversight of Logistics Civil Augmentation Program in Afghanistan Invoice Review and Payment* (DODIG-2018-119) (May 2018).

approved a \$1.5 million bonus for one employee and \$1.9 million in travel costs for another employee.<sup>4</sup>

OIG also found that DCAA failed to adequately monitor or examine LOGCAP contracts for unallowable costs and identified \$422,825 in potentially unallowable costs on LOGCAP contracts, including \$74,022 for one employee's Afghanistan visa application, \$7,128 for Ruth's Chris Steakhouse in the United States, \$2,713 for convenience store purchases in the United States, and \$715 for a carwash.<sup>5</sup>

In order to better understand DCAA's oversight of the LOGCAP contract, I ask that you provide information or documentation responsive to the following questions on or before

1. What is the status of the DCAA's review of the \$422,825 in potentially unallowable costs?
2. A new process for improved communications between the DCAA and with the ACC are to be implemented by fiscal year 2019, in part to reduce the type of questioned costs that arose to at least \$536 million under the current system. What will this improved coordination and communication process look like and what is the status of its implementation?

If you have any questions please contact Jackson Eaton with my staff at (202) 224-9872 or [Jackson\\_Eaton@hsgac.senate.gov](mailto:Jackson_Eaton@hsgac.senate.gov). Please send any official correspondence related to this request to Rina Patel at [Rina\\_Patel@hsgac.senate.gov](mailto:Rina_Patel@hsgac.senate.gov). Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill  
Ranking Member

cc: Ron Johnson  
Chairman

Shay D. Assad  
Director  
Defense Procurement and Acquisition Policy  
Office of the Under Secretary of Defense  
for Acquisition, Technology and Logistics

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

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Brig. Gen. Paul H. Pardew  
Commanding General  
Army Contracting Command  
Department of the Army