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STATEMENT BY

**The Honorable James I. Finley
Deputy Undersecretary of Defense
Acquisition and Technology**

PREPARED FOR

**The Subcommittee on Readiness and Management Support
Committee on Armed Services
United States Senate**

ADDRESSING

**The Department of Defense
Contracting in Iraq and Afghanistan**

WITH FOCUS ON

**The Department of Defense
progress in implementing the recommendations of the report of the
Commission on Army Acquisition and Program Management in
Expeditionary Operations, the related legislative support recommended and
the implementation steps taken for relevant requirements of the FY08 NDAA
including acquisition workforce requirements in sections 807 and 852.**

April 2, 2008

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Statement

Chairman Akaka, Senator Thune, and Members of the Committee, I am pleased to come before you today to address the Department of Defense contracting in Iraq and Afghanistan. I am pleased that the Congress has focused on Contracting. I am fully committed to Acquisition Excellence and the restoration of the confidence in our leadership in our acquisition system that includes Contracting. I pledge to work together with you and the Congress, as stewards of our taxpayer dollars, to provide the capability needed for our national security. Thank you for the opportunity to appear before you to participate in today's Hearing.

I will focus on the three areas outlined in your request for my testimony, summarized as follows:

- 1) The steps the Department of Defense is taking to implement the recommendations of the Commission on Army Acquisition and Program Management in Expeditionary Operations, which released its final report, "Urgent Reform Required: Army Expeditionary Contracting" on October 31, 2007.

- 2) The Department's recommendations on legislation that may be needed to implement those recommendations; and

3) The steps that the Department is taking to implement relevant requirements of the NDAA for FY 2008, including the acquisition workforce requirements in sections 807 and 852 of that Act.

In response to all of the above areas of interest, and to implement the requirements of section 849 of the Fiscal Year 2008 National Defense Authorization Act, we have stood up The Task Force on Contracting and Contract Management in Expeditionary Operations to address the specific Commission recommendations and to integrate with the many other relevant areas that are being addressed within the DoD. Membership of this Task Force is cross cutting to include the Services, the Defense Contract Management Agency (DCMA), the Joint Staff, the Joint Contingency Contracting cell for Iraq/Afghanistan and various elements of the Office of the Secretary of Defense. The Task Force meets weekly for progress tracking purposes, meets periodically with the Services and DCMA to ensure a coordinated and consistent Department approach, and meets about once a month with Dr. Gansler to discuss any points of clarification regarding the Commission's recommendations.

Section 849 of the Fiscal Year 2008 National Defense Authorization Act (FY 2008 NDAA) directed the Secretary of Defense, in consultation with the Joint Chiefs of Staff, to evaluate the Commission's recommendations to determine the extent to which such recommendations are applicable to the other Armed Forces.

In addition, section 849 requires the Secretary, not later than 120 days after enactment, to provide a report to the congressional defense committees indicating the conclusions of the evaluation and a description of the plans for implementing the Commission's recommendations for Armed Forces other than the Army. The evaluation required by section 849 is underway, and the report to the congressional committees is on schedule for submission on May 28, 2008.

I am fully committed to address the recommendations of the report of the Commission on Army Acquisition and Program Management in Expeditionary Operations, summarized as follows:

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

1. Steps to Implement the Commission Recommendations

The Commission identified 40 recommendations for action. Of the 40 recommendations, 22 are directed to the Army specifically, and you will hear from Lieutenant General Thompson and Mr. Parsons about the Army response to those recommendations. 18 of the 40 recommendations are directed to the Department for consideration and implementation. I will focus on those 18 DoD-level recommendations.

The Task Force, at this time, is not in agreement with 2 of the 18 Commission recommendations at the DoD-level, summarized as follows. The Commission recommended that the Defense Contract Management Agency (DCMA) should be responsible for all base, post, camp and station contracting, and that it should be resourced to accomplish that mission. The Task Force is developing 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. The alternatives under consideration address the Department's concern that the Services need to be able to deploy in operations of all sizes; scalability of operations is important. Through our monthly discussions with Dr. Gansler, we believe he agrees we are on a path to achieving the Commission's intent. In our assessments of the future role and structure of the Defense Contract Management Agency (DCMA) we are striving to ensure the

most efficient, effective contract management support for future contingencies.

The Task Force believes the Department should be positioned to be able to respond to the full range of contingencies from those requiring very little contracted effort to those requiring a great deal. We must have scalable processes. The Army and Marine Corps are making the changes they believe will enable this approach. The Marine Corps has completely restructured and updated its approach to training in support of contingency operations.

We have issues today in service contract administration, and we are working to correct them in our Improvement Plan for Contract Management in response to the GAO High Risk Series. In addition, under the section 813 Panel on Contracting Integrity, subcommittees on Contracting Integrity in a Contingent Environment and on Contract Surveillance have identified their initial actions for 2008 and are on track to accomplish them. These actions include enhanced training as well as leveraging best practices and lessons learned. In addition, we have already incorporated into the Joint Contingency Contracting Handbook guidance on how to run and transition a contracting office in a contingent environment. A newer subcommittee on Procurement Fraud Indicators is assessing the need for a Procurement Fraud Indicators handbook for acquisition personnel similar to the Inspector General Procurement Fraud Indicators handbook for auditors; reviewing best practices from existing training courses to determine the

potential for a training module for insertion into DAU training; and pursuing the feasibility of developing a database of procurement fraud indicators available on an acquisition website. We are ensuring that we enhance our overall contract management capabilities, as well as our ability to step up to the contract management needs of contingency environments.

The Commission recommended increasing the stature, quantity, and career development of contracting personnel. We have reviewed the civilian personnel directives that pertain to civilian personnel involvement in military operations, and have 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 will be reflected in an update to DoD Instruction 1400.32 “DoD Civilian workforce Contingency and Emergency Planning Guidelines and Procedures” August, 2008. In addition, 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.

The Department is actively assessing and developing its position regarding the appropriate numbers of General and Flag Officers, and Senior Executive Service authorizations, for contracting positions. Our report to the congressional

committees in response to section 849 of the FY 2008 NDAA will contain additional information on this subject.

The Commission provided recommendations pertaining to organizational structure and responsibility to facilitate contracting and contract management. I just discussed our ongoing assessments regarding the future role of DCMA in order to ensure effective and efficient contract management support for future contingency operations. This planning is taking place in conjunction with a subcommittee formed under the section 813 Panel on Contracting Integrity with a specific focus on contract surveillance. In addition, the Department is considering the most effective approach to achieve an integrated, joint approach to contract and program management support for future contingencies. This effort was already underway in response to section 854 of the Fiscal Year 2007 NDAA. The preliminary concept of a Joint Contingency Contracting Support Office (JCCSO) was previously reported to Congress last year in an interim report required by section 854. This initiative responds to congressional mandates for the development of capabilities for requirements definition, contingency program management, and contingency contract support. Our goal is to achieve the integration and synchronization of contract support across Combatant Commands and United States Government Agencies to support effective program management, and to consolidate and incorporate lessons learned.

The Commission provided recommendations to provide training and tools for overall contracting activities in expeditionary operations. We have made significant progress, summarized as follows:

1. DAU has redesigned the contingency contracting curriculum to improve training supporting journeyman level contingency contracting operations. This will enable experienced contingency contracting officers to be deployable worldwide and be effective immediately upon arrival to support the mission. The redesigned curriculum is synchronized with the Joint Contingency Contract Handbook. It includes interactive simulations, hands-on practical work, and robust capstone projects; we emphasize cultural awareness and ethics training; and bring in subject matter experts to provide their perspective on contracting in theater.
2. DAU is redesigning its Contingency Contracting Community of Practice web-portal. The redesign will streamline the collection and analysis of after-action reports.
3. An advanced Contingency Contracting Course is also being developed by DAU. This course will provide “just in time” training to senior level contracting personnel deploying to a management position.

DAU has collaborated closely with all the Services to standardize the required training a contingency contracting officer must complete to become fully

qualified/certified. This will help ensure commanders in the field get fully trained contingency contracting officers who understand the joint environment. The Army has determined the majority of their additional training requirements will be provided by the U.S. Army Logistics Management College located in Fort Lee, Virginia, and Huntsville, Alabama.

As contractors on the battlefield are a reality for future expeditionary operations, operators outside the acquisition community must be trained on the role and importance of contracting, Contracting Officer's Representatives (CORs) and contractors in expeditionary operations. DoD actions to address these issues pre-date the Commission's Report.

As a result of the FY 2007 NDAA, DoD assessed non-contracting officer training courses and existing training curriculum at DoD and Service schools at all levels (basic, intermediate, and senior). Based on this assessment, the Department is developing a broad program of instruction for operational military leaders, both officer and enlisted, across all grades, on management of contractors deploying with forces.

In addition, we are developing Programs of Instruction on contingency acquisition for our 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 determining requirements, translating those requirements into Statements of Work and then overseeing work.

In a parallel effort, the Army has instituted junior officer training in the proper use of contractors who accompany the force in support of Army contingency operations. This training covers the role of contractors in support of Army contingency operations, describes how contractors are integrated into Army operations, and explains user responsibilities for requesting and overseeing contract support. Thus, through this emphasis on oversight in training, both military leaders and junior officers will be educated on the important role of contracting, Contracting Officers, and CORs.

With regard to increasing the number of contracting personnel, we are conducting a competency assessment for the entire DoD Contracting Career Field. We anticipate completion of the assessment this summer. Once we have completed the competency assessment, along with an analysis of our demographics and workload throughput, we will be in a position to provide the appropriate number of additional contracting personnel needed by the Department.

The Commission recommended establishing an Expeditionary Contracting Manual to support the expedited processes and tempo necessary for procuring the support needed by our warfighters in the theater of operations. The Department

has developed and distributed thousands of copies of the Joint Contingency Contracting Handbook. Feedback from deployed users has been outstanding – we receive requests for more every day! The handbook provides a consolidated source of information for our contingency contracting officers, and provides the essential information, tools, and training to meet the challenges they will face, regardless of mission or environment.

This February, DAU delivered its first course to incorporate the handbook into formal training, and the feedback received from the students indicates it was an overwhelming success!

In addition, the Department has developed a draft Expeditionary Contracting Policy, which provides the foundation for the Joint handbook. This draft policy is in coordination with all relevant stakeholders, and is expected to be published in May 2008.

The Commission recommended an adequately resourced contingency operation transfer fund. The Department is considering the recommendation; however, the Department is also aware of Congressional oversight concerns that have precluded the funding of these accounts in the past. The Commission also recommended that the Department ensure that policy and practice support intelligent funding apportionment for expeditionary operations. The next update of the Joint Contingency Contracting Handbook will clarify the pertinent guidance.

2. The Department's Recommendations on any Legislation that may be needed to Implement those Recommendations

As the Department reviews the Commission's recommendations, and appropriate implementation actions, we are assessing the possibility of recommending specific supportive legislative actions. As required by section 849 of the FY 2008 NDAA, we will submit a report to the congressional defense committees with the results of our assessments by May 28, 2008, and will provide additional information at that time.

3. DoD Steps to Implement Relevant Requirements of the NDAA for FY 2008, including the Acquisition Workforce Requirements in sections 807 and 852 of that Act

The implementation steps we have taken for the relevant requirements of Section 807 and Section 852 of the FY '08 NDAA are summarized as follows:

Regarding Section 807, "Inventories and Reviews of Contracts for Services," we are working across the Department establishing guidelines for the Military Departments and Defense Agencies that will identify the targeted type of services, and standardize the collection of data required to create an inventory of the contracted services. This statute amended 10 USC § 2330a, "Procurement of

services: tracking of purchases," by directing us to not only collect greater granularity of data, but to share it with the public, and then conduct reviews of the contracts listed in that inventory. This is a large undertaking by the Department. We need to work with the Congress to ensure we meet your intent. The inventory should be invaluable for shaping our contractor support workforce.

Regarding Section 852 of the FY08 National Defense Authorization Act, the Department has begun to take steps to shape the Department of Defense Acquisition Workforce Development Fund (the Fund) for targeted recruitment, training and retention initiatives. The 852 initiatives could significantly improve the Department's overall management of the Defense acquisition workforce, including contract management, contingency operations and position the Department to successfully sustain and appropriately size the future acquisition workforce.

We have established partnerships within the Department and are working collaboratively with the DoD Comptroller's office and the Office of the Under Secretary for Personnel and Readiness. Additional implementation details on Section 852 will be in the DoD civilian human capital strategic plan to be delivered to the Congress within the next few months.

The purpose of the Fund can help to ensure the Defense acquisition workforce has the capacity, in both personnel and skills, to properly perform its

mission. This includes ensuring appropriate oversight of contractor performance and that the Department receives the best value when using public funds.

We have engaged the military services and defense components to establish DoD enterprise initiatives. These efforts will position the Department to strategically address our acquisition workforce shortfalls.

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

SUMMARY

In summary, measureable progress has been accomplished. Much work remains to be done. A plan for that work has been established with measureable criteria.

We believe that Contracting and Contract Management are vital elements of Acquisition Excellence. Contracting and Contract Management are an important military task for leadership and execution on a global basis for all situations. The Acquisition Workforce Development Fund can be utilized to help facilitate the strategy for the achievement of acquisition excellence for Expeditionary Operations.

Mr. Chairman, I am pleased to address any questions that you may have for me. Thank you.