

STATEMENT OF

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BEFORE THE

**COMMISSION ON WARTIME CONTRACTING
FOR IRAQ AND AFGHANISTAN**

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Co-Chairman Thibault, Co-Chairman Green and distinguished members of the Commission on Wartime Contracting, I appreciate the opportunity to appear before you to discuss the Defense Contract Management Agency's (DCMA) support role to the Department's contingency contracting efforts.

First, I would like to recognize the men and women who serve our country and especially the families of our fallen heroes for their courage and heart. Our servicemen and women, and their civilian counterparts, lay their lives on the line every day and I am proud to have the opportunity to serve alongside these great patriots.

It has been my privilege for the past year to lead DCMA's approximately 10,000 contracting professionals located at more than 900 locations around the world. These individuals are currently responsible for the administration of approximately 320,800 contracts with unliquidated obligations of more than \$213 billion awarded to over 18,500 contractors. Our personnel provide oversight and management of contracts performed across the globe for the full range of products purchased by the military, NASA, and other Federal customers. Each contract has its own challenges and complexities. One particular contract that encompasses a significant portion of the agency's overseas workload is the U.S. Army's Logistics Civil Augmentation Program (LOGCAP) contract which is the primary subject of this hearing today.

We have several organizations within DCMA providing support to LOGCAP. In addition to our International Division and its in-theater Contract Management Offices, our Soldier Systems and Civil Augmentation Program - Phoenix focuses on oversight of LOGCAP contractor corporate systems, such as estimating and property control, as well as contract cost and payment administration, and contract closeout. The DCMA Phoenix

group also participates in Award Fee Evaluation Boards and training of deploying Administrative Contracting Officers (ACOs).

The DCMA Combat Support Center is our resourcing operation, responsible for drawing military and civilian employees from across the Agency, providing them specific LOGCAP training, equipping and then deploying our employees to various locations in the CENTCOM theater.

The DCMA Plant Clearance Center performs disposition of excess LOGCAP property in theater in a reach back capacity. The DCMA Contractor Purchasing System Review Center supports the DCMA ACO with periodic reviews of contractor purchasing systems to evaluate the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting. This review provides the ACO a basis for granting, withholding, or withdrawing approval of the contractor's purchasing system.

In addition to our Administrative Contracting Officers, the support provided by the DCMA Property Administrators and Quality Assurance Representatives (QARs) is key to effectively managing contracts. Property Administrators provide contractor property system analysis and monitoring to ensure effective measures are implemented for contractor accountability of Government and contractor acquired property. Quality Assurance personnel monitor contractor quality systems to make certain contractors meet contract quality requirements.

As you are aware, LOGCAP utilizes civilian contractors in wartime and contingency missions to provide field logistical services to military forces, thereby freeing those forces to focus on other missions. DCMA began providing very limited

contract administration support to the LOGCAP activities in the late 1990s. Since July 2002, with LOGCAP III, DCMA's contract oversight has covered a multitude of countries, which have included Djibouti, Turkey, Jordan, Pakistan, Republic of Georgia, Uzbekistan, Kuwait, Iraq, and Afghanistan. LOGCAP III oversight covers a variety of contract functions such as dining facilities, laundry, base camp construction, operations and maintenance, communications, postal operations, fire protection, sanitation, water and ice production, and morale welfare, and recreation activities. With the DCMA mission traditionally framed in industrial plant operations, our LOGCAP learning curve has been steep. Having said that, we are keenly aware of the critical nature of the mission, and we have developed and are continuing to develop the requisite expertise and staff needed to meet the mission needs, often under highly compressed timeframes and difficult environments.

We have gleaned many lessons learned during this process – some the hard way – but we are focused on constantly improving our performance in providing contract management of LOGCAP and other contracts we administer. The importance of the availability and close working relationship between DCMA and the assigned SMEs and CORs is fundamental to the success of our contract administration efforts and crosses the various functions overseen.

For instance, in the absence of DCMA's organic expertise in facilities electrical services, our ACOs and QARs in Iraq rely on electricians provided by the US Army Corps of Engineers as technical subject matter experts (SMEs). Working with DCMA contracting officials and the Multi-National Force – Iraq, the electrical SMEs help

monitor contractor performance to ensure that we receive safe, effective, and compliant electrical support services.

DCMA also relies on an expansive network of Contracting Officer Representatives (CORs) that are provided by the military units using the various contract services. The CORs assist DCMA with their technical knowledge and skills. Our ACOs and QARs provide training on the contractual duties of a COR as well as familiarization with the LOGCAP contract. The CORs monitor the day-to-day operations of the contractors and report performance to DCMA field personnel for appropriate administration under authority delegated to us by the Army LOGCAP contracting officer.

The assignment of the correct number of technically qualified SMEs and CORs is situational dependent on contract delegations for LOGCAP and other theater-wide contracting activities. At present, we have 57 unfilled SME theater requirements, 36 SMEs in Iraq and 21 SMEs in Afghanistan. We have unfilled requirements for 335 CORs in Iraq and 362 CORs in Afghanistan. To mitigate the shortages, DCMA works with the customers to identify and assess contract risk - high, moderate, and low risk. The SME and COR resourcing is engaged first to the high risk contracts. Further, the Multi-National Force-Iraq recently issued an order requiring units to nominate, train, and rate CORs on established performance objectives. The overall COR requirements will fluctuate as retrograde, surge and transition operations continue. Our requirements are regularly provided to the LOGCAP Program Manager and the theater leadership. The SME requirements are filled from the US Central Command Joint Manning Document and obtained in the United States. The theater leadership evaluates our requirements and tasks the military units to provide the necessary COR personnel. Assignment

synchronization of technically qualified SMEs and CORs to the contract delegation action is critical.

In late 2007 and early 2008, in an effort to support the expanded need for additional contractor oversight to the LOGCAP III contract, as well as other theater-wide contract activities, DCMA deployed an additional 100 personnel into Iraq and Afghanistan. These personnel perform the full range of DCMA core competencies, including administrative contracting, property administration, and quality assurance. We have approximately 275 personnel now in theater overseeing the LOGCAP and other Department of Defense contracts. However, as delegations increase in Afghanistan and transition from LOGCAP III to LOGCAP IV occurs, we will see an increase to our manning requirements. Already our LOGCAP III team has been augmented with additional personnel and we have established Property Transition Teams to support LOGCAP IV.

In order to successfully perform our mission, cooperation and coordination with the primary customer is vital. From the beginning of our LOGCAP support role, DCMA has worked closely with the Army Contracting Command (ACC) and its Rock Island Contracting Center -- comprised of the Army Sustainment Command (ASC) and its LOGCAP Operations Directorate Office -- to manage the delivery of contract life support services.

While there have been many initiatives and actions developed and implemented to strengthen the effectiveness of the contract administration support, the following are some highlights of actions taken during the past few years:

- ACOs were granted the authority to issue in-scope contract changes via letter to immediately address warfighter requirements in the dynamic theater environment. These changes are later formally incorporated into the contract by modification by the Procuring Contracting Officers.
- ACOs were authorized to approve contractor requests for consent to subcontract, providing oversight on contractor procurement activity and decision making on significant subcontracts.
- ACOs were authorized to approve contractor material requisitions, validating requirements with the LOGCAP Support Officers and promoting prudent business judgment in the ordering of material and equipment by the contractors.
- DCMA teamed with Task Force Safety Action for Fire and Electricity, created by the Multi-National Force-Iraq (MNF-I) in August 2008. Similar teaming now applies to the recently established “Task Force Power” in Afghanistan.
- With a focus on anticipated needs, our DCMA Iraq and Afghanistan commands were split and established as two separate entities in January 2009. We are working to obtain and assign resources to ensure effective LOGCAP mission support.
- Most importantly, my team continues to capture and apply lessons learned and best practices from the Iraq contracting experiences to Afghanistan.

In closing, I appreciate the Congressional support for our efforts as the Department’s primary contract management agency in providing our nation’s warfighters and allies with quality products and services. I want to acknowledge the recent

statements by the Secretary of Defense regarding his intent to increase the number of people in the Department's acquisition organizations. This is an absolutely critical step forward and will enable us to re-build the DCMA workforce to meet the many complex challenges we face in contracting. Again, thank you for the opportunity to appear before this Commission to address DCMA's role with LOGCAP. I look forward to answering any questions the Commission may have.