

H.R. 4435—FY15 NATIONAL DEFENSE AUTHORIZATION BILL

CHAIRMAN'S MARK

Comptroller General Review of Compliance with Limitations on Contract Services Spending

The committee notes that a Government Accountability Office review found that the Department of Defense failed to adhere to the enacted limitations on contracted services in the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81), exceeding the limitations by more than \$1.0 billion in fiscal year 2012. Moreover, guidance for adherence to the extension of the limitations for fiscal year 2014 has yet to be issued. The committee is concerned that the Department does not have adequate policies, procedures, and controls in place to enforce limitations on the annual amounts expended on contracted services.

The committee is also concerned that not all contracted services are being subjected to the spending limitations because of the exclusion of contracted services involving Economy Act transfers between and within Department of Defense components. Also, because of the disparity between the levels of contracted services captured in the Inventory of Contracts for Services, required under section 2330a of title 10, United States Code, and what the Department budgets for contracted services, the committee concludes that the Department does not deliberately plan for most contracted services. At the same time the Department exceeded its spending limitations on contracted services, the Department furloughed a majority of its civilian workforce and, in the case of many Department of Defense components, under-executed civilian spending.

The committee directs the Comptroller General of the United States to report to the congressional defense committees on the Department's compliance with section 808 of Public Law 112-81, as amended by section 802 of the National Defense Authorization Act for Fiscal Year 2014 (Public Law 113-66) for each of the fiscal years the limitation has been in effect. The Comptroller General should submit an initial report by October 30, 2014, that covers fiscal years 2012-13. The final report should be submitted by September 30, 2015, and address the Department's compliance during fiscal year 2014. The final report should include an assessment of the efforts by the Under Secretary of Defense (Comptroller) and the Department's financial management and acquisition communities to implement effective control mechanisms for contracted services spending. Additionally, the Comptroller General's review should assess steps taken by defense components in executing the reductions to contractor performance of inherently governmental functions, closely associated with inherently governmental functions, and staff augmentation workload in accordance with the provisions of section 808 of Public Law 112-81.