



DEFENSE CONTRACT MANAGEMENT AGENCY

6350 WALKER LANE, SUITE 300
ALEXANDRIA, VIRGINIA 22310-3241

IN REPLY
REFER TO DCMA-D

August 21, 2009

Chairman Michael J. Thibault and Chairman Christopher Shays
Commission on Wartime Contracting
1401 Wilson Boulevard, Suite 300
Arlington, VA 22209

Dear Chairmen Thibault and Shays:

I want to express my appreciation for the ongoing work of the Commission on Wartime Contracting and take this opportunity to briefly and promptly comment on the Commission's hearing on August 11, 2009. First, let me state that I appreciate the Commission's patience with my schedule which prevented me from attending the hearing and request this letter be included in the hearing record. I will do all things in my power to avoid future schedule conflicts and certainly will be prepared to meet with the Commission at the planned follow-up meeting to discuss contractor business systems.

As the Director of the Defense Contract Management Agency (DCMA), I take very seriously our responsibility to oversee and hold industry accountable to maintain compliant and adequate business systems. I, too, am very concerned with the current state of industry's business systems. I am extremely interested in identifying opportunities to correct these problems. In the event the problems cannot be fixed, we will hold industry accountable by all means at our disposal.

During the hearing, it was noted that the Defense Contract Audit Agency (DCAA) believes we should be more aggressive in using withholds to drive industry to make the needed improvements. DCMA is not opposed to aggressive withholds, suspension of payments, or any other means that are effective and appropriate for the circumstances. Commissioner Dov Zakheim asked whether or not we believe that strong withholds could be effective motivators. Make no mistake; I absolutely agree that they can be. In doing so, we must ensure our statutes, regulations, and policies give our contracting officers the contractual tools they need to take effective action. This framework must also preserve the discretion necessary for contracting officers to determine the best course of action for any given circumstance by taking all relevant information into consideration, including the analyses of DCAA and, where applicable, other appropriate management considerations.

I believe the differences between DCMA and DCAA are not as distinct as it may appear. I share the overarching belief presented in Ms. Stephenson's written testimony that healthy contractor business systems are a vital component to our acquisition community and we need to ensure that deficiencies are corrected. Discussions during the hearing may have left the misimpression that DCMA seldom agrees with and supports DCAA findings. In fact, daily, across DCMA, our administrative contracting officers (ACOs) take actions which support DCAA findings.

I fully support guidance and regulatory changes to ensure the procurement community has the right set of standards and tools in place to employ in our endeavor to fix these problems. To this end, we are preparing a package of recommendations for the Director, Defense Procurement and Acquisition Policy (DPAP) that we believe will support the way ahead. We look forward to working with DPAP and DCAA on suitable solutions to address these issues.

Let me conclude by commenting on the issue of acquisition workforce strength. As I have discussed with the Commission in the past, like the rest of the Department's acquisition workforce, DCMA has not sustained the workforce necessary to carry out its chartered responsibilities without risk. We are excited about the direction recently announced by the Secretary of Defense to help reverse the decline of DCMA personnel strength since it was formed as a command in 1990. During your hearing, Mr. Ricci was questioned with respect to our workforce issues. When I arrived in May 2008, our workforce became my highest priority, bar none. Shortly thereafter, we submitted a request covering budget years FY10-15 in which we identified the need for an additional 2,652 resources in order for us to perform critical mission requirements. Fortunately, the Department responded as did Congress and under Section 852 we are receiving the much needed additional acquisition resources. The unfortunate matter is that the impacts from years of declining resources cannot be arrested overnight. It takes time to recruit, educate and train a capable workforce, particularly one that has to deal with the complexities of contractor financing and business systems.

With respect to our Contractor Purchasing System Review Center, we have initiated action to look further at what is required to increase their capability. This action is similar to projects currently underway for our Earned Value Management Center, our Cost and Pricing Center, as well as many other functional areas within DCMA. Please know that our resources are not limitless and the priorities are plenty. As we re-plan in upcoming budget cycles, we will continue to focus our attention to this matter.

Finally, I want to once again thank the Commission for helping us identify opportunities for improvement. We believe moving forward with solutions is critical. While I can criticize past practices all day long, I want to focus on doing the right things to improve our support to the Warfighter and the US taxpayer.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charlie E. Williams, Jr.", with a stylized flourish at the end.

CHARLIE E. WILLIAMS, JR.
Director

cc:
Director, DCAA