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CONTINGENCY CONTRACTING: HAS THE CALL FOR URGENT REFORM BEEN ANSWERED?

HEARING

BEFORE THE

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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CONTINGENCY CONTRACTING: HAS THE CALL FOR URGENT REFORM BEEN ANSWERED?

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE,
Washington, DC, Wednesday, March 25, 2009.

The subcommittee met, pursuant to call, at 4:04 p.m., in room 2212, Rayburn House Office Building, Hon. Vic Snyder (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, CHAIRMAN, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Dr. SNYDER. The hearing will come to order. Welcome to the first in a series of three hearings to follow up on specific legislation related to contingency contracting and the Department of Defense's (DOD) acquisition workforce. Today's hearing will focus on the Department's and the Army's progress in implementing the recommendations made by the Gansler Commission on Army acquisition and program management for expeditionary operations.

Our next hearing will focus on the congressionally mandated Memorandum of Understanding that outlines DOD's, State Department's, and United States Agency for International Development's (USAID) role and responsibilities for managing contracts and contractors on the battlefield.

Our third and final hearing in this series this spring will look at progress made in implementing legislative provisions on improving the Department's acquisition workforce from the last two defense authorizations.

These three hearings examine specific topics that are part of the larger defense acquisition system, and as I am sure most people here know, Chairman Skelton has decided to bring about a HASC Panel on Defense Acquisition Reform, which is to be led by Congressman Rob Andrews, who is going to take a look at more general questions of how to provide the warfighters what they need, when they need it, and how to provide the best value to the taxpayer in buying goods and services for the Department. And we are working with Congressman Andrews. And the staffs have been working together.

We are very excited about the work that is going to be done this year. To support our nation's missions in Iraq and Afghanistan, thousands of contracts worth billions of dollars have been awarded, and the Department of Defense has hired an army of contractors. There is currently one contractor for every service member in Iraq, and roughly two contractors for each service member in Afghani-

stan. The Army in its role as DOD's Executive Agent for contingency contracting was unprepared to manage all of them when these contracts began. The result has been a disappointing amount of fraud, waste and abuse. Who ultimately pays? We all do, the American taxpayer. And ultimately our men and women in uniform suffer if they don't get what they think the American taxpayers paid for.

In response to these problems, Secretary of the Army Pete Geren appointed the Gansler Commission to review lessons learned from recent operations and to provide recommendations to improve the Army's capabilities for contingency contracting. The Commission's recommendations call for a major change in the Army's cultural attitude toward contracting and for institutional changes to the Army's contracting capability.

Since the Gansler Commission reported its findings and recommendations, both the Army and DOD have issued progress reports that were required by the Fiscal Year 2008 Defense Authorization. Today we look forward to hearing about the progress that has been made in implementing the Commission's recommendations. We want to know if Army contracting career paths and leadership positions have been established and what progress has been made in rebuilding the Army's contracting workforce. We would like our witnesses to discuss how the Commission's recommendations apply to the other services and to highlight any other Department initiatives taken to improve contracting capability. We are especially interested in the training of those outside the contracting workforce, those in the operational forces who have to deal with contracts and contractors in the battle space.

We are very pleased that all four of you are with us today. And we know that all four of you have worked very, very hard on these issues, and it is clear that progress has been made, and we appreciate you being with us.

From the Office of the Secretary of Defense (OSD), the Director of Defense Procurement and Acquisition Policy and Strategic Sourcing, Mr. Shay Assad. Mr. Assad is also the Executive Director of the Panel on Contracting Integrity, which was established by statute in the Fiscal Year 2007 Defense Bill.

We also have two acquisition officials from the Army, the Deputy Assistant Secretary of the Army for Procurement, Retired Brigadier General Edward Harrington, and the Executive Director for the new Army Contracting Command, Mr. Jeff Parsons.

We are fortunate to have with us Major General Darryl Scott, U.S. Air Force, who is just six days away from his retirement. General Scott was on the front line of contingency contracting as the Commander of the Joint Contingency Contracting Command for Iraq and Afghanistan (JCCIA) from January 2006 until January 2008. And let me say, General Scott, thank you for your service and for the service you are rendering today.

Thank you all for being here. I am going to yield to Mr. Wittman for any comments that he may want to make at this time.

[The prepared statement of Dr. Snyder can be found in the Appendix on page 33.]

STATEMENT OF HON. ROB WITTMAN, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Mr. WITTMAN. Thank you, Mr. Chairman. I would like to welcome our witnesses today. Thank you so much for joining us and thank you so much for your service to our nation. We deeply appreciate that.

Defense acquisition and contracting are matters that have gotten a great deal of attention in recent months from the public and the President and from the Congress. Most of the current dissatisfaction is directed at weapons system acquisition, and there is plenty of room for improvement in that area. The Department of Defense has also received some significant criticism regarding the cost and less than exacting oversight of general support contracts in the contingency operations, which is the subject of today's hearing. But to be fair this is an evolving, expanding area of military operations.

While even George Washington relied on contractors for battlefield support, contractors today are an essential part of our deployed force structure. Our way of waging war is such that our deployed forces now rely more and more on contractors to provide basic and increasingly more operational services in contingency operations.

As important as contractor-provided services are to the battlefield commander, little conceptual thought has been applied regarding how best to structure the support system so the commander knows precisely what services to expect and how to manage contractors. Additionally, the military services have largely reduced their pool of acquisition specialists in recent years. The combination of greater demand for contractor services, fewer professional contract administrators, and no overarching infrastructures led to some undesirable outcomes.

Our purpose today is not to go over those mistakes, but to see how the Department and military services have embraced the recommendations of the Gansler Commission to improve our expeditionary contracting. I think the Department is headed in the right direction in the increased pace of operations, and base expansions in Afghanistan will provide ample opportunity to demonstrate greater competency.

Proper oversight of contingency contracts is important, and we spend as much or more on these contractors as we do on weapons acquisition, which makes it even more important in the years to come. These contracts often do not get the same attention because the work is performed overseas by more than 50,000 U.S. citizen contractors and over 200,000 foreign nationals in the central command area of operations alone.

Mr. Chairman, the magnitude of contingency contracting operations clearly deserves this committee's continuing attention, and I thank you for your leadership in scheduling this hearing today, and our witnesses who are experts in DOD's efforts in this area, and I look forward to their testimony.

And with that, Mr. Chairman, I yield back.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 37.]

Dr. SNYDER. Thank you Mr. Wittman. You all may recall that in April of 2008, just about a year ago, Mr. Skelton in the full committee held a similar kind of hearing on how we were doing with the Gansler Commission. This issue of how monies have been spent, which you all have been dedicating your life to for some time now, we appreciate it, is one that the Congress and the American people are very interested in. In fact, this morning Mr. Skelton had a hearing, which I thought was an interesting hearing, on the title "Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan."

I think that is ultimately what this is about; how we spend money affects the results and affects our men and women in uniform and their families. And so that is why we want to do this hearing. And we will continue probably to, maybe not this subcommittee, but the Congress is going to continue to look at this for some time.

Your written statements will be made a part of the record. And then we will hear from Mr. Assad. And then I understand General Harrington and Mr. Parsons, you have a joint written statement. And then we will go to General Scott, who didn't give us a written statement, but is going to make some introductory comments.

We will use the clock. When you see the light go to red that just tells you that five minutes have gone by. You should feel free to go beyond that if there are some things you need to say, but just to give you an idea of time. So Mr. Assad, you are recognized.

STATEMENT OF SHAY D. ASSAD, DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY, OFFICE OF THE UNDER SECRETARY OF DEFENSE (ACQUISITION AND TECHNOLOGY), U.S. DEPARTMENT OF DEFENSE

Mr. ASSAD. Thank you, Mr. Chairman, members of the subcommittee. My name is Shay Assad. I am Director of the Defense Procurement and Acquisition Policy. I am also presently serving as Acting Deputy Under Secretary of Defense for Acquisition and Technology. In that capacity, among other things, I am responsible for all contracting policy with regard to contracting in the combat environment. And I am also the functional leader for all of those who do contracting within the Department of Defense.

I want to thank you today for the opportunity to appear before you and to participate in today's hearing. At your request I will address the Department-wide applicability of the Gansler Commission recommendations, actions taken since our report was written, and other ongoing initiatives. The Army will be reporting to Congress directly on its own activities.

The Gansler Commission developed a broad-based strategy for addressing shortcomings identified during its assessment. On October 31, 2007, the Commission published its recommendations in an independent report. The committee provided four overarching areas of recommendation: increase the stature, quantity, and career development of military and civilian contracting professionals; restructure the organization and restore responsibility to facilitate contracting and contract management in an expeditionary environment; provide training and tools for overall contracting activities in expeditionary operations; and to obtain legislative regulatory and

policy assistance to enable contracting effectiveness in expeditionary operations.

The committee provided 40 specific recommendations in support of their four overarching areas. Twenty-two of those recommendations were specific to the Army, and we believe that the Army is making significant progress towards meeting those recommendations. But there is much work left to be done. The remaining 18 recommendations were found to affect the entire Department and are applicable to all services. All require legislative, regulatory or policy enablers and are the focus of my testimony.

In order to implement the requirements of Section 849, the Under Secretary established the Task Force for Contracting and Contract Management for Expeditionary Operations. The purpose of that task force was to evaluate the applicability of the recommendations to the entire Department. It was staffed by eight cross-cutting teams, members from all three services, the Joint Staff, Defense Contract Management Agency (DCMA), Defense Acquisition University, and the Joint Contracting Command in Iraq and Afghanistan participated. I acted as the Executive Director.

While the Department agrees with the intended outcomes of all of the Gansler recommended actions, we did not agree with specific recommendations as they were written in one specific area, and that is as it related to DCMA, and I will be happy to discuss that with you. At this point, I would like to provide you a brief overview of several actions since the report to Congress, as well as other ongoing DOD efforts that continue to go beyond the recommendations in the four areas.

With regard to contract management and oversight, the military departments and defense agencies must plan and program to have the force structure capable of supporting the current effort of contingency operations consistent with their core capabilities. To do this we created a Joint Contracting Command services executive steering group.

On February 19th, the Deputy Secretary of Defense required each military department and agency to conduct a total force assessment of their required contingency contracting officers and the contracting officer representatives to meet their mission. With regard to civilian personnel policy, the Department must be able to fully access the range of talent within the DOD civilian community in order to quickly and efficiently support complex mission operations. To accomplish this mission the Department is staffing a program office to oversee its civilian expeditionary workforce initiative.

Regarding Section 852 of the National Defense Authorization Act of Fiscal Year 2008, the Department has taken important steps to have the Department of Defense Acquisition Workforce Development Fund targeted for increased training associated with contingency contracting officers.

I want to thank Congress for their support of the acquisition workforce and the flexibilities provided for using this fund.

In the area of tools and training for overall contracting activities and contract operations, we have made significant progress. The Department has made improvements in training available in sup-

port of expeditionary contracting for both the workforce as well as the noncontracting workforce.

The instructor pilot session for advanced contingency contracting will get under way this spring. It will provide just-in-time training to journeymen contracting professionals deploying into management positions in Iraq and Afghanistan.

The Commission recommended that we train as we fight. Operators outside the acquisition community must be trained on the role, importance and rules of operating with contractors and expeditionary operations. All senior leaders need to have a fundamental understanding of what operational contracting support is, the ability to plan and integrate the contract support with other military and interagency capabilities, and the ability to account for and manage contractors as an integrated part of the total force. We are working with the Joint Forces Command to make this training a reality.

In summary, the Department has implemented or adjudicated all of the Commission's recommendations, but there is more work to be done. Our warfighters deserve our very best effort, and the taxpayers rightfully should expect our best effort in providing our warfighters the goods and services they need to meet their mission.

Finally, the Department is grateful for the support that Congress has provided in enabling us to achieve the necessary improvements, and I am prepared to answer your questions. Thank you, Mr. Chairman.

[The prepared statement of Mr. Assad can be found in the Appendix on page 40.]

Dr. SNYDER. Thank you, Mr. Assad. General Harrington, you and Mr. Parsons will do your statements.

STATEMENT OF BRIG. GEN. EDWARD M. HARRINGTON, USA (RET.), DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT), U.S. DEPARTMENT OF THE ARMY

General HARRINGTON. Chairman Snyder, Congressman Wittman, distinguished Subcommittee on Oversight and Investigations, thank you for this opportunity to discuss the Army's progress and completed actions to enable an agile expeditionary and responsive contracting mission for our warfighters while ensuring proper fiscal stewardship of our taxpayer dollars. It is my honor to represent the Army as the Deputy Assistant Secretary for Procurement, having assumed this position last December.

As an introduction, while on active duty I served as Director for Contracting for the Army, and in my last assignment as a general officer led the Defense Contract Management Agency as its Director.

As you noted, sir, with me today is Mr. Jeff Parsons, Executive Director of the Army Contracting Command. We have a joint written statement that I respectfully request be made a part of the record for today's hearing.

Mr. Chairman, in August 2007, the Secretary of the Army chartered the Special Commission on Contracting led by Dr. Jacques Gansler to look at the long-term strategic view of the Army's acquisition and contracting system in support of expeditionary operations. At the same time, the Secretary established the Army Con-

tracting Task Force internally to review current contracting operations and take immediate actions where necessary.

With that work complete, the Army established the Army Contracting Campaign Plan Task Force in February of 2008 to review the Commission recommendations and other contracting recommendations, and determine the requirements and resources needed to address them. The mandate of this task force has been met, and the workload has been transferred to my organization, Mr. Parson's organization, and other enduring organizations responsible for sustaining long-term Army contracting success.

Mr. Chairman, the Army's progress has been steady and significant, and the senior leadership remains fully committed to executing and sustaining this positive trend. We have been guided by the Gansler Commission's overarching recommendations: Implement the Commission's recommendations rapidly and measure success.

In addition, the Commission outlined four supporting recommendations for the success of future expeditionary operation. These four supporting recommendations included 40 actions to correct discrepancies identified. Twenty-two of these are Army specific, while the remaining 18 are within the purview of the Office of the Secretary of Defense, or are legislative actions being addressed jointly among the services with OSD as the lead agent.

The Army has taken action on or is implementing 21 of the 22 Army-specific recommendations. The remaining one, to increase the contracting workforce by 400 military and 1,000 civilians, will require more time to ensure we both have the quality and the quantity necessary to execute our contracting mission. Our plan for fiscal year 2009 is to increase our military contracting workforce by 131 members and our civilian workforce by more than 500 members. The increase in workforce size will continue over the next three years. We thank the Congress for the five additional general officer billets designated for acquisition. As of September 2008 the Army selected one additional general officer, a brigadier general, as Commander of the recently established Expeditionary Contracting Command, and we will select more general officers this year.

As an experienced member of the Senior Executive Service, Mr. Parsons heads the Army Contracting Command, a two-star position, that is part of the Army Materiel Command. Another billet presently filled by a member of the Senior Executive Service is in the one-star Mission and Installation Contracting Command. The remaining two billets are the Military Deputy for Contracting in the Army Corps of Engineers and an Acquisition Contracting General within my office.

A critically important issue for us is the size, structure and training of the military and civilian acquisition workforce. From 1998 to 2006 the contracting workforce declined by 20 percent, while the workload and the number of dollars associated with that workload experienced a five-fold increase.

The Army, with the help of Congress and the Secretary of Defense, is making steady forward progress in addressing these workforce workload issues. Over the years we have added more than 850 contract professionals. This holistic focus on Army contracting will ensure that we attract and maintain additional military and

civilian contracting professionals who are trained to meet the increasingly complex demands placed on them.

Sir, this concludes my opening remarks. Mr. Parsons also has remarks, after which I look forward to your questions.

[The joint prepared statement of General Harrington and Mr. Parsons can be found in the Appendix on page 68.]

Dr. SNYDER. Mr. Parsons.

STATEMENT OF JEFFREY P. PARSONS, EXECUTIVE DIRECTOR, U.S. ARMY CONTRACTING COMMAND, U.S. ARMY MATERIEL COMMAND

Mr. PARSONS. Chairman Snyder, Congressman Wittman, distinguished members of the Subcommittee on Oversight and Investigations, I appreciate the opportunity to be here before you to discuss our progress in implementing the recommendations contained in the Gansler Commission report. While the U.S. Army's Smart Contracting Report to Congress dated December 14, 2008, provides a broad overview of how the Army has responded to the 22 Army actions specifically identified in the Gansler report, I am here today to report on the progress we have made in standing up the U.S. Army Contracting Command and its two subordinate commands, the Expeditionary Contracting Command and the Mission and Installation Contracting Command.

The standup of these organizations was one of the first actions directed by the Secretary of the Army, the Honorable Pete Geren, in response to the Gansler Commission report, and continues to be a focus of our Army senior leadership. In fact, this past Saturday I briefed the Chief of Staff of the Army and General Ann Dunwoody, our Commander of the Army Materiel Command, on our progress in standing up this new command.

One year ago we provisionally established the U.S. Army Contracting Command at a ceremony held at Fort Belvoir, Virginia. By combining the contracting resources of the former Army Contracting Agency and the U.S. Army Materiel Command, we designed a new two-star subordinate command to the Army Materiel Command that is responsible for global contracting support to our Army and its soldiers. Our concept for the new command was approved by the Army in mid-July and provided increases to both our civilian and military resources. These additional resources will add over 900 civilians and nearly 400 military to the new command. The majority of these resources will be contracting specialists, contracting officers, and contingency contracting personnel.

We are now in the process of hiring civilians and increasing accessions for our military personnel. Between the Active, Guard and Reserve components we will eventually have 905 soldiers in our expeditionary contracting structure.

To date, our Army Contracting Command and Expeditionary Contracting Command headquarters are nearing a 50 percent fill rate. We have appointed a one-star general, Brigadier General Camille Nichols, as leader of the Expeditionary Contracting Command, and we have activated four contracting support brigades led by seasoned colonels. These brigades provide contracting support and contract planning support to our Army service component commanders. These brigades currently support U.S. Army Central

Command, U.S. Army Europe, U.S. Army Korea, U.S. Army North, and U.S. Army South. Later this year we will activate two more contracting support brigades and the remaining 7th Brigade will be activated in 2011.

Underneath these brigades we have eight contingency contracting battalions. To date we have activated five of these battalions. The battalions provide contracting support and contract support planning at the Army Corps level and provide oversight of our senior contingency contracting teams and contingency contracting teams. These four-person teams provide contracting support at the division and brigade level. By the end of fiscal year 2009, we will have activated 42 teams.

The teams, battalions, and brigades, are modular in nature and can be deployed worldwide in support of military operations. The teams and battalions get their day-to-day contracting training and work experience at our installation and contracting centers located across the Army Contracting Command.

While we have a ways to go in staffing and training our contingency contracting soldiers, we are providing forces to the Joint Contracting Command—Iraq/Afghanistan in support of Army joint manning requirements. Our soldiers also support numerous exercises in smaller military operations on a day-to-day basis across the globe.

We have tested our deployable capability and doctrine in two significant joint exercises in Panama and Europe. Lessons learned from these exercises are used to refine our doctrine and training. There is still much to be accomplished, but I am confident that we are making good progress in building our expeditionary contracting capability to support our Army and future joint operations.

I appreciate the congressional support of the Army's efforts in providing our nation's warfighters and allies with quality products and services. We continue to pursue improvements in our contracting processes and workforce as demonstrated by our Secretary's commitment to implement the recommendations in the Gansler Commission report. I look forward to your questions.

[The joint prepared statement of Mr. Parsons and General Harrington can be found in the Appendix on page 68.]

Dr. SNYDER. Thank you, Mr. Parsons.

General Scott.

STATEMENT OF MAJ. GEN. DARRYL A. SCOTT, USAF, DEPUTY COMMANDER, TASK FORCE TO SUPPORT BUSINESS OPERATIONS IN IRAQ, OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE (BUSINESS TRANSFORMATION), U.S. DEPARTMENT OF DEFENSE

General SCOTT. Thank you Congressman Snyder, Congressman Wittman. I appreciate the opportunity to participate in today's panel.

I am Major General Darryl Scott, and with my retirement this month I conclude 34 years of service with the United States Air Force. For more than 28 of those years I served as a military contracting officer. During that time I was guided through a variety of acquisition and logistics assignments and development opportunities that taught me not only how to make a sound business deal,

but also how to establish and maintain the standards of stewardship that the American people expect, as well as how to develop, employ and support the elements of military power.

I have held line and staff jobs. I graduated from the Air Command and Staff College and Industrial College of the Armed Forces. I have commanded three times, and I have served as the Director of the Defense Contract Management Agency from December 2003 to January 2006. The senior officers who nurtured me as my mentors, leaders and commanders had similar backgrounds to mine; a balance of operations, leadership and contracting and acquisition education training and experience. Their experiences taught them that the essence of good stewardship is a careful balance between effective oversight and operational mission accomplishment. Too little attention paid to either results in waste and mission failure. And they made sure that I understood that also.

For me, all that experience and preparation culminated in the most challenging and rewarding assignment in my career as Commanding General of the Joint Contracting Command—Iraq/Afghanistan from February 5, 2006, to January 19, 2008. During my tour nearly 900 of the finest airmen, soldiers, sailors, Marines and DOD civilians I have ever met rotated through the command. Almost without exception they were as honorable, mission focused, hard working and selfless a group as you could ever wish for, and I am extremely proud of them.

Sometimes hard work and self-sacrifice by themselves aren't enough. Too frequently we found that the individuals the services sent us weren't adequately prepared to work in an environment as complex as Iraq. Some had been trained only for small purchases of commercial supplies, yet in my first year there 50 percent of our workload were large infrastructure reconstruction projects. Some were well versed in the processes for awarding new contracts, but lacked experience in managing and overseeing a contractor's performance. Many were unfamiliar with the exceptional authorities Congress has provided for streamlining contingency contracting operations. Most had no experience synchronizing contracting activity with the strategic objectives of the Iraq and Afghan campaign plans and no experience managing scarce human resources in ways that properly balance operational and business risks. Some, particularly among my Army personnel and Marine Corps commissioned officers, were on their first assignment in contracting. Almost literally a baptism by fire.

It is clear to me that these shortcomings were not their fault, but rather the fault of a system that over a period of more than 10 years had eliminated the path that produced the superb senior officers who mentored me.

The Gansler report notes that at the time I took command the Army had no general officers in contracting, and indeed I was the only career contracting active duty flag officer in any of the services. I was privileged to be allowed to testify at length to the Gansler Commission about the challenges my command faced in trying to provide effective stewardship over contracting and the reasons behind those challenges. I was pleased with the comprehensiveness of the Commission's findings and the seriousness with which the Army leadership responded.

Still I remain somewhat apprehensive. The circumstances that permitted the cadre of senior officers skilled in both contracting and operational art to wither away will require years of persistent effort to fix. I applaud the foresight of the Congress, OSD, and the Army in establishing 10 new contracting flag billets, five for the Army and five in the joint community. But the true test of this policy will be whether the bright young contracting lieutenant colonels of today will receive the care and attention from knowing mentors like I did, that care and attention that will enable them to advance into these positions. And will the brightest young captains and majors of tomorrow look at contracting experience as career enhancing or as a career detriment?

Thank you for your time today. I look forward to your questions.

Dr. SNYDER. Thank you all. I appreciate your all's statements today. What we will do is Mr. Wittman and I will put ourselves on the five-minute clock and go back and forth here until we run out of things to ask about.

I thought Mr. Assad, I thought it was your—no, I guess it was Mr. Harrington, your statement, you referred to it I think briefly on page eight in which you discussed what seemed to be the underlying problem. You say that we found that more than 600,000 contracts may be complete, but have not been officially closed out in the contract management system. We have taken immediate steps to obtain greater fidelity in this figure, explore the root causes, and implement a comprehensive plan to clear the backlog of contracts requiring closeout. A primary cause has been a 25 percent reduction in the contracting workforce during a period of 500-plus percent in contract—500 percent increase in contract transaction workload.

I think that really describes the challenge that you all are dealing with, and that is not at all necessarily an Army created problem. That is as much a congressionally created problem as anything. But that really brings home—and as you just pointed out—brings home the problem. You just pointed out, General Scott, it can take a long time to put those pieces back together. It is a lot easier to reduce your cadre of trained people than it is to build it back up again when you have let them go.

I think the first question I wanted to ask is to you, Mr. Assad. In your statement you refer to senior leadership. You say, quote, on page 23, "all senior leaders need to have a fundamental understanding of what operational contract support is, the ability to plan and integrate contract support with other military interagency capabilities, and the ability to account for and manage contractors as an integrated part of the total force."

And it seems like I suspect if we went out and talked to most Americans, are you aware that half the force that we have sent to Iraq are civilian contractors, only that they weren't all sent there, significant numbers are brought from other countries who are there? But are you aware that over half of the support, or half of our force are civilian contractors? And I think over half of the contractors are for base support. It is not like they are doing something that is not significantly important to the force. I suspect most Americans would not think in those numbers. We always talk

about how many troops are in Iraq, pretty much a one-to-one ratio in Iraq since this thing has started.

How do you think the military is doing and the Army is doing with regard to the concept of how significant the contracting force is, so significant that they need to prioritize in their mind the ability to manage contracting and manage contracts?

Mr. ASSAD. Mr. Chairman, I don't think there is any doubt that the leaders of today fully understand the fact that they are managing an integrated force, and that 148,000 contractors in Iraq and some 71,000 in Afghanistan, the commanders on the ground clearly have a much better understanding today than they did five years ago of the power of that force and the importance of that force.

I can give you one personal example. I actually came on board into civilian service in 2004 with the Marine Corps, and I was a senior civilian contracting official with the Marines at that time. General Mike Hagee was the Commandant of the Marine Corps at that time. When I took over this position at OSD I went to see the Commandant to thank him for everything the Marine Corps had done for me. And he said to me, you know, Shay, six or seven years ago I might not have said this, but the reality is if, and he said I was a battlefield commander, if I was going to the battlefield one of the first three people I would bring with me is a contracting officer. And so there is no doubt that the leadership now understands the importance of being able to contract for certain nonorganic capability and then to integrate that capability into the force.

This has been a learning experience for a number—for the entire community in terms of the large number of contractors that we have in our force. But there is no doubt that I think as we go forward contractors will remain part of the support force for the warfighting Army and Marine Corps especially. The reality is that I think as we go forward we are working with the Joint Forces Command now, so that we get training courses into all of our staff colleges and into all of our junior courses and our noncontracting military officers so they understand what it is like to have contractors supporting them and to have members of their operational force who will be responsible for overseeing that contract performance. And I think the Army is going through a transition right now in that regard in the sense that it is the operating force that really will provide most of the oversight for our post camp and station type activities, where we will always have folks from the Defense Contract Management Agency and professionals overseeing certain unique technical oversight of certain technical contracts in all of our engineering support contracts for our major weapons systems. But for post camp and station we will rely on our operating force to do that, and I think our operational commanders are up to it now.

Dr. SNYDER. General Harrington, before I go to Mr. Wittman, do you want to comment on that issue of the senior leadership?

General HARRINGTON. Certainly, sir. I will give you two examples. About a month and a half ago I was called in to brief the Vice Chief of Staff of the Army, much as we are discussing this today. And I got to my second slide on an update of Gansler and what we were doing with it, and he stopped me and he had all of the major Army commanders on video teleconference (VTC) hookups into the

Pentagon and all of the Army staff, to include some of the secretariat. And the reason he stopped me, he expressed very clearly to the chain of command throughout the Army that contracted support is a part of the Army, and he essentially said it is a part of our force structure, we have got to accept that we have got to get our arms around contracting officer representative (COR) support, the commanders in the field at each level have to emphasize the proper training, the selection of those CORs, that they are a vital component of ensuring the contractors deliver what they are on contract to deliver, and that they are the eyes and the ears for the contracting officer.

As recently as a week and a half ago I provided, and Mr. Parsons did also, an update to the Secretary of the Army, and we are due back in another week to continue to follow up with him on the actions we are taking.

So I think the senior Army leadership is tuned in. They know it is a matter of emphasis. They understand the value of what contracted support provides the Army and understand the necessity of overseeing it properly to make sure we get what we pay for.

Mr. Parsons had just mentioned the Chief of Staff of the Army is General Dunwoody, last Saturday, and that is a component. We just left the VTC with our two bosses, General Dunwoody and Mr. Popps to come here. They discussed specifically the contracting support in Iraq and what we are going to do in Afghanistan.

Dr. SNYDER. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman. And that is a great segue to my question. If you look in the long run it looks like in Iraq we are certainly going to see a reduction in demand for contracting and contractor support. But it seems like in the near term as we move personnel and equipment out of Iraq there is going to be an increase in demand. We are also going to see that in Afghanistan as we move more personnel and equipment into Afghanistan.

With that being the case, can you talk a little bit about what steps need to be taken to prepare for this surge in contractor support and for the demands that it is going to place on the contingency contracting system?

Mr. ASSAD. Sir, we are working with the Army with regard to what are the increases to the Joint Contracting Command that are going to be necessary to meet this requirement, and whether or not there is a civilian workforce component of certain types of contracting that we can do in the rear to support what will be done on the ground. So we are actively looking right now at increasing the number of contracting officers on the ground in the Joint Contracting Command, both in Iraq and Afghanistan, for the very reasons you mentioned.

General HARRINGTON. At the conclusion of our VTC today we confirmed Brigadier General Bill Phillips is a contracting—has a contracting background. He commands the JCCIA that Darryl Scott commanded. He has done a deliberate workload assessment both in Iraq and Afghanistan and looks at weighting the effort in Iraq, for instance, with more civilians because of the relatively more secure environment there and weighting the Afghanistan requirements with more military.

I would ask Mr. Parsons, if it is okay, to talk further on that.

Mr. WITTMAN. Absolutely.

Mr. PARSONS. Sir, one of the other things that we have done that we learned out of Kuwait is that we could establish some reach-back capabilities, is what we call it, where we do some of the contracting back here in the States for the theater. You can't do this in all cases, and certainly you still need presence in that country. But we have established a 10 to 12-person cell dedicated to the Joint Contracting Command in Iraq and Afghanistan now at Rock Island. We are going to increase that. And as General Phillips identifies requirements that he believes we can execute back here in the United States in support of him, we will do that. That allows some reduction on the demand for having people right there on the ground. It also gives us the ability to reach into a lot more expertise when it comes to the more complex contracts. So that is the other aspect we are doing.

We are also putting a Logistics Civil Augmentation Program (LOGCAP) presence with LOGCAP IV into Afghanistan to help with the surge requirements. In fact, task orders have already been issued under LOGCAP IV in support of the buildup there.

Mr. WITTMAN. General Scott, your thoughts.

General SCOTT. Congressman, I will remind everybody I have returned from Iraq 14 months ago, so I don't feel that I would ever second guess Brigadier General Phillips and his assessment of what is necessary. But I will say that one of the things that came out of the Gansler report was a realization on all of our parts that, first of all, we needed more people in theater. And you heard from Mr. Assad that that plan is under way. But as Mr. Parsons said, if we plan the work properly you don't have to do all of the work in theater.

I would say that one of the maturation steps of the theater of the contingency environment has been recognizing that we need to do a better job of planning and organizing. Frankly, my predecessors were faced with a pick-up game—they show up in the driveway and the next game you play is in the Sweet 16—where now we are doing a far better job on that and we are learning an awful lot and taking advantage of that.

Mr. WITTMAN. We only talked a little bit about integrating this whole thought process on contractor support. Have combatant commanders recognized the importance of contractor support, and how many have included operational contractor support requirements in either their op plans or their con plan?

Mr. ASSAD. Sir, we are working with—we now have an organization called the Joint Contracting Acquisition Support Office. The purpose of that office is to accomplish that very mission. That is to work with each of the combatant commanders and ensure that they in fact have contracting planning support done in their op borders. Three or four years ago frankly those op borders would have been pretty bare in terms of the direction and the scope of contracting.

In today's environment we just conducted, for example, our first Joint Contracting Command training over in European Command (EUCOM). We have got two more training sessions going on this year, one in Pacific Command (PACOM) and one in Southern Command (SOUTHCOM), I think. But the idea here is to get the plans

in place so that our operational commanders not only understand what is the scope of the contracting support that needs to be brought to bear, but what are the contracting tools that are going to be used to get that contracting there on time and, more importantly or just as importantly, who is going to oversee this so that the taxpayers get what they are supposed to get and our warfighters get the goods and services they wanted.

Mr. PARSONS. If I could add to that. We just recently this past August participated in a joint exercise called PANAMEX, which focused on Panama down in the Southern Hemisphere. And it was the first time that, not really the first time, but the second time that we tested this joint task force and joint contracting by deploying one of our contracting support brigades. And they started very early on with the joint task force commander and the other services in the planning for that operation.

So we are proving that the up-front planning pays off. One of the things that they did was they included the Air Force contracting folks, they included the Navy folks, and by that early planning were able to actually identify contract vehicles that were already in place that could be used for things like opening a port. And so we are seeing this paying off in spades now.

And what my observation is, I think there is a lot more jointness that is now taking place between the services as we work with these combatant commanders in doing their operational plans.

General SCOTT. Sir, if I may add, one of the things that I think the Army has done extremely well is the Army is out in front in developing organizational concepts that facilitate the planning part. The problem prior to the establishment of the contract support brigade was you had military organizations that were designed to award contracts, but they weren't designed to plan the ingress phase, the transition phases, to do the kinds of market research that you need to do to see what is available in theaters. When I first saw the structure of the contracting support brigades I said, gee whiz, I wish I had this when I was walking into Iraq. It would have made life a whole lot simpler, because you have folks already who understand what the tasks are and how to sequence things in order to make them work a whole lot smoother, and we sort of learned all that on the fly.

Mr. WITTMAN. Thank you, Mr. Chairman.

Dr. SNYDER. I guess using the jargon that you all use more than we do, General Scott, you talk about these skills being a core competency and not something that you kind of pick up as you need to when you go to a new theater or something. And it sounds like you are going back to the discussion about what are the senior leaders doing that we are moving in that direction. Is that what you are saying?

General SCOTT. Yes, sir. I would say that the real challenge is getting them to understand that it is not just knowledge of the Federal Acquisition Regulations (FAR), it is understanding how do you—what the concept of operation is for supporting a force, given the particular mission that that force had. This is one of the reasons why you really need military senior folks in there, because core competencies for military force employment are in the uniform side of the Department of Defense. And it is that knowledge and

skill, combined with FAR-based knowledge, combined with sound business judgment that results in a good contracting support plan. If any of those pieces are missing, the job becomes orders of magnitude more difficult. And frankly, those are the kinds of things that we have seen where fraud, waste and abuse can occur. It starts with if you don't have a really good plan, if you don't know how you are going to do oversight, if you don't have the people identified and trained to task, the opportunities for mischief grow.

Dr. SNYDER. This is your all's book here I think. This appeared in my office today. I didn't request it. But your book brings home another issue to everything you just said there, General Scott. But this does not look like a nice pristine real estate office. Those are pieces of paper on what is a hood of a jeep, I think, or a hood of some vehicle. You have got that whole environment too that you are in strange settings and dealing with different languages and trying to do things very, very rapidly. That seems to be the theme to this book of how to do these things when you are in difficult environments. Is that a fair statement?

General SCOTT. Yes, sir.

Dr. SNYDER. I wanted to ask, maybe I will ask you, Mr. Assad. With regard to the CERP funds, I guess that is the Commander's Emergency Response Program, isn't that the acronym? Where do you see the management and contracting and oversight of the CERP funds, which we have had this discussion on the congressional side, are these development funds? I don't think they are development funds, I think they are counterinsurgency funds. And in an area that has just been cleared out and I see 300 men standing around and I can pay them five dollars a day to clean trash and that gets them occupied, I would rather, who cares about the paperwork, is a bit of an attitude at that time. But I would like to hear your review of how you see the CERP funds in this whole picture.

Mr. ASSAD. Dr. Snyder, that is an interesting point. When I got to OSD, one of the concerns that was expressed by some of the operational leadership was that we were invoking too many FAR-based principles, Federal Acquisition Regulation principles, on the CERP fund, and we were preventing it from being used in the manner that it should be used. So we did a pretty exhaustive examination of that. And as you all know, there are no regulations that necessarily have to apply to that. And in fact there were no FAR regulations that had applied. But it was the operational commanders themselves and their concern that the money be properly accounted for that led to very stringent rulemaking amongst non-contracting folks, if you will, in an effort to try to account for those funds properly.

And I would like, maybe General Scott can talk a little bit about that in terms of the ordering officers who were actually using those funds.

General SCOTT. I would like to talk about that in terms of two brief war stories. The first one was when the now current Vice Chief of Staff of the Army, who was the core commander at the time, invited me for lunch at his headquarters and forgot to inform me I was the main course. But actually what General Corelli had in mind was a campaign, and this was Operation Together For-

ward, the second battle of Baghdad. His strategy was clear: Hold and build. So we did a security operation to clear the area, we established a cordon around it to hold it, and then we want to build within that area, whether it is restoring public services, whether it is hiring the 300 guys that are around the corner to pick up the trash, but we want to do something to show the folks that the quality of their lives was going to improve.

The problem that he was faced with was the FAR-based bureaucracy. Even in the best of circumstances if you are going to spend a half million dollars under the FAR, it is going to take you about 45 days to do that. And what they had in mind was about a 48-hour response time that we were clearing the area, 48 hours later we would have people in there picking up the trash, restoring the water and sewer and electricity and improving the lives of the folks.

So what we did is we went and examined it and said, well, why is this, that we have this lag time between flash to bang, as the Army calls it, between the desire for it and the actual effect showing up. And it turned out that when we did that examination most of the rules that had been imposed were not required by the Federal Acquisition Regulations, not required by the Department of Defense. Congress had been very, very clear that their intent for CERP money was you need a process that is fair, transparent and accountable, but we give commanders broad discretion in how they establish that. It turned out that most of the rules we had put on ourselves. So the fairly quick solution was loosen up. We established some local procedures for accountability, we told the folks they are ordering officers, that this is the standard for competition, free independent sources, bidding on a project. And we said, everything you do, write it down, because eventually we are going have to come back and account for it. And we did that. First of all, we achieved the 48-hour turnaround where we could achieve the effects that the commanders wanted within that time frame. And second of all, through that whole period of time there was not one case where CERP money went unaccounted for.

So folks took it very, very seriously. The commanders understood that they were personally liable and accountable. This was not something that some contracting officer was going to go to jail for, it was something that they were going to be held accountable, and they responded.

Dr. SNYDER. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman. Mr. Chairman, you had mentioned a little bit earlier the hearing we had earlier today that talked about the use and misuse of resources there in the reconstruction of Iraq. It brings me back to the Gansler Commission report that talked about there being more auditors in the field than government contractors there.

The question is this. Do we have the right balance now between auditors and contractors, and are the folks in charge of auditing doing the proper job in staffing and training those folks that are charged with that audit function?

Mr. ASSAD. I think we have done a lot better. But right now what we are doing, Mr. Congressman, is examining, especially in Afghanistan, the answer to that question, do we have enough over-

sight? Not just auditors, but Defense Contract Management Agency professionals, as well as properly trained contracting officer representatives.

I think that in terms of auditing invoices for our U.S.-based contractors, we have got that down pretty well. When we start to talk about local procurements, then it becomes a little bit more difficult because there are situations where the contractor is there one day and not there the next.

And so what we want to make sure of, however, is that as we award these contracts that sufficient oversight is in place. We are looking to put more contract oversight in theater. There is no doubt about that. We need to train our contracting officer representatives more capably, and we also need look at our Defense Contract Management Agency staffing.

Right now there are about 240 folks in the Defense Contract Management Command who are overseas in Iraq and Afghanistan. That probably needs to be plused up a little bit.

General SCOTT. Sir, if I can comment on that. I would also say that in a contingency, the relationship between the auditors and the contracting officers has to be somewhat different than it is in typical state-side contracting. What we found worked very well was to maintain the independence that an auditor must have in order to do their job effectively, but there had to be some degree of cooperation. It was almost—I am an Air Force guy, so it was almost like an air defense solution where someone queues the weapon to the target and then somebody else goes out and prosecutes the fight.

General SCOTT. And the someone that queued the weapon to the target most frequently was the contracting officer. Something smells bad about this. I have a bad feeling about something going on. Can you guys please take a look at this? Where state-side, we are more used to the auditors setting their audit agenda much more independently as well as conducting the audits themselves.

But I will tell you I met with Special Inspector General (IG) for Iraq Reconstruction monthly. My staff met with them weekly. I met with the Army audit agency monthly. When Defense Contract Audit Agency (DCAA) established their presence over there, we had monthly meetings. And it was really kind of an audit coordination meeting where we would look at it and say, hey, look, I am really worried about blanket purchase agreements. I think that they may be being misused. Can you guys go take a look at that and give me either a thumbs up or thumbs down?

The advantage for me as a commander was, those initial reports came directly back to me and to my contracting officer, so we could go do something about it right then, not wait until two or three months later when things go through the normal coordination cycle and the nice pretty bound report comes out. Well, by that time, the guy that was doing all the mischief is gone.

Mr. WITTMAN. Gone.

Mr. ASSAD. If I might say something, Dr. Snyder, you had mentioned that we have a panel on contracting integrity that was set up by this committee, as a matter of fact. It was initiated through the House. One of the subcommittees that we have is on procurement fraud. And in particular, it was to educate and create tools

to educate our contracting officers on the battlefield to become more aware of areas or events or situations that they could be in that might prevent or that might cause fraud and/or waste and abuse. Creating check lists, simple things like checklists for when they were going to relieve another officer in a forward-operating base what they should be looking for. And also helping that officer who is at that forward-operating base to say, you better be prepared with the following documentation, because it is going to be expected of you by your relief.

We have worked with the DOD IG as well as the Navy, Air Force and Army IGs in setting up some terrific tools on Web sites for our contracting officers who are in the battlefield to gain access to tools that will help them with regard to ferreting out fraud.

Mr. PARSONS. I would just like to add one more point. Our design over these contracting support brigades led by these colonels, the Army Criminal Investigation Division (CID) and the Army Audit Agency had both agreed to make a pool of deployable CID agents and Army auditors that we can tap into as part of our deployment for the brigade. So when a brigade deploys, we will most likely bring a CID agent and an Army auditor with us as well. And those CID agents are already helping us in doing some instruction with the contracting officer representative. So when we give a class to the Contracting Officer's Representatives (CORs) today, the CID has a block that talks about procurement fraud and bribery and those types of things. So a lot of the education is improving.

And I think the more we get our forces educated, the less auditors you really need on site. I think what we are suffering now is, like General Scott said, so much inexperience and not enough people kind of lead to that environment where you almost had to overreact with the number of auditors. I think in the future it will be better balanced.

General HARRINGTON. Sir, I would add, with the help of OSD within the Army, we have restored what we called the Procurement Management Review Process. We have now just about completed staffing up two teams and very much appreciate Congress's support for the resources to be able to do that. These two teams are specifically dedicated to going out into the Army. As recently as last week, we reviewed the Kuwait contracting command under Mr. Parsons. And today we are putting the planing together to go into JC CIA in Iraq as well as in Afghanistan in about another month.

The procurement management review goes into contract files, looks at policies, processes, tools. It is not just the inspection activity; it is to say, to determine, are you adhering to the guidance that you have got? It is as well my tool to collect data on what we need to, at our level, to better enable our contracting workforce. Mr. Parsons has the same capability in the Army contracting command, and it is our ability to gain firsthand experience about what is really happening out in these activities wherever they may be. So we have that in process.

Mr. WITTMAN. Thank you, Mr. Chairman.

Dr. SNYDER. See, we get to rest up for five minutes and you all don't. We have a tag team going on here.

I want to ask, have you, any of you, heard of the steamboat the *Sultana*? I see a nodding head in the second row back there. The

Sultana is the worst maritime accident in the history of the United States. It was a couple weeks after the end of the Civil War. I don't remember where it shoved off from, but it picked up a load of mostly Union soldiers who had been released from prisoner-of-war camps in the South. They were all emaciated, sick, not doing very well.

The company had a contract to haul these soldiers up North. Now this is where there became a problem, because the steamship was, I think, three times the load it was supposed to take. It actually pushed off from Memphis, picked up a load of wood at Marion, Arkansas, went out in the middle of the river; it was at flood stage, and the boiler blew. So I forget the number. I am not sure I know exactly, 1,700 or so lives lost because most of them were very weakened Union soldier war veterans.

The country didn't pay a whole lot of attention to it, except for the families, because Lincoln had been assassinated shortly before then. The war was over. But it brings home, it is not just writing the contracts; it is what happens, the quality, the performance. Obviously, we haven't had anything like that I don't think ever since then. But we do have things that have occurred. The one I think has gotten the most press attention was the allegations of improper electrical work that has resulted in the loss of life.

I have got your book now, and I don't see anything along here in this little index thing about monitoring a contract or quality controls during performance of the contract. Where does that fit in? And that may not be your all's responsibility. Where does that fit in for the guy who just signed this on the hood of a vehicle, what is his responsibility to go back and check on the contract?

Mr. ASSAD. Well, his responsibility is to ensure that the contracting officers' representatives that are participating and working with him are in fact properly trained to execute their responsibilities, and that DCMA, working through the Joint Contracting Command in the case of Iraq and Afghanistan, is in fact overseeing contract performance. It depends on the instrument.

If it is LOGCAP, for example, much of that oversight is conducted by the Army contracting officer representatives. If it is a technical contract, that would in fact be overseen by DCMA. And so I believe there is a section in there, Doctor, and I would be happy to get it for you, that does talk to contract——

Dr. SNYDER. Contract administration?

Mr. ASSAD. Yes, sir, that is it.

Dr. SNYDER. Ah, look at that.

Mr. ASSAD. There is a section in there. But having said that, there is also a DVD in the back of that book that we have provided to our contracting officers that leads them to, it would be in the last page of that, that would lead them to a Web site that gives them additional information with regard to contract oversight and contract management services. It should be in the very last page of the book.

Dr. SNYDER. Actually, I will read the first sentence. It says, this chapter discusses actions a contracting officer should take to administer a contract that covers actions to be taken and documentation included from contract award to contract close out. And this

includes seizures, monitoring, transferring, terminating and closing out contracts. So I missed a tab. You have it all covered.

Mr. ASSAD. You had me worried there, Mr. Congressman.

Dr. SNYDER. I know it. It is an issue, though. You mentioned, I think, the 600,000 contracts that haven't been formally closed out. I suspect that is not because somebody did a bad job. I suspect it is because they are overwhelmed with volume.

Mr. ASSAD. Dr. Snyder, I think that the issue here, and it is one that we are all looking at very carefully, and I did mention to you that there was one recommendation, actually it was three, that were tied into DCMA. And it was about contract oversight. And the difference of opinion was that the commission felt that contract oversight for post, camp and station in the United States should be done by the DCMA. I have two former DCMA commanders here. That has never been a responsibility of DCMA and would have required a significant change in organizational structure to make that happen.

But it is our belief that, in order to have the operational force understand the capability that they are contracting for is to lay some of that responsibility on them to do oversight for post, camp and station. And so when we are in theater, when we are looking at life support services, dining facilities, laundry facilities, things of that nature, we are looking for the operational force in concert with the contracting officer and with DCMA oversight to do that oversight. You are absolutely right, sir, it is a critical function that, at the end of the day, we have got to assure the taxpayers as well as the warfighters that we got what we paid for.

Dr. SNYDER. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

One final question, gentlemen, the Government Accountability Office (GAO) and others have come out with a report talking about some of the longstanding challenges regarding contractor support for deployed forces. If you were to look at what the Army and DOD are recommended to do under the Gansler report, would you see, in comparing those, is there anything left, if all the Gansler report recommendations are fulfilled, would there be anything left that the GAO has pointed out that needs to be done? And if so, who would be responsible for doing those things?

Mr. ASSAD. I think that we are really in the early phase of getting through integration of our operational commanders in the planning of contract operation. And I think that is the area we are focused on with the Joint Forces Command and the Joint Staff, but that is the area that we really need to place a significant amount of focus on. Every plan changes, that is true, but the reality is we need to ensure that we have inculcated that mind-set that says we really do need, not only to plan what is organic and what is not, but exactly what contracting mechanisms and who is going to do it as well as which part of the operating force is going to oversee the work that needs to be done.

So I would say, Mr. Congressman, from my perspective, it is that aspect of contract planning and ensuring, as Darryl said, that you understand, what is in fact the battle plan and how will we integrate it into it to ensure that we provide the support that is necessary?

General HARRINGTON. Sir, we will provide a contracting officer's representative pocket guide for you. We will get that over to you. That reinforces, that is what gives soldiers and actually anyone who is going to be a COR out there, boots on the ground actually watching what the contractor does. The challenge we have got, I think, is exactly as Mr. Assad described. We are on a path now. We need to have the continued emphasis at every level for it. We need it to evaluate contract files and show the contract team and the contracting officers that key input into that contract file upon which we judge the performance of a contractor. Those are critical functions. I think we have begun to reinforce; we just have to continue to emphasize it.

Mr. PARSONS. I would just add that I think the other area where we are going to need continued help is the focus on this issue. We have a long way to go in building up this capability, as General Scott alluded to. And my fear is that, if the world becomes a calmer place and there is a draw-down on the number of deployments that we are making, there may be a sense that we can, you know, eliminate some of what we are trying to build up here.

So my appeal would be, we have gotten great support out of Congress as we have gone forward on this Gansler Commission report. I think we need to keep that laser focus on that to make sure that the capability we are developing and building up, we do not lose it 10 years from now, and that we do follow through on the appointments of the general officers and developing the career path for these military officers and Non-Commissioned Officers (NCOs).

General SCOTT. Congressman Wittman, as I was thinking through my answer and listening to my colleagues, I checked my route home to make sure I don't have to get off at the Foggy Bottom Metro stop, because I would say that the one thing that remains to be done is not strictly the purview of this committee; it is the coordination and synchronization of everyone who is involved in stabilization and reconstruction operations.

When I was there, half the money I spent came though the State Department. But USAID, main State, Department of Commerce, all had different rules; all organized to conduct contracting and contractor support differently. And the only place that all came together was in the ambassador's office. And there needs to be a functional, operational and tactical level coordination that says, if we are going to bring all the elements of national power to a counterinsurgency fight, we have got to have a way where everybody's capabilities are put on the table. And the senior leaders in charge of the U.S. mission, be they the ambassador's staff or be they the Joint Task Force Commander staff, can look and say, who is best qualified and best positioned to do this? Because when you don't do that, you have an opportunity for duplication. You have an opportunity for waste. You have an opportunity for effort that is less effective than it could.

One of the classic cases that GAO pointed out is cases, for example, where one department would build a water treatment plant, but the other department is charged with putting in the sewer pipes that carry the waste to the water treatment plant. If the two schedules and the two contracts are not synchronized, you either end up with waste running in the street because the plant is not

there or you end up with a beautiful plant with no inflow coming in.

So, in my view, that is what needs to be done. It is setting up the mechanisms for coordination between all the branches of government that are operating in the counterinsurgency.

Mr. WITTMAN. Thank you gentlemen, great answers, thank you.

Dr. SNYDER. General Scott, you answered one of the questions I was going to ask which is about State and U.S. Agency for International Development (USAID) because this has been an ongoing interest of this committee is how to get everybody working together. The example you just gave, I think, you said came from GAO. What, did you have any, from your personal experience, where you saw things that didn't go so smoothly?

General SCOTT. Yes, sir. First of all, I would say that most of my relationship with State went very well, but it was highly personality-dependent. I worked very closely with the Iraq Reconstruction Management Office, later ITAO. And I don't remember what the ITAO initials stood for, Iraq Transition Assistance Office. I worked very closely with those staff members, and we had an excellent relationship that allowed us usually to work out problems. But nevertheless, there were cases, for example, we had to take over the contract to complete the children's oncological hospital in Basra after USAID had initiated the effort, the contract was overrun, the cost overrun. The contractor wasn't making adequate progress and it eventually took my contracting officers and the Army Corps of Engineers doing quality assurance to come through and get the project completed.

It should have been apparent that this was a program that exceeded USAID's capabilities, because at the time, USAID had three contracting officers in country. And they had no ability to extend their contract oversight down to Basra. I had a local contracting office down in Basra. The Corps of Engineers had a regional office down in Basra. We were well able to provide contract oversight and quality assurance. It was almost like a Chinese menu; pick the services that you want, and we can provide them. But there was no mechanism, short of the First Lady herself getting involved in this, to cause people to coordinate and cooperate in order to bring success to the project.

Dr. SNYDER. I think our opinion is that there is a lot of excellent State Department USAID people, but we have dramatically cut back on their numbers in the last decade and a half, to our great detriment as a country.

General SCOTT. Sir, that would be my observation. I had no question about the quality of folks either in USAID or in State, but I had 171 contracting officers in Iraq, and they had three.

Dr. SNYDER. I wanted to ask, Mr. Assad, I wanted you to go into a little more detail about the DCMA, Defense Contract Management Authority. And you go through it on page 6 of your written statement, and I want to be sure I understand, which was Gansler recommended that DCMA would manage all the contracts for base, security, water, all those kinds of things.

Mr. ASSAD. Actually, what he recommended, Congressman, was that the responsibility for base operations and base oversight in

CONUS at all of our post, camp and stations would be done by DCMA.

Dr. SNYDER. DCMA. And the Army said, no, because we actually have some officer bases we refer to as the mayor. Because you felt that that, not you but the Army felt that was an integral part of being the base commander and that was a military function. Is that correct? So that was why there was a push back on that?

Mr. ASSAD. Actually, Mr. Congressman, it was all force services, Army, Navy, Air Force and Marine were uniform in the thought that the responsibility for oversight at a particular post, camp and station should be resident and the responsibility of commanding officer.

What Dr. Gansler's concern was, was that, when we went into theater, if we were going to expect DCMA to do that kind of oversight for post, camp and station oversight in theater, if they didn't have the same experience in the continental United States (CONUS) or a way to train themselves repeatedly, that that could be a problem. But our view, where we are headed is to ensure that when our soldiers and our Marines and airmen are in garrison, that they are getting the experience that they need in garrison to do that kind of oversight and that they will conduct the training so that when we have our plan in place, each of our organizations knows how many of their folks within their operational unit will actually have to do that kind of oversight overseas, and that we have that training in place so that they can in fact do it in CONUS.

We just didn't feel like that particular responsibility, never having been a responsibility of DCMA at any time in its existence, was an appropriate way to use the resource.

Dr. SNYDER. That makes sense.

Mr. Wittman, do you have any other questions?

Mr. WITTMAN. No questions.

Dr. SNYDER. I wanted to ask if you had any comments, and I think, General Scott, you talked a little bit about it because you are the Air Force, but if we had a group of people here today from the Army, from the Marine Corps. and from the Navy, would we have a similar type of reporting? What do you think with regard to where the other services are at, Mr. Assad?

Mr. ASSAD. It is not consistent. If what we are talking about is senior leaders across the force, we need more, in my view, more flag officers, more general officers in the acquisition and contracting profession. There is no doubt about it. At one point in time, the Air Force really was the preeminent service in terms of leadership within the contracting profession.

When General Scott, who is now about to retire, leaves, we will have one. At one point in time, there could be three or four general officers serving in various positions within the Air Force who would be significantly capable in the contracting profession. The same is true for the Army. But the Army has in fact recognized and, much to the credit of the chief and secretary, they have moved out smartly in terms of increasing their numbers.

The Navy has remained relatively stable. It turns out that we have a resource within the Navy that we haven't always tapped, and that is our flag officers who are in the Civil Engineering Corps.

Every one of those officers has to be a level three certified contracting officer. So they are perfectly capable of operating in a combat environment and serving in the role that General Scott served in.

In terms of the Marine Corps, it is a much smaller force. There are only about 175 Marines who are presently contracting officers or NCOs with contracting experience. So the path that the Marines have chosen, and frankly I fully support, is one where they are trying to get their logistics officer to have significant contracting experience so that, when they get to the 06 level, it becomes an enhancement to command and an enhancement for general officer rank to have contracting experience.

So right now, we have no—well, that is not true. The two-star general officer who is in charge of logistics for the Marines, in fact, it was a contracting officer at one time, but that wasn't necessary done by plan. The Navy has two officers. In fact Rear Admiral Dussault just returned from Iraq. She relieved General Scott. And Rear Admiral Kathleen Dussault is now back home in CONUS, who is moving on her way to the Joint Staff. They have two officers in contracting, and then they have their contracting officers in the Civil Engineering Corps. So I would say, of all of services, I think the Air Force, frankly, in my view, needs to relook at increasing the number of general officers that they have in contracting. I think the other three services are pretty well addressing the matter.

Dr. SNYDER. General Scott, you have only about six days left, do you have agree with that assessment of the Air Force?

General SCOTT. Yes, sir, I do. At one time, there were six general officers in Air Force contracting. When I retire in six days, there will only be one, Brigadier General Wendy Masiello. And she is currently not serving in contracting. So the value of the kind of background that I had proved itself, I think, over in Iraq and Afghanistan. And frankly, one of the questions that was asked was, could we do the job with a member of the senior executive service, and we looked very closely at that when it was time for me to rotate out of the command billet. And the conclusion that we universally came to, and by the way the guy with the heaviest vote was a guy named Dave Petraeus, was no, you need an experienced flag officer to do these kinds of missions. And with the Air Force only having one, that is a mighty thin bench.

Mr. PARSONS. I think it is very critical that the junior officers see that there is a career path for them to be general officers. If you eliminate those general officer slots, then what we found, especially in the Army, is that anybody that came into acquisition would lean over towards program management side, because they knew there was a possibility to make general officer on the program management side.

I think it is really key that, if you want to keep a viable career path, not that everybody attains this rank of general officer while they are in active duty, but it is a career goal for many in the service.

Dr. SNYDER. I see General Scott sitting there about to retire next week, and it seems to be a career path that preserves your youthful appearance.

In response to Mr. Wittman, you all talked a little bit about the way ahead. Do you all have any specific concrete legislative things you think are obstructing your way or suggestions of things we need to look at that we had in year's defense bill?

Mr. ASSAD. Dr. Snyder, actually, I think Congress has done very well by us. I mean, as far as we are concerned, almost everything that we have asked for, Congress has in fact enacted some form of legislation to support us. And so, at the present time, I think what we need to do is utilize the flexibilities and capabilities that Congress has given us to move forward.

There were a couple of minor legislative actions that we asked for which were not significant that would make life a little easier, but really, one of them, for example, was the express option at the GAO. We asked for that, but in reality, every time have we asked the GAO to use the express option, they have given it to us. So, in practical terms, I don't think it has much benefit. So, right now, I would like to say, I would like to thank the Congress very much for being so responsive to us in enabling us to get our jobs done.

General HARRINGTON. Sir, we second that. Particularly with respect to the workforce, Congress's help has been tremendous, the flexibilities we had with the section A–52 funding will help us get the workforce built back up, restored and trained over the coming years, so that we can make them a permanent part of the Army civilian workforce structure. So it is incumbent upon us to execute the support and reinforcement part.

General SCOTT. Sir, as a field commander, I was delighted with the support I got out of the Congress. It was clear that the Members were paying attention. When we asked for something, it came through quickly, usually in exactly the form that we asked for it.

So one of the things that we had to be very careful was to make sure you know what you are asking for, because Congress is going to give it to you. I have nothing but praise for the support that I received from the Congress while I was a field commander. It was clear that you all were on our side, even when there were a lot of other people who were putting obstacles in our way. Congress was not one.

Dr. SNYDER. I think the last question I would ask, and it is not answered today, but I hope that you all will feel free to provide in writing anything you want to add, we will make it a part of the record in response to, considered as formal question, to augment anything you have said today if there is something you think we need to hear of.

General Scott, I think I will give you the last opportunity here, and you are one week out, if there is anything you would like to tell us about before we close the hearing, this is your last chance.

General SCOTT. Well, sir, since it will be on the record, I just want to say, for 34 years, it has been my honor and my delight to serve our great nation. When I went over to Iraq and Afghanistan, I felt like the athlete who had trained long and trained hard and had never got an opportunity to play in the big game until then. I got in the game. I got to score some points. I may not have gotten a complete victory, but I think we put everybody on the right path. It is with somewhat of a slightly heavy heart that I hang up the uniform after serving the nation for as long as I have.

One thing I can assure you is I will always be there to answer when the nation calls, even if it is not in uniform. I thank you, sir, for the opportunity to testify, thank you for the support that you and the committee have given us. God bless you all, and God bless America.

Dr. SNYDER. We appreciate your service, General Scott. I hope you will convey to all the folks who work for you how important we think they are. They are not the kind of folks that are going to be on television, but they are so important.

Now, they will get these cool pictures, though, of them signing contracts on hoods of vehicles, but we think they are so important. And the American taxpayers think they are very, very important. And the men and women in uniform and their families, they may not know who it is who is important in their lives, but it is the folks you are trying to train up and the ones already doing the work, and we appreciate you. And you can count on us revisiting these topics as time goes by. This is very important to the Speaker and very important to Mr. Skelton, and very important to all the Members.

So we are adjourned.

[Whereupon, at 5:35 p.m., the subcommittee was adjourned.]

A P P E N D I X

March 25, 2009

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 25, 2009

Opening Statement of
Chairman Dr. Vic Snyder
Subcommittee on Oversight and Investigations

Hearing on "Contingency Contracting: Has the Call for Urgent Reform Been Answered?"

March 25, 2009

The hearing will come to order.

Good afternoon and welcome to the first in a series of three hearings by the Oversight & Investigations Subcommittee to follow-up on specific legislation related to contingency contracting and the Department of Defense's acquisition workforce. Today's hearing will focus on the Department's and the Army's progress in implementing the recommendations made by the Commission chaired by Dr. Jacques Gansler on Army Acquisition and Program Management for Expeditionary Operations—the Gansler Commission.

Our next hearing will focus on the congressionally mandated Memorandum of Understanding that outlines DOD's, State Department's, and USAID's roles and responsibilities for managing contracts and contractors on the battlefield. Our final hearing in this series will look at progress made in implementing legislative provisions on improving the Department's acquisition workforce from the last two Defense Authorizations.

These three hearings examine specific topics that are part of the larger defense acquisition system. The newly formed HASC Panel on Defense Acquisition Reform, which is led by my colleague Rob Andrews, is tackling the more general questions of how to provide the warfighters what they need when they need it, and how to provide the best value to the taxpayer in buying goods and services for the Department.

To support our nation's missions in Iraq and Afghanistan, thousands of contracts worth billions of dollars have been awarded and the Department of Defense has hired an army of contractors. There is currently one contractor for every servicemember in Iraq and roughly two contractors for each one in Afghanistan. The Army, in its role as DOD's Executive Agent for contingency contracting, was unprepared to manage all of them. The result has been a disappointing amount of fraud, waste, and abuse.

In response to these problems, Secretary of the Army Pete Geren appointed the Gansler Commission to review lessons learned from recent operations and to provide recommendations to improve the Army's capabilities for contingency contracting. The Commission's recommendations call for a major change in the Army's cultural attitude toward contracting and for institutional changes to the Army's contracting capability.

Warfighters are central to the solution. A good contract begins with a clear definition of what goods or services are needed. In a contingency operation, the field commander or the commander's staff are responsible for adequately defining the requirement. Then, after contract award, a Contracting Officer's Representative, typically someone from the military unit, is responsible for monitoring the performance of the contractor. Thus, the operational Army is a key part of the contracting process. However, as the Gansler Commission pointed out, operators either don't appreciate their roles or are not adequately trained to discharge these duties.

Since the Gansler Commission reported its findings and recommendations, both the Army and DOD have issued progress reports that were required by the FY08 Defense Authorization. Today we look forward to hearing about the progress that's been made in implementing the Commission's recommendations. We want to know if Army contracting career paths and leadership positions have been established and what progress has been made in rebuilding the Army's contracting

workforce. We would like our witnesses to discuss how the Commission's recommendations apply to the other Services and to highlight any other Department initiatives taken to improve contracting capability. We especially are interested in the training of those outside the contracting workforce—those in the operational forces who have to deal with contracts and contractors in the battlespace.

Today, we have with us a distinguished panel of experts.

From the Office of the Secretary of Defense, the Director of Defense Procurement, Acquisition Policy, and Strategic Sourcing, Mr. Shay Assad. Mr. Assad is also the executive director of the Panel on Contracting Integrity, which was established by statute in the FY07 Defense Authorization.

We also have two acquisition officials from the Army; the Deputy Assistant Secretary of the Army for Procurement, retired Brigadier General Edward Harrington, and the Executive Director for the new Army Contracting Command, Mr. Jeff Parsons.

Last but certainly not least, we are fortunate to have with us Major General Darryl Scott, U.S. Air Force, just a few days before his retirement. General Scott was on the "front line" of contingency contracting as the Commander of the Joint Contingency Contracting Command for Iraq and Afghanistan from January 2006 until January 2008. General Scott, thank you for your years of service to our country and best wishes on your next endeavor.

To all of our witnesses, thank you for your service and your dedication to an area that needs urgent attention. I look forward to your testimony.

After Mr. Wittman's opening remarks, I'll turn to each of you for a brief opening statement. I ask that you keep your oral statements to 5 minutes. Your entire prepared statements will be made part of the record.

On an administrative note, we will use our customary five-minute rule today for questioning, proceeding by seniority and arrival time.

With that, let me turn it over to our Ranking Member, Mr. Wittman, for any comments he would like to make.

Statement of Ranking Member Rob Wittman
Subcommittee on Oversight and Investigations
House Armed Services Committee

Hearing on Contingency Contracting

March 25, 2009

Thank you, Chairman Snyder, and good afternoon to our witnesses – we appreciate your being here today.

Defense acquisition and contracting are matters that have gotten a great deal of attention in recent months—from the public, from the President, and from the Congress. Most of current dissatisfaction is directed at weapons systems acquisition, and there is plenty of room for improvement in that area. The Department of Defense has also received significant criticism regarding the cost and less than exacting oversight of general support contracts in contingency operations, the subject of today's hearing.

To be fair, this is an evolving and expanding area of military operations. While even George Washington relied on contractors for battlefield support, contractors today are an essential part of our deployed force structure. Our way of waging war is such that our deployed forces

now rely more and more on contractors to provide basic and increasingly more operational services in contingency operations. As important as contractor provided services are to the battlefield commander, little conceptual thought has been applied regarding how best to structure this support system so that a commander knows precisely what services to expect and how to manage contractors. Additionally, the military services have largely reduced their pool of acquisition specialists in recent years. The combination of greater demand for contractor services, fewer professional contract administrators, and no overarching architecture has led to some undesirable outcomes.

Our purpose today is not to go over those mistakes, but to see how the Department and military services have embraced the recommendations of the Gansler Commission to improve our expeditionary contracting. I think the Department is headed in the right direction, and the increased pace of operations and base expansions in Afghanistan will provide ample opportunity to demonstrate greater competency.

Proper oversight of contingency contracts is important. We spend as much or more on these contracts as we do on weapons acquisition. These

contracts often do not get the same attention because the work is performed overseas—by more than 50,000 US citizen contractors and over 200,000 foreign nationals in the Central Command area of operations alone.

Mr. Chairman, the magnitude of contingency contracting operations clearly deserves this committee's continuing attention, and I thank you for scheduling this hearing. Our witnesses are experts in DOD's efforts in this area and I look forward to their testimony.

STATEMENT BY

MR. SHAY D. ASSAD
ACTING DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION & TECHNOLOGY)

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

DEPARTMENT OF DEFENSE
DEFENSE PROCUREMENT AND ACQUISITION POLICY

THE DEPARTMENT OF DEFENSE'S PROGRESS
IN IMPLEMENTING THE RECOMMENDATIONS OF
THE REPORT OF THE COMMISSION ON
ARMY ACQUISITION AND PROGRAM MANAGEMENT
IN EXPEDITIONARY OPERATIONS

MARCH 25, 2009

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE COMMITTEE
ON ARMED SERVICES

Chairman Snyder and Members of the Subcommittee:

My name is Shay Assad and I am the Director of Defense Procurement and Acquisition Policy. I am also presently serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L). After serving tours on board two Navy destroyers, I began my career in acquisition thirty-two years ago as a Naval Procurement Officer at the Naval Sea Systems Command. I left the Navy in 1978 and joined the Raytheon Company. Over my twenty-two year career at Raytheon I held a variety of contracting and operational positions ultimately serving as a corporate Vice President, a Senior Vice President, and finally, as Corporate Executive Vice President and Chairman and Chief Executive Officer of one of its major subsidiaries. I retired from Raytheon in July 2000. In 2004, I entered Government service as the senior civilian contracting official for the U.S. Marine Corps where I was responsible for, among other things, all Marine Corps contracting in a combat environment. In April 2006, I was promoted to serve as the Director of Defense Procurement and Acquisition Policy where, among other things, I am responsible for all contacting policy related to contracting in a combat environment. I am also the functional leader for those who do contracting in a combat environment.

I want to thank you for the opportunity to appear before you and to participate in today's discussion. At your request, I will address the Department-wide applicability of the Gansler Commission recommendations, actions taken since our report was written, and other on-going initiatives. I'll begin with a short opening statement; my longer official written statement has been provided earlier to be included as part of the record. The Army will be reporting to Congress directly on its own activities.

BACKGROUND

On August 29, 2007, the Secretary of the Army established the independent Commission on Army Acquisition and Program Management in Expeditionary Operations to review lessons learned in recent operations. The Secretary tasked the Commission to provide forward-looking recommendations to ensure that military operations are more effective, efficient, and transparent. Dr. Jacques S. Gansler, who was the Under Secretary of Defense (Acquisition, Technology and Logistics)—USD(AT&L)—from 1997 to 2001, chaired the Commission.

The Commission developed a broad-based strategy for addressing shortcomings identified during its assessment. On October 31, 2007, the Commission published its recommendations in an independent report, *Urgent Reform Required: Army Expeditionary Contracting.* The Commission provided four overarching areas of recommendations:

1. Increase the stature, quantity, and career development of military and civilian contracting personnel (especially for expeditionary operations),
2. Restructure the organization and restore responsibility to facilitate contracting and contract management in expeditionary and continental U.S. (CONUS) operations,
3. Provide training and tools for overall contracting activities in expeditionary operations, and
4. Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

The Commission provided 40 specific recommendations in support of the four overarching recommendations. Twenty-two of the recommendations were specific to the Army. The remaining eighteen recommendations were found to affect the entire Department or require legislative, regulatory, or policy enablers, and are the focus of my testimony. Attachment 1 will assist in navigation of this section by providing an overview of the 4 overarching categories and the 18 specific recommendations.

DEPARTMENT-WIDE APPLICABILITY OF THE GANSLER COMMISSION RECOMMENDATIONS

Section 849 of the National Defense Authorization Act for Fiscal Year 2008 directed the Department of Defense to:

- evaluate the recommendations included in the report of the Commission on Army Acquisition and Program Management in Expeditionary Operations (the Commission),
- determine the extent to which such recommendations are applicable to the other Armed Forces, and
- submit a report to the congressional defense committees with the conclusions of the evaluation and description of the plans for implementing the recommendations for Armed Forces other than the Army

In order to implement the requirements of section 849, The Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) established the DoD Task Force for Contracting and Contract Management in Expeditionary Operations. The USD(AT&L) directed the Task Force to evaluate the applicability of the Commission's recommendations and to develop long-term, enterprise-wide solutions to improve contracting and contract management in expeditionary operations.

The Task Force was staffed by eight cross-cutting teams with representatives from the Office of Secretary of Defense (OSD); the Departments of the Army, Navy, and Air Force; the Joint Staff; the Defense Contact Management Agency (DCMA); the Defense Acquisition University; and the Joint Contracting Command–Iraq/Afghanistan (JCC-I/A). The Deputy Under Secretary of Defense (Acquisition and Technology) (DUSD (A&T) and the Deputy Under Secretary of Defense (Logistics and Materiel Readiness)(DUSD(L&MR)) co-chaired the Task Force. An Executive Director and a small staff of senior OSD personnel supported the co-chairs in the daily activities and management of the Task Force. The Task Force was advised by a Steering Committee.

The Task Force met periodically to ensure a coordinated and consistent Department approach, and met roughly monthly with Dr. Gansler to discuss any points of clarification regarding the Commission's recommendations. Subsequent to submission of our report to Congress on 1 June 2008, the Task Force continued to meet on a bi-weekly basis in order to capitalize on the momentum created as a result of the Gansler Commission Recommendations. My own staff leads this task force.

The Department agrees with the intended outcomes of all of the Gansler recommended actions. The implementing activities, including alternative approaches and action, continue beyond the reporting deadline associated with Section 849. The DoD leadership team is committed to acquisition excellence that includes expeditionary contracting and contracting management.

RECOMMENDATION 1:

INCREASE THE STATURE, QUANTITY, AND CAREER DEVELOPMENT OF MILITARY AND CIVILIAN CONTRACTING PERSONNEL (ESPECIALLY FOR EXPEDITIONARY OPERATIONS)

The Commission recommended several improvements to address the stature, quantity, and career development for contracting personnel. In total, eight actions fell under this overarching recommendation. To facilitate discussion, I have grouped together related actions in this section as follows: actions relating to General or Flag Officer and SES billets, actions relating to the role of DCMA, and actions relating to reviewing civilian personnel policies.

ACTIONS RELATING TO GENERAL AND FLAG OFFICER AND SES BILLETS

Recommendation 1: Increase the Stature, Quantity, and Career Development of Military and Civilian Contracting	
Actions Relating to General and Flag Officer and SES Billets	
Description of Commission's Recommended Actions	**Implementation Status**
Authorize 10 additional General Officers for contracting positions	Implemented
Maintain existing civilian SES contracting positions, plus one new SES	Implemented
Statutorily authorize an increase in General Officer billets	Implemented

The Department has actively assessed and developed its position regarding the appropriate numbers of General and Flag Officers, and Senior Executive Service authorizations and believes that a key element of strengthening the contracting career path for officers is the establishment of flag and general officer billets for contracting positions. Section 503(a) of the National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY09) authorized ten additional General Officer billets for service in acquisition positions. Five are allocated to the Army, and five for Joint Commands, including two assignments in DCMA. Further, these Flag or General Officers must have significant contracting experience. A pool of deployable general officers with strengths in contracting and contract management is essential for successful contracting support for future contingencies and expeditionary operations.

Although the Commission Recommendation, *Maintain Existing Civilian Senior Executive Service Contracting Authorizations in the Army Workforce, Plus One New Deputy* was Army specific, the Department requested each service review their overall acquisition workforce based on the trend that flag/general officers as well as Senior Executive Service personnel have been reduced over the past decade. Each of the military departments is continuing to work toward

more balance for leadership of workload requirements and workforce available to include expeditionary contracting roles and responsibilities.

ACTIONS RELATING TO THE ROLE OF DCMA

Recommendation 1: Increase the Stature, Quantity, and Career Development of Military and Civilian Contracting	
Actions Relating to the Role of DCMA	
Description of Commission's Recommended Actions	Implementation Status
Assign DCMA the role of all base, post, camp, & station contract management	Not Accept
Adequately resource DCMA for this expanded role, and have the required training	Not Accept
Redefine DCMA's Scope	Not Accept
Increase contracting personnel (Army military by 400, Army civilian by 1,000 and 583 to fill DCMA billets for Army support)	Accept

The Department did not agree with the Commission's recommendation that the Defense Contract Management Agency (DCMA) should be responsible for all base, post, camp and station contracting; that it should be resourced to accomplish that mission; and that DCMA's scope should be redefined. The Task Force developed alternative approaches to achieve the Commission's goal of enhanced post-award contract management during routine times as well as during times of contingency and war. It is our belief that DCMA should act to oversee the post-award contract administration activities in theater. However, except for certain technical services, the primary responsibility for contract oversight must reside with Contracting Officer Representatives (CORs) who are active members of the operational force receiving the services. The Department did accept the recommendation that the DCMA workforce needs to be

increased. We are presently in deliberations to determine the appropriate size of the DCMA workforce.

ACTIONS RELATING TO REVIEWING CIVILIAN PERSONNEL POLICIES

Recommendation 1: Increase the Stature, Quantity, and Career Development of Military and Civilian Contracting	
Actions Relating to Reviewing Civilian Personnel Policies	
Description of Commission's Recommended Actions	Implementation Status
Require a complete review and rewrite (as necessary) of each applicable personnel directive impacting civilian personnel involvement in military operations	Implemented

We have reviewed the civilian personnel directives that pertain to civilian personnel involvement in military operations, and issued a memorandum dated February 12, 2008, "Building Increased Civilian Deployment Capacity" to provide guidance and interim policy to promote opportunities for DoD civilians to contribute their talent to DoD's mission. This memorandum is reflected in an update to DoD Instruction 1400.32, "DoD Civilian workforce Contingency and Emergency Planning Guidelines and Procedures," August, 2008.

The Department is also staffing a Program Office to oversee the Department's Civilian Expeditionary Workforce (CEW) initiative. The purpose of the CEW is to improve civilian workforce expeditionary readiness capability and capacity. The initiative is an enterprise-wide endeavor to have a workforce that is cleared, ready, and trained for rapid response and quick assimilation into new environments to support humanitarian and disaster relief missions, provide on-the-ground expertise in security, stability, transition, and reconstruction operations, and provide support for contingencies, emergencies, and DoD operations. The DoD directive governing the initiative was published in late January 2009. In this same vein, the Department has created two new medals for civilian contributions to the Global War on Terror. One was

established after September 11, 2001, and the other is so new that it was awarded for the first time on February 26, 2008.

Lastly, we are continuing to work with our interagency partners to review and recommend new incentives and benefits for Federal civilians serving in combat zones and to ensure consistency among Federal agencies.

RECOMMENDATION 2:

RESTRUCTURE ORGANIZATION AND RESTORE RESPONSIBILITY TO FACILITATE CONTRACTING AND CONTRACT MANAGEMENT

The second recommendation relates to organization and responsibility. There are two specific actions that fell under this overarching recommendation: Actions relating to creating an integrated expeditionary command and actions related to a contracting executive reporting to USD(AT&L).

ACTIONS RELATING TO CREATING AN INTEGRATED EXPEDITIONARY COMMAND

Recommendation 2: Restructure Organization and Restore Responsibility to Facilitate Contracting and Contract Management	
Actions Relating to Creating an Integrated Expeditionary Command	
Description of Commission's Recommended Actions	**Implementation Status**
Create an Integrated Expeditionary Command in-theater for each major operation.	Implemented

The Commission recommended creating an Integrated Expeditionary Command in-theater for each major operation. This recommendation has been addressed in two ways. Firstly, within the IRAQ/Afghanistan theater the CENTCOM Commander has established a Joint Contracting Command. This command will be the model by which all combat operations will be structured

for major operations. Secondly, DOD has initiated an action to develop and establish the Joint Contingency Acquisition Support Office (JCASO). Concept development for the JCASO was already underway in response to section 854 of the FY 2007 National Defense Authorization Act and a series of Government Accountability Office reports on the management of contractors on the battlefield.

ACTIONS RELATING TO CONTRACTING EXECUTIVE REPORTING TO USD(AT&L)

Recommendation 2: Restructure Organization and Restore Responsibility to Facilitate Contracting and Contract Management	
Actions Relating to Contracting Executive Reporting to USD(AT&L)	
Description of Commission's Recommended Actions	Implementation Status
Make one executive reporting directly to the USD(AT&L) responsible and accountable for DoD Contracting.	Implemented

The Commission recommended one executive reporting directly to the USD(AT&L) should be responsible and accountable for DoD contracting policy, education, training, and readiness. Today, one executive, the Deputy Under Secretary of Defense for Acquisition and Technology (DUSD (A&T)), singularly reports to the USD(AT&L) with those responsibilities.

RECOMMENDATION 3:

PROVIDE TRAINING AND TOOLS FOR OVERALL CONTRACTING ACTIVITIES IN EXPEDITIONARY OPERATIONS

The third recommendation relates to training and tools. There are three specific actions that fell under this overarching recommendation grouped as follows: Actions relating to the Defense Acquisition University (DAU) and actions relating to Contracting Officer's Representative training.

ACTIONS RELATING TO THE DEFENSE ACQUISITION UNIVERSITY (DAU)

Recommendation 3: Provide Training and Tools for Overall Contracting Activities in Expeditionary Operations	
Actions Relating to the Defense Acquisition University (DAU)	
Description of Commission's Recommended Actions	Implementation Status
Focus DAU to train and educate the civilian and military acquisition, and contracting workforce for expeditionary operations.	Implemented
Provide DAU the necessary resources for the through-put it will experience to accommodate the Army's migration to emphasizing Level 1 certification earlier in careers.	Implemented

In February 2007, even prior to the Commission, DAU began researching past contingency deployments and lessons learned from missions in US European Command, US Africa Command, and US Central Command theaters of operations. This research included an assessment of the skill level of personnel tasked to complete those assignments and an assessment of the success of deployed Contingency Contracting Officers (CCOs). After release of the Commission's report, we incorporated DAU's earlier research into information gathered specifically to address the report's findings. We were also able to leverage information gleaned from DAU's discussions/interviews with current and past CCOs who had been, or were currently, assigned to the JCC-I/A, and CCOs who supported operations in Africa and Eastern Europe. The scope of the interviews included discussions with both senior-level leadership and journeyman-level personnel on the relevancy of DAU's classroom training and service-specific training programs for contracting officers.

DAU does not believe they need additional resources for the increased number of students that would be caused by the Commission's recommendation that Army military contracting professionals obtain Level I certification after their initial tour because the Army provides the

necessary DAU training to its military personnel at the Army Logistics Management College (ALMC). However, additional DAU resources were required in support of efforts with respect to Level II courses (additional CON 234 Contingency Contracting courses and the development of the Advanced CCO course), gaming simulations, and the development of the Immersion Training Experience. These additional requirements are funded with resources that were diverted to DAU via FY 2008 NDAA, Section 852, DoD Acquisition Workforce Development Fund.

ACTIONS RELATING TO CONTRACTING OFFICER'S REPRESENTATIVE TRAINING

Recommendation 3: Provide Training and Tools for Overall Contracting Activities in Expeditionary Operations	
Actions Relating to Contracting Officer's Representative Training	
Description of Commission's Recommended Actions	Implementation Status
(a) Develop training for non-contracting operational military leaders, officer and enlisted, across all grades on the management of contractors with deployed forces	Implemented
(b) Provide training to Contracting Officer's Representatives in each Service, prior to any military operation	Implemented

In response to FY 2007 NDAA Section 854, the Department began assessing non-contracting officer training courses and existing training curricula at DoD and Service schools at all levels (basic, intermediate, and senior). Based on this assessment, it was determined there were approximately eighteen separate contracting and acquisition courses currently in existence and being taught to both officer and enlisted non-contracting military personnel. To further enhance and expand the current curriculum, the Department developed a broad program of instruction (POI) for operational military leaders, both officer and enlisted, across all grades, on the management of contractors deploying with forces. These include programs of instruction (POI)

for the Military Departments' Staff Colleges and Senior Military Service and Joint Staff Schools to train, more formally, our senior planners and leaders on roles and responsibilities of planning and managing contracts and contractor personnel in forward areas. This training will focus all leaders on the process of determining requirements, translating those requirements into a Statements of Work that may be placed on contract, and then properly overseeing that contractor's performance.

The Department has developed a modular Contracting Officer Representative (COR) training curriculum (on-line training, handbook, etc.) to ensure the COR receives appropriate training based on the complexity, contract type, and dollar value of the contract. Further, our Section 813 DoD Contract Surveillance Subcommittee has worked to:

- Ensure appropriate training is available for personnel assigned COR responsibility regardless of membership in DoD acquisition workforce.
- Supplement structured training with one-on-one training between the contracting officer and the COR on contract specific matters.
- Require completion of COR training before formal delegation of COR responsibilities.
- Include an on-line module for COR supervisors in curriculum, in order to ensure the COR is allowed necessary time/tools/materials to complete COR responsibilities.
- Ensure that contracting officers designate COR training based on specifics of the contract.

RECOMMENDATION 4:

OBTAIN LEGISLATIVE, REGULATORY, AND POLICY ASSISTANCE TO ENABLE CONTRACTING EFFECTIVENESS

The fourth and final area of the Commission's recommendations relates to legislative, regulatory, and policy enablers, specifically, actions relating to DoD civilian personnel. There are four specific actions in this overarching recommendation: Actions relating to contracting personnel, actions relating to funding flexibility, actions relating to procurement statutes, and actions relating to establishing a contracting manual.

ACTIONS RELATING TO CONTRACTING PERSONNEL

Recommendation 4: Obtain Legislative, Regulatory, and Policy Assistance to Enable Contracting Effectiveness	
Actions Relating to Contracting Personnel	
Description of Commission's Recommended Actions	Implementation Status
Legislate to provide incentives for civilian contracting personnel to "pre-volunteer" for expeditionary operations.	Not Accept
• Eliminate Pay Cap	Implemented
• Establish tax free status	Not Accept
• Make medals available	Implemented
• Assure life insurance coverage	Implemented

The Commission recommended several specific actions requiring legislation to provide incentives for civilian contracting personnel to volunteer for expeditionary operations. In all cases where the Department had accepted the Commission's recommendations, the Department had already either received authorizing legislation or had taken action to propose appropriate legislation. The Department has proposed legislation to provide the Secretary of Defense

expedited hiring authority for Defense acquisition positions, consistent with authority already provided to heads of other Federal agencies. This included the authority to designate any category of DoD acquisition positions as a shortage category that would allow the Department to expedite hiring additional contracting professionals as recommended by the Commission. The following paragraphs summarize each legislative proposal.

- Pay cap. Authority to increase the annual limitation on premium pay up to salary of Vice President ($227,300 in CY 2009) for 2009 for Federal employees in the CENTCOM AOR, or formerly in the CENTCOM AOR but moved to AFRICOM (Section 1101(a)).

- Pay cap. Authority to eliminate the aggregate limitation on pay under 5 U.S.C. 5307 for any employee in calendar year 2009 who is covered by above (Section 1101 (a)) Allows covered employees to receive applicable payments immediately without deferral into the next calendar year.

- The Department established a new Global War on Terrorism (GWOT) medal in 2007 to recognize contributions and accomplishments of DoD civilians supporting the Armed Forces to combat terrorism. The unveiling of the medal and presentation to the first recipients occurred on February 26, 2008.

- Life insurance. Authority for Federal employees to purchase additional life insurance when they are deployed in support of contingency operations, and when DoD employees are newly designated emergency essential and within 60 days of deployment. Could elect basic FEGLI, Option A or obtain or increase to Option B. (Section 1103).

The second recommendation the Department did not agree with was establishing a "tax-free" status for deployed DoD civilians. There was much discussion on the pros and cons of the recommendation. The Department noted a GAO report on this subject that cautioned military and civilian compensation programs are different in their intent, and should not be directly compared. OSD continues to review pay parity for all federal civilians in concert with the appropriate governance and oversight responsibilities.

ACTIONS RELATING TO FUNDING FLEXIBILITY

Recommendation 4: Obtain Legislative, Regulatory, and Policy Assistance to Enable Contracting Effectiveness	
Actions Relating to Funding Flexibility	
Description of Commission's Recommended Actions	Implementation Status
Legislate to pre-position funding flexibility through an adequately resourced contingency operations transfer fund	Implemented
Ensure that policy and practice support intelligent funding apportionment for expeditionary operations	Implemented

The Commission also recommended legislation to enable funding flexibility through an adequately resourced contingency operations transfer fund. Additionally, policy changes were recommended to ensure that funding is apportioned so as not to unnecessarily burden the contracting officers in the combat arena. The Task Force recommended that an increase of the investment expenses threshold from $250,000 to $500,000 for contingency operations would provide the additional funding flexibility intended by this recommendation. This will enable the Operation and Maintenance accounts to fund a wider range of activities, thereby providing local commanders with additional flexibility. This legislation was passed in a supplemental appropriations bill.

The Department also performed an extensive investigation to ensure money was being apportioned intelligently. We found that the fields' Combat Commanders were conserving funds, awaiting Congressional action on supplemental funding requests, and as such, our CCO's were writing funding modifications to continue contract performance on a monthly basis. After

discussing this issue with the Joint Contracting Command-Iraq/Afghanistan, we determined our CCO's were not negatively affected by apportionments.

ACTIONS RELATING TO PROCUREMENT STATUTES

Recommendation 4: Obtain Legislative, Regulatory, and Policy Assistance to Enable Contracting Effectiveness	
Actions Relating to Procurement Statutes	
Description of Commission's Recommended Actions	Implementation Status
Legislate to pre-position waivers of small business and US labor provisions, Buy American, Berry Amendment, and Specialty Metals to allow rapid, local buying for expeditionary operations.	Implemented; not all received Congressional support

The Commission recommended that the Department propose legislation to provide waivers to specific procurement statutes: Small Business, U. S. labor provisions, Buy American, Berry Amendment, Specialty Metals and other such provisions to allow rapid, local buying, if required in expeditionary operations.

Where possible, the Department availed itself of regulatory and policy improvements to avoid unnecessary legislation. Therefore, the DoD conducted detailed analyses to determine if statutory proposals were necessary. For example, in response to the Commission's recommendations related to enabling rapid local buying, our analysis to date indicates that we do not need legislative authority regarding specialty metals for contingency operations, but refurbishing equipment for redeployment at a later date is an issue. Based on the Commission's concerns that existing statutes may inhibit rapid, local buying for contingency contracting, we reviewed multiple areas for possible legislative relief, such as the Small Business Act and U.S. labor provisions. After careful analysis, we ultimately determined legislation is unnecessary, either because the reviewed laws only apply *in* the United States or its outlying areas, or because

waiving them for domestic emergencies would usurp separate legislation (e.g., the Stafford Act, which is designed to boost a local economy that has been damaged by a natural or other disaster).

The Department did process several legislative proposals to provide solutions in areas where the Department lacks adequate authority to respond to the Commission's recommendations. The topics included: 1) Allowing agencies, during emergency operations, to request the Comptroller General use the express option to decide protests; 2) Providing exceptions to the requirement to buy items from domestic sources; 3) Acquiring products and services produced in a contingency theater of operations; and 4) Applicability of the Restriction on Specialty Metals. Congress has enacted none of these proposals.

ACTIONS RELATING TO ESTABLISHING CONTRACTING MANUAL

Recommendation 4: Obtain Legislative, Regulatory, and Policy Assistance to Enable Contracting Effectiveness	
Actions Relating to Establishing Contracting Manual	
Commission's Recommended Actions	Implementation Status
Establish an Expeditionary Contracting Handbook	Implemented

The Commission recommended establishing an Expeditionary Contracting Handbook to support the expedited processes and tempo necessary for procuring the support needed in the theater of operations. Efforts predating this recommendation cumulated in the completion of the Joint Contingency Contacting Handbook in December 2007. The handbook includes a DVD that equips Contingency Contracting Officers with the tools they need to operate in a joint contingency environment. The handbook provides a consolidated source of information for contracting personnel conducting contingency contracting operations in a Joint environment, and

provides the essential information, tools, and training to meet the challenges they will face, regardless of mission or environment.

Finally, I would like to note that the Department also welcomed section 833 of the FY09 NDAA. This section will help the Department rebuild the acquisition workforce through expedited hiring authority. This provides the Secretary the authority to designate categories of acquisition positions within DoD as shortage positions. In December of 2008, the Under Secretary of Defense for AT&L and the Under Secretary of Defense for Personnel and Readiness issued a memorandum implementing the section 833 expedited hiring authority.

DOD ACTIONS TAKEN SINCE THE REPORT TO CONGRESS AND OTHER ON-GOING INITIATIVES

At this point, I'd like to provide you with a brief overview of several actions since the report to Congress, as well as other DoD on-going DoD efforts that continue to go above and beyond the recommendations in the four overarching areas described in the Gansler Commission report.

RECOMMENDATION 1:

INCREASE THE STATURE, QUANTITY, AND CAREER DEVELOPMENT OF MILITARY AND CIVILIAN CONTRACTING PERSONNEL (ESPECIALLY FOR EXPEDITIONARY OPERATIONS)

Contract Management and Oversight

The Military Departments and Defense Agencies must plan *and* program to have the force structure capable of supporting the current effort and future contingency operations, consistent with their core capabilities. To do this, we created a joint Service/Agency Contingency Contracting Administration Services working group and a Contingency Contracting Administration Services Executive Steering Group. On 19 February 2009, the Deputy Secretary

of Defense required each Military Department and DoD Agency to conduct a Total Force Assessment of their required Contingency Contracting Officers (CCOs) and Contracting Officer Representatives (CORs).

This assessment will ensure that the Department plans and budgets for an adequate force of trained CCOs and CORs that are ready to deploy to effectively support the warfighter. Further, this effort will deliver a thorough, thoughtful plan to provide the right number of trained CCOs and CORs who are ready to oversee contractor performance. This extensive and continual planning, programming and budget analysis of the Department's contingency contracting and contractor management capability will also ensure that the Services and DCMA have appropriately identified and resourced their contingency requirements to deliver the joint capability necessary support current and future conflicts.

Civilian Personnel Policy Review

Alongside our military men and women, civilians have long served in support of combat, humanitarian, emergency and other contingency-type operations around the globe. The Department must be able to fully access the range of talent within the DoD civilian community in order to quickly and efficiently support complex mission operations. To accomplish this vision, the Department is staffing a Program Office to oversee the Department's Civilian Expeditionary Workforce initiative. The purpose of this initiative is to improve civilian workforce expeditionary readiness capability and capacity in order to support our forces when required. The DoD directive governing the initiative was published in January of 2009. We also continue to work with our interagency partners to review and recommend new incentives and benefits for Federal civilians serving in combat zones and an effort to achieve consistency among Federal agencies.

Regarding Section 852 of the FY08 National Defense Authorization Act, the Department has taken important steps to shape the Department of Defense Acquisition Workforce Development Fund for targeted recruitment, training and retention initiatives. The 852 initiatives will significantly improve the Department's overall management of the Defense acquisition workforce, including contract management and contingency operations, and position the Department to successfully sustain and appropriately size the future acquisition workforce. I want to thank the Congress for their support of the acquisition workforce and the flexibilities provided for using the Fund.

RECOMMENDATION 2:

RESTRUCTURE ORGANIZATION AND RESTORE RESPONSIBILITY TO FACILITATE CONTRACTING AND CONTRACT MANAGEMENT

In the area of organization and responsibility improvements, the Gansler Commission recommended creating an Integrated Expeditionary Command in-theater for each major operation. This recommendation has been addressed primarily by the Department's establishment of the Joint Contingency Acquisition Support Office (JCASO).

The JCASO is building the capability to perform program management and operational synchronization of all theater related contract support efforts. On October 20 of 2008, DoD fielded the provisional JCASO organization, ahead of its scheduled goal. JCASO has already conducted a pilot implementation of the JCASO concept during the European Command exercise Austere Challenge and will take part in two more exercises this Spring.

We have allocated fourteen Joint Operational Contract Support planners among the Geographic Combatant Commands to assist the commanders in reviewing requirements and identifying gaps where contractor support capability may be needed. The planners are helping to integrate required contractor support into plans and synchronize requirements with subordinate

commands, the Military Departments, Defense Agencies, other U.S. Government Agencies, and our coalition partners. The Government Accountability Office is in the process of reviewing our efforts to incorporate operational contract support into the different plans.

RECOMMENDATION 3:

PROVIDE TRAINING AND TOOLS FOR OVERALL CONTRACTING ACTIVITIES IN EXPEDITIONARY OPERATIONS

In the area of tools and training for overall contracting activities in expeditionary operations, we have made significant progress since our report to Congress.

Tool Improvements

Not to rely on policy alone, the Department is working on a host of tools to aid contracting functions in a contingency environment. One example is the Joint Contingency Contracting After-Action Report (AAR). These are internet-based surveys designed to quickly assess deployed CCO experiences to distill best practices and lessons learned. The information obtained will be resident in a single database and hyper-linked to Defense Acquisition University's Contingency Contracting Community of Practice website. Ultimately, the AARs will allow us to assess and improve how CCOs accomplish the mission when deployed downrange, and will give us insight on how to better plan for deployments.

We are also developing operational tools which include a 3-in-1 handheld purchase/disbursement/receiving tool to assist field ordering officers in making micro-purchases in circumstances where the purchase card would be appropriate, but is unavailable. We are also developing a contingency Acquisition Support Model to assist requiring activities with an automated procurement requirements package generator. To standardize what we see on our Geographic Combatant Commander websites, we are developing an organizational template to

aid contracting officers, requiring activities, and contractors in locating information they need when planning for and executing supplies or services for delivery in that Geographical Combatant Command.

Training Improvements

The Department has made improvements in the training available in support of expeditionary contracting, both for the contracting workforce and the non-contracting workforce.

Contracting Workforce Training

The instructor pilot session for the Advanced Contingency Contracting Course, which I had mentioned previously, is scheduled for this Spring. This course will provide "just in time" training to journeyman contracting personnel deploying into a management position. The curriculum will include interactive simulations, hands-on practical work, and robust capstone projects. It will emphasize ethical issues and cultural awareness training and utilize experienced subject matter experts with a perspective on contracting in theater.

The baseline Contingency Contracting course, which incorporates the Joint Contingency Contracting Handbook as a foundational resource, continues to be well received by students. This course will undergo maintenance and revision in conjunction with the forthcoming publication of the revised Joint Contingency Contracting Handbook.

DAU is undertaking a new initiative to leverage technology in the development of podcasts and Living Library videos. Podcasts, Living Library videos, graphics, training aids, and briefings are being developed to facilitate learning in the area of contingency contracting. Podcasts and Living Library videos will capture real world experiences from stakeholders in the contingency contracting process in an effort to supplement current online and classroom assets,

as well as, capture lessons learned from several perspectives from leaders who have been engaged in contingency operation positions.

Outside the curriculum development arena, DAU has undertaken a number of Performance Support efforts to enhance contingency contracting knowledge within their customer base. One effort involved in conducting two recurring Performance Support efforts with the Society of American Military Engineers. Three times per year, DAU conducts seminars via video teleconference providing training on funding and Contracting Officer Representative responsibilities to engineers. Bi-annually, DAU participates in the Contingency Engineering Seminar offered by the Civil Engineering Corps Officer School at Port Hueneme, CA providing training on funding, COR, and contractual instruments. DAU also advances contingency knowledge through participation in Defense Acquisition Officer Executive Overview Workshops providing contingency training to congressional staffers. In February 2009, in support of immediate warfighter requirements, DAU integrated into the training schedule of a mobilizing National Guard unit and conducted three days of contingency training at Ft. Lewis, Washington.

Military Non-Contracting Officer Training

The Commission recommended that we "train as we fight." As we have seen, contractors are and will continue to be a major part of the battlefield landscape. Operators outside the acquisition community must be trained on the role, importance, and rules of operating with contractors in expeditionary operations. All senior leaders need to have a fundamental understanding of what operational contract support is, the ability to plan and integrate contract support with other military and interagency capabilities, and the ability to account for and manage contractors as an integrated part of the total force.

DoD is working with the U.S. Joint Forces Command (JFCOM), Joint Knowledge Development and Distribution Capability to assist in the development of a holistic training and education program for operational contract support (OCS). JFCOM has developed a multi-phased program beginning with a Phase I pre-deployment training course for the non-acquisition workforce with an initial focus on Joint Force Commanders. In Phase II of the program, JFCOM will lead the development of a "one-stop" OCS Community of Interest (COI) to be established on Joint Knowledge Online (JKO) with links to OCS Stakeholder portals to meet OCS knowledge management objectives. The COI will synthesize content and training resources gathered across DoD as part of an extensive front-end analysis of OCS training and education gaps and DoD stakeholder initiatives. Phase III of the program will focus on OCS life-cycle management objectives to include OCS courseware maintenance and the collection of meaningful metrics to measure the effectiveness of OCS training development and delivery via Joint Knowledge Online.

Additionally, in February 2009, the Military Education Coordination Council designated Operational Contract Support as a Special Area of Emphasis (SAE). SAEs highlight the concerns of OSD, combatant commands, Defense Agencies, the Military Services, and the Joint Staff regarding coverage of specific joint subject matter in the professional military education colleges. They help ensure the currency and relevance of the colleges' curricula and provide a recommendation on what should be included in the curricula. DoD is now working with Service Schools to determine the best ways to incorporate the OCS Program of Instruction into course work, case studies and exercises.

RECOMMENDATION 4:

OBTAIN LEGISLATIVE, REGULATORY, AND POLICY ASSISTANCE TO ENABLE CONTRACTING EFFECTIVENESS

Policy Improvements

The use of common tools, doctrine, and policy is essential in a joint contracting environment. The Department needs one set of contracting policies so that in any given environment, all of our DoD CCOs know how to operate before they step foot into an operational area. In today's environment, CCOs from different Services are brought together to perform one mission. It should not matter if the mission is in support of a specific military component, an emergency within the United States, or a humanitarian or disaster relief operation somewhere else in the world. As such, I directed a team of our CCOs to create a Joint Contingency Contracting Handbook which provides a consolidated source of information for our CCOs, and provides the essential information, tools, and training to meet the challenges they will face, regardless of mission, locality, or environment. The recently released second edition of the handbook includes many enhancements such as CCO critical action checklists, laminated foldout charts, color-coded pages to flag critical information, and summary-level key points for each chapter. The second edition of our handbook is available on the DPAP website and hardcopies are being provided to the Services and our various field activities. The new edition represents a yearlong effort to use the recent experiences of our deployed CCOs, both abroad and domestic, to update the handbook. I have mandated the use of the handbook for in-garrison or squadron training.

Now that we have a solid tool in our warfighter's hands, we are going one step further. We are currently developing Joint Procedures, Guidance, and Information (PGI) that will serve as the regulatory roadmap for all Services during contingency operations. This policy will be placed in

DFARS Part 18, Emergency Operations, and will be aligned with Joint Publication 4-10, Operational Contract Support. JP 4-10 was itself a huge step forward in contingency contracting – operationalizing contracting in a warfighter's paradigm. The intent of the PGI will be to guide our least experienced CCOs and lead them through to a successful contract award and subsequent administration. This is no small task, as we have never attempted to take our statutory and FAR based rules and adapt them into a common operating tool suitable for use by a novice contracting officer. Navigating through the myriad of laws, regulations, procedures, guidance, and instructions takes years to master. We can only imagine the additional stress faced by our young troops as they try to use the FAR in the middle of a high tempo, fog of war environment. My goal is to make the PGI easy to use, written in plain English, and organized by the contracting process--pre-solicitation planning, solicitation, pre-award evaluation, award, post award administration, and closeout. We will use common forms, procedures, and emphasize flexibilities, such as dollar thresholds for commercial items, micropurchase, and simplified acquisitions thresholds that will automatically apply during a contingency.

SUMMARY

In summary, the Department has implemented or adjudicated all of the Commission's recommendations, but there is more we can do. From the Service Secretaries to the overall contracting community, the Department has rallied to institute positive changes and monitor improvement to ensure the process stays on the right track in the long term, and is effective. Finally, the Department is grateful for the support that Congress has demonstrated for achieving the necessary improvements, and we look forward to working with you. Thank you.

ATTACHMENT 1

DoD Scorecard: Commission Recommendations

Recommendation 1: Increase the Stature, Quantity, and Career Development of the Army's Contracting Personnel

Lead	Description of Commission's Recommended Actions	Implementation	Status
OSD	Authorize 10 additional General Officers for contracting positions	Implemented	Closed
OSD	Maintain existing civilian SES contracting authorizations, plus 1 new SES	Implemented	Closed
OSD	Increase General Officer billets for Contracting and Joint Contracting (with "fencing" for contracting professionals)	Implemented	Closed
OSD	Assign DCMA the role of all base, post, camp, and station contract management	Not Accept	Closed
OSD	Adequately resource DCMA for this expanded role, and have the required training	Not Accept	Closed
OSD	Redefine DCMA's scope	Not Accept	Closed
OSD	Increase contracting personnel (Army military by 400, Army civilian by 1,000, and 583 to fill DCMA billets for Army support)	Implemented	Closed
OSD	Require a complete review and rewrite (as necessary) of each applicable personnel directive impacting civilian personnel involvement in military operations	Implemented	Closed

Recommendation 2: Restructure Organization and Restore Responsibility to Facilitate Contracting and Contract Management

Lead	Description of Commission's Recommended Actions	Implementation	Status
OSD	Create an Integrated Expeditionary Command in-theater for each major operation	Implemented	Closed
OSD	Make one executive reporting directly to the USD(AT&L) responsible and accountable for DoD contracting	Implemented	Closed

Recommendation 3: Provide Training and Tools for Overall Contracting Activities in Expeditionary Operations

Lead	Description of Commission's Recommended Actions	Implementation	Status
OSD	Focus DAU to train and educate the civilian and military acquisition, logistics, and contracting workforce for expeditionary operations	Implemented	Closed
OSD	Provide DAU the necessary resources for the through-put it will experience to accommodate the Army's migration to emphasizing Level 1 certification earlier in careers	Implemented	Closed
OSD	Provide training to Contracting Officer's Representatives in each Service, prior to any military operation (a) Develop training for non-contracting operational military leaders, officer and enlisted, across all grades on the management of contractors with deployed forces (b) Provide training to Contracting Officer's Representatives in each Service, prior to any military operation	Implemented	Closed

Recommendation 4: Obtain Legislative, Regulatory, and Policy Assistance to Enable Contracting Effectiveness

Lead	Description of Commission's Recommended Actions	Implementation	Status
OSD	Legislate to provide incentives for civilian contracting personnel to "pre-volunteer" for expeditionary operations · Eliminate pay cap · Eliminate tax free status · Make medals available · Assure life insurance coverage	Partial · Implemented · Not Accept · Implemented · Implemented	Closed
OSD	Legislate to pre-position funding flexibility through an adequately resourced contingency operations transfer fund	Implemented	Closed
OSD	Ensure policy and practice support intelligent funding apportionment for expeditionary operations	Implemented	Closed
OSD	Legislate to pre-position waivers of small business and US labor provisions, Buy American, Berry Amendment, Specialty Metals to allow rapid, local buying for expeditionary operations	Implemented	Closed
OSD	Establish an Expeditionary Contracting Manual	Implemented	Closed

RECORD VERSION

STATEMENT BY

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OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
(ACQUISITION, LOGISTICS AND TECHNOLOGY)

AND

MR. JEFFREY P. PARSONS
EXECUTIVE DIRECTOR
U.S. ARMY CONTRACTING COMMAND
U.S. ARMY MATERIEL COMMAND

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

ON ARMY CONTRACTING

FIRST SESSION, 111TH CONGRESS

MARCH 25, 2009

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Introduction

Chairman Snyder, Congressman Wittman, and distinguished members of the Oversight and Investigations Subcommittee: Thank you for this opportunity to discuss the U.S. Army's progress and completed actions to enable our contracting mission to be agile, expeditionary, and responsive to our warfighters, while ensuring proper fiscal stewardship of taxpayer dollars. We are pleased to report to you that our progress has been steady and significant.

Our actions are based on the recommendations contained in the report, *Urgent Reform Required: Army Expeditionary Contracting* dated October 31, 2007, by Dr. Jacques Gansler and Members of the Commission on Army Acquisition and Program Management in Expeditionary Operations. We are guided by the report's overarching recommendation – *implement the Commission's recommendations rapidly and measure success* – and four supporting recommendations for the success of future expeditionary operations:

(1) Increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations;

(2) Restructure organization and restore responsibility to facilitate contracting and contract management;

(3) Provide training and tools for overall contracting activities in expeditionary operations; and

(4) Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

It is important to emphasize that Dr. Gansler's Commission was chartered to look at the long-term, strategic view of the Army's acquisition and contracting system in support of expeditionary operations. To complement the Commission's strategic review, the Army Contracting Task Force (ACTF), co-chaired by Lieutenant General N. Ross Thompson IIII, Principal Military Deputy to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), and Ms. Kathryn A. Condon, Executive Deputy to the Commanding General at the U.S. Army Materiel Command (AMC), reviewed current contracting operations and initiated immediate actions needed to reduce the Army's risk of fraudulent activity in Southwest Asia. The ACTF completed its work in January 2008, and the Army chartered the Army Contracting Campaign Plan Task Force (ACCP-TF) to ensure that the ACTF's momentum was carried forward.

The ACCP-TF's work began in February 2008, headed by Major General George R. Harris, ASA(ALT)'s Assistant Military Deputy, to review the Commission recommendations and other contracting recommendations to determine the requirements and resources needed to address them. Shortly thereafter, in March 2008, the Army established the U.S. Army Contracting Command with a mission to continually improve contracting, acquisition, and program management in expeditionary operations. While part of AMC, the Army Contracting Command is closely aligned for policy and oversight with the Office of the Assistant Secretary of the Army for Acquisition, Logistics and Technology (OASA(ALT)). Finally, to broaden the scope of our efforts, the ACCP-TF developed the Army Contracting Campaign Plan to ensure an institutional approach to identifying and implementing systemic and long-lasting

improvements, along with the successful alignment of contracting with doctrine, organization, training, materiel, leader development, personnel, and facilities. These improvements are designed to ensure successful contracting and procurement operations from requirements development through source selection, award, delivery/acceptance, payment, and contract closeout – allowing us to support our Soldiers and provide best value to our Nation's taxpayers.

The Gansler Commission's four supporting recommendations listed above included 40 actions to correct the discrepancies identified – 22 of these are Army-specific while the remaining 18 are within the purview of the Office of the Secretary of Defense (OSD), or are legislative actions being addressed jointly among the Services with OSD as the lead agent.

The Army has taken action or is implementing 21 of the 22 Army-specific recommendations. The remaining one – to increase the contracting workforce by 400 military and 1,000 civilians – requires significant time to hire and train new personnel, but we are making progress. Our plan for FY09 is to increase our military contracting workforce by 131 members and our civilian workforce by 347 members. The increase in workforce size will be deliberate over the next three years to ensure we have both the quality and quantity necessary to execute the contracting mission.

U.S. Army Actions

In support of the **first recommendation – "increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations,"** – the Army has expanded its expeditionary contracting

structure to include planning cells within our Contracting Support Brigades to coordinate contract requirements with operational commanders. There is also educational and leadership focus for Army commanders, staff, and other non-contracting professionals to value the role of the Contracting Officer's Representative (COR). The COR's role is key to ensuring that the government is getting what it is paying for with appropriate oversight.

Section 503(a) of the National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY09) authorized five additional General Officer billets in the Active Component designated for acquisition. As of September 2008, the Army selected one additional acquisition General Officer (GO) and will select more this year until the five billets are filled. The GO selected is a Brigadier General who is the Commander of the recently established Expeditionary Contracting Command. The Army had already established the two-star U.S. Army Contracting Command as part of AMC and the one-star Mission & Installation Contracting Command – which are two billets presently filled by experienced members of the Senior Executive Service until new GOs are selected. The two remaining billets are the Military Deputy for Contracting in the U.S. Army Corps of Engineers (USACE) and an acquisition (contracting) GO in OASA(ALT) in the Office of the Deputy Assistant Secretary for Procurement (DASA(P)). These positions are currently not filled. The Army has filled the DASA(P) position, vacant for nine months, with a former Brigadier General with extensive program executive office and contracting experience. His background includes being the former Director of the Defense Contract Management Agency and the Director for Contracting for the Army.

The Commission recommended increasing the number of military (by 400) and civilian (by 1,000) personnel in the Army contracting workforce, which is roughly a 25 percent increase. The Army has been working to ensure contracting or contracting-related needs are identified and codified through the Army's concept plan process, which serves to document organizational force structure. An analysis of the 19 concept plans submitted, further refined contracting workforce requirements beyond the numbers suggested by the Gansler Commission to 617 military personnel and 1,635 civilian personnel. In addition to the concept plans, a Force Design Update has been tentatively approved to increase the Contracting Support Brigades and subordinate battalions and teams with 295 military personnel in FY09-13. These plans are currently being staffed as part of the resourcing process.

In other actions, the Army is establishing an earlier accession point for military contracting officers and noncommissioned officers to enable them to begin their acquisition careers two to three years earlier, providing for increased availability of Army contracting personnel and more time to develop and apply their expertise. The Army is developing a comprehensive strategy to systematically integrate the collection, analysis, and dissemination of observations and insights about expeditionary contracting into its lessons learned processes. This will enable us to capture lessons learned from three different perspectives: the requiring activity, the contracting officer, and the contractor. The intent is to analyze the information to determine gaps or changes needed in our doctrine, organization, training, materiel, leader development, personnel, and facilities assessments. In addition, we have issued career guidance to restrict military

contracting professionals from serving in theater until they have a minimum of one year of contracting experience within the United States. Finally, the Department received legislative authority for several incentives to foster civilian participation in future expeditionary operations in the FY09 NDAA, specifically Section 1101 (Pay Adjustments) and Section 1103(Life Insurance) and we thank the Congress for this action.

The Army is implementing Section 852 of the FY08 NDAA which directed establishment of the DoD Acquisition Workforce Development Fund and mandates the military departments and DoD agencies make quarterly monetary transfers to this fund to enable the Department to retain, hire, and train the requisite acquisition workforce. The Section 852 authority will also enable corrective action measures identified by the Commission. Under this authority, the Army plans to hire new interns as follows: 347 interns in FY09; 625 interns in FY10; 850 interns in FY11; 745 interns in FY12; and 610 interns in FY13. Additional efforts are underway to provide Army contracting professionals with opportunities to accomplish training that addresses the commercial business environment and advanced issues in vendor evaluation and source selection. Furthermore, the Army is working closely with the Defense Acquisition University (DAU) and other educational venues to increase the number of contracting training courses for certification that will be delivered starting in FY09 and to review and update training plans based on lessons learned. Specifically, DAU has added more than 100 contracting course offerings and additional seating capacity for Army personnel.

With the support of the Expedited Delegated Hiring Authority (DHA) provided by Congress in the 2009 National Defense Authorization Act Section 833, the Army will

fully embrace the use of this practice to acquire the right personnel at the journeyman and authorized senior levels, which are the only levels currently authorized. We also anticipate further delegation of this authority to allow us to hire entry-level personnel as contracting interns. It is clear that Section 852 has enabled the start of many key initiatives for our workforce to allow the hiring, necessary training, and other incentives for key contracting personnel with recruitment incentives, training, and retention incentives.

Stakeholders in the acquisition process agree that decisive action must be taken to further develop and rebuild the acquisition workforce to improve both capacity and capability. This, for the Army, directly impacts our contracting workforce first and foremost, along with other functional career fields. Shaping the right size and mix of the workforce is challenging. To help us, the Army and other Services participated on a Defense Acquisition Workforce Joint Assessment Team (JAT) which included a senior-level steering group and a working-level group. The JAT explored rebuilding DoD's acquisition workforce with a goal of increasing the organic acquisition workforce and rebuilding capacity and capability by addressing workforce gaps.

In support of **recommendation two – "restructure organization and restore responsibility to facilitate contracting and contract management,"** – the Army responded quickly to restructure its contracting organizations by moving the Army Contracting Agency (ACA) under AMC. By merging and transforming the contracting resources of ACA and AMC, the two-star U.S. Army Contracting Command was established in March 2008. This restructuring places approximately 70 percent of the

Army's contracting resources under AMC.

After a review of contracts awarded in Kuwait, Iraq, and Afghanistan revealed a significant backlog of contracts completed in theater that require close-out, we queried the Army-wide database of awarded contracts. In doing so, we found that more than 600,000 contracts may be complete, but have not been officially closed-out in the contract management system. We have taken immediate steps to obtain greater fidelity on this figure, explore the root causes, and implement a comprehensive plan to clear the backlog of contracts requiring close-out. A primary cause has been the 25 percent reduction in the contracting workforce during a period of 500+ percent in contract transaction workload.

The Army has made great progress in supporting **recommendation three – "provide training and tools for overall contracting activities in expeditionary operations."** We are addressing this recommendation in two broad areas: first, train as we fight; and second, develop and field contract tools needed for expeditionary forces. In the first area, we are adapting our training exercises to stress rapid acquisition, logistics, and contracting in expeditionary operations and are beginning to include contracting operations and planning requirements in some military exercises. Sixteen different officer and non-commissioned officer professional military education courses have been added or modified to include information on Operational Contract Support to increase the awareness of contracting and contractor management by our operational Army. To improve knowledge gaps in training venues, the U.S. Army

Training and Doctrine Command has an approved concept plan to add acquisition personnel to their Combat Training Centers. This new, collective training capability is designed to stimulate commanders and their staffs to solve expeditionary tactical problems, apply emerging doctrine to these tactical situations, and to promote a better appreciation of the challenge of integrating contractor support into military operations.

The Army also worked with OSD and other Services on the publication of a pocket-sized, Joint Contingency Contracting handbook to equip contingency contracting officers with the necessary tools for joint service operations. The handbook is being incorporated into new training material for the expeditionary/contingency contracting force structure. The Army is also working to field the Virtual Contracting Enterprise (VCE) and other Information Technology tools to aid Army commanders and staff in contract operations. The VCE will enable us to move existing contracting tools to a web-based environment allowing for the sharing of contract information and enhanced oversight in a paperless environment. Furthermore, the U.S. Army Acquisition Support Center is sponsoring a scenario-based contracting laboratory for both the officer and noncommissioned officer training course to provide them with the tools and understanding of how to prepare and execute contracts prior to their first contracting assignment. This course is in addition to the current Basic Acquisition and Intermediate Contracting courses offered through the Army Logistics Management College at its Huntsville, Alabama, campus.

The Joint Contracting Command – Iraq/Afghanistan recently established policy requiring all contracts over $25,000 in Iraq to be paid electronically to minimize cash operations and introduce supporting electronic commerce solutions that maximize

effective financial and contract management operations and reduce the potential for fraud and, more importantly, reduce the risk to our Soldiers' lives while transporting funds and authenticating documents to specific work sites. In the long-term, the Army will evaluate training and tool alternatives and implement a federated approach to business systems development to determine requirements and solutions for integrated contract and financial management capabilities to support garrison and deployed operations.

In support of **recommendation four – "obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations,"** – OSD, with Army assistance, led the effort. Several aspects of this recommendation have been addressed earlier in this statement and include the increase of five general officers in acquisition and overall increases in the contracting workforce. The Army worked closely with OSD to analyze the Gansler Commission's recommendations for potential legislative changes, and will continue to assess opportunities for legislative, regulatory, and policy assistance.

Conclusion

As stewards of the taxpayers' dollars, the Army is committed to excellence in managing and documenting contractor performance and the overall discipline of contract administrative services. With service and construction contracts, whether in Iraq, Afghanistan, the United States, or elsewhere in the world, representing an ever-increasing percentage of our overall contract dollars, greater emphasis is rightfully being

placed on their management and oversight. This includes documenting the contractor's performance in accordance with policy.

The Army has carefully and comprehensively analyzed all of the Gansler Commission recommendations. We realize that complete implementation will be accomplished over a period of years due to the Program Objective Memorandum and budgetary cycles, human resources workload, and the institutional capacity to accommodate the requisite training and development of newly hired personnel. The mandate of the Army Contracting Campaign Plan Task Force has been met; their mission is complete and their workload transferred to the enduring organizations responsible for sustaining long-term Army contracting success. The Deputy Assistant Secretary of the Army (Procurement) has the responsibility to continue the emphasis of implementing the ACCP-TF's actions.

Expeditionary military operations in Iraq and Afghanistan have placed extraordinary demands on the contracting system and our contracting support personnel. The vast majority of our military and civilian contracting personnel perform well in tough, austere conditions. Their customers are the warfighters – the men and women who depend on them to do their jobs. In the end, the success of our warfighters is linked directly to the success of the contracting workforce. We are working hard to ensure that policies, procedures, and tools are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait or anywhere else our brave men and women in uniform are asked to serve.

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 25, 2009

QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. Is the ability to define contract requirements and to manage contractors and contract service support part of the performance evaluation for military personnel who are outside the acquisition workforce but have these responsibilities? Should it be?

Mr. ASSAD. The Department currently mandates that a Requiring Activity affirm that performance of Contracting Officer Representative (COR) functions will be addressed during COR performance assessments. This requirement appears in a Deputy Secretary of Defense memorandum dated August 22, 2008. The Gansler Commission report identified CORs as an essential part of contract management. As highlighted in the March 25 testimony to the Subcommittee, the Department's section 813 DOD Contract Surveillance Subcommittee has made much progress in the area of CORs, including developing the requirement for COR functions to be addressed during performance assessments.

Dr. SNYDER. Is the use and management of contractors included in unit readiness assessments?

Mr. ASSAD. Unit commanders assess the readiness of contractors to support their mission when contractors are assigned to deployable positions that are in direct support of that unit's mission. Further, the use, management and performance of contractors are evaluated on a consistent basis through contractual oversight. Contracting personnel, requiring agency leadership and contracting officer representatives manage service contractor performance through Performance Based Service Acquisitions (PBSA) in accordance with contractual requirements.

Dr. SNYDER. What is the status of the Acquisition, Technology, and Logistics strategic workforce plan to address sourcing contracting personnel with the right skills for contingency operations?

Mr. ASSAD. The Secretary of Defense recently announced intentions to grow the organic DOD acquisition workforce by 15 percent. This growth will directly enhance DOD's readiness and capacity to deploy contracting professionals worldwide who are effective immediately upon arrival. In addition to growth, the plan to source contracting personnel with the right skills includes the recent effort to identify competencies critical to the contingency mission as part of the DOD-wide contracting competency assessment initiative. Results are being factored into development of a joint contingency contracting certification program based on a three tier proficiency level approach. Additionally, DOD continues to improve training and performance support resources. DOD just released the second edition of "Contingency Contracting: A Joint Handbook for the 21st Century." This pocket-sized handbook and DVD provide essential information, tools, and training for contingency contracting officers. DOD has also redesigned its contingency training courses to include interactive simulations, hands-on practical work, and robust capstone projects. Cultural awareness and ethics are emphasized. Subject matter experts provide perspective in an expeditionary environment. In addition, lessons learned, best practices, and after action reports are posted on the Contingency Contracting Community of Practice web-portal. DOD is also developing an advanced Contingency Contracting Course, which provides "just in time" training to senior level contracting personnel deploying to a management position. The course addresses several important issues: sustainment contracting in a contingency environment, major source selection, cost and price analysis, and reconstruction in a contingency environment.

Dr. SNYDER. In the early 1990s, Congress passed the Defense Acquisition Workforce Improvement Act (DAWIA) to try and ensure that the acquisition workforce receives the necessary training to perform its duties. DOD implements DAWIA through DOD Directive 5000.66.

a) Do these mechanisms provide adequate policy guidance for the contracting workforce? b) Should Congress revisit DAWIA in light of the current situation, particularly in relation to contingency contracting?

Mr. ASSAD. a) DAWIA is implemented through DOD Directive 5000.52, DOD Instruction 5000.66, and the DOD Desk Guide. These documents provide adequate guidance for managing the career development of the acquisition workforce. Each year the Functional Advisor for each acquisition career field reviews the currency

of competencies and certification requirements for the career field. Certification requirements for the acquisition career fields are posted each year at the Defense Acquisition University (DAU) Web site in the DAU Catalog.

b) The Department has efforts underway to standardize experience, education, and training requirements for contingency contracting professionals. Changes to DAWIA are not required to accomplish this effort. The Commander, Joint Theater Support Contract Command, needs to deploy the right contracting assets. In today's Joint operational environment, which comprises individual Component contracting personnel—military and civilian—experience and education/training levels vary. To ensure the Commander can leverage the varying backgrounds and skill sets within this cadre of contingency contracting professionals, the Department is developing standard proficiency levels. A key tenant of this program is to track experience, as well as education/training, looking at both contracting generally and contingency contracting specifically. The certification levels associated with DAWIA remain an important way to track general contracting experience and education/training. On top of this, the contingency contracting cadre model looks at contingency contracting experience and education/training. Contingency contracting operational experience is of principal importance, ranging from exercises to multiple deployments. The cadre's participation in contingency contracting training, in a specific set of core courses, also feeds into the proficiency assessment. Developing this contingency contracting cadre is one of the many initiatives being worked by the Department's Task Force on Contracting and Contract Management in Expeditionary Operations. Originally established to address the requirements of section 849 of the National Defense Authorization Act for Fiscal Year 2008, the Task Force continues to support implementation of contingency contracting improvements. The Task Force comprises representatives from the Office of the Secretary of Defense and all the Military Departments, so it leverages the full range of initiatives—from the policy level to the grassroots level.

Dr. SNYDER. Should the Gansler Commission examine the contingency contracting capabilities of the Air Force and the Navy? a) Do these departments provide adequate contingency contracting training for military personnel outside the acquisition workforce? b) Do they incorporate contingency contracting in pre-deployment training and mission readiness exercises?

Mr. ASSAD. No, an examination of the contingency contracting capabilities of the Air Force and Navy was conducted as a result of the Gansler Commission findings and recommendations. Section 849 of the National Defense Authorization Act for Fiscal Year 2008 required the Department to examine the applicability of the Gansler Commission's 40 recommendations to the Air Force and the Navy. The Department engaged in a six-month analysis and reported its findings to Congress on June 2, 2008, which included an assessment of the Air Force and Navy.

a) Yes, the Department has created DOD-wide contingency contracting training for military personnel outside the acquisition workforce. The Department developed a broad program of instruction (POI) for non-contracting operational military leaders on the management of contractors with deployed forces. The Military Education Coordination Council has added the POI as a special area of emphasis, so that it will be taught at the war colleges. In addition, the POI is available as an on-line module.

b) Yes, contingency contracting is covered in pre-deployment training and mission readiness exercises. In conjunction with all the Services and the Defense Acquisition University (DAU), the Department has established a core set of required DAU courses for contingency contracting officers (CCOs). The Joint Contingency Contracting handbook—which serves as the basis for one of the required CCO DAU courses—provides a consolidated source of information for our CCOs conducting contingency contracting operations in a Joint environment. It provides the essential information, tools, and training to meet the challenges they will face, regardless of mission or environment. In addition, mission readiness exercises like EUCOM's AUSTERE CHALLENGE, SOCOM's PANAMAEX, and PACOM's COBRA GOLD are major joint military exercises that incorporate contingency contracting. These exercises serve as joint training, done for the way we fight.

Dr. SNYDER. Is there anything you didn't have an opportunity to share during the hearing that would be valuable to the subcommittee's enquiry?

Mr. ASSAD. No additional information to provide at this time.

Dr. SNYDER. Is there anything you didn't have an opportunity to share during the hearing that would be valuable to the subcommittee's enquiry?

General SCOTT. I thank the Chairman and the members for the opportunity to share my experiences and insights. I urge the Oversight and Investigations Subcommittee to continue to press the Services on their plans to build viable career paths for uniformed contracting officers that will attract their share of each service's

'best and brightest.' The Army has a good plan, but executing it successfully will require close attention at least through this term of Congress and the next.

I believe the Air Force, on the other hand, is in danger of repeating the neglect that the Army's contracting career field suffered from prior to the Gansler Report findings. They don't have a strategy for developing officers that can compete with the service's best beyond the rank of Lieutenant Colonel.

The Air Force hasn't made a clear distinction between the roles of its officer, enlisted and civilian contracting officers. Consequently, there is a misperception that the three are largely interchangeable, which leads to the perception outside the career field that officers in contracting are narrow technicians, rather than leaders. This lack of deliberate, purposeful career development for officers in particular has resulted in today's situation where not one Air Force contracting primary executive leadership position is held by a military officer—they are all held by civilians of the Senior Executive Service. As the Gansler Report pointed out, the Army's deteriorating contingency contracting capability began when they eliminated General Officers from the career field—I believe the Air Force has started down that same path.

The Air Force doesn't have clear doctrine or training for operating in a joint and/or interagency environment—this in spite of the reality that, because they have the largest contingency contracting force, they will likely provide the bulk of contingency contracting assets at least until the Army completes its build-up, and perhaps beyond that.

The Air Force's contingency contracting doctrine and training focuses primarily on how to execute contracting transactions in short-term contingencies, not how to plan and conduct contracting operations in support of a large campaign. For example, I continually had to convince my Air Force officers that buying commercial items from the local Iraqi economy, and hiring local Iraqi labor was in the U.S. interest, even though the Operation Iraqi Freedom Joint Campaign Plan's objectives for its economic line of operation included revitalizing the Iraqi economy and putting military age young men to work. They were trained to look for the lowest price—which was often from the U.S. or another Persian Gulf region country—and none of them had been exposed to the Campaign Plan prior to deployment. My soldiers, on the other hand, were far less proficient than their airman peers at executing transactions, but were wizards at developing innovative methods of synchronizing acquisition planning and execution with tactical and strategic objectives.

The Army, on the other hand, has ably addressed campaign planning in the design and concept of operations for its Contracting Support Brigades, as evidenced by the recent exercises that Mr. Parsons referenced in his testimony. Greater and more frequent cooperation between the two services (and the Navy and Marines where appropriate) in training and exercises could provide an efficient remedy. For example, the Army already includes contracting activities in their pre-deployment planning and exercises at Brigade and Division HQ levels. Air Force contingency contracting officers who will support those units should be included as well.

Finally, let me express again, for the record, my appreciation for the interest and support of the Congress, and this Subcommittee in particular, in this area. I was the anonymous Flag Officer quoted in the Gansler report as saying that my troops solved unprecedented problems every day, and they deserved a medal for it; but if we approached the next contingency with the same lack of preparedness as this one, we should all be fired! Thanks to your leadership, and the energetic response by the OSD and Army staffs, I think our jobs are safe for the next time!

Dr. SNYDER. Is the ability to define contract requirements and to manage contractors and contract service support part of the performance evaluation for military personnel who are outside the acquisition workforce but have these responsibilities? Should it be?

Mr. HARRINGTON. The rating official will address appropriately, based in the OER, the percentage of the person's duties and importance in that subject area. Some Contracting Officers Representatives (CORs) only spend a very small amount of their time on this duty whereas others perform COR functions nearly full time, and the OER reflects that accordingly.

Dr. SNYDER. Is the use and management of contractors included in unit readiness assessments?

Mr. HARRINGTON. No, contractors do not factor into the personnel readiness ratings of operating force units.

Dr. SNYDER. Do you have any concerns for funding any of the efforts or initiatives the Army is undertaking to implement the recommendations of the Gansler Commission?

Mr. HARRINGTON. To date Congress has been very supportive of Army needs to facilitate the transformation recommended by the Gansler commission. The Army wishes to express its appreciation for this support. The Army is striving to capture

sufficient data on which to base a fully supportable decision regarding its need for additional resources in the out years. When that information becomes available, the Army will look forward to working with the Congress to ensure the Army is well positioned to meet its obligations in support of all contingency operations, both in conflict and in support of the American people.

Dr. SNYDER. Is there anything you didn't have an opportunity to share during the hearing that would be valuable to the subcommittee's enquiry?

Mr. HARRINGTON. Yes. Since September 11, 2001, there has been a 300 percent growth in contracted dollars and contract actions have grown significantly.

The report of the Gansler Commission on Wartime Contracting (Gansler Report) is the clearly defined product illustrating a decade of decline in Army contracting workforce due to attrition, retirement, and downsizing, all to the point that the remaining workforce could focus only on the most pressing needs. Training and professional development have suffered and critical expertise have retired. The Commission revealed a problem that we were well aware of within the acquisition workforce, and has provided the momentum to overcome a decade of inertia.

The Army is institutionalizing the systemic and long-lasting improvements necessary to ensure ongoing, successful alignment of contracting, doctrine, organization, training, leader development, materiel, personnel, and facilities for supporting our Soldiers and to provide the best value to the nation's taxpayers. The theme of the Gansler Report was that the Army did not have the organizational structure in place to support the explosion in expeditionary contracting, nor sufficient numbers of professionally trained contracting personnel to meet greatly increased requirements for contracted support Army-wide, with the requisite oversight, controls, and contract administration. Additionally, the Report emphasized the need for the Army's commitment to recognize contracting as a core competency and to enhance training, professional development, and career opportunities among the workforce.

It took more than a decade to get Army Contracting in to this damaged shape. There is no quick fix. It will take time, and more important, the sustained commitment and support of the senior leadership of the Army, DOD, and Congress to rebuild the Army contracting workforce's skills, training, and experience. ASA (ALT) leadership will continue to provide the support, structure, and oversight needed to ensure a premier contracting workforce. Our Soldiers and our nation deserve nothing less.

Dr. SNYDER. Is there anything you didn't have an opportunity to share during the hearing that would be valuable to the subcommittee's enquiry?

Mr. PARSONS. No.

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