Acquisition

Procedures for Selecting Contractor Personnel to Perform Maintenance on Army Aircraft in Bosnia (D-2002-150)
## Abstract

Development of advanced rotorcraft configurations has highlighted a need for high-quality experimental data to support the development of flexible and accurate analytical design tools. To provide this type of data, a test program was conducted in the Langley 14- by 22-Foot Subsonic Tunnel to measure the flow near the empennage of a 15-percent scale powered helicopter model with an operating tail fan. Three-component velocity profiles were measured with laser velocimetry (LV) one chord forward of the horizontal tail for four advance ratios to evaluate the effect of the rotor wake impingement on the horizontal tail angle of attack. These velocity data indicate the horizontal tail can experience unsteady angle of attack variations of over 30 degrees due to the rotor wake influence. The horizontal tail is most affected by the rotor wake above advance ratios of 0.10. Velocity measurements of the flow on the inlet side of the tail fan were made for a low-speed flight condition using conventional LV techniques. The velocity data show an accelerated flow near the tail fan duct, and vorticity calculations track the passage of main rotor wake vortices through the measurement plane.
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Acronyms

ACO Administrative Contracting Officer
CFT Contract Field Team
CID Criminal Investigation Division
FAR Federal Acquisition Regulation
IG DoD Inspector General of the Department of Defense
PCO Procurement Contracting Officer
September 18, 2002

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on Procedures for Selecting Contractor Personnel to Perform
Maintenance on Army Aircraft in Bosnia (Report No. D-2002-150)

We are providing this report for your information and use. No written response
to this report was required, and none was received. Therefore, we are publishing this
report in final form.

We appreciate the courtesies extended to the staff. Questions should be directed
to Mr. Nicholas E. Como at (703) 604-9215 (DSN 664-9215) (ncomo@dodig.osd.mil)
or Mr. Terry L. McKinney at (703) 604-9288 (DSN 664-9288)
(tmckinney@dodig.osd.mil). See Appendix D for the report distribution. The team
members are listed inside the back cover.

[Signature]
David K. Steensma
Deputy Assistant Inspector General
for Auditing
Procedures for Selecting Contractor Personnel to Perform
Maintenance on Army Aircraft in Bosnia

Executive Summary

Who Should Read This Report and Why? This report should be read by DoD officials responsible for acquiring contract support services at overseas locations and congressional members and staff who have an interest in DoD contracting for field maintenance team support services.

Background. We performed this audit in response to a February 5, 2002, request from the Chairman, Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform, U.S. House of Representatives, to examine DynCorp International’s suitability and capability to perform and its procedures for selecting and screening personnel. The request to conduct this audit was based on allegations made in a February 4, 2002, Insight magazine article entitled “DynCorp Disgrace.” The article questioned the moral integrity and technical skills of certain DynCorp employees working in Bosnia.

The Air Force competitively awarded one of four contracts, in a multiple award procurement, to DynCorp International on October 1, 1997. The initial award amount of the contract was $210 million. The purpose of the contract was to provide contract field team maintenance support to any Federal agency for a period of 10 years. As of April 9, 2002, 84 task orders valued at $828.9 million had been awarded to DynCorp International under this contract. The Army used this contract for aircraft maintenance in Bosnia. As of April 2002, aircraft maintenance valued at $42 million was expended for Bosnia.

Results. DynCorp International had reasonable procedures for selecting and screening its personnel and provided an acceptable level of maintenance support in Bosnia under the DoD contract. DynCorp International:

- was not required by the contract or task orders to establish specific personnel hiring practices or conditions for employment;
- hired sufficient and qualified personnel, evaluated them for technical proficiency, and instructed them on proper conduct; and
- proved to be suitable and capable to perform the requirements of the contract.
DoD acquisition officials reviewed the contractor’s suitability and capability to perform the contract during the source selection evaluation process and properly monitored DynCorp International’s performance on the task orders for aircraft maintenance in Bosnia. Contracting officials did not and, as a general rule, do not, address the moral character of a contractor’s employees. In February 2002, DynCorp imposed additional requirements not required under the contract on its overseas employees regarding personnel behavior.

Management Comments. We provided a draft of this report on August 9, 2002. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.
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Background

**Congressional Request.** We performed the audit in response to a February 5, 2002, request from the Chairman, Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform, U.S. House of Representatives. The Subcommittee was concerned by allegations contained in a February 4, 2002, *Insight* magazine article entitled “DynCorp Disgrace.” The article stated that DynCorp International (hereafter referred to as DynCorp) employees had engaged in perverse, illegal, and inhumane activities while performing maintenance on U.S. Army aircraft in Bosnia. The article further stated that several DynCorp employees were the subjects of an investigation by the U.S. Army Criminal Investigation Division (CID). DynCorp later fired these employees (see Appendix B). The audit examined the applicable DoD contract with DynCorp.

**Overview of DynCorp.** For over 50 years, DynCorp, based in Reston, Virginia, has provided maintenance support to the U.S. Military through contract field teams (CFTs). A CFT is a group of maintenance personnel that perform maintenance and repair work on-site at Government locations throughout the world. In addition, the CFT support provides a mobile workforce of contractor personnel to respond to surge requirements worldwide. As of April 2002, 2,800 DynCorp employees were assigned to CFT support, with teams deployed at 65 different locations around the world.

The Air Force awarded contract F34601-97-D-0422 to DynCorp in October 1997 with a period of performance effective through September 2007. According to the statement of objectives for the contract, the CFT program was to provide supplemental on-site organizational, intermediate, and depot level maintenance support for modification, maintenance, and repair of various DoD weapons systems and associated support equipment for any Federal agency at both U.S. and overseas locations. The original contract award amount was $210 million. As of April 2002, 84 task orders, valued at $828.9 million, have been issued on the contract. Four of these 84 task orders provided Army aircraft maintenance support in Bosnia at a cost of about $42 million and were the focus of our audit.

**Objectives**

Our objectives were to examine the procedures used by DoD acquisition officials in determining DynCorp’s suitability and capability to perform the requirements of the contract and to examine the procedures followed by DynCorp to screen and select personnel to perform aircraft maintenance in Bosnia. See Appendix A for a discussion of the audit scope and methodology.
DynCorp Qualifications and Procedures

Prior to the award of the 1997 contract, DoD acquisition officials at the Oklahoma City Air Logistics Center properly determined that DynCorp was suitable and capable to perform the requirements outlined in the request for proposal to provide aircraft maintenance. For each of the four task orders that DynCorp received under the contract to perform Army aircraft maintenance in Bosnia, DynCorp has provided qualified employees and received satisfactory performance ratings. In February 2002, DynCorp imposed additional requirements not required under the contract on its overseas employees regarding personnel behavior.

Criteria

**Responsible Contractors.** Federal Acquisition Regulation (FAR) Subpart 9.1, “Responsible Prospective Contractors,” requires that prospective contractors have a satisfactory performance record as well as a satisfactory record of integrity and business ethics. It states that contracts shall be awarded only to responsible prospective contractors and no awards shall be made unless the contracting officer makes an affirmative determination of responsibility.

**Multiple Award Contracts.** FAR 16.505(b), “Orders Under Multiple Award Contracts,” states that the contracting officer must provide each awardee a fair opportunity to be considered for each task order exceeding $2,500, unless one of four exceptions are met:

- the agency need is urgent and providing a fair opportunity would result in unacceptable delays;

- only one awardee is capable of providing a unique or highly specialized service;

- the order must be awarded on sole-source basis in the interest of economy and efficiency as a logical follow-on to an order already issued under the contract; or

- it is necessary to place an order to satisfy a minimum guarantee.

**Source Selection.** FAR 15.305(a), “Proposal Evaluation,” requires a technical evaluation of all contract proposals. Evaluations may be conducted using any rating method or combination of methods and the relative strengths, deficiencies, significant weaknesses, and risks supporting proposal evaluations shall be documented in the contract file. The evaluations shall include past contractor performance.
DynCorp Contract and Task Order Award Procedures

DynCorp’s Contract Proposal. DynCorp was one of nine contractors that provided a proposal to the Air Force for the 1997 CFT maintenance contract. The solicitation provided definitions of skill classification requirements consistent with the Department of Labor’s Register of Wage Determinations issued under the Service Contract Act. However, the Air Force solicitation, sent to all contractors, did not address moral responsibilities or personal character of each employee working on the contract.

Contract Selection Procedures. The Air Force awarded contract F34601-97-D-0422 to DynCorp in October 1997. It was one of four contracts in the multiple award procurement for CFT maintenance services. The source selection evaluation team for the contracts was comprised of Army, Navy, Air Force and Defense Contract Management Agency personnel with expertise in three specialized contracting areas: technical evaluation, contract and cost, and performance risk assessment. The criteria used by the evaluation team to rank the offerors included, in the order of importance:

- management:
  - organization and administration management,
  - personnel management,
  - program management; and
- quality, safety, and security programs.

Although price evaluations were completed for reasonableness of an offer, price was considered secondary to the listed criteria. Contractor past performance was independently reviewed. Moral character and technical license certifications of contractor employees were not factors considered by the evaluation team.

Although DynCorp was ranked seventh out of the nine proposals regarding cost, it met or exceeded all technical and performance related selection criteria used to award the contract. The Air Force stated that it was in the “Government’s best interest to pay for proven management, and DynCorp has proposed, and has proven in the past, to provide reliant and efficient management.” Furthermore, the Air Force justified selecting DynCorp because 80 percent of the employees on the prior contract had multiple aircraft maintenance skills, which provided efficiency and cost savings when CFT tasking required multiple aircraft maintenance skills.

Contract Award Procedures. Between 1997 and 2007, the expected value of the multiple award procurement is $4.1 billion. As of April 2002, 363 task orders, valued at $1.9 billion, were awarded to the 4 contractors. DynCorp was
awarded 84 of the 363 task orders, valued at $828.9 million. DynCorp was awarded four task orders, on a time and materials basis, for maintenance support that entailed sending maintenance teams to Germany, Italy, Turkey, Macedonia, Kosovo, and Bosnia, for the period from December 1997 through April 2002. DynCorp was selected over the three other contractors because of prior experience and a satisfactory record of past performance, even though it did not have the lowest cost. As of April 2002, the ceiling amount for the four task orders totaled over $85.5 million, of which over $42 million was allocated to aircraft maintenance in Bosnia.

**DynCorp Suitability to Perform Aircraft Maintenance**

We analyzed personnel history files for 70 DynCorp employees that were employed in Bosnia in May 2000 (the time addressed in the *Insight* article) and were employed in Bosnia in March 2002. We determined each employee’s start date, prior military experience, date and type of military discharge, background investigations, and summaries of performance ratings. We also obtained information on which employees had earned aviation maintenance technical proficiency licenses.

**DynCorp Employee Experience.** The following chart summarizes the years of employment experience of DynCorp contractor personnel assigned in Bosnia.

![Length of Employment Chart]

DynCorp assigned an experienced workforce in Bosnia. About 66 percent (46 of the 70) of the assigned personnel had more than 6 years of aircraft maintenance experience with DynCorp in addition to their prior civilian and military experiences.

**Military Experience.** Of the 70 employees, 67 had prior military experience, which we were able to verify with the Defense Manpower Data Center and the Army Reserve Personnel Command. Of the 67 DynCorp employees with prior military experience, 57 had been assigned Military Occupational Specialties that involved aircraft maintenance. The remaining 10 employees either had prior military experience with Army armored vehicle maintenance, logistics, or chemical operations, or were senior noncommissioned officers.
Prior Investigations. DynCorp was not required to conduct any type of background investigation for its employees. We requested background information and reviewed case files for the 70 DynCorp employees. Of the 70 DynCorp employees, 28 employees were the subject of 40 investigations listed in the Defense Clearance and Investigation Index. Twenty-seven of the 40 investigations occurred while the individuals were serving on active duty. The remaining 13 investigations occurred when the individuals were not in military service. Four of the 40 investigations resulted in court convictions and the remaining 36 investigations resulted in a form of nonjudicial or administrative punishment. We were able to obtain military discharge information on 22 of the 28 DynCorp employees involved in these investigations. Twenty-one of the 22 employees received honorable discharges; the remaining employee received a discharge other than honorable.

Performance Ratings. Of the 70 DynCorp employees reviewed, 67 received a total of 757 performance reviews from 1978 to 2002. Only one of the 757 reviews did not meet the established requirements for satisfactory performance. This employee received an unsatisfactory review during the 1988-1989 review period (his very first appraisal) for an issue unrelated to aircraft maintenance (damage to a Government vehicle). Subsequently, this employee received 20 consecutive satisfactory reviews. The remaining three employees were not employed with DynCorp long enough to receive a performance review.

Licensed Technical Proficiency. DynCorp personnel history files for the 70 employees showed that 27 employees had earned a Federal Aviation Administration license and 5 employees had earned a Federal Communications Commission license. Through a review of the personnel history files and the on-line Federal Aviation Administration database, we verified that 24 employees earned an Airframe and Powerplant license; 2 employees earned an Airframe license and 1 employee earned an Aircraft Instruments license. Attaining licensed technical proficiency was not a requirement under the contract to hold an aircraft maintenance position with DynCorp in Bosnia.

DynCorp Performance

DynCorp Performance on Task Orders. According to the Procurement Contracting Officer (PCO), the Administrative Contracting Officer (ACO), the Theater Project Officer, and an Army Production Control Officer in Bosnia, DynCorp satisfactorily performed the four task orders. When awarding the second task order, the PCO stated that DynCorp performed in an outstanding manner on the previous task order, worked well with the ever-changing deployments, and was selected based on customer satisfaction.

The ACO at the Defense Contract Management Agency, Dayton, Ohio, monitored the performance of all task orders under this contract. The Theater Project Officer in Germany provided monthly performance reports to the ACO for each task order, which included performance in Bosnia. For calendar year
2000, the 12 monthly performance reports stated that DynCorp had performed satisfactorily on the contract, and its employees were competent and qualified.

We requested that the Aviation Intermediate Maintenance Production Control Officer in Charge currently in Bosnia provide additional evidence of satisfactory performance by DynCorp. On April 26, 2002, the Officer in Charge provided the following in a written statement:

“DynCorp employees have consistently shown technical proficiency in their assigned tasks. So much so that I have tried to have TF 1-25 maintenance personnel work with DynCorp personnel when the situation allows, to further improve their MOS [Military Occupational Specialty] proficiency.”

He also stated that there was no indication of incompetence or negligence on any aircraft worked on by DynCorp personnel in Bosnia.

**Selection and Screening of Personnel**

**Personnel Selection.** Although contract F34601-97-D-0422 and the task orders do not contain specific clauses or requirements on personnel selection procedures, DynCorp had established personnel skill requirements to meet the specific needs of the task orders. DynCorp then filled the requirements with employees who met the defined skill classifications established in the contract, which were consistent with the Department of Labor’s Register of Wage Determinations issued under the Service Contract Act.

**Personnel Screening.** Although the contract contains a security requirements clause, the task orders did not require DynCorp employees to have access to confidential, secret, or top-secret information, or to have a DoD security clearance. According to DynCorp officials, Army personnel remove all classified equipment from the aircraft prior to DynCorp employees performing maintenance.

DynCorp officials further stated that although reference checks were a part of DynCorp Standard Operating Practices, “conducting an [employee] reference check was not considered a requirement of the CFT contract.” Therefore, DynCorp did not verify employee references or prior military service records (which would verify years of experience with specific maintenance work). The DynCorp recruiting manager stated that DynCorp would conduct background checks, including checks of any prior criminal activity or credit ratings, only if such a requirement existed in the contract.

**Filling Contractor Employee Requirements.** When DynCorp receives a task order with specific work requirements, it initially solicits its qualified employees to fill the needed positions. If sufficient DynCorp employees do not volunteer, DynCorp reviews employment databases to find prospective employees. Each prospective employee is interviewed to assess skill and experience qualifications and to determine if they possess the skills required by the contract. The prospective employee is hired contingent on passing a drug test. The
prospective employee is then provided a detailed history of DynCorp and required to attend a briefing on company employment policies. DynCorp informs prospective employees that they have a 90-day probationary period from the start of employment. Continued employment with DynCorp will be based on demonstrated ability to perform assigned duties.

**Standards of Conduct.** All DynCorp employees receive a briefing outlining the expected standards of conduct. Employees are briefed on and required to sign the DynCorp “Standards and Conditions of Employment,” which includes definitions of misconduct, fraud, and dishonesty. DynCorp employees also receive a copy of the “Standards of Business Ethics and Conduct” brochure, and sign a pledge to comply with the ethical standards expected of all employees. Each employee reaffirms this pledge on an annual basis by resigning it.

**Overseas Employment.** When DynCorp assigns employees overseas, they are required to comply with additional standards of conduct. The DynCorp “Employment Agreement – Foreign Service” requires each DynCorp employee to be subject to the standard operating procedures of DynCorp, and the laws and regulations of the United States, the Department of Defense, and the country and its political subdivision where the services will be performed.

**DynCorp Actions Subsequent to the Insight Article.** In February 2002, DynCorp began requiring employees assigned overseas to sign an additional letter of agreement. The letter of agreement acknowledges that the following activities are considered illegal by the international community and are immoral, unethical, and strictly prohibited:

- any unauthorized involvement in the trafficking of persons;
- unauthorized frequenting of locations known to be involved with prostitution or the trafficking of persons;
- any involvement with the soliciting of persons for the purpose of engaging in sexual acts;
- any participation in sexual activity in exchange for any monetary or other form of consideration; and
- the purchase or possession of illegal weapons.

This letter of agreement requires each DynCorp employee to notify DynCorp management of any employee engaging in such activities. In addition, the letter of agreement states that:

“All violation of this Letter of Agreement is grounds for termination in accordance with the Terminations Clause of the Foreign Service Agreement, including repatriation, and prosecution in accordance with applicable local, international and U.S. law.”


We verified that all DynCorp employees assigned in Bosnia as of March 29, 2002, had signed the agreement. See Appendix C for the letter of agreement.

**Off-Limits Establishments.** As of March 2002, DynCorp also placed 234 business establishments in Bosnia off-limits to all of its employees. DynCorp officials stated that the establishments were known or suspected places that engage in prostitution or in the trafficking of women. DynCorp management warned its employees that they should not visit the establishments, or they would be subject to immediate dismissal. The International Police Task Force patrolled the off-limit establishments, and was instructed to inform DynCorp management of any DynCorp employees visiting the off-limit establishments.

**Summary**

DoD acquisition officials adequately appraised the suitability and capability of DynCorp to perform the requirements of the October 1997 CFT contract. DynCorp was selected for this contract based on its management ability, quality of its work, and past performance. To meet the requirements of the specific task orders under the CFT contract, DynCorp hired technically proficient personnel to perform the required maintenance work in Bosnia. These employees were qualified and were thoroughly informed of DynCorp terms of employment and standards of conduct. In light of the incident in Bosnia, DynCorp has taken a proactive approach to maintain the professional and ethical standards of employees.
Appendix A. Scope and Methodology

Scope

Work Performed. We reviewed the issues concerning DynCorp’s suitability and capability to perform and contractor screening procedures for selecting personnel raised in the congressional request. We interviewed personnel at Headquarters, Defense Contract Management Agency; the Oklahoma City Air Logistics Center; and the DynCorp International office in Fort Worth, Texas.

We analyzed the files for contract F34601-97-D-0422 and task orders 6, 39, 59, and 82, which related to aircraft maintenance work in Bosnia. We reviewed the “Project Officer’s Evaluation of Contractor Performance” reports from 2000 to 2002 maintained by the ACO at the Defense Contract Management Agency. We also reviewed DynCorp personnel history files and standard operating procedures for recruiting, ethics, and overseas employment. We verified selected data obtained from the personnel history files with the on-line Federal Aviation Administration database and with the Army Reserve Command in St. Louis, Missouri, and the Defense Manpower Data Center.

Limitations to Scope. The scope of the audit was limited to the issues addressed in the congressional request. We did not review the management control procedures at the Oklahoma City Air Logistics Center.

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the DoD Contract Management high-risk area.

Methodology

Use of Computer-Processed Data. We used computer-processed data to verify information provided in the personnel history files of 70 DynCorp employees and to obtain background investigation information. We used the DynCorp personnel history files and the on-line Federal Aviation Administration database to verify licenses earned by 27 DynCorp employees. We verified prior military experience of DynCorp employees with the Defense Manpower Data Center and the Army Reserve Personnel Command databases. We also obtained prior investigation information for the 70 DynCorp employees using the Defense Central Index of Investigations database that was provided by the Defense Criminal Investigative Service. We did not assess the reliability of the data received from these databases. However, not assessing the reliability of this data did not materially affect the results of this audit.
Audit Dates and Standards. We performed the audit from March 2002 through July 2002 in accordance with generally accepted government auditing standards except for the scope limitation discussed above.

Contacts During the Audit. We visited or contacted the contractor and individuals and organizations within DoD.

Prior Coverage

During the last 5 years, the Inspector General of the Department of Defense, the Army Audit Agency, and the Inspector General of the Department of State have issued five reports relating to this subject.

Inspector General of the Department of Defense (IG DoD)


Army


Army Audit Agency Report No. AA 00-199, “Contracts for Field-Level Maintenance on Tactical Equipment – 101st Airborne Division (Air Assault) and Fort Campbell, KY,” March 14, 2000

U.S. Department of State

Appendix B. Army Investigation of DynCorp

On May 1, 2000, the U.S. Army CID was notified that several DynCorp employees had purchased women from local brothels that were residing with them for sexual and domestic purposes. Numerous employees were accused of the trafficking of persons and the possession of illegal weapons.

The U.S. Army CID obtained sworn statements from seven DynCorp employees and obtained permission to search the property of four individuals. A videotape was turned over as evidence against a DynCorp employee who was involved in the alleged acts. The U.S. Army CID investigation concluded that it had established probable cause that two employees committed illegal offenses. The investigation stated that the statutes applicable in this case were:

- Article 228, Criminal Code of the Federation of Bosnia-Herzegovina: Procuring and Pandering; and

On June 17, 2000, the Report of Investigation was referred to the Zivinice Police Department, Zivinice, Bosnia-Herzegovina, who assumed jurisdiction. We could not obtain information that any actions were taken by the Bosnian government. However, based upon the evidence obtained from the CID investigation, DynCorp fired the two individuals.
Appendix C. DynCorp Letter of Agreement

LETTER OF AGREEMENT

Standard of Conduct

I, __________, as an employee of DynCorp International LLC (DI), Field Technical Services (FTS) and a representative of the United States Department of Defense, have read the following statement and certify to a complete understanding of the topic and any resultant ramifications associated with its violation.

The following activities are considered illegal by the international community and are immoral, unethical, and strictly prohibited:

1. Any unauthorized involvement in the trafficking of persons.
2. Unauthorized frequenting of locations known to be involved with prostitution or the trafficking of persons.
3. Any involvement with the soliciting of persons for the purpose of engaging in sexual acts.
4. Any participation in sexual activity in exchange for any monetary or other form of consideration.
5. The purchase or possession of illegal weapons.

As an FTS employee, I have the responsibility to make notification of all activities related to the trafficking of persons, frequenting of known houses of prostitution, soliciting prostitutes to engage in immoral and illegal acts, or participating in sexual activity in exchange for any monetary or other form of consideration in accordance with the DI Standards and Conditions of Employment. Any allegation of involvement or known participation in the above by an FTS employee shall be reported immediately, both verbally and in writing, to the Senior Vice President, FTS.

I understand and accept that any violation of this Letter of Agreement is grounds for termination in accordance with the Termination Clause of the Foreign Service Agreement, including repatriation, and prosecution in accordance with applicable local, international, and U.S. law.

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Commander, U.S. Army Criminal Investigation Command

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Director, Defense Contract Management Agency

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Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
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House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
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Team Members


Garold E. Stephenson
Terry L. McKinney
Nicholas E. Como
John A. Seger
Gwynne M. Roberts
Julie A. Yerkes
Lisa C. Rose-Pressley