

STATEMENT BY

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BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE PROBLEMS RELATED TO INJURIES AND DEATHS
OF MILITARY PERSONNEL AND THE DEPARTMENT'S MANAGEMENT AND
OVERSIGHT OF CONTRACTORS

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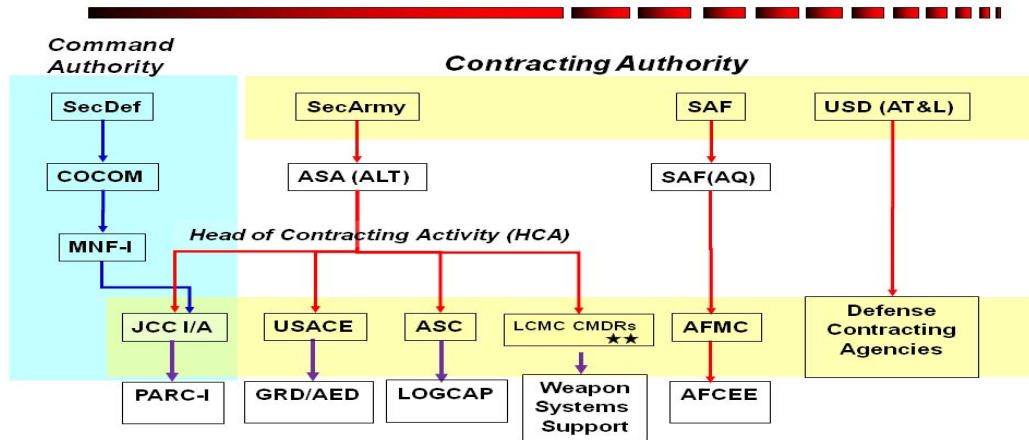
Mr. Chairman, Congressman Davis, and other distinguished members of the Committee, I thank you for the opportunity to appear before you today to discuss the problems related to injuries and deaths associated with electrical issues in Iraq and the Department's management and oversight of those contractors performing Operation and Maintenance (O&M) of the facilities where our military and civilian personnel work and live each and every day. Just as the Committee is concerned with the injuries and deaths that have taken place in Iraq, so is the Army. Each injury and loss of life is a tragedy and we must do all we can to minimize the threats to our personnel. Our management and oversight of contractor performance must ensure that our contractors are meeting the standards and requirements specified in their contracts. To this end, the Army continues to pursue and implement many of the recommendations identified by 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; and by the Army Contracting Task Force which completed its work in March 2008.

The Army Materiel Command's contract oversight and authority in U.S. Central Command's theater of operations is shown in Table 1. Command authority flows from the Central Command (CENTCOM) Commander to the Multi National Force-Iraq (MNF-I) Commander, to the Joint Contracting Command Iraq-Afghanistan (JCC-I/A) Commander. Contracting authority flows from the Secretary of the Army to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, designated as the Army Senior Procurement Executive to the Head of the Contracting Activity.

The Army Heads of Contracting Activities engaged in the writing and the execution of contracts in support of Operation Iraqi Freedom are: the Joint Contracting Command Iraq-Afghanistan (JCC-I/A); the Army Materiel Command's

Life Cycle Management Commands; the Army Materiel Command's Army Sustainment Command; and the U.S. Army Corps of Engineers.

Table 1. DoD Contracting Authority - Iraq



Army Materiel Command's engagement in the CENTCOM theater of contracting operations primarily consists of the management and execution of the Logistics Civil Augmentation Program (LOGCAP) managed by the Army Sustainment Command located at Rock Island Arsenal, Illinois, a subordinate command of the Army Materiel Command. Additionally, equipment, maintenance and repair contracts for weapons systems are managed by the Army Materiel Command's Life Cycle Management Commands. These 2-star commands receive their contracting authority and oversight directly from the Assistant Secretary of the Army for Acquisition, Logistics, and Technology.

The Defense Contract Management Agency (DCMA), one of the Defense Contracting Agencies under the authority of the Under Secretary of Defense for Acquisition, Technology and Logistics performs contract management of task orders awarded by the Army Sustainment Command under the LOGCAP III contract.

Based upon our review of available information, it appears that there are a total of sixteen deaths resulting from electrocutions or other electrical related

incidents since the inception of our operations in Iraq. The majority of these deaths are the result of accidents associated with the conduct of military or construction operations, although three and possibly a fourth appear to be related to electrical issues associated with facilities over a five year time frame. One of these fatalities occurred on January 2, 2008, where Staff Sgt. Ryan D. Maseth was electrocuted while taking a shower in DOD-controlled living quarters at the Radwaniyah Palace Complex (RPC) in Iraq. The RPC is a pre-existing Iraqi facility occupied by U.S. personnel. The circumstances surrounding his death are currently under investigation by the Department of Defense (DOD) Inspector General. I can assure the Committee that the Army is cooperating with the Inspector General and will quickly respond to the Inspector General's final report. In addition to corrective actions, we will take whatever additional corrective actions are required to protect the life, safety and health of our personnel.

Since the beginning of Operation Iraqi Freedom, our military forces have occupied over 4,000 hardstand facilities in Iraq that were built before our occupation. Most of these buildings, including their electrical wiring, were not built to the quality and safety standards that we utilize and expect in the United States. These facilities utilize 220 volt, 50hz electricity and the vast majority of the buildings were not grounded. Electrical equipment does not always meet U.S. or other international electrical standards. Numerous electrical safety bulletins have been issued and measures taken to eliminate life, health, and safety issues associated with the facilities occupied by our troops. In addition, contracting agencies, contractors, and Commanders have addressed electrical issues discovered as our military forces began to occupy Iraqi facilities. As a result of these measures, many actions have been taken to repair, upgrade, or enhance the operation and maintenance of these facilities.

At the time of SSG Maseth's death in January 2008, the LOGCAP contract included O&M requirements for the facility where the accident took place. The task order covering the O&M of the facilities in the RPC was issued in February

2007. The specific O&M requirements were jointly developed with the customer for the facility in question and are commonly referred to as “Level B.” This means the contractor, in this case Kellogg, Brown and Root (KBR), was only required to provide limited maintenance. Limited maintenance does not include routine inspections, preventative maintenance and upgrades. Any repairs that need to be conducted on the facility are initiated with a service request by the customer.

Due to time constraints associated with contract transition, KBR conducted a limited inspection of the facility prior to assuming O&M responsibility under the LOGCAP III contract. KBR identified a number of deficiencies with electrical equipment. It is our understanding that these deficiencies did not include the water pump that failed resulting in SSG Maseth’s death.

We are also aware that there were previous contracts for the O&M of this facility prior to the task order issued under LOGCAP III. The U.S. Army Corps of Engineers awarded three previous contracts starting in November 2003 that required the O&M of the facilities located at the RPC. Knowing that there were additional contracts requiring O&M of facilities in Iraq, we are in the process of identifying the scope of their contractual requirements. This review should provide us with a holistic picture. As mentioned earlier, the electrical issues in Iraq involve more than just the LOGCAP III contract.

In terms of contract management, we are working and continue to work with the Defense Contract Management Agency (DCMA) in the administration of task orders issued under LOGCAP. DCMA is a key member of our LOGCAP Team responsible for the execution and management of LOGCAP. Today we have a number of AMC personnel located in Iraq, teamed with DCMA in the day-to-day management and oversight of LOGCAP. We work side-by-side to ensure adequate contract management and oversight. The number of personnel performing this oversight has increased over time and we continually assess the level and skill sets of the oversight that is needed.

As a result of our investigations, we have determined that neither LOGCAP nor DCMA have sufficient skill sets or expertise to perform adequate oversight of electrical work being performed by KBR. We are now working with the U.S. Army Corps of Engineers to obtain this expertise. Furthermore, we are working with the Corps of Engineers, DCMA, and the customer to develop a plan to conduct inspection verifications of those buildings recently inspected by KBR for life, health, and safety issues. We will utilize a third party to validate those inspections.

The LOGCAP Program Director has met with KBR officials to discuss their hiring practices and requirements for electricians to include certification requirements. Following this meeting, the contracting officer issued a contract modification to the LOGCAP III contract on July 21, 2008 to more clearly specify personnel and certification requirements. KBR was also directed to submit a "Trades Certificate and Validation Plan" to the Government describing the process they will use to recruit, train and retain qualified personnel. The plan must address the criteria through which personnel, including non-U.S. citizens and residents, will be qualified and/or certified as a master, journeyman or apprentice and the proposed schedule for implementing the plan. This requirement is also applicable to all subcontractors.

LOGCAP program personnel are also members of a theater wide Integrated Process Team (IPT) led by Multi National Corps – Iraq (MNC-I) to develop improved processes in the management of facilities and to prioritize the repairs of existing buildings. This IPT will also ensure that roles and responsibilities for electrical safety are clear. This will include the development of a standard specification for electrical work, regardless of whether the work is conducted by troop labor or contractors. The IPT will also establish a Certification Program for electrical work in theater to ensure that contractors have requisite skills, certifications, and licenses. Finally, the IPT will also address roles and responsibilities associated with contract oversight of electrical work conducted by

our contractors. We are confident that these actions, taken as a whole, will dramatically improve the life, safety, and health of our personnel living and operating in Iraq.

In regards to improved contract management, you are aware that Secretary Geren chartered the Commission on Army Acquisition and Program Management in Expeditionary Operations chaired by Dr. Jacques Gansler, the former Under Secretary of Defense for Acquisition, Technology and Logistics, on August 30, 2007. The Gansler Commission provided an independent, long-term, strategic assessment of the Army's acquisition and contracting system and its ability to support expeditionary operations and sustain high operational demand in an era of persistent conflict.

In keeping with the Gansler Commission's second recommendation; to restructure Army contracting organizations and restore responsibility to better facilitate contracting and contract management in expeditionary and U.S. based operations, the Army Materiel Command, based upon direction from Secretary Geren on January 30, 2008, took action to establish a two-star Army Contracting Command. This new command includes two subordinate commands: a deployable one-star level Expeditionary Contracting Command focused on support to forward deployed forces (including providing contracting personnel support for the Joint Contracting Command – Iraq and Afghanistan) and OCONUS installations; a one-star level Installation Contracting Command focused on support for CONUS installations and other mission support; and five major contracting centers that support Army Materiel Command's Life Cycle Management Commands and other Major Subordinate Commands in the acquisition of weapons systems, sustainment, and research and development. The Expeditionary Contracting Command will include our Contracting Support Brigades, Contingency Contracting Battalions, Senior Contingency Contracting Teams, and Contingency Contracting Teams. Additionally, the Army Materiel Command will realign the LOGCAP Program Office as a direct report to the Army

Contracting Command to expand our surge and contingency contracting capability. All told, we will increase our number of civilian and military personnel involved with contract management by over 1500.

While we are realigning existing personnel to meet our most pressing needs, our challenge will be to quickly resource and fill these new positions. We are actively recruiting civilians and increasing accessions of military officers and non-commissioned officers into the Army Acquisition Corps. To enhance our hiring ability of civilian contracting personnel we are pursuing direct hire authority from the Office of Personnel Management. However, it will take time to properly staff and train our new personnel.

Based on lessons learned under the LOGCAP III contract, the Army developed a new acquisition strategy for LOGCAP IV that will utilize the services of three performance contractors to execute LOGCAP requirements, and one contractor to support the LOGCAP Program Director in the management of the program and to conduct worldwide planning.

LOGCAP IV contracts were awarded and task orders will be competed starting this year among the three performance contractors to ensure competitive pricing for required services. The award to three performance contractors provides the Army with increased capacity to respond to other contingencies foreign or domestic. The additional performance contractors minimize risk and ensure combat support/combat service support capability is responsive to worldwide contingencies.

In conclusion, expeditionary military operations in Iraq and Afghanistan have placed extraordinary demands on our contracting system and the people who make it work. The vast majority of our military and civilian contracting personnel perform well in tough, austere conditions. We know that the success of our warfighters and those who lead them is linked directly to the success of our

contracting workforce, and we are working hard to ensure that contracting is a core competency within the Army. The Army's focus on contracting is not just for contracting professionals. Warfighters set requirements and help manage contract execution – their involvement in the contracting process is critical.

Our number one priority is support to our deployed military and civilian personnel. To do so, we are totally committed to supporting our contracting professionals who play a critical role in our success. They are focused on supporting the warfighter and inspiring the confidence and trust of the American people. We must never lose sight of the outstanding work that our contracting and contractor personnel are doing 24/7 to support the war in Iraq and Afghanistan as well as the personal sacrifices being made, to include injury and the loss of life.

Our challenge is to ensure we have adequate structure, policy, and personnel who are trained to do the job in the right place at the right time – continually performing at an ethical standard that upholds Army values. This will not be easy; it will take time, but getting it done is essential. We cannot and will not fail – our warfighters and our taxpayers deserve no less.

Thank you for providing us with this opportunity to address your concerns with problems related to the injuries and deaths of military personnel and the Department's management and oversight of contractors. We appreciate the concerns expressed by the Committee and we are aggressively moving out to make improvements. I look forward to answering your questions.