

STATEMENT BY

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BEFORE THE

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**MAINTENANCE OF ELECTRICAL SYSTEMS IN FACILITIES
OCCUPIED BY MILITARY AND CONTRACTOR PERSONNEL IN IRAQ**

SECOND SESSION, 110TH CONGRESS

JULY 30, 2008

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

Chairman Waxman, Congressman Davis and distinguished members of the Committee on Oversight and Government Reform, I appreciate the opportunity to appear before you and discuss your concerns about the Defense Contract Management Agency's (DCMA) contract management and oversight in Iraq. With me today is Captain David Graff, the Director of our International Division.

First, I would like to recognize the families of our fallen patriots for their courage and strength. We honor their children, spouses, and siblings for the great sacrifice they have made in support of their country and each of us. The loss of life is always tragic. Please know that the entire DCMA team is committed to the care and safety of our warfighters, civilians, and contractor personnel.

I became the Director of DCMA on May 4, 2008, and my comments today reflect my observations over the last two and a half months. I am extremely proud to lead the DCMA team of approximately 9,900 professional civilians and military located at over 700 locations around the world. DCMA is responsible for the administration of about 324,000 contracts with unliquidated obligations of over \$180 billion awarded to over 17,000 contractors. DCMA accepts approximately 750,000 shipments of supplies and some 1,200 aircraft each year. We also manage over \$100 billion of government property and administer about \$32 billion of contract financial payments each year. I am greatly impressed with the dedication and commitment of our employees to the support of our warfighters and I am honored to serve on the DCMA team.

Since the standup of the Defense Contract Management Command in March 1990, except for aircraft maintenance, closeout, and vehicle heavy repair, the Agency's contract administration services have been primarily focused on weapons systems. We have, however, applied our support to battlefield service contracts awarded by the military services, largely under the Army's Logistics Civil Augmentation Program (LOGCAP) and to a lesser extent the Air Force's Contract Augmentation Program (AFCAP). DCMA does not develop or retain employees with deep technical skills in overseeing construction and facilities contracts. To perform contract management responsibilities for service contracts in Iraq, DCMA relies on obtaining technical expertise from the military services in the form of contracting officer representatives (COR) or support provided by other Department of Defense entities.

Since initiation of Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF), DCMA has taken on an increasing role in providing contract management services in support of operations in the theater. In late 2007 and early 2008, DCMA deployed an additional 100 personnel to support the expanded need for additional contractor oversight of personal security contracts and various other theater wide contract activities. We anticipate that the total DCMA managed capability in theater will be approximately 225 personnel by the end of this calendar year.

Today DCMA manages contracts in excess of \$12 billion, supporting 124 forward operating bases and approximately 350,000 coalition forces and

civilian/contractor personnel in Iraq, Kuwait, Qatar and Afghanistan. DCMA is currently working with the Army on the transition planning for LOGCAP IV, ensuring that there is no disruption in logistical support to our forces or loss of accountability for the approximately \$3.8 billion in government property that we oversee. Additionally, DCMA has been working very closely with the Joint Contracting Command Iraq/Afghanistan (JCC-I/A) to develop better controls on contractor movement in theater via the use of the Synchronized Pre-deployment and Operational Tracker (SPOT) system and on various other contract management needs.

From a comprehensive agency perspective I think it is important to recognize that just as our contingency contracting theater mission has grown, our traditional CONUS mission has also grown and become more complex. In fiscal year 2001, we managed contracts with \$100 billion of unliquidated obligations (ULO). Today, our contract ULO is valued at over \$180 billion. Balancing these two missions has further stressed the already downsized DCMA workforce and presents risks to both missions. Since fiscal year 1990, DCMA's civilian workforce has declined by 59% to under 10,000 personnel. To address our resource requirements, the Agency is working closely with the Office of the Secretary of Defense to ensure we have the required resources to support the mission the Department assigns to us. The Defense Acquisition Workforce Development Fund, commonly known as "Section 852" should certainly help get us started down the path of

re-growing a pool of personnel with the specialized skills needed to meet today's and tomorrow's missions.

Now I would like to briefly comment on some efforts DCMA has taken to address the various operations and maintenance (O&M) issues in facilities occupied by our military and contractor personnel in Iraq. LOGCAP currently supports over 4,500 hard-stand buildings and 36,000 containerized housing units at 58 sites spread over 169,000 square miles, an area larger than the state of California. DCMA has been working closely with the Army Sustainment Command (ASC) and the LOGCAP Program Office to manage the unprecedented delivery of contract life support services to our deployed personnel over this vast theater of operations. The following initiatives highlight some of the increased battlefield oversight measures taken to ensure our forces receive safe products and services:

- DCMA teamed with the Army to insert binding contractual terms that require the LOGCAP contractor to provide a workforce that possesses the requisite electrical trade certifications and licenses.
- In coordination with the Army, DCMA directed the LOGCAP contractor to develop and implement a facility numbering system for all facilities maintained under the LOGCAP contract. Completed in July 2008, this action prevents buildings at the same location from having the same facility number, thus helping to ensure that all O&M records can be matched to the correct facilities.

- In coordination with the Army, DCMA directed the LOGCAP contractor to develop a comprehensive facilities technical inspection (TI) Standard Operating Procedure (SOP) with standards and codes to adequately address life, health, and safety conditions. KBR completed this action in July 2008.
- In coordination with the Army, DCMA directed the LOGCAP contractor to develop a new facilities maintenance and repair SOP, which includes a new service or work order request SOP with standardized codes to ensure that life, health, and safety issues are quickly addressed. KBR completed this action in July 2008.

DCMA and ASC are also partnering on several other ongoing initiatives that include:

- Incorporating electrical standards and codes into the contract requirements for O&M. A theater Electrical Safety Joint Planning Team is determining the theater codes for all contracts.
- Requiring the LOGCAP contractor to deliver a Master Schedule of Work to track project status on all facilities.
- ASC is directing the LOGCAP contractor to implement a closed loop inspection system in order to automatically correct in-scope deficiencies found during technical inspections.

We also recognize that it is critical to employ technical experts such as those in the U.S. Army Corps of Engineers (Gulf Region Division) (GRD) who possess the appropriate electrical engineering and other facilities maintenance and repair

oversight skills. DCMA has teamed with GRD to provide technical oversight and compliance of contractor health, life and safety inspections. The GRD in-theater technical team is validating the LOGCAP contractor's inspection findings as well as the scope and cost to fix deficient facilities. Today, we have over 600 CORs working with our staff and we are continuing to work with the military services to ensure CORs are identified and provided, as needed.

My assessment during the past two and one-half months is that we are moving in the right direction, collectively in the Department and in DCMA. We have learned from the early days of LOGCAP and we continue to learn every day. This allows us to identify gaps in our administration oversight and continuously revise the processes needed to effectively manage the O&M contract requirements.

In closing, we appreciate the Congressional support of our efforts as the Department's primary contract management agency in providing our nation's warfighters and allies with quality products and services. Again, thank you for the opportunity to appear before this Committee today to address DCMA's role in this matter. I look forward to answering any questions the Committee may have.