

Commission on Wartime Contracting in Iraq and Afghanistan

James Durso

Formerly Logistics Team Lead

Commission on Wartime Contracting in Iraq and Afghanistan

NDIA Logistics Executive Board

Arlington, VA – 16 December 2011

Legislative mandate

National Defense Authorization Act for FY 2008 tasked the Commission with recommending reforms to mitigate the extensive waste, fraud, and abuse in Iraq and Afghanistan and to reduce it in future contingency operations.



Commissioners

Co-chairs



Michael Thibault



Christopher Shays



Clark Ervin



Grant Green



Katherine Schinasi



Robert Henke



Charles Tiefer



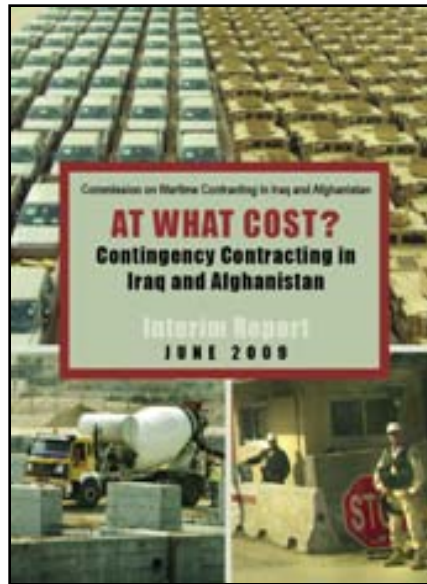
Dov Zakheim

Bipartisan membership with depth and variety of experience.

Reports to Congress

- **First Interim Report:** “At What Cost?”—June 2009
- **Special Report 1:** “Defense Agencies Must Improve Their Oversight of Contractor Business Systems”—September 2009
- **Special Report 2:** “Lowest Priced Security Not Good Enough for War Zone Embassies”—October 2009
- **Special Report 3:** “Better Planning for Defense-to-State Transition in Iraq Needed to Avoid Mistakes and Waste”—July 2010
- **Second Interim Report:** “At What Risk?”—February 2011
- **Special Report 4:** “Iraq—A Forgotten Mission?”—March 2011
- **Special Report 5:** “Sustainability: Hidden Costs Risk New Waste” —June 2011
- **Final Report:** *Transforming Wartime Contracting: Controlling Costs, Reducing Risks*—August 2011

‘At What Cost?’



First interim report, June 2009.

Examined problems of waste related to framing, managing, and overseeing contingency contracts. Previewed issues under study.

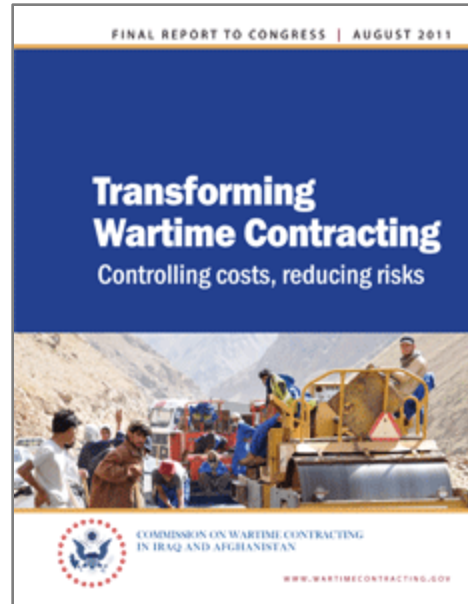
'At What Risk?'



Second interim report, February 2011.

Made 32 recommendations to reduce over-reliance on contractors, improve competition, and promote contractor accountability.

‘Transforming Wartime Contracting’



Final report, filed August 31, 2011.
Summarized 3 years' work.
Made 15 strategic recommendations
to improve contingency contracting.

Recommendations based on:

- >1,000 meetings and briefings
- Theater and stateside travel
- Staff in Kabul and Baghdad
- 25 Commission hearings
- Ongoing staff research



(DCMA Photo)

Key findings

- Government over-relies on contractors
- U.S. unprepared to manage large-scale contractor support
- Federal contracting workforce cut in 1990s, but never rebuilt or adequately trained
- Enforcement and accountability inadequate
- Estimated waste and fraud: **\$31-60 billion** of \$206 billion spent on contracts FY 2002-2011
- Possible *additional* waste from unsustainable projects may exceed that already incurred

Contractor employees and U.S. military in Iraq and Afghanistan, March 2010

	Defense	State	USAID	TOTAL
U.S. nationals	40,800	4,322	805	45,927
Iraq/Afghan nationals	95,692	10,194	32,621	138,507
Third-country nationals	71,061	4,734	1,193	76,988
Unknown	--	60	1,149	1,209
Total contractor workforce *	207,553	19,310	35,768	262,631
U.S. military **	Iraq and Afghanistan			180,000

* GAO Report 11-1 (October 2010), 44-45.

** www.army.mil, March 25, 2010. Total excludes 45,000 allied troops in Afghanistan.

A few examples of waste

- \$300 million Kabul power plant that Afghans can't maintain or afford to operate
- \$40 million prison Iraqis never wanted, that now sits abandoned
- \$6.4 billion /yr to train, equip Afghan security forces Afghans can't afford
- Multi-billion \$ task orders not broken out and recompeteted after a decade
- U.S. funds diverted to insurgents and warlords for protection
- Rising, unplanned-for security costs led to abandoned projects
- Poorly defined requirements and undefinitized contracts led U.S. to overpay



Recommendations

1. Use risk factors in deciding whether to contract in contingencies (not just “inherently governmental” test)
2. Develop deployable cadres for acquisition management and contractor oversight
3. Phase out use of private security contractors for certain functions
4. Improve interagency coordination and guidance for using security contractors in contingency operations
5. Take actions to mitigate the threat of additional waste from unsustainability

Recommendations

6. Elevate positions and expand authority of *civilian* officials responsible for contingency contracting at Defense, State, and USAID
7. Elevate and expand authority of *military* officials responsible for contingency contracting on Joint Staff, combatant commanders' staffs, and in military services
8. Establish a new dual-hatted senior position at OMB to sit at NSC meetings to provide oversight and strategic direction
9. Create a permanent office of inspector general for contingency operations
10. Set and meet annual increases in competition goals for contingency contracts

Recommendations

11. Improve contractor performance-data recording and use
12. Strengthen enforcement tools
13. Provide adequate staffing and resources, and establish procedures to protect the government's interests
14. Congress should provide or reallocate resources for contingency-contracting reform to cure or mitigate the numerous defects described by the Commission
15. Congress should require regular assessment and reporting of agencies' progress in implementing reform recommendations

Summary

- Contractors are **essential** for supporting large and/or extended contingency operations, but U.S. over-relies on them
- Contractors have generally performed well, but at **excessive cost**
- **Both** government and contractors bear blame for waste
- **Needed:** better planning, training, interagency coordination, competition, management, and oversight
- Acquisition cadres and strong oversight must be deployable from the **outset** of a contingency
- Reforms will take **years** of sustained attention and effort
- **There will be a next contingency, so we cannot afford to forget the lessons of Iraq and Afghanistan**

What the CWC should have addressed

- Contractors as the new reality
- Self-funding mechanism for contract management
- Including contractor support in all levels of the DoD planning process
- Changing the rewards system to change the culture

Legislative Action

- Tierney – “Contingency Operation and Emergency Oversight Act of 2011”
- Webb/McCaskill – “Non-Federal Employee Whistleblower Protection Act”
- Brown/Ayotte – “No Contracting With The Enemy Act”
- Durbin - 2012 Financial Services and General Government Appropriations Act to require agencies to ensure that “contracts exclude to the maximum extent practicable functions that are closely associated with inherently governmental functions.”

Key take-away

‘Contractors represent more than half of the U.S. presence in the contingency operations in Iraq and Afghanistan, at times employing more than a quarter-million people.

‘They have performed vital tasks in support of U.S. defense, diplomatic, and development objectives.

‘But the cost has been high. Poor planning, management, and oversight of contracts has led to massive waste and has damaged these objectives.’

- Commission final report
Foreword, August 2011



Lasting information resource

The commission website will remain online as an archive of hearing documents, reports, and other Commission materials:

www.wartimecontracting.gov

