

**Statement of Senator Thomas R. Carper
Committee on Homeland Security and Governmental Affairs**

“Federal Acquisition: Ways to Strengthen Competition and Accountability?”

July 17, 2007

It should be clear to anyone paying attention to the news in recent years that our federal government has serious problems with the way it manages contractors and contracts.

The U.S. government is the biggest buyer in the world, purchasing nearly half a trillion dollars in goods and services over the past seven years – an increase of almost 89 percent. This enormous increase has been triggered, in part, to support our war efforts in Iraq and Afghanistan.

Unfortunately, auditors and investigators have exposed extensive waste, fraud, and abuse involving a number of government agencies and contractors. In fact, many of the contracts involving our government during the past four years in Iraq and Afghanistan have resulted in profound waste and mismanagement. Most of those contracts have been awarded on a no-bid or cost-plus basis. As a result, billions of taxpayers’ dollars have been wasted. Consider just a few examples over the past two years alone:

- Last year, the Defense Contract Audit Agency (DCAA) identified about \$263 million as “potentially excessive or justified” costs charged by Kellogg, Brown & Root (KBR) – the government contracting firm formerly under Halliburton – under a no-bid contract known as “Restore Iraqi Oil.” Yet the Department of Defense chose to pay \$253 million of the disputed costs, despite the auditors’ strong objections.
- This past May, according to an audit by our Special Inspector General of Iraq, we learned that KBR did not keep accurate records of gasoline distribution, put its employees in living spaces larger than necessary and served meals that cost \$4.5 million more than necessary under its contract to perform work in Iraq.
- We have also learned the California-based Parsons Corporation, which has received \$186 million over the past three years for a healthcare center project, has completed construction on only 15 of 142 planned health care centers. Of those 15 centers, only six are open to the public.

I learned this first-hand when I visited Iraq last month. The oversight our congressional delegation performed in Iraq and Kuwait – over contractors operating there and the contracts they ostensibly oversee – was very constructive.

According to the Department of Defense, there are more than 127,000 contractors in both countries supporting our war effort. These contractors do everything — prepare meals, do laundry, drive hundreds of trucks thousands of miles to re-supply U.S. and Iraqi forces, repair damaged vehicles, and, even provide protection to congressional delegations that come to Iraq on an almost weekly basis.

Oversight of contractors who support deployed forces has been a long-standing problem, which the General Accountability Office (GAO) has reported on since 1997. Last December, the GAO argued the Department of Defense continues to have inadequate contractor oversight personnel in deployed locations, which makes it nearly impossible for the Department to receive assurances that contractors are meeting contract requirements efficiently and effectively at each location.

Similarly, the GAO noted commanders and other military personnel — integral players in contractor oversight — receive little or no training on the use of contractors as part of their pre-deployment training or their professional military education.

This week, I am offering an amendment to the Defense Authorization bill to correct this. My amendment will require training for all military personnel outside the acquisition workforce, including operational field commanders and officers performing key staff functions for operational field commanders expected to have acquisition responsibility and oversight of contracts and contractors. My amendment will help ensure military personnel understand the scope and scale of the contractor support they have in contingency operations and prepare them for their roles and responsibilities for oversight and contingency contracting.

Over the past five months, Congress has started to pressure the executive branch to end bad contracting practices. Slowly, bad contracting practices are disappearing and will, with our continued oversight, be replaced with fixed-price contracts and competitive bidding.

For example, the Defense Department, which spent \$151 billion on service contracts in fiscal 2006, has made some effort to increase oversight. However, many problems persist. The key is to stay on it. We must remain vigilant in our congressional oversight of federal taxpayer dollars going to pay contractors in Iraq and Afghanistan.

The questions I hope will be addressed today are:

- How do we make the federal acquisition process more efficient, effective, transparent and accountable?
- How do we establish a capable acquisition workforce and hold it accountable?
- What tools do our federal agencies need to accomplish those objectives?
- How can the Congress play a constructive role in the path forward?

Federal agencies, particularly the departments of Homeland Security and Defense have critically important missions – to protect and secure our homeland. Waste and mismanagement undermine their missions. Anything that weakens our government’s quick and effective response to the real threats our country continues faces here and abroad is too much.

As elected members of Congress, our greatest stakeholders are the American people. We have an obligation to ensure their dollars are being used as efficiently and effectively as possible. This is why I am also proud to be an original cosponsor of the bipartisan bill – introduced by Senators Lieberman and Collins – ensuring proper oversight and accountability in federal contracting.

To date, the war in Iraq has cost us just over half a trillion dollars. The deficit this year is forecast at just over \$200 billion. This is not a time to be wasteful with our citizen’s hard-earned money. In fact, there is never a time to be frivolous with the hard earned money of the American people.

Congressional oversight is imperative to make sure federal agencies like the Department of Homeland Security and the Department of Defense step up to the plate, confronting the waste of precious taxpayer dollars, and taking immediate, corrective action so we protect Americans and our interests abroad as well as the nearly 300 million Americans at home.

I look forward to hearing from each of you. And I look forward to continuing to work with our witnesses and my colleagues on this committee to provide the oversight that ensures these agencies do not shy away from their duty to forcefully confront waste and mismanagement.