

Management Assistance Report: Improved Guidance and Acquisition Planning is Needed to Reduce the Use of Bridge Contracts in Afghanistan and Iraq

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Summary of Review

During an audit of the Department of State's (Department) use of noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq, which is currently underway, the Office of Inspector General (OIG) discovered that neither the Competition in Contracting Act of 1984 (CICA) nor the Federal Acquisition Regulation (FAR) contain guidance governing the continued use of noncompetitive awards as "bridge contracts" or "bridge actions." According to the U.S. Government Accountability Office (GAO), a bridge contract is a sole-source, short-term contract awarded to the incumbent contractor to avoid a lapse in service when there was a delay in awarding a follow-on contract. In addition, Department guidance states that the purpose of a bridge contract "is to provide contractual coverage on a noncompetitive basis, when needed at the expiration of a competitive contract."¹

OIG determined that the use of a short-term contract awarded on a sole-source basis to an incumbent contractor to continue services as a bridging action is permitted in accordance with statutory authorities that allow for contracting without the use of full and open competition. OIG found that short-term contracts awarded on a sole-source basis as "bridge contracts" were frequently used in Afghanistan and Iraq over multiple years to noncompetitively extend contract services beyond the expiration of an original contract. Specifically, OIG reviewed 11 sole-source bridge contracts with a combined value of approximately \$571 million that were awarded in Afghanistan and Iraq from October 2014 to June 2020. OIG found that 10 of 11 (91 percent) bridge contracts were awarded to the incumbent contractor consecutively for more than 2 years, including 7 of 11 (64 percent) bridge contracts to provide programmatic support to the Afghan government. In addition, 3 of the 11 (27 percent) sole-source bridge contracts to provide medical support in Iraq were consecutively awarded to the incumbent contractor for more than 4 years. The eleventh bridge contract OIG reviewed, for the purpose of providing security services in Iraq, had been awarded to the incumbent contractor for 1 year.

The Department's practice of using a short-term contract awarded on a sole-source basis to the incumbent contractor over several years limits the Department's ability to realize potential cost savings by maximizing full and open competition. For example, in one instance the contract was recompeted and resulted in saving the Department \$6.8 million. The lack of full and open competition is also contrary to CICA, which requires contracting officers to promote and provide for full and open competition. The Commission on Wartime Contracting in Iraq and Afghanistan, in its August 2011 Final Report to Congress, underscored the

¹ Office of Acquisitions Management, Overseas Contracting & Simplified Acquisition Guidebook, Chapters 4, 10, January 2020. The focus of this guidebook is to provide overseas contracting officers hands-on guidance on how to award and administer common contracts and simplified acquisitions.

importance of competition by stating that “effective competition motivates contractors to provide fair pricing, best value, and quality performance.”²

OIG determined that a primary reason the Department had used sole-source bridge contracts, in lieu of full and open competition, is because there is no Federal or Department guidance that establishes parameters on the use, duration, or number of times a sole-source bridge contract can be awarded to an incumbent contractor. In addition, the use of bridge contracts can be attributed, at least in part, to the absence of effective acquisition planning and the timely award of follow-on contracts. Until these deficiencies are fully addressed, the Department will not be positioned to realize potential cost savings through lower, more competitive pricing for services supporting contingency operations in Afghanistan and Iraq.

OIG offered three recommendations that are intended to address the use of sole-source bridge contracts and to promote full and open competition to the extent practicable. On the basis of the Bureau of Administration, Office of the Procurement Executive’s (OPE) response and planned actions, OIG considers all three recommendations resolved, pending further action. A synopsis of management’s comments and OIG’s reply follow each recommendation in the Results section of this report. OPE’s response to a draft of this report is reprinted in its entirety in Appendix A.

² Commission on Wartime Contracting in Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risks* 151 (Final Report to Congress, August 2011).