



**Commission on Wartime Contracting  
In Iraq and Afghanistan**

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## **Wartime Contracting hearings Aug. 11 and 12 to probe contractors' business systems and translation contract**

ARLINGTON, VA, Aug. 6, 2009 – Two days of hearings by a federal commission on Aug. 11 and 12 will explore whether billions of dollars in taxpayer money are at risk from inadequate contractor business systems and from deficiencies in the contracting and subcontracting process.

The Commission on Wartime Contracting in Iraq and Afghanistan will conduct the hearings under its congressional mandate to identify lessons learned from the vast array of contracts that provide logistics, security, reconstruction, and other support for U.S. operations in Southwest Asia, and to recommend improvements for the future. Both hearings will take place in Room 342 of the Dirksen Senate Office Building in Washington, DC.

### **BUSINESS-SYSTEMS HEARING**

The contractor business-systems hearing on Aug. 11 will explore the challenges that government oversight officials face when contractors' systems for billing, purchasing, labor, compensation, estimates, and other activities are inadequate for providing complete, accurate, and timely information.

The Commission examined a selection of reports on contractor business systems dealing with some \$43 billion of work and learned that half of the systems for billing and compensation had been found "inadequate" by federal auditors. All other categories of business systems in the sample — accounting, budget, electronic data processing, indirect and overhead costing, labor, and purchasing — also showed inadequacies, although to a lesser extent.

As the Commission noted in "At What Cost? Contingency Contracting in Iraq and Afghanistan," its June 10, 2009, interim report to Congress, "Significant deficiencies in contractor systems increase the likelihood that contractors will provide proposal estimates that include unallowable costs or that they will request reimbursement of contract costs to which they are not entitled or which they cannot support."

Commission Co-Chair Christopher Shays said, "Federal regulations, not to mention contractors' self-interest, require effective business systems. Private businesses have much more flexibility than federal departments in changing procedures. Yet some contractors have had inadequate systems in place for years without suffering serious consequences. We need to understand why this is happening and how we can identify changes that will promote better oversight to ensure accurate payments and to reduce waste, abuse, and fraud."

The business-systems hearing will run from 9:30 a.m. to 3 p.m. on Aug. 11 in Room 342 of the Dirksen Senate Office Building in Washington, DC. Witnesses will represent contractors DynCorp, Fluor, and KBR; and the federal Defense Contract Management Agency (DCMA), Defense Contract Audit Agency (DCAA), and U.S. Army Contracting Command.

### TRANSLATION-CONTRACT HEARING

The Aug. 12 hearing will consider a case study in contracting and subcontracting: the five-year, nearly \$5 billion Translation and Interpretation Management Services contract that supports American operations in Iraq. The contract is between the U.S. Army Intelligence and Security Command (INSCOM) and prime contractor Global Linguist Solutions (GLS). GLS in turn has subcontracted work to Northrop Grumman, L-3 Communications, and other vendors.

"The contract with GLS also involves two large, competing bidders — one of whom protested the Army's contract award — that became subcontractors to the winner," said Commission Co-Chair Michael L. Thibault. "Contractual arrangements like this are in compliance with federal rules, but they need to be evaluated to determine if the practice results in substantially increased contract cost with minimal added value."

The GLS contract hearing will run from 9:30 a.m. to 1 p.m. on Aug. 12 in Room 342, Dirksen Senate Office Building. Witnesses will represent DCAA, INSCOM, GLS, Northrop Grumman, and L-3.

### COMMISSION BACKGROUND

Congress created the Commission on Wartime Contracting in Iraq and Afghanistan in the National Defense Authorization Act for FY 2008 (Public Law 110-181) and directed it to research federal contracting for reconstruction, logistical support, and security functions, and to recommend improvements. The June interim report to Congress detailed initial results of Commission research, hearings, and theater travel on contingency-contracting issues. A final report with findings, review of lessons learned, and recommendations will follow.

Eight Commissioners oversee the organization's work: Co-Chairs Michael Thibault and Christopher Shays, and Commissioners Clark Kent Ervin, Grant Green, Robert Henke, Linda Gustitus, Charles Tiefer, and Dov Zakheim. For more information, including a downloadable copy of the Commission's interim report, visit the Web site, [www.wartimecontracting.gov](http://www.wartimecontracting.gov).

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