

STATEMENT BY

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(ACQUISITION, LOGISTICS AND TECHNOLOGY)

BEFORE THE

COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN

ON

SUBCONTRACTING: WHO'S MINDING THE STORE?

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Introduction

Commissioner Thibault, Commissioner Shays, and distinguished members of the Commission on Wartime Contracting: Thank you for this opportunity to appear before you to discuss subcontracting. I am pleased to represent Army leadership, members of the Army acquisition and contracting workforce, and our Soldiers who rely upon Army contracting to provide contractors and subcontractors to support our troops in expeditionary operations or at home in a timely and efficient manner.

The Challenges of Service Contracting

Since the Revolutionary War, the Army has relied on service contractors to support the Warfighter in times of peace and in times of war. However, today, more than ever, the all-volunteer Army relies upon service contractors in wartime to allow the utilization of each Soldier as a critical component of the mobilized force. As you know, service contractors and subcontractors in Iraq and Afghanistan have supported our Soldiers in greater numbers than at any prior time in history. Contractors and subcontractors are escorting supply convoys, preparing meals, doing our Soldiers' laundry, providing engineering and contracting support and freeing our Soldiers and Civilians to perform all the inherently governmental functions that are limited to government employees and the military.

The Army has done a tremendous job in responding to the changing environment, and continues to evolve and identify better ways to improve contractor selection processes and ensure that contractors and their subcontractors meet all contract requirements. We have overcome many challenges to date, continue to

identify and implement short-term and long-term solutions, and strive to prevent problems instead of simply working to fix them. In a challenging and evolving wartime environment, change is the norm and the Army Acquisition Workforce is focused on developing the agility this demands.

The Department of Defense (DoD) and the Army continue to recognize that the presence of contractors and subcontractors in the theater of operations presents a number of challenges, and have devised a number of means to meet those challenges. DoD identified the Synchronized Pre-Deployment and Operational Tracker (SPOT) as the tool to track the deployment of contractor and subcontractor personnel in Iraq and Afghanistan. After a contracting officer enters a contract into SPOT, the contractors enter and maintain data on their employees and the employees of their subcontractors operating in theater. This provides visibility into the location and numbers of contractor and subcontractor personnel in theater. The use of this tool is mandatory.

On June 29, 2010, the Director of Defense Procurement and Acquisition Policy reiterated a policy known as Theater Business Clearance/Contract Administration Delegation (TBC/CAD) that was originally put in place in late 2007. TBC requires DoD contracts for performance or delivery in Iraq and Afghanistan (and expanding to Kuwait and Pakistan in October 2010) be approved by CENTCOM Contracting Command (C3) prior to both solicitation and award. This ensures that the contracted effort is accomplished in designated area(s) of operations, along with any associated contractor personnel; and is visible to the Combatant Commander. It also ensures that the contracted effort is in consonance with in-country commanders' plans; that solicitations and contracts contain appropriate terms and conditions; that the contracted effort will

be properly overseen in designated area(s) of operation; and, that any Government-furnished support requirements associated with contractor personnel are properly addressed in the contract terms and conditions.

The CAD policy allows C3 to exercise control over the assignment of contract administration for the portion of contracted effort that relates to performance in or delivery to designated area(s) of operation and to exercise oversight to ensure the contractor's compliance with Combatant Commander and Subordinate Task Force Commander policies, directives, and terms and conditions.

The implementation of the Theater Business Clearance process, as well as enhanced training of Contracting Officer's Representatives (CORs), are actions that have been instrumental in improving the quality of contractor oversight in theater. Good contractor oversight by the government helps to ensure that contractors perform oversight of their subcontractors. To validate the effectiveness of the Theater Business Clearance process, DOD recently searched contract databases to identify contracts that had not received Theater Business Clearance. The responsible contracting officers were identified and required to remediate the deficiency and participate in Theater Business Clearance training. We continually test our processes to validate operational effectiveness. Recently, the Army took a number of actions to leverage our contracting resources, particularly as they relate to contingency contracting. I reorganized my staff to combine the current contingency contracting oversight group with my contingency policy planning organization in order to promulgate solutions on a global basis as a permanent part of the Army business model. A robust Contingency Contracting After Action Reporting process was developed and will, upon approval, be deployed to the

U.S. Central Command's Contracting Command, allowing military and civilians to readily report problems they encounter, local solutions, and success stories. This will be incorporated into the ongoing contingency contracting model.

The reorganization brought a fresh perspective to the Army in its role as the Executive Agent for Contracting in Iraq and Afghanistan. I requested a mission analysis to ensure that the Army appropriately executed its Executive Agent duties. This has refocused priorities to provide more effective oversight and support to contingency contracting, as well as institutionalizing these changes for future contingencies.

We initiated a number of projects and are prioritizing additional areas for process improvement as we remain focused on our goals. An ongoing investigation by the U.S. Senate Armed Services Committee identified problems with contracting and subcontracting for Private Security Contractors in Afghanistan. I have convened a working group to validate the scope of the problem and to propose contracting process changes as well as Army-wide solutions. I challenged the working group and my staff to look outside the box to identify the most effective solutions to address the problems, not just the easiest ones. Our aim is to develop solutions that will withstand a variety of circumstances in future contingency operations. We must look at risk assessment, not just dollar value, when we award service contracts. We must ensure that contractors manage their subcontractors effectively, as well as treat them fairly. We recognize the risks of contracting in a contingency operation. We must ensure that America's integrity is not harmed by the actions of our contractors and subcontractors. Department of Defense and Army contracting continues to be proactive in identifying and resolving the challenges presented by a contractor-supported workforce; however, additional work

remains to ensure that all contractors and subcontractors perform at the same high standards that we expect of our military and civilian personnel. Affecting change is hard work; it's not immediately measurable, but every step forward is a step in the right direction.

Contracting is an art, not a science. With this in mind, our goal for U.S. Army contracting is to develop a portfolio of contracting techniques and training to ensure Army contracting retains the agility to support contracting requirements in a contingency environment today and in the future. Thank you.