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U.S. SENATE

JOINT STATEMENT OF

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BEFORE THE

SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS AND MANAGEMENT

ON

TRANSFORMING WARTIME CONTRACTING:

RECOMMENDATIONS OF THE COMMISSION ON WARTIME CONTRACTING

October 19, 2011

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U.S. SENATE

Chairman McCaskill, Ranking Member Ayotte, and distinguished members of the Subcommittee, it is our pleasure to appear before you today to testify on the Department of Defense's continuing efforts to enhance our ability to execute contracting in the wartime environment and to discuss the recent release of the Commission on Wartime Contracting's Final Report entitled, "Transforming Wartime Contracting: Controlling Costs, Reducing Risks." The Department has worked diligently to have a strong, cooperative relationship with the Commission and together we succeeded in building that relationship over the Commission's three-year life. Their reports have identified many real and important areas in which we can improve. We would also like to thank the Subcommittee for their interest in wartime contracting. We welcome the opportunity to report to you on our efforts to provide the best possible support to our warfighters in Iraq and Afghanistan as well as to institutionalize concepts and processes that will enhance Operational Contract Support (OCS) in future contingency operations.

OUR LEGACY

The Nation has always relied upon contractors to support military operations, but not to the extent necessary in the conflicts in Iraq and Afghanistan. During the Revolutionary War, the Continental Army relied on contractors to provide basically the same things our forces require today, such as supplies, services, construction, clothing, and weapons. Over time, advances in warfare and technology have expanded the functions and responsibilities of contractors in military operations. For example, the first "aviation" support to U.S. forces, the Balloon Corps of the Civil War, was fully contracted. Contractor support enabled fleet readiness in the Pacific during World

War II. During the Cold War, force structure was determined by the size of the enemy and the demands primarily associated with a global war against another superpower in accordance with the National Security Strategy. The United States maintained a large standing military force and, at times, a draft to support these personnel requirements. This military force was concentrated in combatant functions; we took some risk in functions associated with support. For example, we never bought all the transport aircraft required in planned operations, but relied on the Civil Reserve Air Fleet to make up the shortfall. Many installations in Germany were guarded by Civilian Support Group personnel and not U.S. military personnel. This longstanding history of contractor support is central to understanding our current reliance on contractors in contingency operations.

After the Cold War ended, strategic planning called for preparations against two nearly simultaneous regional conflicts. Planning envisioned high-intensity but short duration conflicts like the first Gulf War. Because anticipated wars were envisioned to be shorter, the associated force requirements were smaller. Importantly, we had transitioned to an all volunteer, fully professional Armed Force after the conflict in Vietnam. The smaller-sized force again concentrated U.S. military personnel in key combat competencies. The experience of Desert Storm seemed to confirm this view of future conflicts—short, violent, and limited. As a result, our forces remained structured such that when longer duration operations have occurred, our all volunteer military has had little choice but to use contractors as combat enablers, or force multipliers. In the three largest contingency operations we have been involved in over the last 15 years—the

Balkans, Iraq, and Afghanistan—contractors have comprised approximately half of the Department's total force in theater.

At the onset of the initial combat operations in Iraq, expectations were that this would be a short conflict requiring fewer forces and finishing within months. Again, our force and support structure was built on the short duration model for any contingency. The prolonged conflict required the continuous employment of large combat forces, and the United States determined that we would conduct stability and reconstruction operations in parallel with the ongoing combat operations. The President set forth this national policy decision on December 7, 2005, in National Security Presidential Directive 44, Management of Interagency Efforts Concerning Reconstruction and Stabilization. By the very nature of the mandate to engage in stability operations, the United States is engaged in infrastructure and reconstruction projects that require contractor support.

Because the actual operations in both Iraq and Afghanistan did not meet the basic assumption of a short conflict, but ultimately transitioned into long-term operations, we were unprepared to manage the resulting number of contracts and contractors. Specifically, we had acquisition resource shortfalls (insufficient deployable contracting officers, untrained and untested contracting officer's representatives, and inadequate requirements generation capability), lack of post or camp management, and inadequate policy and doctrine to manage the total force in a protracted engagement.

THE REQUIREMENT FOR CONTRACTOR SUPPORT

Our military services use contractors to provide essential services and this does not change during contingency operations. Indeed, with the continuing budgetary pressures, and the realities of military and civilian force structure limitations, we will continue to outsource those services which are not inherently governmental and where it does not make sense to build organic force structure at a greater long-term cost.

The Congressional Budget Office issued a report, "Logistics Support for Deployed Military Forces," in October 2005 which included an analysis of the cost of having military units replace contractors. The study concluded that, over the long term, using military units would cost 90 percent more than using contractors and would have high upfront costs associated with equipping the new units. The Gansler Commission reached a similar conclusion. Using contractors to perform non-combat activities augments the total force and can free up uniformed personnel for combat missions. Contractors can be hired quickly in most instances where there are shortfalls in force structure, such as logistics and other support areas; they also can be deployed quickly when necessary and then easily terminated when no longer required.

As a result of both the limitations on an all volunteer force and the economics of the alternative of using military personnel, the Department must institutionalize the ability to manage contractors on the battlefield effectively. As then-Under Secretary of Defense Carter testified in his hearing on March 28, 2011, to the Commission on Wartime Contracting, "…having contingency contracting be part of the war plan and being an essential part of leadership training are both indispensable in today's environment. We're simply not going to go to war without contractors. We have to build

that into what we call readiness, what we call training, what we call leadership, and what we call war planning." With the help of this Subcommittee and numerous other oversight organizations, significant strides have been made in improving contingency contracting and contractor oversight and management.

Contractors Supporting U.S. CENTCOM Operations

DoD currently has approximately 175,045 contractors in the U.S. Central Command (USCENTCOM) area of responsibility (AOR). (See Table 1.)

Table 1. DoD Contractor Personnel in the USCENTCOM AOR (as of 4th Quarter 2011)

	Total Contractors	U.S. Citizens	Third Country Nationals	Local/Host Country Nationals
Afghanistan Only	101,789	23,190	27,912	50,687
Iraq Only	52,637	16,054	29,213	7,370
Other USCENTCOM Locations	20,619	5,684	14,727	208
USCENTCOM AOR	175,045	44,928	71,852	58,265

These contractors provide a range of support, including base support, security, translation, logistics, construction, transportation, and training. In addition to the support they provide to the military, we have leveraged our contractors to further our policy objectives. Using contractors who are local nationals helps develop the local economy and workforce, which contributes to stability and effective counter-insurgency operations. Congress assisted the Department in this area by incorporating section 886 into the Fiscal Year 2008 National Defense Authorization Act, "Acquisitions in Support

of Operations in Iraq or Afghanistan," as well as section 801 of the Fiscal Year 2010 National Defense Authorization Act, "Temporary Authority to Acquire Products and Services Produced in Countries Along a Major Route of Supply to Afghanistan." Both sections are critical to gaining local support for the presence of United States forces and maximizing employment in these countries to diminish the pool of the unemployed, who are more easily drawn into the insurgency.

WARTIME CONTRACTING COMMISSION RECOMMENDATIONS

As a result of the Department's close coordination with the Commission on Wartime Contracting, we are largely in agreement with the recommendations in their final report, as we were with their two interim reports, and are well on the way toward implementing most of them. The final report included 15 strategic recommendations, of which 11 were DoD-specific recommendations and 4 were directed at Congress. The Department of Defense agrees in principle with all 11 of the DoD-specific recommendations. Of these, we would like to highlight a few today.

We support the Commission's recommendation to grow a trained, experienced, and deployable cadre. This is the Commission's recommendation #2, and the Department is taking steps to implement it. The U.S. Army's Expeditionary Contracting Command, which stood up in 2008, serves as our deployable cadre. Thanks to Congress, the Department has 10 new acquisition General and Flag Officer billets, and one of them heads this deployable cadre.

We support recommendation #11 to "improve contractor performance-data recording and use" and have worked with the Office of Federal Procurement Policy

(OFPP) on FAR and DFARS changes to improve reporting of contract performance data. In doing so, we have sought to preserve the ability for contractors to appeal adverse findings in a manner that does not impede timely reporting.

We also support recommendation #12 to "*strengthen enforcement tools*." The Department has increased the use of these enforcement tools – from Fiscal Year 2007 to 2011, the number of Army debarments has increased 89 percent (from 94 debarments to 178) – but we rely on the discretion of Debarring and Suspension Officials to treat each case on its own facts and circumstances. In analyzing the Commission recommendation to strengthen enforcement tools, we need to preserve the discretion of our officials to determine on a case-by-case basis what makes the best sense. We also thank Congress for two legislative provisions that were included in both the House and Senate versions of the defense authorization bill which will assist us in this area and would be very beneficial. One would expand the government's access to contractor records; the other would provide the authority to void any DoD contracts if contract payments, directly or indirectly, support the enemy.

While we support them in principle, we are still in the process of fully assessing a few recommendations that did not previously appear in a major Commission report. Recommendation #5, to "*take actions to mitigate the threat of additional waste from unsustainability*," falls in that category. We agree with the Commission that sustainability is a major concern and have already taken a number of steps to address this concern. We are still evaluating what additional steps may be needed to address the sustainability issues identified in the final report.

While we support them in principle, we have concerns about a few recommendations, including Recommendation #7 which recommends creating a J10 Directorate for contingency contracting. The Department believes that creating a separate directorate for contingency contracting on the Joint Staff, and similar directorates on the service staffs, may tend to confuse rather than streamline responsibilities. We are exploring alternative ways of ensuring that the Commission's intent, to ensure that contingency contracting receives the attention it deserves on the Joint Staff and in the military Services, is met.

RECENT ACCOMPLISHMENTS

In 2006, Congress directed the appointment of Program Managers at the Department and Service levels to focus the Operational Contract Support efforts (Section 854 of the FY2007 NDAA; 10 USC 2333). The Under Secretary of Defense for Acquisition, Technology and Logistics and the Service Acquisition Executives have made those appointments and their responsibilities were further clarified in the charter of the OCS Functional Capabilities Integration Board (FCIB). In March of 2009, we published DoD Directive 3020.49, establishing policy and assigning responsibility for OCS program management. As part of our continuing effort to implement Section 862 of the FY2008 NDAA and Section 832 of the FY2009 NDAA, this year we published a Federal Regulation on private security contractors (PSCs), which applies to all U.S. government PSCs in combat operations and other significant military operations, and published the associated DoD Instruction. We continue to make required FAR and DFARs changes to insure PSC requirements are included in contract instruments. In a

related effort, DoD personnel were actively engaged with the OFPP and with our colleagues in other agencies on preparing both the draft and final Policy Letter to better define inherently governmental performance.

In 2008, the Chairman of the Joint Chiefs of Staff directed the establishment of a task force to analyze DoD's level of contractor dependency and provide recommendations to adapt the Department to the reality of how we operate in three areas: first, contractor-provided training (Task Force I); second, the extent of reliance on contracted support in support of operations in Iraq and Afghanistan (Task Force II); and third, the need to improve the planning and training for contracted support (Task Force III). These efforts laid the foundation for the systemic changes required to ensure that planning for contracted support is accomplished; awareness of the roles and responsibilities of commanders, staff, and personnel with regard to contracted support is clear; and the underlying processes and tools needed to provide timely and precise contracted support and oversight are in place.

Tangible evidence of our commitment to continuous progress in oversight of contingency contracting is found in the many accomplishments the Department has already made across the DOTMLP (Doctrine, Organization, Training, Materiel, Leadership, and Personnel) spectrum. Congress, and particularly this Committee, has been an essential partner in this effort. We would like to highlight some of these accomplishments.

Doctrine

On October 17, 2008, the Joint Staff J-4 published Joint Publication 4-10, Operational Contract Support, to include doctrine for planning, conducting, and assessing

operational contract support integration and contractor management functions in support of joint operations. This doctrine provides a common frame of reference across the military for OCS as a way of accomplishing military tasks. OCS includes multiple stakeholders, including the commands that are now incorporating contracted support into their logistics support plans, the units that develop requirements documents to augment their organic capabilities, the resource management and finance personnel that allocate and disburse funds, contracting officers that award contracts and their representatives that oversee those contracts, and the contractors that perform the contract. This document, in light of lessons learned, is in the process of being updated. The Joint Requirements Oversight Council (JROC) has approved the Operational Contract Support Integrated Capabilities Document and formally tracks progress of OCS integration into all relevant supporting documents.

Organization

The Department is improving its organizational structure to ensure it best supports OCS and contingency contracting. In 2006, Congress directed the appointment of Program Managers at the Department and Service levels to focus the Operational Contract Support efforts (Section 854 of the FY2007 NDAA; 10 USC 2333). The Under Secretary of Defense for Acquisition, Technology and Logistics and the Service Acquisition Executives have made those appointments and their responsibilities were further clarified in the charter of the OCS Functional Capabilities Integration Board (FCIB). On March 29, 2010, the Under Secretary of Defense for Acquisition, Technology and Logistics established the OCS Functional Capability Integration Board to provide strategic leadership to the multiple stakeholders engaged in OCS, synchronize

program management, analyze and implement the recommendations of various Commissions, and address the mandates of Congress. The key members include DoD and Service Program Managers for OCS, in accordance with 10 U.S.C. 2333.

In the U.S. Central Command (CENTCOM) Area of Responsibility, the Joint Contracting Command-Iraq/Afghanistan reorganized, moving from being a U.S. Forces-Iraq subordinate command to a joint functional command directly reporting to HQ CENTCOM in May 2010. This was done to comply with joint doctrine and emphasize the need for better contract support integration and contractor management across the CENTCOM area of responsibility.

The Army reorganized its contingency contracting forces to improve planning, training, equipping, and execution of OCS, in response to a recommendation from the "Gansler Commission," an independent body established by the Secretary of the Army in 2007. The Army Contracting Command now comprises a Mission Installation Contracting Command and an Expeditionary Contracting Command, as well as six active Contracting Support Brigades (CSBs) who serve as a deployable cadre of acquisition personnel. The CSBs are geographically aligned in order to provide responsive operational contracting support to the Army Service Component Commands and provide the Army with greater flexibility to place contracting teams into areas to support Joint Force operations; these efforts are in alignment with CWC's recommendation #2.

In order to leverage the power of the Army Contracting Command enterprise in supporting global operations, the Army has established a "reach-back" contracting capability to support forward operations. Having this reach-back capability reduces our in-theater footprint and the number of individuals in harm's way. We support the Senate

bill that would strengthen this reach-back resource by providing the ability to use the overseas increased micro-purchase threshold and the simplified acquisition threshold in the same manner and to the same extent as if the contract were to be awarded and performed outside the United States, which will help expedite urgently needed requirements and reduce manning in theater.

The current manning of the Army contracting workforce, especially the expeditionary capability, is out of balance with the demands placed on it. The imbalance is evident in the findings of more than 3,700 audits and reports (Inspector General, Army Audit Agency, Government Accountability Office, and the report by the Commission on Wartime Contracting). As a result the Army is taking steps to ensure the size, mix and quality of the Army's contracting workforce is sufficient to effectively and efficiently manage the expenditure of taxpayer dollars, with the Secretary of the Army directing an increase of 315 military authorizations for contracting in Fiscal Year 2013. The Secretary of the Army has also directed an annual reevaluation of the proposed contracting growth structure which will be synchronized with the Total Army Analysis and Planning, Programming, Budgeting, and Execution process.

Training

The Department has increased its training portfolio to properly prepare personnel for the reality of OCS and contingency contracting on the battlefield. The training addresses a range of audiences, from commanders to acquisition professionals to subject-matter experts performing oversight. OSD and the Joint Staff have collaborated to produce three online OCS training courses for commanders and their staffs. The Defense Acquisition University (DAU) offers seven contingency contracting courses for the

acquisition community, including our contingency contracting officer course, CON234, as well as the newly developed advanced contingency contracting course, CON334. The Army has added and improved multiple acquisition training courses including instruction in 16 officer and non-commissioned officer courses; incorporated contracting operations and planning into the Battle Command Training Program and Combat Training Center training; and included OCS scenarios to exercise oversight personnel during Mission Readiness Exercises prior to deployments. OCS is taught at the National Defense University, Army War College, and the Army Command and General Staff College. It is a Chairman, Joint Chiefs of Staff Special Area of Emphasis.

The OCS education and training portfolio will continue to receive Departmental attention. OSD and the Joint Staff have developed online training courses for commanders, field-grade officers, and military planners that are available today. The Joint Staff is currently leading a study to assess OCS education requirements and develop a vision and strategy to implement at all appropriate levels of professional development. The Joint Staff is also leading an effort to develop OCS Universal Joint Tasks that will feed military exercises and training.

To further improve OCS training, the Joint Staff (J-4), in conjunction with the National Defense University, is sponsoring a study to analyze the current state of OCS education and training programs and propose an institutional OCS Education and Training Program that will provide practical training and education content tailored to the recipient's role and responsibility in OCS. Due in August 2012, this study will determine the requirement for OCS education and training at the strategic, operational, and tactical

levels and develop methodologies that will expand the awareness of OCS across the national security enterprise.

Materiel

At the practical level, two handbooks help our acquisition community do its job more effectively and efficiently.

Our Defense Contingency Contracting Handbook was developed to fill a gap: while deployed CCOs performing in a joint environment had Service-specific guidance, they lacked consolidated, joint guidance. The joint handbook was developed by CCOs for CCOs, as well as for auditors, the Inspector General, and lawyers. From the start, the handbook has contained tools, templates, forms, training guides and material, and checklists. We continue to refine these, as well as add features, for each annual update to the handbook. The third edition expanded the website capabilities and added over 100 new resources and additional material based on special interest items occurring in theater today. Over 10 thousand second edition handbooks were distributed and over 15 thousand third edition handbooks were published due to increase in demand. The handbook and DVD information are now also available on the Defense Procurement and Acquisition Policy Web site, which enables us to update content in real-time, if we find needed improvements from lessons learned or specific gaps in training.

Building on a successful joint handbook for CCOs, we created a joint handbook for CORs. The Defense Contingency COR Handbook supplements official training and policy and serves as a handy pocket guide that provides CORs, who are supporting contingency operations, with basic tools and knowledge. This 346-page handbook and accompanying CD provides checklists, how-to guides, form procedures, and examples.

This handbook provides the basic knowledge and tools needed by CORs to effectively support contingency operations and is designed specifically to address the realities faced by CORs in operations outside the continental United States. The information in the handbook is extracted from numerous sources within the Defense acquisition community. Over 13 thousand handbooks were distributed in only 6 months. High demand required a reprint of another 9 thousand books that will be distributed over the next 10 months.

This unified guide strengthens the ability of CORs to provide needed contract surveillance. Another tool we are currently deploying is the DoD COR Tool (CORT), a web-based management capability for the appointment and management of CORs. It provides an automated means to access important data on CORs, including the COR name, career field, certification level, and other contact information; the COR's supervisor contact information; and the Contracting Officer's contact information. Beyond contact information, it identifies all training completed by the COR. The DoD CORT automates key parts of the process—it enables an electronic nomination, approval, and termination process of candidate CORs, and it provides the capability to record key process documents online, such as status reports, trip reports, correspondence. DoD contracting personnel are provided with a web-based portal for all relevant COR actions. The CORT is being deployed within DoD and full deployment will occur by the end of fiscal year 2012.

Leadership

The "Gansler Commission" report on Army Expeditionary Contracting voiced a concern about the lack of military leadership in the contracting profession. Congress provided legislation in the Fiscal Year 2009 National Defense Authorization Act to add

10 military General or Flag Officer billets for acquisition positions—5 for the Army and 5 for Joint positions. Having additional senior military leaders in contracting positions will be a great help to our contracting workforce, specifically by enhancing the stature of our contracting officers, and we thank Congress for authorizing these positions. Throughout the Services, our current military leadership levels in contracting positions demonstrate great progress. The Army has four new General Officers in contracting positions (where four years ago they had none), the Navy has three Flag Officers serving in contracting joint billets, and the Air Force has two general officers in contracting positions.

Further examples exist across the Department of senior leaders recognizing the importance of OCS and taking significant steps to enhance our performance in this area. Beginning in 2010, then-Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen, dedicated substantial resources to enhance the Department's ability to effectively plan for contracted support in contingencies. At the same time, the then-ISAF Commander, General David Petreaus, published substantial guidance highlighting the significance of contracting in support of COIN operations in Afghanistan. This guidance will influence the revision of joint doctrine for OCS and how we operate in future operations. The Chief of the Staff of the Army also ordered COR readiness requirements that had an immediate impact on the number and qualifications of CORs in theater. As recently as October 6, 2011, the Secretary of the Army directed his Department to grow its expeditionary contracting workforce to an end-strength of 1,450 personnel by the end of fiscal year 2017. These are but a few examples of DoD leaders taking actions that demonstrate the Department's recognition of the importance of institutionalizing OCS.

Personnel

People are the key to our success, and the Department is directly addressing personnel issues impacting operations in Iraq and Afghanistan. We are creating and filling 9,000 new acquisition workforce positions, strengthening the contracting workforce, and contributing to revitalizing the DCMA and DCAA. DoD has been increasing the capacity of the acquisition workforce since 2009 as part of a deliberate DoD-wide initiative to rebuild the acquisition workforce. On April 6, 2009, the Secretary of Defense gave direction to grow and in-source the acquisition workforce. The Army contracting civilian workforce is on track to grow by over 1,600 new positions by Fiscal Year 2015. This growth has been facilitated by Section 852 of the 2008 National Defense Authorization Act, which provided short-term funding to hire acquisition personnel while permanent positions are resourced. Section 852 has been utilized to hire 352 Army civilian contracting interns to date, with hundreds more planned over the next three years. Section 852 provided critical funds to help reconstitute the acquisition workforce as well as many other initiatives and we thank Congress for its foresight in providing these funds.

We use both deployed military and civilian personnel to fulfill contract management functions, increasingly focusing on civilians to enable the military to focus on operations. On 28 December 2010, the Under Secretary of Defense for Acquisition, Technology and Logistics called for civilian volunteers from the acquisition workforce. In follow up, the Director of Defense Procurement and Acquisition Policy issued a memorandum on February 2, 2011, calling for volunteers to serve as Contingency

Contracting Officers (CCOs) with the DoD Civilian Expeditionary Workforce. In his memo, the Director wrote, "Our experiences in Iraq and Afghanistan continue to reinforce the value of civilian employee volunteers in contingency operations." In addition to being offered post differential pay, danger pay, and overtime along with salary, volunteers are also guaranteed the right to return to their permanent positions after deployment. We currently have 85 civilians supporting the CENTCOM - Joint Theater Support Contracting Command efforts in Iraq and Afghanistan, which is a significant increase over year's past.

Contractor Audit Oversight

In addition to changes in the DOTMLP approach to OCS, the Department has become increasingly vigilant on contract audit oversight. Since 2003, five audit organizations have recovered $10.1 billion. These organizations are the Defense Contract Audit Agency (DCAA), DoD Inspector General, Special Inspector General for Iraq Reconstruction (SIGIR), Army Audit Agency (AAA), and Air Force Audit Agency. From October 2009 to August 31, 2011, Defense Contract Management Agency (DCMA) quality assurance inspections identified 12,916 nonconforming defects and have issued 1,457 Corrective Action Reports. Throughout, the contracting officer, DCMA, and the contracting officer's representative (COR) perform contract management. We are pleased to note that we are fully staffed in-theater for contracting officers to meet U.S. Central Command's documented manning requirement.

DoD also insures that allegations of fraud and corruption are fully investigated. The U.S. Army Criminal Investigation Command has forward deployed Special Agents in Afghanistan and works closely and shares information with other law enforcement

agencies in the region. Since the start of Fiscal Year 2008, there have been 140 major procurement fraud investigations involving operations in Afghanistan. In July of 2010, Task Force 2010 was established by U.S. Forces Afghanistan (USFOR-A) to address issues of corruption which were undermining counterinsurgency efforts. The task force consists of individuals from all the uniformed services and includes civilian representatives from various contracting, auditing and criminal investigative agencies (DCAA, AAA, US Army Criminal Investigation Command, and Defense Criminal Investigation Command DCIS). The team also includes forensic accountants who assist the task force in tracing money through the Afghan domestic and international financial networks. Both Task Force 2010 and Task Force Spotlight (which was responsible for coordinating ISAF's management of private security companies) were organized under Combined Joint Interagency Task Force -Shafafiyat to provide unity of effort with the international community. This interagency task force, which includes other U.S. agencies and both U.S. and Afghan law enforcement officials, leads ISAF's anti-corruption efforts.

DCMA Oversight

DCMA provides management to support contracts such as the LOGCAP, Air Force Civil Augmentation Program (AFCAP), and theater-support contracts. Government Quality Assurance (QA) oversight is critical to the military mission and contract administration success. In recognition of this, the DCMA QA program includes independent examinations and reviews of contractor services, processes, and products in accordance with requirements outlined in the contract. A strong quality surveillance program requires boots-on-the-ground interaction with contractor personnel, military

units, and base camp mayor cells on a continuous basis. The DCMA's QA surveillance program is administered by experienced Quality Assurance Representatives (QARs), unit-provided CORs, and Subject Matter Experts (SMEs) to provide appropriate oversight coverage.

Further, for most contracts it administers, DCMA appoints CORs to evaluate specific contract areas and verifies that CORs have completed the required DoD-mandated training. DCMA also conducts COR training on those duties specific to the contract on which they are assigned, DCMA operations, and provides on-the- job training with a DCMA QAR.

Oversight of Reconstruction Funding

We are aware of the Commission's and Congress' concerns on oversight of reconstruction projects including the Commander's Emergency Response Program (CERP) and the Afghanistan Infrastructure Fund (AIF). The Department, working with Congress, increased internal requirements for oversight and approval of CERP projects. We notify the congressional defense committees of any CERP project with a total anticipated cost of $5 million or more at least 15 days before funds are obligated and provide a listing of all CERP projects on a quarterly basis. All CERP project managers are required to coordinate projected projects with Afghan agencies and local officials, as well as with the nearest Provincial Reconstruction Team, to ensure there is no duplication of efforts by DoD, USAID, State, and Non-Governmental organizations in the area.

To address concerns that CERP was being used for larger projects than originally intended, and that U.S. agencies engaged in reconstruction activities were not fully coordinated, Congress created a new mechanism, the Afghanistan Infrastructure Program

(AIP). AIP projects can be funded by the Department of Defense, through the Afghanistan Infrastructure Fund (AIF), or by the Department of State, using its existing authorities. These projects are developed by the interagency Infrastructure Working Group in Afghanistan and then nominated by the Commander, U.S. Forces-Afghanistan and the U.S. Ambassador in Afghanistan to the Secretary of Defense and the Secretary of State for approval. The Secretary of Defense—not fewer than 15 days prior to making transfers to or from the fund or obligations from the AIF—will notify the appropriate congressional committees.

In addition to these steps, the Deputy Secretary of Defense established the Afghanistan Resources Oversight Council (AROC) on August 3, 2011, to oversee the use of CERP, AIF, and the Afghanistan Security Forces Fund within the Department of Defense at a senior level. The AROC has met on two occasions, initially plans on meeting on a monthly basis, and will begin quarterly meetings in calendar year 2012. The ASFF and CERP/AIF have working groups that meet on a weekly basis to oversee ongoing planning, execution, and oversight of Afghanistan reconstruction resources.

CLOSING

Chairman McCaskill, before closing, we want to reiterate our appreciation for the Wartime Commission's work. Ultimately the aim of the collective effort of all of the initiatives outlined above is to meet the warfighters' current and future needs while judiciously managing DoD resources and balancing risk. Much has been accomplished, but of course challenges remain. We are not complacent and acknowledge we still have more work to do. We appreciate the work of the Commission on Wartime Contracting

and this Subcommittee in maintaining a focus on this critical area. We look forward to answering your questions.