

Urgent Reform Required: DoD Expeditionary Contracting



Independent Assessment of the
“Commission on Army Acquisition and
Program Management in Expeditionary Operations”
and Subsequent DoD Implementation Efforts

Presentation to National Defense Industrial Association (NDIA)

by Dr. Jacques S. Gansler

September 18, 2008

Commission Charter



- An independent Commission, chartered by the Secretary
 - Review lessons learned
 - Make recommendations to assist the Army in ensuring that future operations achieve greater effectiveness, efficiency, and transparency
- Areas for study:
 - Army acquisition activities in Central Command (CENTCOM) area
 - Organizational alignments of responsibility
 - Personnel staffing – numbers, skills, and training
 - Oversight and management
 - Responsiveness; visibility; and controls
 - Budgeting and financial management
 - Sufficiency of extant legislation
- Commission not chartered to address:
 - Current fraud issues (covered by LTG Ross Thompson’s Army Contracting Task Force)
 - Equipment accountability (the focus of DoD Inspector General LTG (Ret) Claude Kicklighter)
 - Private security contracts (the focus of AMB Patrick Kennedy)

Commission Membership



- Dr. Jacques S. Gansler, Chairman, former Under Secretary of Defense (Acquisition, Technology & Logistics)
- David J. Berteau, former Principal Deputy Assistant Secretary of Defense (Production & Logistics)
- David M. Maddox, General, U.S. Army (Retired), former Commander, U.S. Army Europe
- David R. Oliver Jr., Rear Admiral, U.S. Navy (Retired), former Director, Office of Management and Budget, Coalition Provisional Authority, Iraq
- Leon E. Salomon, General, U.S. Army (Retired), former Commander, U.S. Army Materiel Command
- George T. Singley III, former Deputy Director, Defense Research & Engineering



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Over 100 interviews

To be continued...

Commission Acknowledgments (Continued)



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General agreement and need for reform

Bottom Line Up Front: The Four Key Elements to Future Success



1. Increase stature, quantity, and career development of contracting personnel, military and civilian (especially for expeditionary* operations)
2. Restructure organization and restore responsibility to facilitate contracting and contract management in expeditionary and CONUS operations
3. Provide training and tools for overall contracting activities in expeditionary operations
4. Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations

*The term “expeditionary” includes both OCONUS and domestic emergency operations



Major Findings

- The acquisition failures in expeditionary operations require a systemic fix of the Army acquisition system
- Although the Operational Army* is expeditionary and on a war footing, it does not yet fully recognize the impact of contractors in expeditionary operations and on mission success:
 - Requirements (definition and flexibility)
- Critical segments of the Institutional Army** have not adapted to support responsive acquisitions and sustainment for expeditionary operations:
 - Financial management
 - Personnel (civilian and military)
 - Contracting and contract management
 - Training and education
 - Doctrine, regulations, and processes
- Contracting (from requirements definition through contract management) is not an Army “core-competence”
- The Army has excellent, dedicated people, but they are under-staffed, overworked, under-trained, under-supported, and, most important, under-valued

*Operational Army: Consists of numbered armies, corps, divisions, brigades, and battalions that conduct full spectrum operations around the world.

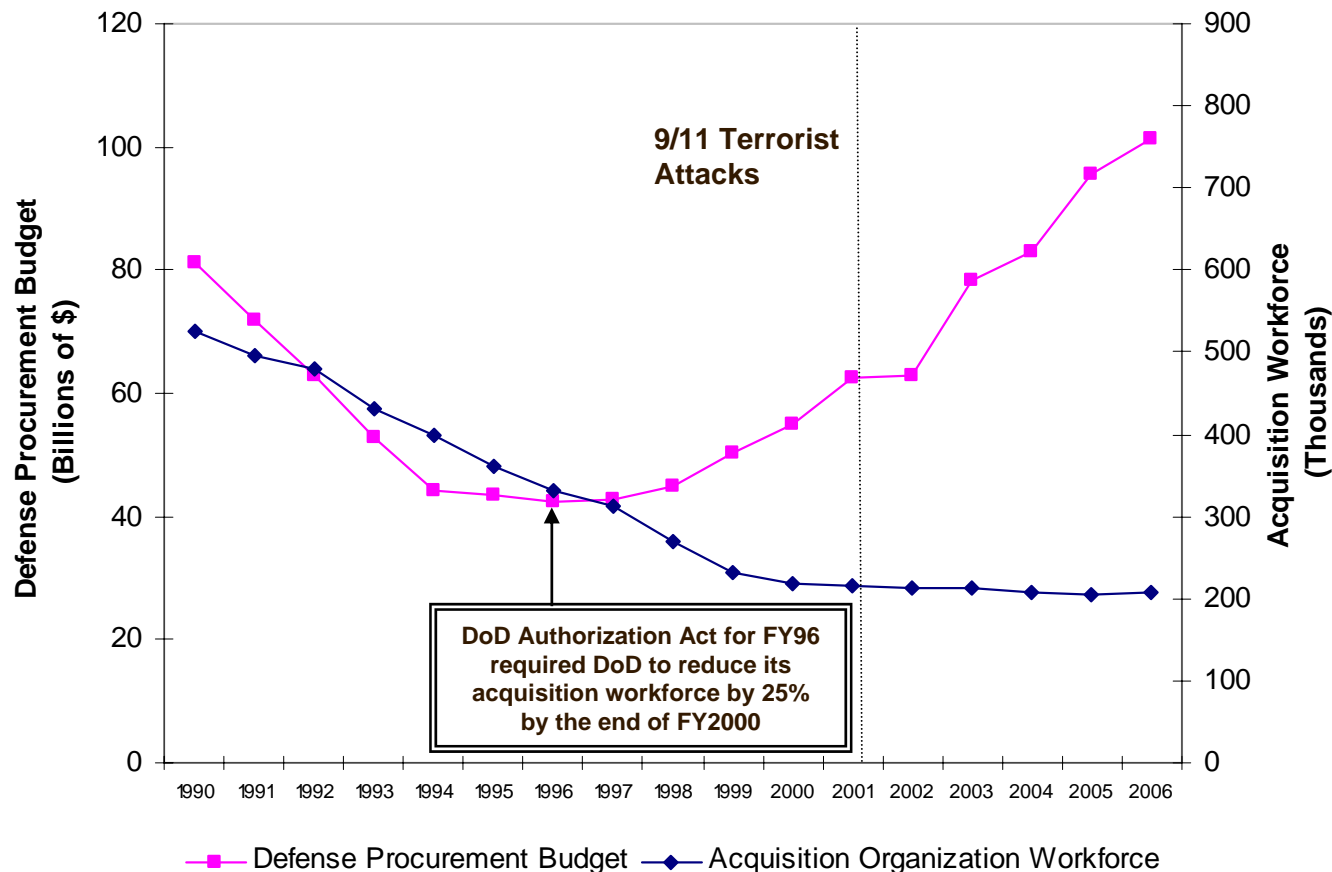
**Institutional Army: Supports the Operational Army. Institutional organizations provide the infrastructure necessary to raise, train, equip, deploy, and ensure the readiness of all Army forces.

Major Problem Areas



- Contracting should be a core capability of the Army, but it currently is treated as an operational and institutional side issue
- This Commission was unable to get consistent or reliable data on Army contracting career field (military and civilian)
- Only ~3% of Army contracting personnel are active duty military. Many more trained and experienced military personnel (officers and non-commissioned officers) are required in the expeditionary environment
- Despite ~7x workload increase and greater complexity of contracting:
 - Stagnant or declining civilian and military contracting workforce
 - Only 56% of the military officers and 53% of the civilians in the contracting career field are certified for their current positions
 - Army civilian personnel policies are outdated
 - No longer any Army General Officer positions for career contracting professionals (formerly 5 in Army and 4 in Joint Organizations) and trained G.O.s not being used
- Lack of planning and training for expeditionary contracting and contract management (e.g., exercises, civilian “pre-volunteers,” leadership courses)
- Lack of recognition (by operators) of the impact of contracting and contractors in expeditionary operations (yet over 50% of “force” in Iraq is contractors)

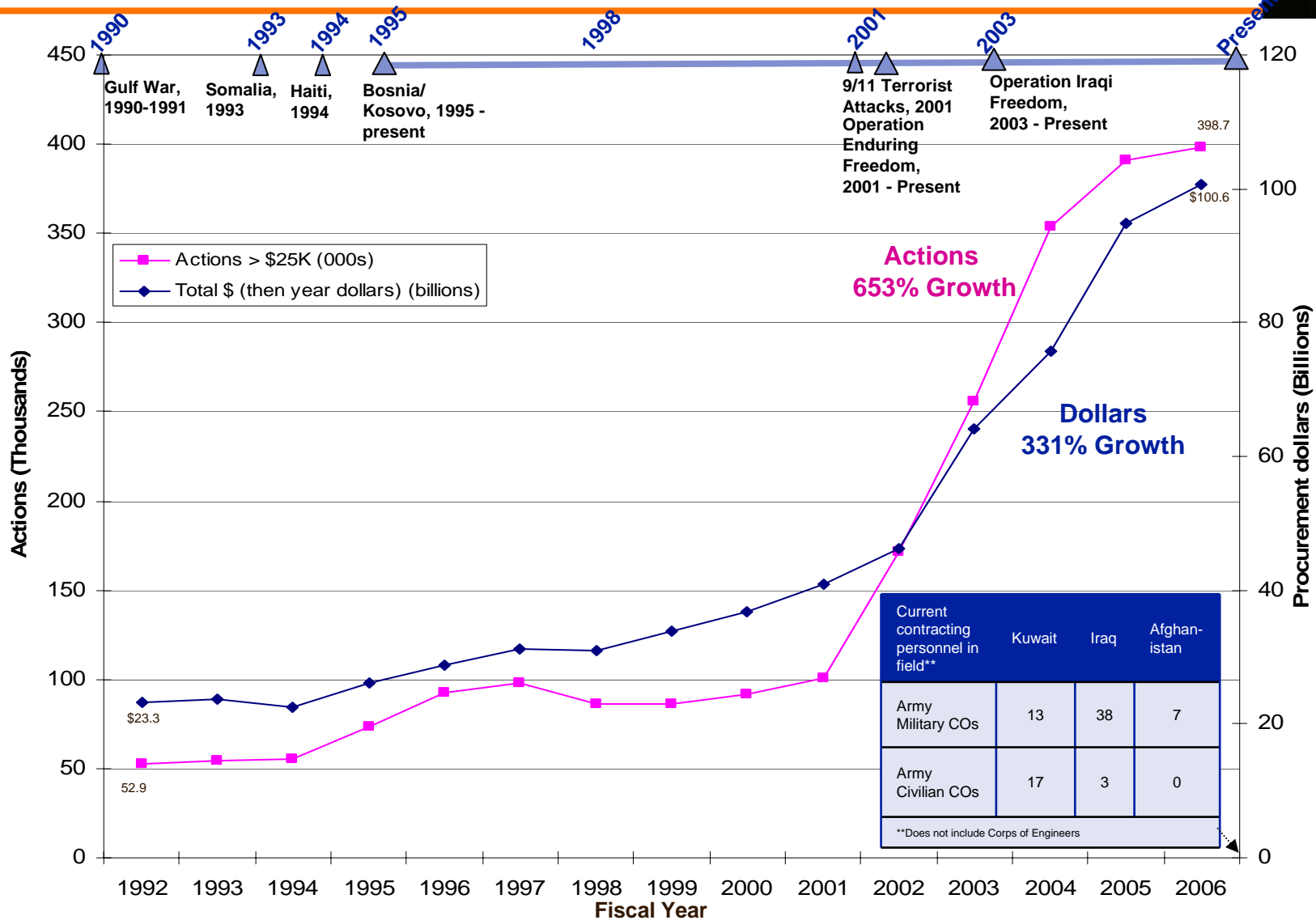
Overall DoD Acquisition Workforce Declined Even as Procurement Budgets Increased



Source of workforce data: DoD IG Report D-2000-088 Feb 29, 2000 & DoD IG Report D-2006-073 April 17, 2006

Source of budget data: Annual Defense Reports, available at http://www.dod.mil/execsec/adr_intro.html. Procurement supplementals for FY2005 and FY2006 not yet reflected in Annual Defense Reports were obtained from Congressional Research Service Reports.

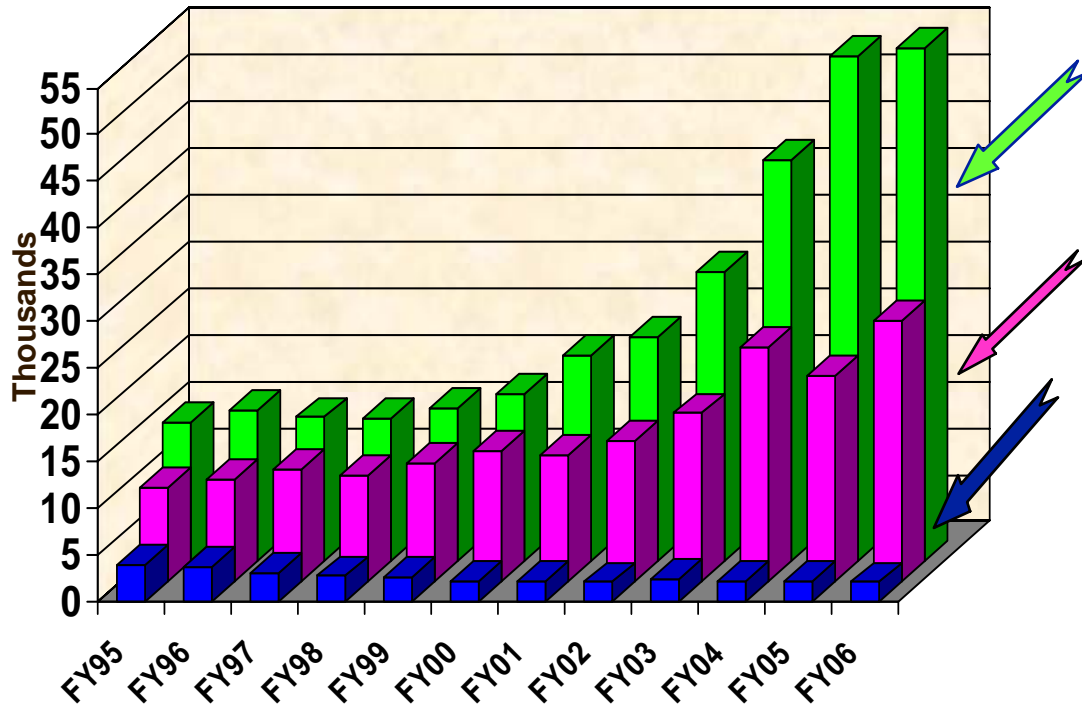
Army Contracting: ~7x the Actions, ~3x the Dollars, No Increase in Personnel



AMC Contracting Trends



■ People ■ Actions > \$100K ■ Total Dollars in Billions ■



Increased Dollars

- **Up 382%** since '95

Increased Actions

- **Up 359%** since '95

Decreased Workforce*

- **Down 53%** since '95

*Based on AMC data calls to Acquisition Support Centers:

FY95 Workforce: 3,905

FY06 Workforce: 2,070

Elimination of Army General Officers in Contracting Career Field



Army General Officer Positions – Now Eliminated			
1	DCS for Procurement & Production	MG	Redesignated May 92
	DCS for Procurement, AMC	MG	Eliminated Nov 91
	Redesignated DCS for Acquisition, AMC	BG	Eliminated Oct 92
2	DCG, Procurement & Readiness, MICOM	BG	Eliminated Nov 91
3	DCG, Procurement & Readiness, TACOM	BG	Eliminated Nov 91
4	Dep for Contracting, OASA(RDA)	MG	Redesignated May 92
	Redesignated Dir, Contracting, OASA(RDA)	BG	Eliminated Mar 93
5	Dir, Office of Competitive Sourcing, OASA(RDA)	BG	Eliminated Dec 98

Joint General/Flag Officer Positions – Now Eliminated			
1	Dir, DCMC	MG	Realigned to establish G/FO billet in MDA as of 13 May 92
2	Dep Dir, Aqn Mgt, DCMC	MG	Eliminated May 92
3	Cdr, Mid-Atlantic District (Defense Contract Management Command)	BG	Eliminated May 92
4	Cdr, Western District (Defense Contract Management Command)	BG	Eliminated May 92
General/Flag Officer Positions (Joint) – Temporary			
1	Cdr, JCC-I/A ^a	BG ^b	Established after 2001—filled by Air Force
^a JCC-I/A is the Joint Contracting Command-Iraq/Afghanistan ^b According to the Joint Duty Assignment Listing Annex, this is an O-7 billet. However, the incumbent is an O-8 (Maj Gen Scott, USAF)			

Source: Data provided October 1, 2007, to the Commission by Deputy Chief General Officer Management Office (GOMO)

Military Competence Essential to Expeditionary Contracting



- Army has not recognized importance
 - Military (279 Officer; 62 Enlisted); Civilian ~5,500 (GS-1102)
 - FY06 procurement actions: 398,748
 - Army active duty military (~3% of contracting workforce) begin contracting careers approximately 7 years after commissioning
 - No current Army General Officer billets
 - Army civil servant personnel policies outdated
- Air Force has/had; but...
 - Military (940 Officer – active only; 1,196 Enlisted); Civilian ~4,800
 - FY06 procurement actions: 61,000
 - Air Force military (37% of contracting workforce) begin careers as 2nd Lieutenant
 - Potential promotions to General Officer positions
 - Air Force contracting squadrons linked directly to expeditionary wings
 - However, even in the Air Force, “the importance of career contracting personnel seems to have waned over the past years”
- Army “Executive Agent” for Iraq and Afghanistan, but Army unable to fill billets in either quantity or qualifications
 - Air Force Major General commanding JCC-I/A at time of the Commission report
 - 67% of the JCC-I/A contracting workforce staffed by Air Force; and Air Force handling most complex contracts

Major Procurement Frauds (as of 9/24/07)

Far More Than Just Contracting Officers



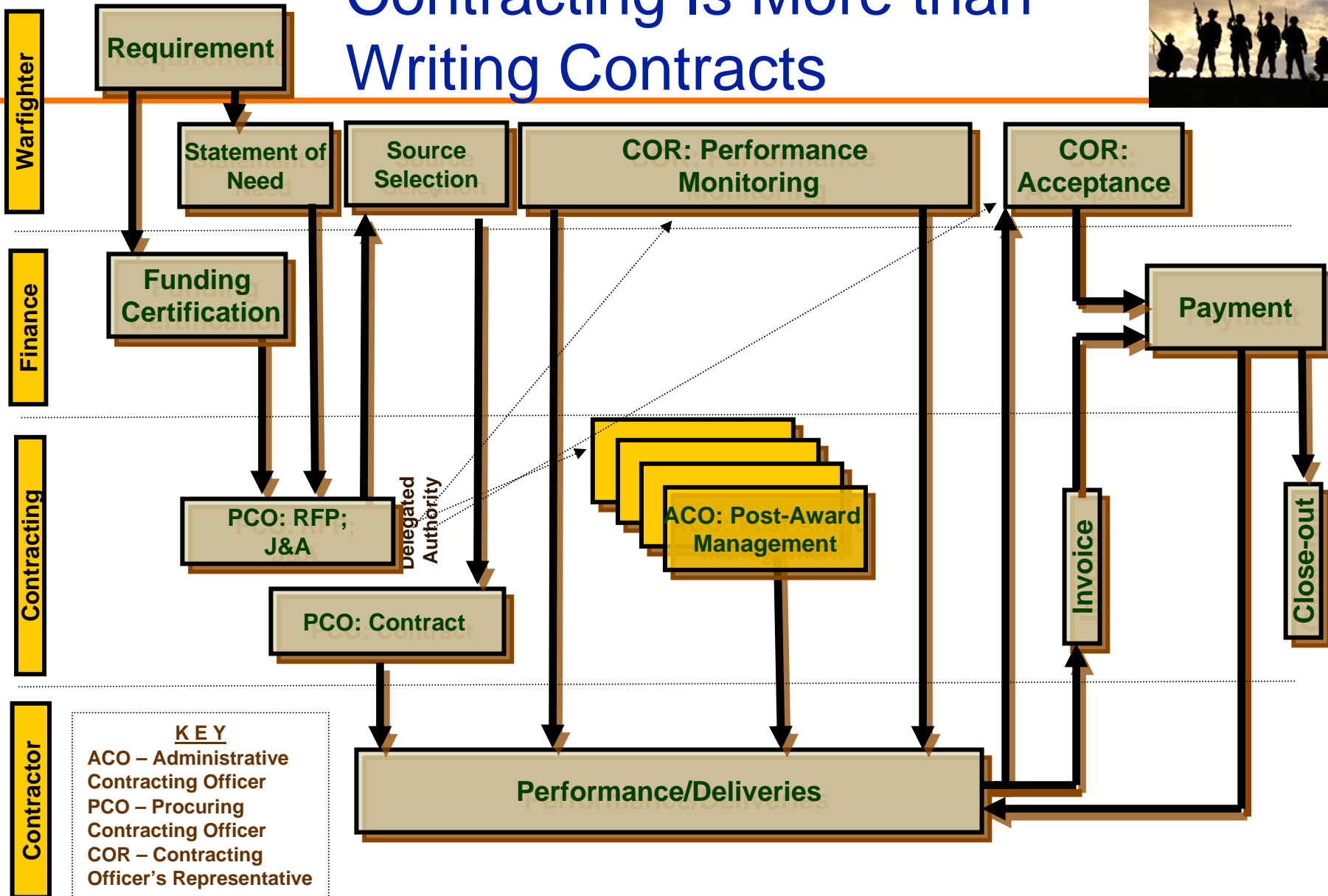
Service	Percentage of Contracting Personnel in Iraq/Kuwait	Open Fraud Investigations
Air Force	70%	1
Army	28%	77
Navy	2 %	0
Total	100%	78

Army Employees Involved	
Contracting Officers	18
Contracting Officer Representatives	21
Other	57
Total	96

Army Employees Involved		Active	Reserve	National Guard	Retired
		Army Officers	50	27	12
Army Enlisted	33	19	8	6	0
Dept of Army Civilians	13	83			
Total	96				

Source: Data provided September 21, 2007, to the Commission by U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit, and subsequently updated on September 24, 2007

Contracting Is More than Writing Contracts



Post-Award Contract Management



“In Iraq, contract management for non-LOGCAP was a ‘pick-up game.’ When done at all, it was a secondary function.” (Former Senior Army G.O.)

- Contract management is the essential post-award contracting function to ensure mission accomplishment, and it is an important control over fraud, waste, and abuse; it CANNOT be a “pick-up game” in the Army
- There are 70+ FAR functions performed in the post-award phase
- Certain acquisition professionals are key to post-award contract management:
 - Administrative Contracting Officer (ACO) – Primary interface to contractor
 - Quality Assurance Representative (QAR) – Evaluates contractor performance
 - Contracting Officer Representative (COR) – Augments the QAR; ideally subject-matter experts embedded with the mission
- CORs are not identified and trained prior to deployment; consequently, they are ill-prepared to execute their contract management duties, and even then it is an additional duty
- With not enough ACOs, PCOs could do this – but they are too busy and therefore it is **not being done**

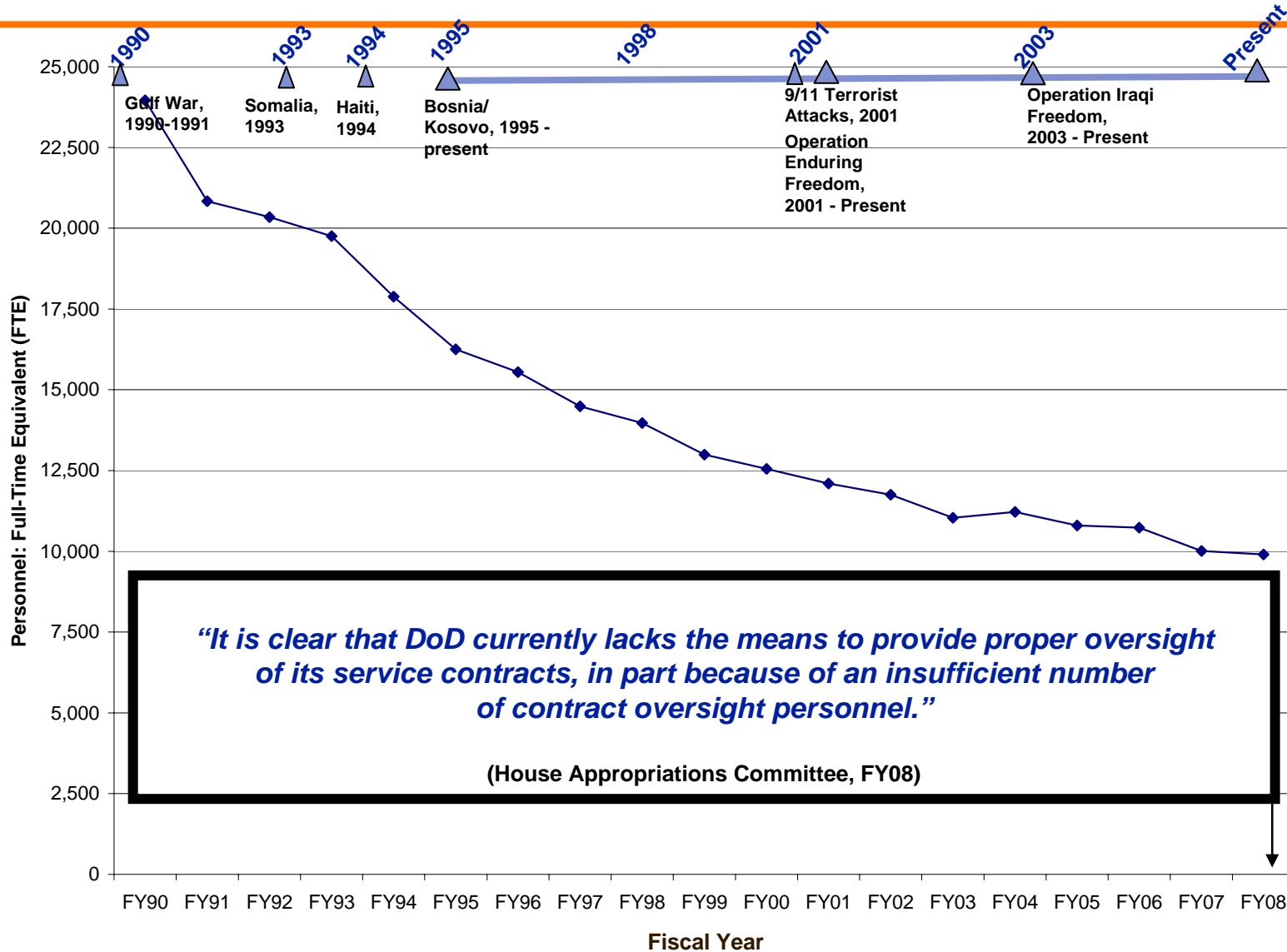
To be continued...

Post-Award Contract Management (Continued)



- Contract administration functions may be retained by a contracting activity or delegated to the Defense Contract Management Agency (DCMA)
 - Contracting activities typically delegate weapons system, production-type contracts to DCMA, whose representatives are co-located in a contractor's plant
 - Contracting activities do not normally delegate services or base, post, camp, and station-type contracts to DCMA; not considered its mission by DCMA (but allowable by regulation)
- DCMA is performing OCONUS contract administration for LOGCAP and a few other small, in-theater efforts
- DCMA is not currently positioned to perform all expeditionary contract administration functions and does not serve as center-of-excellence for expeditionary contract management
 - Inadequate resources (people and money)
 - Narrow CONUS mission does not include base, post, camp, and station or service contracts
 - No military leadership heading DCMA

DCMA Personnel Continue to Decrease



**59% Decrease
In FTEs
Since FY90**

“It is clear that DoD currently lacks the means to provide proper oversight of its service contracts, in part because of an insufficient number of contract oversight personnel.”

(House Appropriations Committee, FY08)

Some Quotes From Commission Hearings



- ***“I am assigned to a field grade command with lieutenant qualifications.”***
(Army contracting field grade officer regarding his first acquisition assignment)
- ***“I can’t get certified Army personnel (civilian or military) to fill my needs.”***
(Air Force G.O. in Iraq)
- ***“Only 38% of those in contracting positions in-theater are certified for the positions they hold.”***
(Senior DoD official)
- ***“In-theater, we had lots of people in Washington telling us the rules, but little sense of urgency.”***
(Former Army Contracting Official)
- ***“We’re not training as we fight.”***
(Army G.O.)
- ***“In-theater, we could do no pricing and no contract close-outs.”***
(Former Army Contracting Officer)
- ***“We have a joint contracting command in name only [in I/A]; in reality, it isn’t a joint command in key ways.”*** (Army G.O.)
- ***“We need to have a section in every leadership course on contracting and contractors.”*** (Army G.O. back from Iraq)
- ***“Next time I go overseas, I don’t want it to be ad hoc.”*** (Army G.O.)
- ***“Contracting for expeditionary services requires far greater sophistication.”*** (Army SES)
- ***“If I would have known about the contracting issue in advance, I would have done something about it.”***
(Army Senior G.O.)
- ***“We have problems in both service and weapon systems contracting.”***
(Retired G.O.)



Institutional Issues

Institutional Army support to Iraq/Afghanistan/Kuwait inadequate

- Too much incremental funding
 - Causes unnecessary, “make work” contract modifications and inefficient operations
 - For example, in FY 06 LOGCAP had 141 incremental funding contract modifications
- No Expeditionary FAR (EFAR) defining allowable expedient actions, to be used in training and provided to field
- Contracting training not modified for need
 - Need more focused expeditionary contracting training, plus expeditionary contracting education
 - Rapid acquisition of materiel solutions, force sustainment, and reconstruction
- Contracting reach-back not responsive or effective
- Pricing personnel needed in theater and CONUS
- Contracting Officers Representatives (CORs) need to be identified, trained, and ready in the units prior to any deployment
- Combat commanders not trained in importance of requirements definition, contracting, and contractors in expeditionary operations
- Contract close-outs are not occurring because of shortage of trained personnel
- Little to no visibility of contractor assets or personnel in theater of operations
- Army civilian personnel system not oriented for expeditionary operations

“We are deploying civilians to the theater based on rules established 30 to 40 years ago.”



Institutional Issues (Continued)

- Requested improvements to align contracting with needs of Combatant Commander (June 2006 memorandum from Commanding General, Multi National Forces-Iraq (Gen. Casey))
- Very little progress

Statutory relief

1. Expand funding authority
2. Adjust GAO protest and CICA stay provisions
3. Automatically apply express option to GAO decisions for protests
4. Amend CICA to allow HCA to establish publication parameters
5. Automatically exempt from Berry Amendment and Balance of Payments
6. Exempt DoD civilians from tax when deployed in combat zones

Regulatory initiative

7. Develop contingency FAR

Departmental initiatives

8. Establish clear lines of authority for all government organizations
9. Create Standing Joint Contingency Acquisition Committee to develop policy
10. Provide automated contingency contract writing system

Iraq Is a Wake-Up Call; It Is the Army's Acquisition/Contracting "Tipping Point"



Iraq has illuminated numerous major problems with expeditionary Army acquisition and contracting, including:

- Diffused responsibility in-theater (many “ad-hoc players”: AMC, ACA, LOGCAP, Kuwait, Corps of Engineers, SOCOM, JCC-I/A, DCMA, DLA, CENTAF, MARCENT, U.S. AID, Department of State, etc.) and in Pentagon
- Five years into Operation Iraqi Freedom (OIF), deficiencies persist:
 - Leadership
 - Organization
 - Resourcing: personnel, “color of money,” sense of urgency, cash flow, etc.
 - Career development, training, and education
 - Expeditionary (contingency, “sustainment”, etc.) doctrine, policy, requirements, and tools (database of Service statements of work, terms and conditions, standard contracts, pre-placed authorities, class waivers & deviations)
 - Rapid acquisition and fielding
 - Post-award contract management
 - In-theater integration of operational, logistics, and contractor forces/personnel
- Bottom line: Solution must address shortfalls across the Doctrine, Organization, Training, Materiel, Leader Development, Personnel, and Facilities (DOTMLPF) spectrum to improve expeditionary contracting



Fix the Cause, Not the Symptoms

- Future military operations will be expeditionary and joint (and, likely, multi-agency)
 - Desert Storm, Somalia, Balkans, Afghanistan, and Iraq situations all “unique,” and the next national security problem will be also different –
but it will definitely be expeditionary and heavily involve the need for contractor support
 - Army and U.S. Government need organizations and talent poised to “hit the ground running”
- Institutional Army’s ability to support warfighter currently undermined by a systemic peacetime, CONUS culture and bureaucracy
 - Does not sufficiently value or recognize importance of contracting, contract management, and contractors in expeditionary operations
 - Is slow to respond and is not prepared to meet expeditionary needs
 - Is an unsynchronized activity among the many Army buying commands
- Adding more auditors is not the solution (*“between SIGIR, AAA, and DCAA there are already more auditors in the field today than Government contract personnel”*)
- Name change to “generating force” has not resulted in an expeditionary approach to contracting

The Four Key Elements to Future Success



1. Increase stature, quantity, and career development of contracting personnel, military and civilian (especially for expeditionary operations)
2. Restructure organization and restore responsibility to facilitate contracting and contract management in expeditionary and CONUS operations
3. Provide training and tools for overall contracting activities in expeditionary operations
4. Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations

Element 1: Contracting Personnel



Increase stature, quantity, and career development of contracting personnel, military and civilian (especially for expeditionary operations)

- Increase Army military (+400) and civilian (+1,000) contracting personnel (~25 percent of the total), plus Army personnel (+583) to fill DCMA billets for Army Support
 - Civilian and military (GS-1102 and 51C) to decrease the ratio of contract actions to contracting personnel
 - General Officers, Officers, Warrant Officers, and Non-Commissioned Officers
 - Support for non-major weapon system acquisitions
 - Cost/price analysts
- Army-wide career development
 - A funded “cradle to grave” career plan for excellence
 - The management of both civilian and military contracting personnel should be the responsibility of one office
 - Create a Contracting Corps: officer and enlisted
 - Officer career track should start on entry, but assigned for 2+ years to a combat branch, then rotate in various contracting roles
 - Following initial entry tour, achieve DAWIA Level I certification in contracting through DAU (equivalent to an Advanced Course)
 - Enlisted assessed directly into the Corps

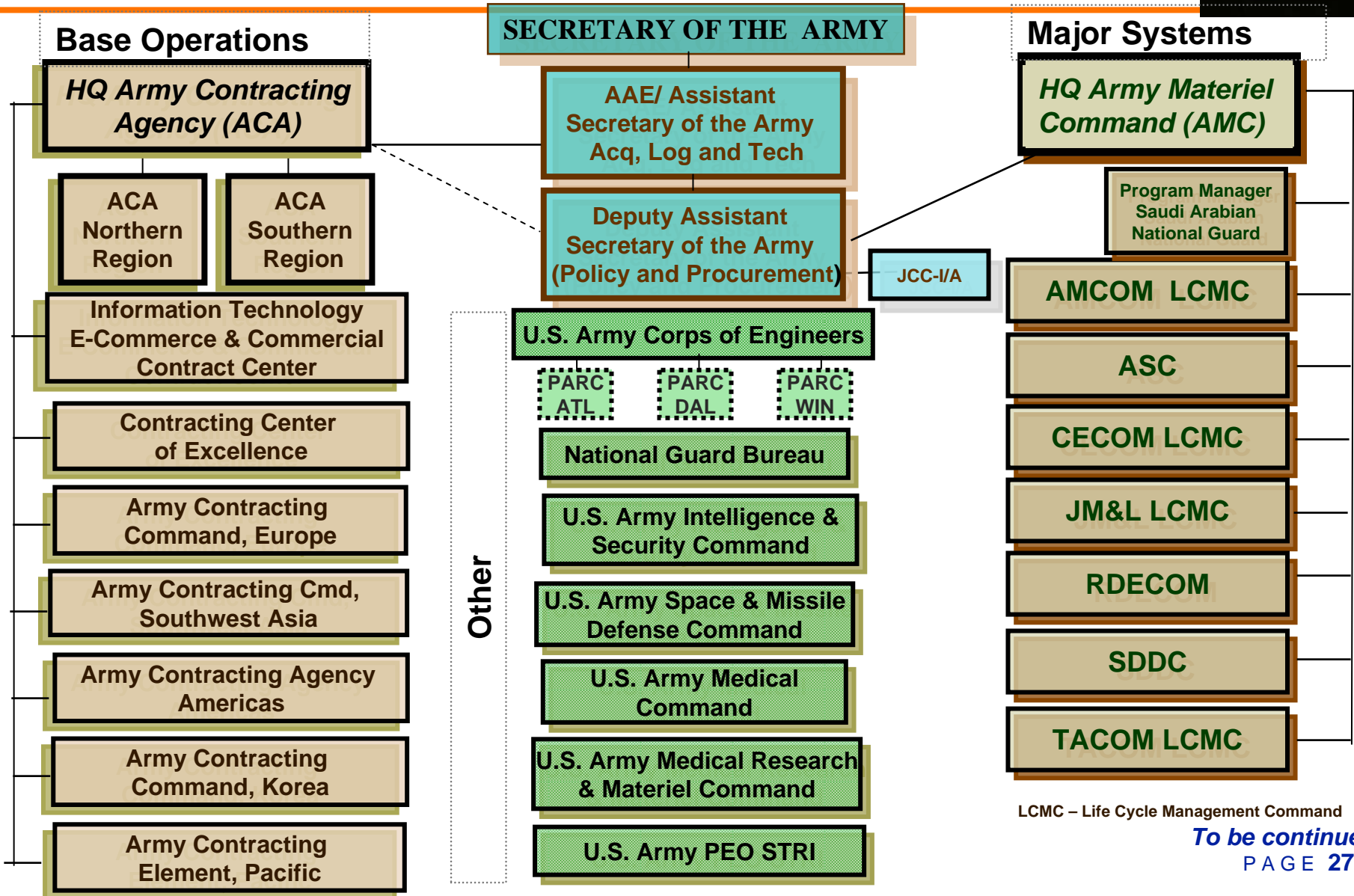
Element 1: Contracting Personnel

(Continued)



- Establish Generals and Civilian SESs
 - Congress should authorize 10 additional General Officers for contracting positions (similar to what existed in 1990)
 - 5 for Army (fence the billets by providing them to the Service Secretary)
 - 5 Joint—including a 3-Star billet for DCMA
 - Maintain existing civilian SES contracting authorizations, plus 1 new deputy
 - Establish a separate Army Contracting Promotion Board for both military and civilian contract professionals (similar to Army Medical Board) to ensure the development of world-class contracting professionals, as well as leaders, and avoid “profile fodder”
- Establish “contract planning” positions (requirements definition)
 - Planning should be conducted by the operations and training (G3 or S3) staff at the corps, division, and brigade combat team level
- Conduct major review of all civil service policies applicable to those who may be expected to deploy to theater

Element 2: Organization and Responsibility: Current Army Contracting Organizations



LCMC – Life Cycle Management Command

Element 2: Organization and Responsibility (Continued)

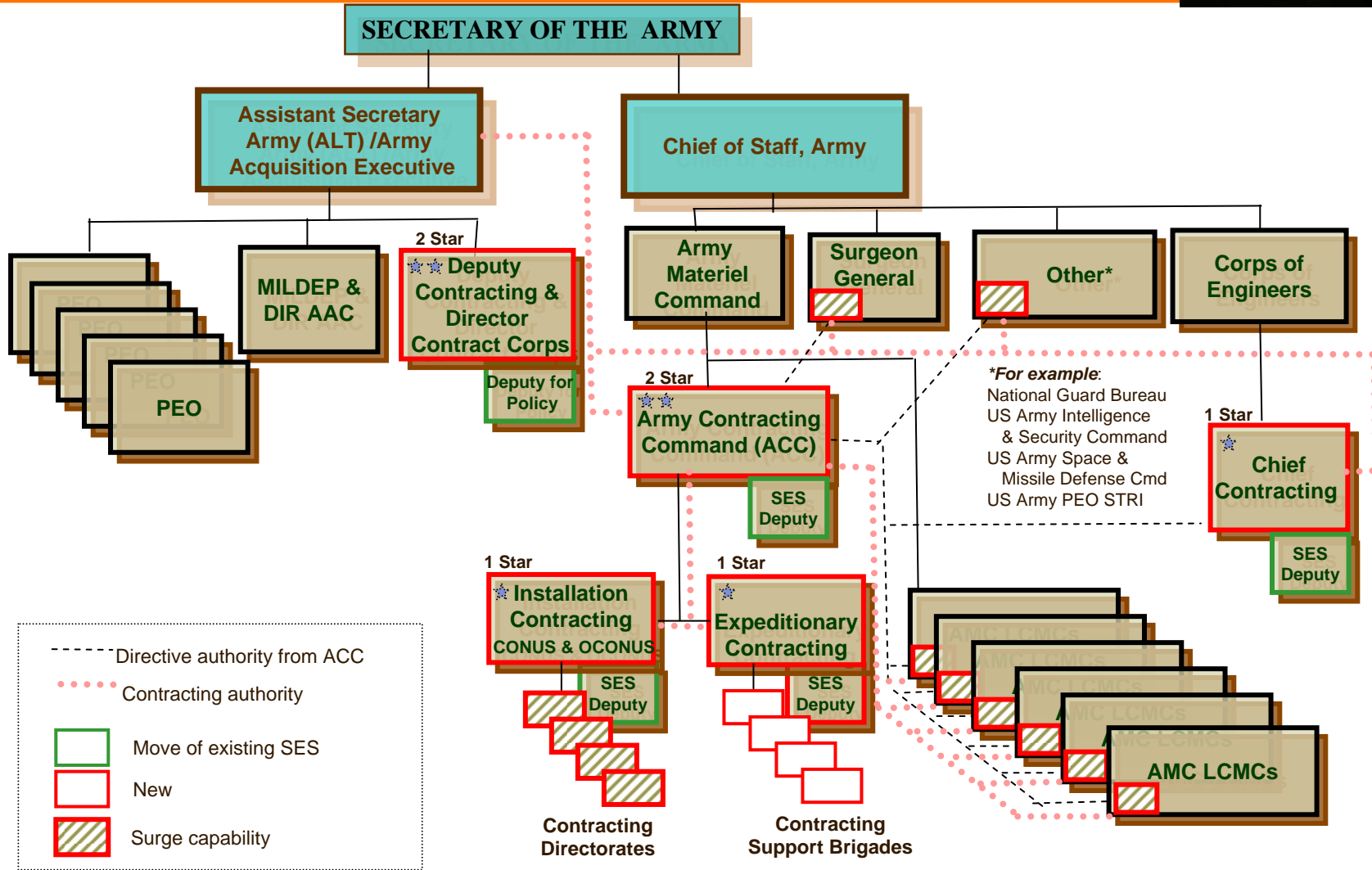


Organizational/Institutional Change

- Need a single “Army Contracting Command” responsible for making “contracting” (in its broadest sense) an “Army, high-quality, core-competence”

This will take time, but it is essential to address the acquisition problems of recent years – both in expeditionary operations as well as in Army-wide contracting and weapons buying

Element 2: Organization and Responsibility: Proposed Army Contracting Organizations



Element 2: Organization and Responsibility (Continued)



Why a 2-Star Army Contracting Command:

- Currently, multiple commands have responsibility for contracting
 - None of these commands have responsibility to synchronize all aspects of contracting below the Army Secretariat level
 - Commanders and contractors have to deal with multiple HCAs/PARCs on policy interpretation issues for both service and weapons contracting issues
- The Army Contracting Command:
 - The command would act as the Center of Excellence for contracting by being responsible to the Chief of Staff, Army (CSA) for Army-wide policy implementation
 - The Commander would--
 - Be responsible for providing a trained, ready, and relevant expeditionary contracting capability
 - Have Directive Authority over all Army Contracting Capabilities with respect to Civilian Education, Training, and Mobility agreements. The Secretary of the Army and CSA can go to one command for status and readiness of the contracting workforce

To be continued...

Element 2: Organization and Responsibility (Continued)



Leadership requirements:

- MG-led AMC Contracting Command, with SES deputy, including:
 - BG-led, rapidly-deployable, expeditionary contracting organization
 - Will include the Contracting Support Brigades, including an audit presence
 - BG-led installation contracting organization, with SES deputy, (CONUS and OCONUS installations)
- MG Director of the Army Contracting Corps reporting to the ASA(AL&T) responsible/accountable for policy, competition advocacy, personnel, training, and readiness of the contracting force Army-wide
 - Military and Civilian
 - Contracting personnel assigned to commands but centrally managed
- Create BG Chief for Contracting, COE
- Create 5 Joint General Officer Billets (JCCs*/JFCOM/DCMA)

*JCCs=Joint Contracting Commands
for each expeditionary operation

Element 2: Organization and Responsibility (Continued)



- Establish Defense Contract Management Agency (DCMA) as center-of-excellence for expeditionary contract management
- Assign DCMA responsibility for all contract management for
 - Expeditionary contract management
 - Base, camp, and station contract management
- Establish Director as 3-Star billet (all Services eligible)
- Adequately resourced (people and money) for this expanded role, and have the required training
 - Increase DCMA billets by 583 (for Army support)
- Note--If DCMA does not fulfill the contract management responsibility worldwide, this requirement will not go away; it must be established and resourced by the Services



Element 3: Training and Tools

Provide training and tools for overall contracting activities in expeditionary operations so we do not repeat mistakes of Operation Iraqi Freedom/Operation Enduring Freedom

- Teach role and importance of contractors in expeditionary operations in--
 - Officer Advanced Course, Command & General Staff College; War College; Sergeant Majors Academy; etc.
 - Courses for warrant officers and NCOs*; and
 - 3-5 day course for newly selected BGs
- Require contracting events in all combat exercises
- Section in all Army leadership courses
 - Army Field Manual FM 3-100-21, “Contractors on the Battlefield” (section 2-47 and 2-48) contains “Training with Contractors” guidance, but it has not been implemented
- Support “communities of practice” (e.g., contracting blog)
- “Expeditionary readiness report” including operational contracting preparedness, with reporting down to (at least) the brigade combat team level
- Incorporate expeditionary contracting lessons learned
 - School houses and courses
 - Center for Army Lessons Learned (CALL)

***Logistics company grade and warrant officers training has started; SOCOM also has an integrated contingency contracting approach**

Element 4: Legislative, Regulatory, and Policy



Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations

- Legislative assistance
 - Increase in General Officer billets for Contracting and Joint Contracting
 - “Fencing” for contracting officers
 - Service back-fill authorizations for joint positions
 - Increase Army contracting personnel authorizations by 1,983:
 - Army military by 400 and civilian by 1,000
 - DCMA military and civilian billets by 583 (for Army support)
 - Added benefits for volunteer civilian personnel serving in a combat zone (e.g., tax waiver, life insurance, long-term medical coverage, pay cap removal)

To be continued...

Element 4: Legislative, Regulatory, and Policy Assistance (Continued)



- Legislative assistance (continued)
 - “Standby” flexibility in funding (an adequately resourced “Overseas Contingency Operations Transfer Fund”) and in “local buying” waivers – for future expeditionary operations (similar to U.S. AID flexibility)
 - Defense transfer fund without “color of money” or fiscal year limitations
 - Provide Congress with insight via reporting on expenditures and savings
 - Based on Balkans “Overseas Contingency Operations Transfer Fund” (approved by Congress)
 - Waiver of small business and U.S. labor statutory provisions, Buy American, Berry Amendment, Specialty Metals, etc. to allow rapid, local buying if required in expeditionary operations
- Regulatory assistance - Expeditionary Contracting Manual
- Policy assistance
 - Need comptroller authorities at all levels (OMB, OSD, Army, and command) to allocate and apportion money intelligently
 - Do not unnecessarily burden the contracting officers in the combat arena
 - Longer periods of apportionment needed for expeditionary situations
 - Currently quarterly apportionments
 - Not long ago, monthly (or less) apportionments



Recommended Model: Joint

- Need a uniformed, rapidly-deployable expeditionary contracting force and standing JCC (with pre-volunteered civilian support)
- Each COCOM should have trained Contracting Officer's Representatives, pre-planned and approved (also, a representative of the audit/IG community)
- Train as we fight: JFCOM and Army training exercises must stress rapid acquisition, logistics, and contracting in expeditionary operations
- Expeditionary Contracting Manual; handbook; and tactics, techniques, and procedures (TTPs) needed, with training
- Focus DAU to train and educate the civilian and military acquisition, logistics, and contracting workforce as needed for expeditionary operations (as well as weapons systems contracting)
- One executive at OSD responsible and accountable for DoD contracting policy, education, training, and readiness (reporting directly to USD(AT&L))

**Also need to address multi-agency issues:
AFRICOM may be a way to start to do it**

Reminder: The Four Key Elements to Future Success



1. Increase stature, quantity, and career development of contracting personnel, military and civilian (especially for expeditionary operations)
2. Restructure organization and restore responsibility to facilitate contracting and contract management in expeditionary and CONUS operations
3. Provide training and tools for overall contracting activities in expeditionary operations
4. Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations

A Plea from the War Zone



“There are things Commanders in the field see as problems that people in DC don’t think are problems – we should listen to the Commanders.

This problem is pervasive DoD-wide, because workload continues to go up while contracting and acquisition assets go down – there is a cost to these trends that is paid in risk, and we don’t realize how big the bill is until there’s a scandal.

The civilian personnel system does not serve an expeditionary force well – the system needs to provide superior short-term and career incentives to civilians who stay close to the combat mission.

Until you put Generals back in charge of contracting, the career field will continue to get no respect or resources.”

(G.O., speaking of his experience of contracting in Iraq)

Summary



- Too often it takes a crisis to bring about major change – the Iraq/Kuwait/Afghanistan contracting problems have created a crisis!
- Maintaining this essential focus on contracting excellence will only be more difficult as budget supplementals decrease
- Changes are clearly required in the area of Army contracting – especially for the expected future expeditionary operations
- These changes are essential to make the Institutional Army the Generating Force in both name and capability for contracting
- It is up to Army Military and Secretariat leadership to bring about the needed changes

The time to act is now!
High-quality contracting
must be an Army core competence

- A “special task force for implementation,” chartered by the Secretary of the Army, must be tasked to plan for, and achieve, the needed transformation



Implementation

Summary of Commission's 40 Highest-Level Recommendations



<p>Overarching Recommendation: <u>Implement</u> the Commission's Recommendations Rapidly and <u>Measure</u> Success (See report pages 12 and 47)</p>	<p>Recommendation 1: Increase the Stature, Quantity, and Career Development of the Army's <u>Contracting Personnel</u> (CONTINUED)</p>	<p>Recommendation 2: Restructure <u>Organization</u> and Restore <u>Responsibility</u> to Facilitate Contracting and Contract Management</p>	<p>Recommendation 3: Provide <u>Training and Tools</u> for Overall Contracting Activities in Expeditionary Operations</p>	<p>Recommendation 4: Obtain <u>Legislative, Regulatory, and Policy</u> Assistance to Enable Contracting Effectiveness</p>
<p>Army:</p> <p>1) A.1 Charter a Special Task Force to plan for, & achieve, the needed transformation with proper urgency</p> <p>A.1.1. Appoint a Special Task Force Leader</p> <p>A.1.2 Develop a time-phased master plan within 30 days & provide it to the Commission</p> <p>2) A.2 Implement key recommendations within 6 months and all recommendations within a year</p> <p>3) A.3 Review progress periodically with the Commission (quarterly reports and annual program review)</p>	<p>Army:</p> <p>9) 1.3 Establish "contract planning" (requirements definition) positions</p> <p>10) 1.4 Establish a separate Army Contracting Promotion board</p> <p>11) 1.5 Fence the 5 Army General Officer billets to SECAR</p> <p>12) 1.6 Establish a MG Deputy for Contracting and Director of the Army Contracting Corps</p> <p>13) 1.7 Increase the number of military (by 400) and civilian (by 1,000) in the Army contracting workforce.</p> <p>14) 1.8 Ensure that Army military contracting personnel, start their contracting career earlier</p> <p>15) 1.9 Capture expeditionary contracting lessons learned, incorporate them into systemic forums, and provide feedback to the force</p> <p>16) 1.10 Establish a separate, centrally managed Contracting Corps</p> <p>17) 1.11 Establish a skill identifier and manage military contracting personnel</p> <p>18) 1.12 Adequately fund contracting career planning programs, education & training, and internships</p> <p>19) 1.13 Ensure that expeditionary contracting deployment is not a first assignment</p> <p>20) 1.14 Change environment to foster civilian personnel participation in expeditionary operations</p>	<p>Army:</p> <p>21) 2.1 Establish a MG Deputy for Contracting and Director of the Contracting Corps and realign the current Deputy Assistant Secretary for Policy as a direct report</p> <p>22) 2.2 Establish an Army Contracting Command, commanded by a MG, and realign the current Deputy for Contracting, AMC, as a direct report</p> <p>23) 2.3 Establish an Expeditionary Contracting Command, commanded by a BG, under the ACC, and create a new SES position as a direct report.</p> <p>24) 2.4 Establish an Installation Contracting Command, commanded by a BG, under the ACC, and realign the current Directing, US Army Contracting Agency, as a direct report</p> <p>25) 2.5 Establish a chief of contracting for the Army Corps of Engineers, headed by a BG, and supported by a SES deputy.</p> <p>Department of Defense:</p> <p>26) 2.6 Create an Integrated Expeditionary Command in-theater for each major operation</p> <p>27) 2.7 Make one executive reporting directly to the USD(AT&L) responsible and accountable for DoD contracting</p> <p>28) 2.8 Redefine DCMA's scope</p>	<p>Army:</p> <p>29) 3.1 Train as we fight: Adapt training exercises to stress rapid acquisition, logistics, and contracting in expeditionary operations; include contracting operations and planning requirements in all military exercises</p> <p>30) 3.2 Develop and field the contract tools needed for the expeditionary forces (e.g., sample contracts)</p> <p>Department of Defense:</p> <p>31) 3.3 Focus DAU to train and educate the civilian and military acquisition, logistics, and contracting workforce for expeditionary operations</p> <p>32) 3.4 Provide DAU the necessary resources for the through-put it will experience to accommodate the Army's migration to emphasizing Level 1 certification earlier in careers</p> <p>33) 3.5 Provide training to Contracting Officer's Representatives in each Service, prior to any military operation</p>	<p>Congress:</p> <p>34) 4.1 Increase General Officer billets for Contracting and Joint Contracting (with "fencing" for contracting professionals)</p> <p>35) 4.2 Increase contracting personnel (Army military by 400, Army civilian by 1,000, and 583 to fill DCMA billets for Army support)</p> <p>36) 4.3 Legislate to provide incentives for civilian contracting personnel to "pre-volunteer" for expeditionary operations</p> <p>4.3.1 Eliminate the pay cap</p> <p>4.3.2 Establish tax-free status</p> <p>4.3.3 Make medals available</p> <p>4.3.4 Assure life-insurance and long-term medical coverage</p> <p>37) 4.4 Legislate to pre-position funding flexibility through an adequately resourced contingency operations transfer fund</p> <p>38) 4.5 Legislate to pre-position waivers of small business and US labor provisions, Buy American, Berry Amendment, Specialty Metals to allow rapid, local buying for expeditionary operations</p> <p>Department of Defense:</p> <p>39) 4.6 Establish an Expeditionary Contracting Manual</p> <p>40) 4.7 Ensure policy and practice support intelligent funding apportionment for expeditionary operations</p>
<p>Recommendation 1: Increase the Stature, Quantity, and Career Development of the Army's <u>Contracting Personnel</u></p>				
<p>Congress:</p> <p>4) 1.1 Authorize 10 additional General Officers for contracting positions</p> <p>5) 1.2 Maintain existing civilian SES contracting authorizations, plus 1 new SES</p> <p>Department of Defense:</p> <p>6) 1.15 Assign DCMA the role of all base, post, camp, and station contract management</p> <p>7) 1.16 Adequately resource DCMA for this expanded role, and have the required training</p> <p>8) 1.17 Require a complete review and rewrite (as necessary) of each applicable personnel directive impacting civilian personnel involvement in military operations</p>				

Post-Commission Report

Congressional Interest



- The Commission has appeared, at Congressional invitation, to testify before:
 - Senate Armed Services Committee (December 2007)
 - Senate Homeland Security and Government Affairs Committee (January 2008)
 - House Armed Services Committee (April 2008)
- Passage of the National Defense Authorization Act for Fiscal Year 2008:
 - Section 849, Contingency Contracting Training for Personnel Outside the Acquisition Workforce and Evaluations of Army Commission Recommendations
 - Section 852, DoD Acquisition Workforce Development Fund

National Defense Authorization Act for Fiscal Year 2008



- **Section 849, Evaluations of Army Commission Recommendations**
 - Requires training for personnel outside acquisition workforce, including understanding the scope and scale of contractor support in contingency operations and preparing for associated roles and responsibilities
 - Requires joint policy for the incorporation of contractors and contract operations in mission readiness exercises
 - Requires evaluation by the Secretaries of Defense and Army, of the Commission recommendations and identification of implementation plans
- **Section 852, DoD Acquisition Workforce Development Fund**
 - Requires the Secretary of Defense to establish a fund for the recruitment, training, and retention of acquisition personnel of the DoD
 - The purpose of the fund is to ensure that the DoD acquisition workforce has the capacity, in both personnel and skills, to properly perform its mission, provide appropriate oversight of contractor performance, and ensure that the DoD receives best value for the funds expended
 - To create the fund, the military Services remit to the Secretary .05 percent of funds spent on contracting for services per fiscal year (the percentage increases to 2 percent in 2010)
 - The Defense Acquisition University manages the fund, and the Services and Agencies submit proposals identifying ways to use those funds. Over 80 proposals have been mapped into 22 enterprise initiatives, designed to position the Department to strategically address acquisition workforce shortfalls

DoD Implementation Task Forces



Commission Overarching Recommendation:

Implement the Commission's Recommendations Rapidly and Measure Success

- Established to assess and implement
 - Army task force – MG George Harris, Army Contracting Campaign Plan (ACCP)
 - OSD task force – Mr. Shay Assad, Director, Defense Procurement, Acquisition Policy, and Strategic Sourcing (DPAP)
- Coordinating with stakeholders
 - Internally (OSD, all Services, DCMA, and DLA): Bi-weekly
 - Congress: Section 849 Reports from Army and OSD submitted May 28 and June 2, 2008, respectively

Implementation



Commission Overarching Recommendation:

Implement the Commission's Recommendations Rapidly and Measure Success

- Reports to Congress include scorecard tracking 40 Commission Recommendations
- Noteworthy actions by OSD and Army
 - OSD publication of Contingency Contracting: A Joint Handbook
 - Army contracting organization restructured per Commission recommendations: U.S. Army Contracting Command stood up February 2008
- Applicability of recommendations to other Services
 - Commission's charter was focused on Army
 - Recommendations could be leveraged by other Services
 - OSD Report to Congress included Service analysis



Implementation Review

Commission Overarching Recommendation:

Review progress periodically with the Commission (quarterly reports and annual program review)

- Quarterly status updates to Commission - August 2008, November 2008, February 2009, May 2009
- Reporting by OSD, Services, DCMA, DLA
- Most recent update focused on contracting General/Flag Officers (G/FO) for the Services and expeditionary contract management
- Report on G/FO status—
 - Army – pursuing 5 GOs
 - USN – maintaining 4 FOs
 - USAF – reallocating 2 GOs
 - OSD – pursuing 4 “Joint” GOs
- Report on expeditionary contract management
 - Commission recommended DCMA as center of excellence
 - OSD is pursuing alternate solution: expeditionary contract management would revert to Services by 2012

To be continued...

Implementation Review (Continued)



Commission Overarching Recommendation:

Review progress periodically with the Commission (quarterly reports and annual program review)

- First annual program review – October 31, 2008
- Program participants – OSD, the Army, and the other Services
- Key interest area – Contracting Personnel (Recommendation 1)
 - Developing future leaders and leading the culture change
 - General Officers
 - DCMA (3 stars for Agency Commander)
 - 4 “Joint” General Officers
 - 5 Army General Officers
 - Improving equity, recruitment, and retention
 - Civilian government employees (prevolunteering, benefits, etc.)
 - Developing strategies to meet identified workforce requirements
 - Results (or status) of Air Force human capital study
 - Army Combat Command “hiring authority”
 - Funding contracting career planning – e.g. Section 852 Acquisition Workforce Development Fund

Summary: Overwhelming Support



- The **Secretariat leadership** is fully committed to bringing about the needed changes
 - Secretary of the Army Pete Geren and Secretary of Defense Robert Gates are both monitoring implementation of the Commission's recommendations
- The overall **contracting community** is incredibly supportive of the Commission's recommendations
- **Capitol Hill** is similarly supportive

A change whose time has come!
*High-quality contracting
must be a DoD-wide core competence*