

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY CONGRESS

Testimony of

Mr. Jack Bell

**Deputy Under Secretary of Defense for
Logistics and Materiel Readiness
Office of the Under Secretary of Defense
Acquisition, Technology and Logistics
U.S. Department of Defense**

**Hearing before the
U. S. Senate Subcommittee on Federal Financial Management,
Government Information, Federal Services, and International
Security**

On

**Management and Oversight of Contingency Contracting in Hostile
Zones**

January 24, 2008

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY CONGRESS

Chairman Carper, Ranking Member Coburn, and Members of the Committee: thank you for this opportunity to appear before you today to discuss the Department of Defense's initiatives to improve the management and oversight of contingency contracting in hostile zones.

Contractors supporting our military forces in contingency operations, both at home and deployed with our military forces, are performing critical support functions that are integral to the success of military operations. They have become part of our total force, a concept that DoD must manage on an integrated basis with our military forces.

The current Global War on Terrorism (GWOT) deployments of DoD military forces are the first major contingency operations to reflect the full impact of the shift to reliance on contractor personnel for a significant part of critical support functions. The scale and duration of GWOT operations have required a significant commitment for support by contractors and required significant employment of contractor personnel in forward areas. At the end of fiscal year (FY) 2007, the U.S. Central Command (USCENTCOM) reported over 196,000 contractor personnel working for the DoD in Iraq and Afghanistan.

Faced with this unprecedented scale of our dependence on contractors, we have confronted major challenges associated with the visibility, integration, oversight, and management of a large contractor force working along side our deployed military personnel that, frankly, we were not adequately prepared to address.

Based upon a host of lessons learned, independent studies, GAO and SIGIR reports, and the direction of Congress, we have launched several major initiatives to strengthen the management of contractors and contractor personnel accompanying our military forces on contingency operations. These initiatives are based upon four guiding principles:

- Support the Warfighter and war-fighting needs;
- Manage the total force, military and civilian, on an integrated basis;
- Maintain the capability to scale rapidly to support changing war-fighting requirements – surging, downsizing, and retrograding, as needed; and
- Ensure that the initiatives to strengthen contractor management fit into a comprehensive framework of requirements planning, contracting, contract administration, and contractor personnel tracking and accountability.

In my report today, I want to highlight four major initiatives currently underway.

These are:

1. Establish a comprehensive policy and program management framework for use in future contingency operations that can be spiraled into current operational deployments;
2. Strengthen the management of current contractor operations in Iraq and Afghanistan;
3. Coordinate with the Department of State on PSC operations in the battle space in Iraq; and
4. Take action on the recommendations in the Gansler Report on Contracting in the CENTCOM AOR.

DoD is working diligently to follow-up on the observations and recommendations in the Gansler Report. However, as a work still in process, these efforts will not be covered in my testimony today, except as they are being addressed in the overarching DoD initiatives already underway. Each of the first three initiatives is described in the remainder of my testimony today.

Establishment of a Comprehensive Policy and Program Management Framework

DoD Instruction 3020.41 was issued in October 2005, defining broad DoD policy on the management of contractors in support of contingency operations. Following its issuance and in response to the requirements of Section 854 of the FY 2007 National Defense Authorization Act (NDAA) in October 2006, my office was charged with the responsibility to establish a comprehensive policy and program management framework for managing contractors and contractor personnel deployed with our military forces on contingency operations. I established the Office of the Assistant Deputy Under Secretary of Defense for Program Support (ADUSD-PS) and appointed the ADUSD-PS to establish and oversee this effort, and to provide other focused support for the logistics and materiel readiness needs of Geographic Combatant Commanders (GCCs).

The ADUSD-PS, in consultation with the Chairman of the Joint Chiefs of Staff and with the Military Services, has already developed and reported to Congress last October the major elements of the comprehensive policy and program management framework. Refinements to this framework are being made on a timetable to provide the final report by the April timetable Congress requires. As described below, many of the elements of this framework are already being implemented in Iraq and Afghanistan to support current operations and requirements. These elements are:

1. Deploy contracting planners to the GCCs to develop contracting annexes for OPLANS and CONPLANS. This includes the determination of contracting requirements in support of a contingency operation, as well as the drafting of contracts and task orders to support these requirements as the military forces

deploy. Deployment of these planners is already underway, and our GCCs already report enthusiastic support for this effort.

2. Establish a deployable contingency acquisition capability to assume control over the clearance of contracts and task orders to be implemented within the operational AOR with the senior officer reporting directly to the combatant commander. Two requirements must be met in this regard; a standing capability must be established to launch Joint Contracting Command (JCC) wherever and whenever needed to support contingency operations; and the JCC must have the authority to review and approve all contracts being implemented within the AOR and to oversee post-award contract administration. This theater clearance authority and contract clearance review process has already been put into effect for the Joint Contracting Command - Iraq and Afghanistan (JCC-I/A).
3. Deploy a system to identify and track the activities and movements of contractor personnel who accompany our military forces in the AOR, to verify their authorities and access, and to vet their entitlement to support services by the deployed military force. DoD has selected the Synchronized Pre-deployment Operational Tracker (SPOT) system for this purpose, and is already deploying it within Iraq, Afghanistan, and other parts of the CENTCOM theater of operations. The SPOT program provides a web-based automated system to track contractor personnel movements within the forward area. It provides a basis for validating the identification and authority of individual contractor personnel associated with specific contracts, their authorization for access to specific DoD facilities, and their individual eligibility for specific DoD support services. By making available information on contractor location, training, and capabilities, SPOT improves the ability of the current civilian and military acquisition workforce to conduct program management activities during contingency operations.

We have already achieved close to 100% accountability for contracts covering DoD's Personal Security Contractors (PSCs) and DoD translators and interpreters working in Iraq and Afghanistan, and continue to populate the specific personnel records. Presently, more than 70,000 other DoD contractors working there can be found within the system and the numbers continue to steadily improve. We anticipate being able to extend the scope of coverage to include most other U.S. Government PSCs in the SPOT system this year, as well as to include all DoD contractors operating in Iraq and Afghanistan.

4. Establish training and education programs for both contracting personnel and line officers and NCOs on the role, use, and relationships of contractors to military personnel. Programs of Instruction (POI) have already been developed for acquisition professionals and are being developed for contracting professionals

and line officers and NCOs. These will continue to be improved as we implement our lessons learned.

We have developed a competency model for contracting officers and have set standards for six categories of contracting, one being contracting in an expeditionary environment. All contracting officers, including those in Iraq and Afghanistan, will complete an assessment utilizing the model this Spring. The results will enable us to improve training for expeditionary contracting personnel and to shape career and leadership development plans and programs for all expeditionary contracting personnel; and the Defense Acquisition University will continue to develop curriculum to meet these professional requirements. In addition, we are broadening training for operational military leaders, both officer and enlisted, across all grades on management of contractors deploying with forces. This training will initially be included in professional military education programs such as the War College, service staff colleges, and basic non commissioned officer courses.

5. Establish an institutional basis for codifying the policies and program management requirements for use in future operations. The umbrella DoD Instruction 3020.41 is already in place and the complementary Joint Doctrine is being incorporated into Joint Publication 4-10. These documents will be updated as needed, and serve as the basis for Combatant Commanders to issue rules, regulations, and guidance for contracting operations supporting contingency operations in their commands.
6. Establish a “Lessons Learned” program relating to management of contractors and contractor personnel and integrate it into other Lessons Learned programs of DoD. This effort is already underway, and is being informed by the results of contractor management operations currently underway in Iraq and Afghanistan.

Strengthening Current Management of Contractors in Iraq and Afghanistan

In September 2007, the Secretary of Defense directed that an assessment be undertaken to identify improvements needed to strengthen the management of current DoD contractor management operations in Iraq. To this end, I led an OSD team to Iraq, where we consulted with military and civilian leaders in Iraq and recommended five initiatives. These recommendations were endorsed by GEN Petraeus and approved for implementation by the Secretary of Defense. These initiatives, already underway, are:

1. Accelerate the implementation of UCMJ authority over DoD contractors to strengthen the legal accountability of contractor personnel and to proactively seek to eliminate misconduct of contractor personnel and to minimize incidents affecting innocent civilians in Iraq. In late September 2007, the Deputy Secretary

of Defense signed out a memo to GCC commanders emphasizing the importance of accelerating the implementation of USMJ authority over DoD contractors, as authorized under Section 522 of the 2007 NDAA.

2. Conduct a meeting of Personal Security Contractor (PSC) company executives, hosted by the Deputy Secretary of Defense, to discuss new DoD initiatives, issues, and improvements needed in contractor management of their personnel.

In the weeks subsequent to our recommendation, DoD and the State Department (DoS) have signed an MOA regarding coordination of PSC operations in Iraq, described later in my testimony. As a result, this meeting with PSC company executives, now scheduled for January 30th, has been expanded to include DoS PSC company leaders as well, and will now be co-hosted Deputy Secretary of Defense England and Deputy Secretary of State Negroponte. It will cover key provisions of the Memorandum of Agreement between DoD and DoS, as well as other initiatives, including the implementation of UCMJ for DoD Contractor personnel deployed with our military forces in contingency operations.

3. Establish battle space commander control over contractor movements and convoy operations in the battle space. Battle space commanders are in the best position to determine if a threat exists along a planned route of a contractor movement, and need to be aware of the location of contractor convoy movements in their AORs to enable them to provide timely incident response and med evac support. This oversight authority has already been established and work is now underway to enhance the direct communications between contractor convoys and the battle space commanders.
4. Establish the authority of the Joint Contracting Command for Iraq and Afghanistan (JCC-I/A) to pre-clear all contracts and task orders to be implemented in Iraq and Afghanistan. This authority was approved and the authorizing memo was signed out by the Under Secretary – Acquisition, Technology, and Logistics on 19 October 2007. Implementing guidance has already been issued by the Director of Procurement and Acquisition Policy (DPAP), and JCC-I/A is in process of reviewing all new critical contracts, and is adding up to 48 additional personnel in theater to provide a 96-hour turn-time on contracts submitted by executing departments and agencies.
5. Strengthen the Defense Contract Management Agency (DCMA) post-award contract administration and oversight support for contracting in Iraq and Afghanistan. In response, DCMA has already deployed an additional 100 personnel to theater, and is preparing to deploy up to an additional 150 personnel to theater as needed.

Establish and Implement a Memorandum of Agreement (MOA) between the State Department and the Department of Defense to coordinate PSC operations in Iraq.

Both the Department of Defense and the State Department recognized the need to achieve a higher degree of coordination of PSC operations in Iraq in order to minimize the possibility of additional incidents involving innocent persons. As described earlier, we executed an MOA on 5 December 2007. This MOA covers a broad range of management policies and procedures to achieve more effective management coordination of PSC operations in Iraq. These include:

- Establishment of common minimum standards of training and certification of all PSC contractor personnel;
- Compliance with the contractor licensing and other requirements of the Government of Iraq and of the Multi-National Force – Iraq (MNF-I) rules and regulations;
- Standardization of weapons, ammunition, and defensive equipment permitted to be used by PSC contractors;
- Adoption of common standards for Rules on the Use of Force (RUF) and escalation procedures;
- Adoption of the substantially identical policies, procedures, and oversight for the coordination of DoS PSC convoy movements transiting the battle space as for DoD PSC operations (see description above);
- Coordination on incident management, response, and follow-up investigations;
- Commitments on transparent, timely reporting and investigations of incidents between the US Mission in Iraq (USM-I) and MNF-I, with timely reporting of same to the Iraqi Ministry of the Interior.
- Compliance with Coalition checkpoint operations and requirements;
- Standardization on the policies, timing and amounts of condolence payments to be made for casualties or property damage among innocent persons;

Many aspects of the MOA have already been implemented. Interim procedures have been adopted where permanent solutions require additional work. Others are in stages of standardization and final design. The Secretary of Defense has directed that a report be provided to him by February 28, identifying the implementation status of the major elements of the MOA identified above.

In addition to these initiatives already underway, the Department of Defense and the State Department are already working to address the requirements in the pending 2008 NDAA. Sections 861 and 862 require the establishment of a Memorandum of Understanding (MOU) among DoD, the State Department, and the U.S. Agency for International Development (USAID), to cover all contracts being implemented in Iraq and Afghanistan, all contractors of these Departments and

agencies (not just PSCs), and to cover Afghanistan as well as Iraq. In addition, these Sections require the establishment of a comprehensive data base of contract and contractor personnel data, available in an on-line basis to appropriate Legislative Branch Committees and the GAO.

Taken together, these initiatives substantially strengthen the DoD's capabilities and performance in managing our relationship with our contractors and contractor personnel, and achieve an unprecedented level of coordination among DoD, the State Department, and USAID.

We appreciate the interest and support Congress is providing to this effort.

At this time, I look forward to your questions and thank you again for this opportunity to appear before your Committee.