

# **Urgent Reform Required:** **Army Expeditionary Contracting**



**Report of the  
“Commission on Army Acquisition and  
Program Management in Expeditionary Operations”**



# Commission

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# I. Executive Summary

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*The acquisition failures in expeditionary operations require a systemic fix of the Army acquisition system.*

The Secretary of the Army established an independent Commission on Army Acquisition and Program Management in Expeditionary Operations to review the lessons learned in recent operations and provide forward-looking recommendations to ensure that future military operations achieve greater effectiveness, efficiency, and transparency.<sup>1</sup> The Commission assessed process (including internal controls), personnel, organization, training, policy and regulation, as well as explored legislative solutions, to ensure that the Army is properly equipped for future expeditionary operations.<sup>2</sup>

The “Operational Army”<sup>3</sup> is expeditionary and on a war footing, but does not yet fully recognize the impact of contractors in expeditionary operations and on mission success, as evidenced by poor requirements definition.

The Commission found that the following critical segments of the “Institutional Army”<sup>4</sup> have not adapted in order to enable responsive acquisitions and sustainment for expeditionary operations. Specifically:

- ◆ Financial management
- ◆ Civilian and military personnel
- ◆ Contracting and contract management
- ◆ Training and education
- ◆ Doctrine, regulations, and processes

These key failures encumber the Army acquisition system’s performance and have significantly contributed to the waste, fraud, and abuse in-theater by Army personnel.

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<sup>1</sup> The Commission charter is available at Appendix B.

<sup>2</sup> The term “expeditionary” includes both OCONUS and domestic emergency operations. The Commission believes the term “expeditionary”—rather than “contingency”—is a broader term that better encompasses any future national defense and national security missions. The Commission therefore uses this term throughout the report.

<sup>3</sup> The Operational Army consists of numbered armies, corps, divisions, brigades, and battalions that conduct full spectrum operations around the world.

<sup>4</sup> The 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.

The Commission found that:

- ◆ The expeditionary environment requires more trained and experienced military officers and non-commissioned officers (NCOs). Yet, only 3 percent of Army contracting personnel are active duty military and there are no longer any Army contracting career General Officer (GO) positions.
- ◆ The Army's acquisition workforce is not adequately staffed, trained, structured, or empowered to meet the Army needs of the 21<sup>st</sup> Century deployed warfighters. Only 56 percent of the military officers and 53 percent of the civilians in the contracting career field are certified for their current positions.
- ◆ Notwithstanding a seven-fold workload increase and greater complexity of contracting, the Institutional Army is not supporting this key capability.
- ◆ Notwithstanding there being almost as many contractor personnel in the Kuwait/Iraq/Afghanistan Theater as there are U.S. military, the Operational Army does not yet recognize the impact of contracting and contractors in expeditionary operations and on mission success.
- ◆ What should be a core competence—contracting (from requirements definition, through contract management, to contract closeout)—is treated as an operational and institutional side issue.

## UNANIMOUS ACCORD: ACQUISITION FAILURES IN EXPEDITIONARY OPERATIONS URGENTLY REQUIRE A SYSTEMIC FIX OF ARMY CONTRACTING

The Commission heard testimony from more than 100 individuals who are well experienced in the challenges of Army acquisition in expeditionary operations, primarily in Kuwait, Iraq and Afghanistan. The most notable characteristic of the testimony is a nearly unanimous perception of the current problems, their gravity, and the urgent need for reform. The people in the field understand the issues and identified the necessary solutions, and the Commission recommendations reflect these valuable lessons learned.

***“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)*

History shows that whatever threats the Army next faces will be different from the last, but they are likely to be expeditionary and likely to involve high numbers of contractor personnel. At the same time, operating the most potent military force of all time carries with it the burden that nothing is as simple as it once was. Our Armed Forces have been stretched thin. Technology has changed. All of our Military Services now use contractors to provide essential services. What has not changed is that contracting with taxpayer’s funds is an inherently governmental function, and the military commander needs competent professional advice in the exercise of the expeditionary contracting mission.

Therefore, timely and efficient contracting for materiel, supplies and services in support of expeditionary operations, and the subsequent management of those contracts, are and will be a key component of our achieving success in future military operations. Contracting is the nexus between our warfighters’ requirements and the contractors that fulfill those requirements—whether for food service, interpreters, communications operations, equipment repair, new or modified equipment, or other supplies and services indispensable to warfighting operations. In support of critical military operations, contractor personnel must provide timely services and equipment to the warfighter; and the Army contracting community must acquire those services and equipment effectively, efficiently, and legally; while operating in a dangerous, fast-paced environment. Over half of the personnel currently in Iraq and Afghanistan are contract employees. This puts Army contracting (writing, negotiating, monitoring, and achieving accountability and enforcement of the contracts), along with modern (information-based) logistics support, squarely at the forefront of our challenges in supporting expeditionary operations. It also invokes command-level issues: Commanders must have timely situational awareness of contracts and contractor personnel and assets on the battlefield, to properly plan, synchronize operations, and manage the supply chain.

The Army currently lacks the leadership and personnel (military and civilian) to provide sufficient contracting support to either expeditionary or peacetime operations. The Army’s difficulty in adjusting to the singular problems of Kuwait, Iraq and Afghanistan is in large part due to the fact that there are no Generals assigned to contracting responsibilities. This is a decade-old blight: the cutbacks began in 1991, and no general officers have held an Army

contracting position since 1998.<sup>5</sup> In a military environment (especially in an expeditionary environment), the number and level of the Generals associated with a discipline reflects its importance. A General is held accountable for his or her leadership. Today, the Secretary of the Army cannot replace a General and obtain a new start for Army contracting—the Army has no Generals doing contracting.

Army contracting personnel face over a 600 percent increase in workload, while performing more complex actions than ever before (for sophisticated services and buying systems-of-systems) in the process of contracting than ever existed in years past. Yet, the number of Army civilian and military in the contracting workforce is stagnant or declining.<sup>6</sup> Experienced military contracting personnel are essential for the success of expeditionary operations. Uniformed contracting experts provide the Army with professionals who have served in combat branches and easily understand the Army organizational structure. However, only three percent of Army contracting personnel are military.<sup>7</sup> The number and expertise of the military contracting professionals must be significantly increased in order to fill this void.

Experienced civilian contracting personnel are also essential for expeditionary operations. Any corrective actions addressing the shortage of military personnel must also address civilian personnel.<sup>8</sup> The Commission found Army civil servants to be an extremely dedicated and competent group; however, they are currently being managed by personnel policies that are both out-of-date and irrelevant to the Army mission and challenges of today, especially those of expeditionary operations.

The Army is the DoD “Executive Agent” for contracting in Iraq and Afghanistan, but is unable to fill military or civilian contracting billets, in either quantity or qualification. Although providing contracting support to the Army and Marine Corps is not an Air Force mission, an Air Force Major General currently is in command of the Joint Contracting Command—Iraq/Afghanistan (JCC-I/A). The Air Force also provides over 67 percent of the JCC-I/A contracting resources supporting the ground forces, and is handling most of the complex contract actions such as reconstruction operations.

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<sup>5</sup> In fact, the Commission learned that field-grade officers with contracting backgrounds pursue program management positions within the Program Executive Office (PEO), where general officer positions exist. Although both contracting and program management are under the “acquisition” career field, they are distinct professions, each needing competent professionals and officers.

<sup>6</sup> Indicative of the lack of transparency and responsibility for the contracting enterprise, this Commission was unable to get consistent data on the Army contracting career field (military and civilian).

<sup>7</sup> In contrast, 37 percent of the Air Force contracting workforce is military.

<sup>8</sup> Using skilled civil servants to perform inherently governmental contracting functions frees up uniformed personnel to address increasing warfighting, training, and technology demands.

## FOUR KEY IMPROVEMENTS ARE NEEDED

Although this report suggests a significant number of recommended changes to improve Army acquisition and program management in expeditionary operations (as detailed in Section IV of this report), the Commission makes four overarching recommendations to ensure the success of future expeditionary operations:

1. Increase the stature, quantity, and career development of military and civilian contracting personnel (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.

## OVERCOMING THE BARRIERS EXPERIENCED BY IN-THEATER WORKFORCE

The span of the challenges are highlighted in the following summary of what the “boots on the ground” contracting personnel and their commanders in Iraq, Afghanistan, and Kuwait told the Commission.

### Contracting Personnel

- ◆ *Army contracting personnel need military leadership in the form of General Officer positions.* It is unlikely that an Army contracting corps with an adequate number of General Officers would have been so ill-equipped to serve the Operational Army in expeditionary operations. These flag officers would have been “at the table” planning and supporting the operation. Another benefit of having contracting flag officer positions is the increased attractiveness of the contracting corps as a career profession to quality officers that aspire to flag officer rank.
- ◆ *Army military contracting personnel, both officers and non-commissioned officers, need to start their contracting career much earlier than they currently do.* While the strength of company-level operational experience is seen as a significant strength of Army military contracting personnel (which is appreciated by both their civilian personnel and Air Force counterparts), entering the contracting field as a field-grade officer or high-ranked NCO with low-level contracting skills and experience does a terrible disservice to our military contracting personnel.

***“I am assigned to a field grade command with lieutenant qualifications.”***

(Army contracting field grade officer, regarding his first acquisition assignment)

- ◆ *Expeditionary contracting should never be a first assignment.* Contracting personnel sent into a theater of operations need to be highly skilled, adequately trained, and prepared for the challenging, fast-paced demands of expeditionary operations. As the commander of JCC-I/A stated, “This is the Super Bowl, not a scrimmage.”

***“You don’t teach someone to swim by throwing him in the water. Similarly, you shouldn’t teach someone contracting skills by throwing him unprepared into a contingency contracting assignment.”***

(Army General Officer)

## Organization and Responsibility

- ◆ *The Army should not separate a contracting corps from weapons systems or base operations contracting.* Expeditionary contracting is not a specialized business; it is the same business operating at a mission-critical tempo—which requires greater experience, skill, and judgment. Contracting professionals benefit from broad exposure to non-expeditionary assignments. Expeditionary contracting personnel need the training, knowledge, and experience necessary to know how to best support the warfighter while operating within the bounds of sound and legal business judgment; and under the “special provisions” allowable under the Federal Acquisition Regulation for such expedited needs.

***“You can’t think outside the box if you don’t know what’s inside the box.”***

(Army General Officer)

- ◆ *Contracting personnel need an effective “customer” interface* that performs the type of function an acquisition management staff officer performs. Specifically, the Operational Army must be positioned to translate requirements into statements of work that quickly and seamlessly can be placed on contract.
- ◆ *Contracting personnel supporting expeditionary operations need to be on the ground in-theater* where they can interface and interact with their customer: the warfighter. Reach-back to CONUS has not worked well due to the absence of timely interface with the warfighter and the different operations tempo experienced in-theater, where business is conducted 70 to 80 hours a week at a bare minimum, not just during standard CONUS business hours (which, of course, are often in significantly different time zones). The Commission does not consider it responsive if the expeditionary personnel have to deal with a CONUS-based Duty Officer who takes an off-hours request and forwards it to those responsible for acting on the request the next duty day.

***“In-theater, we had lots of people in Washington telling us the rules,  
but having little sense of urgency.”***

*(Former Army Contracting Official)*

## Training and Tools

- ◆ *Expeditionary forces need information technology and eBusiness tools.* Expeditionary contracting personnel feel that they are years behind other OCONUS locations with technology, yet they are working in an environment where the operations tempo demands the support of automated tools. Contract writing systems are insufficient and not standardized, negatively impacting the ability to accomplish the mission. Information systems to track contractor personnel, assets, and performance are critical but lacking. Commanders need a common, relevant picture of contractors in the battle space, for operational planning, logistics planning, and situational awareness. Simple eBusiness tools for sample documents, such as statements of work, and rules for application are needed on line and on compact disc. This needs to be user-friendly, similar to commercially available tax software.
- ◆ *The Army needs to capture contracting lessons learned from Operation Iraqi Freedom and Operation Enduring Freedom and inculcate them into the military leadership schools and the Center for Army Lessons Learned (CALL).* The Army needs to train operational commanders on the important role contracting plays, as well as their responsibilities in the process. Further, the role and importance of contractors in expeditionary operations should be part of the curricula at command schools (e.g., the War College, CGSC, Sergeant Majors Academy,) and courses for Officers (e.g., Officer Advanced Course), Warrant Officers, and NCOs. Finally, the Army needs to recognize that, in order to operate in a streamlined, agile expeditionary environment, it must, by necessity, rely on contractors to provide combat service support. This means command and control is different. For example, commanders complain about a lack of knowledge of who is in their battle space—they know who military personnel and units are, what their mission is and where they are, but the same is not true for the contractor personnel.

## Legislative, Regulatory, and Policy Assistance

- ◆ *In-theater contracting personnel have a need for an Expeditionary Contracting Manual.* Contracting is a rules-based process and profession, and contracting personnel need a clearly articulated, and pre-positioned, packaged set of acquisition rules that can immediately be referenced and applied to meet the exceptional contracting requirements of expeditionary operations and they must be pre-trained on the use of these “special provisions.” The Commission heard deployed contracting professionals testify on the need for an Expeditionary Contracting Manual that is focused on the expedited processes and flexibilities necessary for procuring the support needed by our warfighters in an expeditionary operation.

- ◆ *The Army must provide incentives for civilian contracting personnel to ensure that the Army can tap into its largest population of contracting expertise. The Army also needs to be honest and upfront with them about the assignment and conditions and treat them with respect equal to the military personnel.*

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

(Army SES)

- ◆ *Civil servants need personnel policies that support the roles they may be tasked to serve when the U.S. is engaged in expeditionary military operations. The Army should do a complete personnel policy review to identify changes necessary to support, properly incentivize, discipline, and provide for its civilian personnel who may be engaged in expeditionary military operations. This includes those personnel who are sent to the theater of operations—including civilian Army contracting professionals—as well as those who fill the void created by personnel deploying to theater.*

## INSTITUTIONAL ISSUES THAT MUST BE ADDRESSED

Those charged with getting the job done have provided valuable insight into the doctrine, policies, tools, and resources needed for success. Clearly, the Army must address the repeated and alarming testimony that detailed the failure of the institution (both the Institutional Army and the Department of Defense) to anticipate, plan for, adapt, and adjust acquisition and program management to the needs of the Operational Army as it has been transformed, since the end of the Cold War, into an expeditionary force. The Institutional Army has not adjusted to the challenges of providing timely, efficient, and effective contracting support to the force in Operation Iraqi Freedom (more than half of which is contractor personnel). Essentially, the Army sent a skeleton contracting force into theater without the tools or resources necessary to adequately support our warfighters. The personnel placed in that untenable position focused on getting the job done, as best they could under the circumstances—where support is needed in a matter of hours, or, at best, days. They used their knowledge, skill, limited resources, and extraordinary dedication to get contracts awarded. Alarming, most of the institutional deficiencies remain four-and-a-half-years after the world’s best Army rolled triumphantly into Baghdad.

***“The contracting professionals who rose to the occasion in Iraq and Afghanistan deserve a medal. If, during the next expeditionary operation, we face the same institutional mistakes that put them in such a position, someone should be shot.”***

(General Officer speaking of his experience of contracting in Iraq)



The Army must fix the cause of such failures, and the symptoms will subside. The cause is a culture that does not sufficiently value or recognize the importance of contracting, contract management, and contractors in expeditionary operations. Without the necessary contracting leadership, the necessary change cannot be achieved.

## **The Army Must Transform the Army's Culture with Regard to Contracting**

The Commission believes that the Army contracting community has reached a “tipping point” that requires extraordinary action. Perhaps most notable was a question that the Commission repeatedly asked the experts, “Who in the Army is responsible for the situation we are in today?” In reply, the Commission repeatedly heard that there are no General Officers responsible for Army contracting—responsibility was diffused among many organizations, both within CONUS and in the field.

The Commission believes that the identified problems will not be solved by accomplishing any list of corrective actions, no matter how thoughtful, thorough, and extensive the list, unless this is also accompanied by a significant change in the organization of the Army with regard to the contracting community, and the acquisition community within which the contracting function lies.

In fact, while this Commission, other commissions, task forces, and auditors look at the current contracting issues and bring fresh eyes to the problems, the Commission believes that all attempted remedies will be temporary unless the Army returns to basic organizational and Army leadership principles.

Despite the increasing importance of the acquisition process to the Army's performance, the Army apparently has not valued the skill and experience required to perform those processes. Numerous attempts over the last 20 years, both legislative and organizational, to modify that value culture have not succeeded. Despite the outstanding professionalism and talent that is resident at every level of the Army, without significant systemic change, the Army acquisition processes can be expected to inevitably return to below-mediocrity.

### **GENERAL OFFICERS MUST LEAD THE TRANSFORMATION TO MAKE CONTRACTING AN ARMY CORE COMPETENCE**

To initiate and sustain improvement to Army acquisition, grow future leaders, and support leadership efforts, the Army must designate an appropriate number of General Officers (and Senior Executive Service personnel) who will be permanently assigned to contracting.

*In the 1990s there were five Army slots and four joint slots available for General Officers in key contracting and contract management positions. Today, there are no Army slots and only one joint slot (which is currently being filled by an Air Force two-Star officer from the contracting career field). Over this period, the Army Competition Advocate has been decreased from a two-Star billet to a colonel, while the Defense Contract Management Agency has been changed from a joint two-Star billet to a civilian executive.*

In order to provide for increased and prolonged professionalism and problem-solving in the military environment; in order to recognize the increased complexity and cost of modern military products and services; and in order to prevent the suboptimal migration of senior military billet assets from the acquisition corps to the operating forces. Congress should authorize these General Officer and SES billets and specifically assign them to the Secretary of the Army, so that the Secretary may ensure they are assigned only to acquisition and contracting billets. These General Officer and SES billets will, through normal Army staffing assignment policy, also drive the assignment of the necessary officers, enlisted personnel, and civil servants who should populate this critical area. This Commission recommends that five new General Officers, and one SES billet, be established for the Secretary to assign to meet this urgent need, and five more joint General or Flag billets be established, including a three-Star for the Defense Contract Management Agency.

#### ARMY OPERATIONAL LEADERSHIP MUST UNDERSTAND THE TRANSFORMATION

The necessary transformation must be Army-wide. Thus, not only must the acquisition community have leadership—in the form of General Officers—to lead the change, it must grow future leaders and support for leadership efforts, and have sufficient numbers of military and civilian professionals to carry out the changes. In addition, those operators outside the acquisition community must be trained on the role and importance of contracting and contractors in expeditionary operations. This Commission recommends that all leadership courses address the significance of contracting and contractors and that combat exercises include contracting events.

#### A Single Army Contracting Command Must Establish Contracting as a Core Competence

Under the current organization, none of the contracting commands have responsibility to synchronize all aspects of contracting below the Army Secretariat level. This adversely affects those within the profession and outside the profession. Within the contracting profession, no single advocate for a “cradle to grave” career plan for excellence exists. Outside the profession, commanders and contractors have to deal with multiple heads of contracting activities (HCAs) and principal assistants responsible for contracting (PARCs). These multiple interactions can result in varying policy interpretations and poor operations. These effects are compounded in the expeditionary environment, with its heightened contracting workload, complexity, and tempo.

This Commission recommends a single Army Contracting Command, reporting to the Commanding General of Army Materiel Command, be established and charged with developing a relevant and ready expeditionary contracting capability. The Commander of the Army Contracting Command would have directive authority over all Army contracting capabilities and provide a single focal point for status and readiness of the Army-wide contracting workforce.

## **A General Officer Must Be Accountable for Post-Award Contract Management**

Another major area of concern to the Commission is the failure of both the Army and Defense organizations to perform a mission that is critical to operational success in-theater, and where the Army was, and clearly still is, failing: post-award contract management. Contract management is an essential contracting function to ensure mission accomplishment, and it is an important control to minimize fraud, waste, and abuse.

As stated above, the few contracting resources available in-theater are dedicated to the timely award of contracts. However, in the area of contract management, because of staffing constraints, even the JCC-I/A must engage in a dangerous game of risk management. Contract management for low-risk contracts is forsaken in favor of managing high-risk contracts. JCC-I/A is relying on the “squeaky wheel” method, rather than a proactive method of contract management. For high-risk items (e.g., mission-critical concrete barriers), JCC-I/A devotes the resources to perform proactive contract management. Another important aspect of contract management—contract close-out—is simply not being accomplished. Only about 5 percent of the completed contracts in Iraq are being closed out.

Contract management is the function of the Defense Contract Management Agency (DCMA). However, DCMA is focused on the management of weapons systems contracts (as is the majority of the acquisition community). Although DCMA has DoD’s resident expertise in contract management, having absorbed all the Military Services professional contract managers when it was established, it is neither staffed nor resourced to provide operational contract management for the types of contracting efforts supporting expeditionary operations—base, post, camp, and station contracts. DCMA has not been engaged in managing contracts in-theater, except in a limited capacity (managing contracts that were awarded outside the theater of operations such as LOGCAP). Its role and staffing should be expanded and DCMA should be responsible for all post-award contract management for expeditionary operations. As a Combat Support Agency, DCMA, with its increased responsibility, should be led by a three-Star General or Flag Officer, as is the Defense Intelligence Agency and Defense Logistics Agency (DLA).<sup>9</sup> The individual selected and assigned must have extensive acquisition/contract management expertise.

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<sup>9</sup> When DCMA’s predecessor organization, the Defense Contract Management Command, was under DLA it was led by a two-Star general officer. It is now led by an SES.

## SUCCESS MUST BE MEASURED

The Commission recommends a Secretary of the Army chartered Special Task Force be established and tasked to plan for, and achieve, the needed transformation with the proper sense of urgency. The Commission believes that key recommendations should be implemented within six months.

Within 30 days, the task force should develop an ambitious plan for implementing the Commission's recommendations, and provide that plan to the Commission for review. The transition plan—which should identify the sequence in which the projects will be accomplished and describe key aspects of each project—will help the Army bridge the gap between where its acquisition system is today and where it should be in the future. The plan must address all four major improvement areas: contracting personnel; organization and responsibility; training and tools; and legislative, regulatory, and policy assistance. The numerous projects to be included in the transition plan vary in complexity and are interrelated. Therefore, the Army should treat the plan as a program, operating with a consistent approach. One of the initial steps must be to appoint a Special Task Force Leader to develop program goals, objectives, and an integrated master plan for implementation. The program goals and objectives should be reviewed by the Commission. The implementation plan should include periodic coordination with this Commission. At a minimum, the Commission will measure success quarterly by reviewing program reports, with an annual program review.

## II. Background

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After looking at the entire landscape of acquisition issues in Kuwait, Afghanistan and Iraq, as the Commission has had the opportunity to do, it is evident that the problems experienced in Acquisition and Program Management in an Expeditionary Environment are not due to one particular problem nor an individual failure to perform, but rather because multiple Agencies and Departments have failed to fully recognize or comprehensively address the significance of the shifting challenges of the post-Cold-War environment.

In the decade and a half since the Cold War terminated, the Department of Defense and the Services have made significant changes to adapt to meet the expected challenges. As a quick postulate, it seems reasonable to accept that the warfighting successes in Bosnia, Afghanistan and Iraq, as well as the technological revolution, demonstrate that the Military warfighting tactics, weapons, and thinking has, and is, changing appropriately.

Over this same period the Army has transitioned many jobs that were previously performed by individuals in uniform during the Cold War to performance by contractors. Immediately after the Cold War ended, in their thinking about Defense in the 21<sup>st</sup> Century, many defense writers, Defense think tanks such as CNA, LMI, Rand, etc., as well as the Defense Components, began looking at the costs, benefits, and effectiveness of using uniformed military personnel to perform the full spectrum of tasks associated with delivering military capability. Although change always comes slowly, especially where people are concerned, there is overwhelming evidence, both analytical and now historical, that many tasks can be done more effectively and less expensively by contractors.

As a result of this progress in defense personnel policies, each of the Services has outsourced tasks previously performed by personnel in uniform. This has significantly increased their effectiveness, their warfighting capabilities, and done so at significant savings to the taxpayer.

What is apparent to the Commission is that the Institutional Army has not made the necessary adaptations to the operational policy to extensively outsource support services (in the case of Iraq and Afghanistan, over 160,000 contractors—over 50 percent of the total force). Since these services are needed, and now are being provided by commercial vendors instead of organically, they can now only be fulfilled through the acquisition process; more specifically, by personnel who are specialists in contracting.

If the military commander has gained riflemen, but not added contract professionals who can acquire the support services his unit needs, then he has lost capability. Alternatively, if contracting for support services is being provided by another command, then the military commander's job has probably increased in complexity. If contracting capability has been outsourced from a military unit to a supporting organization staffed primarily by civilian personnel, and the existing regulations do not provide the same safety net (insurance, post-injury health support, tax treatment, non-capping of pay benefits, legal restrictions and waivers) for civilian personnel that are provided to military personnel, then the Defense Component has not

successfully adapted to the operational requirements of the post-Cold War expeditionary environment.

It is not as obvious that the Army, the DoD, or the Defense Agencies (nor other Federal Departments and Agencies, based on the testimony the Commission heard) have adapted to the operational changes which directly impact the ability to perform the critical support mission of reliably procuring the products and services our warfighters require in order to perform their mission. The changes pertinent to the acquisition and program management process which have occurred can generally be grouped into three major areas: workload, complexity, and tempo.

## INCREASED WORKLOAD

After the great struggle with the Soviet Union, it was generally assumed that Defense Budgets would decrease, the urgency of purchasing high-tech equipment could be performed at a more reasonable pace, and the advantages of new management processes, improved training, and improved technology would permit the Defense Components to significantly reduce the quantity of individuals involved in the procurement process.

In an effort to recognize the postulated effects of the above efficiencies, accompanied by pressure from Congress, the DoD and the Army took significant cuts in the acquisition workforce and also deliberately choose not to shore up identified shortfalls in program management personnel in the Army.

However, because of other efficiency decisions, such as outsourcing, which were being concurrently enacted, the actual workload of contracting personnel (the people charged with writing, negotiating, monitoring, and enforcing performance of the contracts)—one of the workgroups which had been specifically targeted and reduced—was substantially increasing in complexity and volume.

## INCREASED COMPLEXITY

Acquisition and contracting have increased in complexity as well. There are several reasons for this, key among them is the strategic decision to aggressively outsource support services. *Service Contracts*, those in which the Government purchases services, rather than hardware, tend to be more complex than is widely appreciated. To contrast a service and supply contract, consider a contract with a company to provide food services for our deployed Soldiers and a contract with a manufacturing firm for producing tanks. The tank contract will be based on detailed design and performance specifications. The lengthy process of drafting the design and performance specifications for the tank has taken years to complete. That effort has been resourced by large staffs of military and civilian armor officers, engineers, logisticians, working in consultation with tank builders, outside consultants and industry experts. The tank will be delivered some years hence (probably after many different contract changes, as requirements or performance problems are identified over the years and solutions are incorporated that facilitate the development and manufacture of the product), after being produced in a facility that has a number of resident Defense Contract Management Agency personnel monitoring production, and at a location in the United States. Contrast that with food services that must be provided anywhere in the world, and

as we have seen, in a hazardous environment. The Soldier expects the food services to be provided where they are needed, when needed, and in the quantities needed. He does not have years to wait for teams of engineers to define his requirement. He brings his need to the only place he can get it filled, a contracting office. The complexity of defining the warfighter's requirements adequately so that they can be used as the foundation of a binding contractual agreement that results in satisfactory performance for the warfighter has been overlooked by those responsible for resourcing the Army's shift to outsourcing support services. Neither the warfighter nor the contracting professional has resources available that can provide definitive assistance in this area.

Additionally, after the contract is awarded, there are no resources trained to monitor and ensure that the contractor is performing and providing the services needed by the warfighter. The inability to monitor contractor performance and enforce contracts is a critical problem in an expeditionary environment. Although not associated with these examples, the Commission heard of the difficulties associated with knowing whether a contractor had performed at all. When the critical need is to get a power station running, and there are no resources to monitor contractor performance, only the contractor knows whether the completed work is being sabotaged nightly. The Commission believes that the complexity of drafting service contracts and monitoring them, and the critical need for having the resources to perform these functions in an expeditionary environment, have not received the needed attention from the Army.

Coupled with the significant workload-mix shift from hardware to services contracts, with the consequential increase in workload, the Department had determined that the American warfighter can be better supported, and industry innovation can be better mated with the warfighter's needs, by using value-based procurements (except in the most simple of contracting actions). Value-based procurements have replaced the old practice of attempting (usually unsuccessfully) to define what is needed down to the last bolt for supplies or every step in the detailed Government process for performing services. Under the old approach, the resultant Invitation for Bids was thrown over the transom to industry, the received sealed bids were opened when the clock struck noon on the designated date, and the lowest price offeror was announced as the winner. Unless one is buying a simple commodity which is well-defined and widely available competitively, experience has shown that this process invariably did not provide our warfighters with what they needed.

The Department has moved to a "value-based procurement system," in which the potential contractors' proposals are evaluated to determine the best solution proposed to fill the requirement the warfighter has identified. This process places the warfighter at the center of what he does best—identifying what he or she needs, and it gives industry the opportunity to think of and propose cost-effective methods of fulfilling the need identified. This assigns industry the part of the acquisition process that it should do best, which is unconstrained conceptualizing, linking the problem with new technology, accurate cost prediction, and identifying the solution that best fits the parameters of the requirement. This is the essence of American industry. The Department and Agencies retain the responsibility for clearly defining their requirements, ensuring a process that fairly engages industry to propose the best solutions, and evaluating and comparing the proposed solutions to select the solution that appears to offer best value to the Government.

Value-based procurement is better for both the American taxpayer and the American warfighter. However, experience shows that it also requires more and higher quality contracting and program management personnel. Unfortunately this is not the direction the Army has taken in resourcing.

*“Contracting for expeditionary services requires far greater sophistication.”*

(Army Acquisition SES)

## INCREASED TEMPO

The biggest change from peacetime acquisition operations—in the continental United States (CONUS) or long-established bases outside the continental U.S. (OCONUS)—to acquisitions in support of expeditionary operations is the accelerated operations tempo. In an expeditionary environment, the requirements must be filled in days—not months—and the volume of requirements can quickly overwhelm a small contracting organization. Operation Iraqi Freedom was not the first military action in recent times where the Army had to deploy on an expeditionary mission. In the preceding decade the Army was deployed to Haiti, Bosnia, and Kosovo. Yet, from the perspective of those that were there on the ground at the outset and those that followed, there were no operational plans for providing acquisition support to the warfighter in-theater. In other words, the expeditionary experiences in Haiti, Bosnia, and Kosovo had not been leveraged into building an operational or institutional capability to support the next expeditionary military operation.

A key issue that quickly manifested itself in Iraq is the critical need for focused contracting personnel tailored to support expeditionary military operations and clear, concise, well-understood expeditionary contracting rules. It should come as no surprise that expecting an inexperienced contracting officer to learn how to adapt and implement exceptions to the Federal Acquisition Regulation (FAR) and/or the Defense Federal Acquisition Regulation Supplement (DFARS) in a high pressure environment with demanding time-critical priorities will result in mistakes, adverse actions, and ultimately delays.

The Commission received testimony from many authorities that all the necessary exceptions are well-documented in the DFARS, and increased knowledge, better training, and individual initiative are all that is needed. However, this does not address the problem and falls far short of institutionalizing the art of expeditionary contracting. According to the JCC-I/A Commander:

“The FAR itself does have sufficient flexibility to get the job done, the problem is, it’s not very user friendly. ‘Expert practitioners’ can and do find ways to use the FAR in innovative and creative ways. The problem is most of our Contingency Contracting Officers are not expert practitioners.”

The new FAR/DFARS Part 18, Emergency Acquisitions, which cross references emergency flexibilities contained in other parts of the FAR, is too cumbersome for use in fast paced, expeditionary operations. What is needed is a field manual for contracting on the battle field—what the JCC-I/A commander describes as, “*a helmet card on steroids.*” Much like an



infantryman has a field manual, expeditionary contracting officers need a quick reference tool that allows them to practice expeditionary contracting before setting foot in-theater and to continue using the same reference while deployed. Most important, contracting personnel must be trained and thoroughly familiar with the Expeditionary Contracting Manual prior to deployment. Doing it for the first time in-theater is not acceptable. Again, according to the JCC-I/A Commander:

“It’s been apparent for several years that available contingency contracting officer experience is declining. Right now my average experience level for my 171 warranted folks is 3.8 years—when I arrived it was over 5 years. The less experienced folks need an easy-to-use guide that covers the situations they commonly face, tailored to theater realities, and not homogenized general guidance.”

## DECLINING CAPABILITY

In spite of the large increase in workload, the increased complexity of the contracts, and the increased tempo required, there has been a dramatic reduction in the capability of the Army to meet this challenge. As the data in Figures 1 through 3 and Table 6 (see Section III–Findings) clearly illustrate, the number of Government civilians and senior Military officers in contracting positions has declined precipitously. This combination represents a “perfect storm” in Army contracting.

## ARMY ACQUISITION MANAGEMENT

The Center for Naval Analysis (CNA) conducted an analysis of Army acquisition management in 2001,<sup>10</sup> that shows the Army significantly lagging behind the other Services in key areas such as leadership focus on acquisition, funding, budgeting, and requirements generation. Table 1 illustrates some of the CNA findings. Over six years later, the Commission found that the Army is struggling with many of the same challenges, both in peacetime and expeditionary operations.

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<sup>10</sup> Center for Naval Analysis, *The Army Acquisition Management Study: Congressional Mandate for Change*, May 2001.

*Table 1. A 2001 Framework for Comparison: Six Years Later,  
The Army Faces the Same Challenges*

| <b>Subject</b>                                                        | <b>Army</b>  | <b>Navy/<br/>Marine Corps</b> | <b>Air Force</b> | <b>Rationale for Army rating</b>                                                                                                                                                          |
|-----------------------------------------------------------------------|--------------|-------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Senior-level military/civilian relationship                           | Red/Yellow   | Green                         | Green            | ♦ Limited joint decision-making                                                                                                                                                           |
| Control of acquisition by Assistant Secretary for Acquisition matters | Red          | Green                         | Green            | ♦ AAE positioned weakened by MILDEP authority<br>♦ Tension with AMC HQ                                                                                                                    |
| Streamlined acquisition organizations                                 | Yellow       | Green                         | Yellow           | ♦ Materiel command adds layer of management complexity                                                                                                                                    |
| Mission area focus of PEOs                                            | Yellow       | Green                         | Green            | ♦ DSAs (in AMC) have similar warfare focus as PEOs                                                                                                                                        |
| S&T                                                                   | Green/Yellow | Green/Yellow                  | Green            | ♦ Well-structured process, but some history of transitioning immature technologies<br>♦ Good user/tech involvement; but separate, relatively duplicative task force required just for FCS |
| T&E                                                                   | Green/Yellow | Green                         | Green            | ♦ ATEC is good idea, but rated by Director of the Army Staff                                                                                                                              |
| Program stability (funding)                                           | Red          | Yellow                        | Green            | ♦ Acquisition used as bill payer<br>♦ Unstable funding of top priority programs                                                                                                           |
| Resource management (programming)                                     | Yellow       | Green                         | Yellow           | ♦ Integration across PEGs is weak                                                                                                                                                         |
| Resource management (budgeting)                                       | Red          | Green/Yellow                  | Green/<br>Yellow | ♦ No independent review<br>♦ Limited Chief/Secretariat interaction                                                                                                                        |
| Requirements generation process                                       | Red          | Green                         | Green            | ♦ 16 stovepipes operating with little integration<br>♦ Little top-down control                                                                                                            |
| Acquisition Corps promotion rates                                     | Red          | Yellow                        | Green            | ♦ Lack of below-the-zone promotions                                                                                                                                                       |
| PM tenure                                                             | Red          | Yellow                        | Red              | ♦ More than half of sampled PMs served less than 3 years                                                                                                                                  |
| Acquisition workforce efficiency                                      | Red          | Yellow                        | Green            | ♦ More acquisition personnel per dollar of R&D/procurement                                                                                                                                |

### III. Findings

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The Commission on Army Acquisition and Program Management in Expeditionary Operations was chartered by the Secretary of the Army to perform an independent assessment, to enable the Army to fulfill its role for providing acquisition and program management in support of expeditionary operations and national objectives.<sup>11</sup> The Commission was tasked to review “lessons learned” in recent operations and make recommendations that will ensure that future operations achieve greater effectiveness, efficiency, and transparency. (See Appendix B, Commission Charter.) Although the Commission reviewed the current state of the Army, its focus was developing recommendations for acquisition support of future expeditionary operations.<sup>12</sup>

To accomplish its review, the Commission spoke with over 100 individuals, who were all provided with a copy of the Commission charter in advance of participating in the Commission proceedings. Additionally, the Commission drew on the support of numerous organizations and individuals within the Department of Defense, State Department, Army, and Air Force who provided information and supporting data for the Commission’s review.

By title, the Commission is focused on acquisition and program management. “Acquisition,” within the context of the Commission’s charter, is considered to be the act of acquiring something, as is succinctly defined in the Federal Acquisition Regulation (FAR), “...the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.”

The FAR goes on to state:

*“Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.” (FAR 2.101)*

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<sup>11</sup> The Army currently is the DoD Executive Agent for contracting in Iraq and Afghanistan.

<sup>12</sup> The Commission did not focus on the incidence of current contracting fraud, waste, and abuse, which are being examined by the Army Contracting Task Force being lead by Lieutenant General Ross Thompson. The Commission also did not examine equipment accountability issues, which are the focus of a DoD Inspector General investigation being lead by Lieutenant General (Retired) Claude Kicklighter, nor private security contracts, which are the focus of a review by Ambassador Patrick Kennedy.

This definition is consistent with the “Acquisition” process as described in the DoD Directive 5000.1, Defense Acquisition System, which is the basis for the provision of effective, affordable, and timely systems to users. As the Commission conducted its review, it became apparent that there is a crisis in Army contracting. As a consequence, much of the Commission’s findings concern Army contracting in an expeditionary environment.

“Contracting” is not limited to the process of drafting and executing contracts in a contracting activity. It involves everything from a warfighter identifying a need that must be filled, through contracting, through delivery and acceptance of the supplies or services from a contractor, to contract closeout. The Operational Army, or warfighter, plays a large and active role in “contracting.”

Commencing September 6, 2007, the Commission heard testimony from a large number of experts experienced not only in Army acquisition, but well experienced with Army acquisition in expeditionary operations, primarily in Iraq and Afghanistan. At the outset, it is important to emphasize, because it is so compelling, that the most notable characteristic of the testimony was the unanimity in the perception of the problems and the gravity of the problems.

*Iraq, Kuwait, and Afghanistan have illuminated numerous major problems with expeditionary Army acquisition and contracting.*

## EXPEDITIONARY ENVIRONMENT

Expeditionary operations are anticipated to be the norm in the 21<sup>st</sup> Century. Future military operations will be expeditionary and joint (and, likely, multi-agency), as were Desert Storm, Somalia, the Balkans, Afghanistan, and Iraq. Each situation is unique; and the next national security problem will be different also. However, nearly all warfighters and planners expect the next challenge will be expeditionary and the challenge, by necessity, will heavily involve contractor support. The Army and our Nation need organizations and talent poised to “hit the ground running.”

### The Operational Army Is Expeditionary But Essential Segments of the Institutional Army Have Not Adapted

While the Operational Army is on a war footing and has transitioned into an “Expeditionary Army” capable of prevailing in 21<sup>st</sup> Century conflicts, wide-ranging portions of the Institutional Army have not yet made the transition in the following areas to effectively support those operations to include:

- ◆ Defining operational requirements
- ◆ Financial management
- ◆ Personnel

- ◆ Contracting and contract management
- ◆ Training and education
- ◆ Doctrine, regulations, and processes

*Contracting, from requirements definition to contract management, is not an Army Core Competence. The Army has excellent, dedicated people; but they are understaffed, overworked, under-trained, under-supported and, most important, under-valued.*

Iraq has illuminated numerous major problems with expeditionary Army acquisition and contracting, including splintered responsibility in-theater (many “ad-hoc players”: AMC, ACA, LOGCAP, Kuwait, Corps of Engineers, SOCOM, JCC-I/A, DCMA, CENTAF, MARCENT, U.S. AID, Department of State, and many more).

Five years into Operation Iraqi Freedom (OIF), deficiencies persist, including: leadership; organization; resourcing; career development, training, and education; expeditionary (including contingency and “sustainment”) doctrine, policy, requirements, tools (including a database of Service statements of work, terms and conditions, standard contracts, pre-positioned authorities, class waivers and deviations); rapid acquisition and fielding; post-award contract management; and the in-theater integration of operational, logistic, and contractor forces/personnel. The entire Army must organize, plan, train, and exercise for expeditionary operations (both initial and sustained phases) and the solution for Army Acquisition and Program Management in Expeditionary Operations must address shortfalls across the entire doctrine, organizations, training, materiel, leader development, personnel, and facilities (DOTMLPF) spectrum to improve expeditionary contracting.

## Lack of Recognition of the Significance of Contracts and Contractors in Expeditionary Operations

Contractors can be expected to make up a significant share of the “total force.” Today, in Iraq contractors comprise more than 50 percent of the force. Because of this, contracting (including requirements translation, pricing, acquisition strategy, and contract management) must be part of all operational planning. Today, however, combatant commands (COCOMs) are not trained to appreciate the key role of contracting, nor to understand a COCOM’s role in contracting (involvement in lawful exceptions to competition requirements, other FAR exceptions, PARC dollar value authority, and so forth). The Army needs to educate and train operational commanders on the important operational role of expeditionary contracting.

This can be accomplished by adding information in the command schools (e.g., the War College, CGSC). The Army needs to recognize it operates in a different mission environment, where it is relying on contractors to provide essential combat service support. This means command and control is different. For example, commanders complain about a lack of situational awareness of

who is in their battle space—they know who military personnel, where units are and what their mission is; the same is not true for the contractor personnel. The U.S. Army Corps of Engineers has established regional support centers to address this phenomenon, but nothing is being done on a doctrinal level. The Service schools also need to extend coverage to address the role of contractors. Contractors are an integral part of the mission at home or deployed. Commanders need to understand their responsibilities and authorities for the contractors supporting their mission at home so that leading contractors is second nature when deployed to expeditionary operations. “Contract planning” (requirements definition) positions on the operations and training (G3 or S3) staff should be established to assist with planning for exercises at the corps, division, and brigade combat team level. The Air Force “Top Dollar” program had realistic exercises for an intense two weeks; it now has a “Silver Flag” program where it trains the colonel who is the mission support group commander. Today, it is not clear who is responsible/accountable for assuring that this planning is done in the Army.

## Lack of Training and Leadership Can Lead to Fraud

The need for strong leadership and a robust Army-wide training doctrine that trains on the use of Government contracting is reflected by the ongoing criminal investigations of contract fraud in Southwest Asia. The Army Criminal Investigation Division (CID) Command reported to the Commission that there were numerous open investigations involving contract fraud committed by Government personnel out of Kuwait, Iraq, and Afghanistan. A break-out of these Government personnel by position, rank, and service department underscores the critical need for the Army to overhaul the way it grows contract professionals and trains its personnel—in all Army branches—on expeditionary contracting practices.

The break-out of the personnel involved in Southwest Asia fraud cases is striking. At the time of this report, there are at least 78 open cases that involve a total of 103 personnel. Although the Air Force provides the large majority of contracting personnel in-theater (70 percent in Iraq/Afghanistan), the overwhelming number of personnel involved in the investigations are Army (96), as shown in Tables 2 and 3.

*Table 2. Open Southwest Asia Fraud Investigations*

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

*Table 3. Open Southwest Asia Fraud Investigations Involving Army Personnel*

| Army Employees Involved |    | Active      | Reserve | National Guard | Retired |
|-------------------------|----|-------------|---------|----------------|---------|
| Army Officers           | 50 | 27          | 12      | 8              | 3       |
| Army Enlisted           | 33 | 19          | 8       | 6              | 0       |
| Dept of Army Civilians  | 13 | 83 Military |         |                |         |
| Total                   | 96 |             |         |                |         |

Table 4 below provides further detail about the 96 Army personnel under investigation. It shows that the significant majority of fraud actions were committed by persons with relatively little training or background in Government contracting. Of the 96 Army personnel targeted by CID, 78 are not trained contract professionals (i.e., contracting officers). They are either contracting officer's representatives (which the Commission heard are inadequately trained, if trained at all) or perform other duties<sup>13</sup> related to the contract process—typically as an assigned “extra duty” that is in addition to their primary responsibilities. As discussed in this Report, the training of CORs is an *ad hoc* after-thought at best. The Commission has no reason to believe that the training of “other contracting” personnel is any better.

*Table 4. Army Personnel Involved in Open Southwest Asia Fraud Investigations Generally Are Persons with Little Training or Background in Government Contracting*

| Army Employees Involved               |    |
|---------------------------------------|----|
| Contracting Officers                  | 18 |
| Contracting Officer's Representatives | 21 |
| Other                                 | 57 |
| Total                                 | 96 |

## Military Contracting Personnel Are Essential to Expeditionary Operations

The striking disparity between Army and Air Force personnel involved in fraud investigation suggests that the focused, in-depth training given U.S. Air Force personnel on Government contracting helps to prevent opportunistic, fraudulent behavior.

<sup>13</sup> The other duties include comptrollers, quality assurance engineers, technical advisors, and personnel on source selection boards. Generally speaking these are individuals with little training in Government contracting.

The Air Force has (or had) recognized the importance of contracting in expeditionary operations. They have directly linked contracting squadrons to expeditionary wings, thereby permitting them to train and deploy together. The Military contracting cadre<sup>14</sup> represents 37 percent of the Air Force's contracting workforce (versus the Army's 3 percent). They are proficient in providing for the requirements of the wing while at home and while deployed. The level of proficiency of this cadre is enhanced by the early entry of most of its personnel into the contracting workforce (e.g., for officers, as a 2<sup>nd</sup> Lieutenant), the variety of tasks undertaken, the training received, and, most recently, the potential for future promotion into a General Officer billet. A similar model is also used to develop their enlisted contracting cadre. The success of this approach is evidenced by the quantity and quality of Air Force contracting personnel—both officer and enlisted—available to fill the contracting void in Iraq, Afghanistan, and Kuwait. However, even in the Air Force, the Commission heard testimony that “the importance of career contracting personnel seems to have waned in recent years.”

As noted above, currently, Army military represent about only three percent of its contracting workforce.<sup>15</sup> Unlike their Air Force counterparts, the Army military begin contracting careers no earlier than eight years after commissioning and there is no potential for future promotion to a contracting general officer position, given that there are none. Although the Army is the “Executive Agent” for contracting in Iraq and Afghanistan, the Army is unable to fill mission-critical billets in either quantity or qualifications of contracting personnel. Further, the JCC-I/A is led by an Air Force Major General; while 67 percent of the staff are Air Force contracting personnel; and those individuals handle the most complex contracts.

## Special Operations Command Has Integrated Expeditionary Contracting Approach

The United States Special Operations Command (USSOCOM) has recognized the importance of expeditionary contracting to the successful completion of its mission. USSOCOM's contracting organization is structured to ensure that its Contingency Contracting Officers (CCOs) are prepared and trained prior to deployment by carefully managing their career development and ensuring that they have the tools necessary to fulfill their mission. The USSOCOM Contingency Contracting Cell (KCC) is a specialized unit available within the contracting organization to provide contracting support to the Special Operations Forces (SOF) in the areas of commodities (e.g., cold weather gear, secure internet tunnels, tow kits), small service contracts (e.g., vehicle repair, lease, modification), and small-to-medium construction projects (e.g., sniper ranges and shoot houses, renovation of team houses). The KCC is involved in the development of policies and doctrine to further ensure the success of CCOs when deployed. The KCC also provides important oversight of the CCOs to ensure mission success and compliance with statutory and regulatory guidance. To this end, KCC provides for the review and approval of large dollar actions in a timely fashion. The real-time involvement of this Cell ensures that: field contracting data is properly collected and reported; lessons learned are identified and used to update policies, guidance, and/or training as appropriate; and regular visits to units are conducted to perform

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<sup>14</sup> The Air Force reports that it has 940 active duty Officers and 1,196 Enlisted members comprising its contracting cadre. The figure would be 33 percent excluding the guard or reserves.

<sup>15</sup> The Army reports that it has 279 Officers and 62 Enlisted members specializing in contracting.



informal audits. The KCC's dedicated, close support to the SOF does not compete with, or duplicate the efforts of the conventional contracting offices that may be present in support of an expeditionary operation. The Commission believes the USSOCOM KCC is a useful example of how to meld the contracting function with the warfighters to ensure the successful accomplishment of the overall mission.

## Unnecessary Incremental Funding Increases Contracting Workload

Contracts in Iraq and Afghanistan have been incrementally funded causing unnecessary workload (in the form of “make work” contract modifications) and inefficient operations. Funds metered out incrementally cause unnecessary and non-value-added workload to an already overloaded contracting workforce. The people in the field repeatedly complained about this issue. They identify this as a major problem hampering their efforts to support the warfighter. Additionally, if there were a different, more efficient funding stream, the JCC-I/A might be able to negotiate better deals (e.g., through the promise of a certain amount of up-front money).

*In FY06, the LOGCAP contract alone had 141 incremental funding contract modifications.*

To the surprise of the Commission, not one contracting officer complained about “color of money” problems. But, all noted they are COMPLETELY and UNNECESSARILY burdened by incremental funding of requirements. Even though contracting assets are commonly known to be over-burdened in the field, the Army is providing operations and maintenance funds incrementally to contracting officers, at monthly or even shorter intervals. Testimony the Commission received indicated that in FY06 the LOGCAP contract alone had 141 incremental funding contract modifications. Due to the instability of funding, the Kuwait contracting office contracted for \$1.6 billion during 2007 in an average of \$8 million increments—which reportedly was an improvement (fewer transactions) than in 2006.

This issue cannot be overemphasized, for incremental funding appears to the Soldier in the field as an example of the Institutional Army being unconcerned about the forces (in this case, the contracting forces) in the field. This problem of incremental funding is so egregious, and so long-standing, yet it can be solved so easily (by simply stopping the practice) that it should be corrected immediately.

The Commission believes the funding challenge could also be addressed by using an “Overseas Contingency Operations Transfer Fund” approach—but only if it is adequately resourced—similar to what was used in the Balkans. This would be a Defense transfer fund without “color of money” or fiscal year limitations.

## ARMY LACKS EXPEDITIONARY CONTRACTING SKILLS

The acquisition workforce is not geared to accomplishing service contracting with expeditionary forces. Service contracts—those in which the Agency or Department purchases services, rather than hardware—tend to be more complex than is widely appreciated. Services contracting, as compared to supply contracts, have grown 72 percent DoD-wide from \$82.3 billion to \$141.2 billion between FY96 to FY05. The complexity of defining the warfighters’ requirements adequately so that they can be used as the foundation of a binding contractual agreement that results in satisfactory performance for the warfighter has been overlooked by those responsible for resourcing the Army’s shift to outsourcing support services. Neither the warfighter nor the contracting officer has resources available that can provide assistance in this area.

Active duty Army officers do not have the needed skills and training when they arrive in-theater. This shortfall is further exacerbated by the fact that Army expeditionary contracting is focused on simplified acquisitions—low dollar threshold items with little complexity and minor construction. These are not the type of contracts that are needed by the warfighters in-theater. For example, JCC-I/A spends about \$5 billion and processes about 38,000 actions a year equipping security forces, providing potable water, buying construction services, and the like. An approximation of the JCC-I/A spend profile is shown in Table 5 below:

*Table 5. JCC-I/A Requirement Profile Identifies the Need for Contracting Professionals to Conduct and Manage Complex, High-Risk, High-Dollar Transactions in Support of Warfighters*

| Type of Buy                                             | % of Actions | % of Dollars |
|---------------------------------------------------------|--------------|--------------|
| Simple (Below Simplified Acquisition Threshold, or SAT) | 86           | 30           |
| Complex                                                 | 14           | 70           |

Because of this requirement profile, the simple items are not where the need for contracting skills lie. If necessary, JCC-I/A can essentially contract out the buying support for simple purchases, hiring contractors to assist in that work, but the Joint Contracting Command has no such alternative for the skilled, trained Government contracting officers required for the larger, more complex buys. Today, the JCC-I/A has about 30 contracted “buyers” on staff assisting with small purchases.

The overall acquisition workforce (especially military) is weapons-systems oriented. Because of this, and as well prepared as they are, the Commission learned that even the Air Force’s deployed Contracting Officers (COs) currently need about six weeks to transition their “mindset” from a CONUS peacetime perspective to one that can respond to the accelerated operational tempo demands of expeditionary operations. For example, the Commission heard testimony describing the steep learning curve repeatedly faced by newly deployed contracting personnel who must quickly understand that a \$50 million source selection in-theater needs to be accomplished in six weeks, not the six or more months that would be a highly accelerated CONUS contracting time table.

In light of this, the Commander of the JCC-I/A asked the Defense Acquisition University (DAU) to change the way it teaches contingency contracting, with less focus on small procurements and more focus on complex services, construction, and contract administration. This has not yet been done. In addition, senior Army contracting personnel found the DAU (web-based) education to be inadequate for expeditionary contracting operations; as a consequence, many Army PARCs have established their own courses.

While expeditionary contracting training has focused on small, simplified purchases to support the warfighter, there has been a shift in what expeditionary contracting officers are currently buying in-theater, such as complex reconstruction efforts or nation building efforts. This underscores the need for people who can address issues like construction contracting, source selections, supply chain management, “leader-follower,” and other acquisition strategies. JCC-I/A is building capabilities in-theater by assigning senior contracting personnel to outposts with less experienced contracting personnel. Also, the Commission learned that both the Army and the Marine Corps have recently begun sending their NCOs and Enlisted personnel to the Air Force’s Mission Ready Airman Course to help develop and upgrade their expeditionary contracting skill sets.

Commission testimony indicated that the Army Corps of Engineers contracting workforce appears to have been better trained overall in expeditionary contracting than the average Army contracting officer, who is not prepared to handle the wide range of contracts that occurs in-theater (e.g., LOGCAP, large service contracts, huge buys of small items).

## Insufficient Resources to Monitor Contractor Performance

Contract management is the essential post-award contracting function to ensure mission accomplishment, and to ensure that the Government obtains the required work on time and at the quality level called for by the contract. It is also an important control over fraud, waste, and abuse. Contract management CANNOT be a “pick-up game” in the Army—but the Commission heard that, in-theater, it was. The inability to monitor contractor performance and enforce contracts is a critical problem in an expeditionary environment. After the contract is awarded, there are no resources trained to monitor and ensure that the contractor is performing and providing the services needed by the warfighter. The Commission heard of the difficulties associated with knowing whether a contractor had performed at all. When the critical need is to get a power station running, and there are no resources to monitor contractor performance, only the contractor knows whether the completed work is being accomplished. The Commission believes that the complexity of drafting service and value-based contracts, and the critical need for having the resources to perform this function in an expeditionary environment, have not received the needed attention from the Army. Highly skilled, well-trained acquisition professionals performing the following functions are key to post-award contract management:

- ◆ Administrative Contracting Officer (ACO)—Primary interface to contractor
- ◆ Quality Assurance Representative (QAR)—Evaluates contractor performance
- ◆ Contracting Officer’s Representative (COR)—Augments the QAR; ideally subject-matter expert embedded with the mission commander

With insufficient numbers of ACOs, Procuring Contracting Officers could address post-award contract management tasks, but they are too busy. Consequently, this vital task is rarely being done. Contract management that will ensure performance by the contractor is critical in an expeditionary environment, but it has not received the same emphasis from leadership as contract award.

## Inadequate Quantity of Contracting Personnel In-theater

The Army has not done all it can to support the mission. There are far too few Army contracting personnel in-theater. According to the JCC-I/A Commander, even those that are there are not adequately qualified for their responsibilities: only 38 percent of the total Army Acquisition/Contracting Workforce in-theatre are certified for the positions held; and, overall, Army contracting people mostly are not certified for the position occupied.<sup>16</sup> Of the percent authorized, only 80 percent of the contracting billets are filled by the Army, and the Commander has given up asking for additional personnel.

These unchallenged facts are indicative of structural human capital issues within the Army. In addition, there are basic organization problems, such as Army contracting personnel not being linked to Commands that deploy and, in the field, they are not linked to deployed Commands.

Workarounds have been developed and are currently in use; but, they are not effective. Reaching back for contracting support, approvals, authority, and decision making is unresponsive to the tempo of contingency operations and is inimical to any concept of warfare. However, administrative support (e.g., experts, lessons learned, and especially sample Statements of Work for service contracts) could be especially helpful, but does not appear to exist. With respect to the latter, the Commission heard testimony that SOCOM does have such examples available for its contingency contracting (deployed) personnel.

There is inadequate pricing support in-theater. Pricing estimates are too often considered as an independent cost analysis. This creates an opportunity for fraud, waste, and abuse. Where pricing occurs, contracting officers and NCOs perform this function. The most experienced contracting officers and NCOs can do it, and JCC-I/A assigns the most experienced contracting officers and NCOs (Air Force personnel with 10–12 years' experience) to the most complex actions. Again, reach-back support is ineffective because those out of theater do not have the same tempo and sense of urgency (and, of course, are often in a very different time zone).

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<sup>16</sup> 10 USC 1724(f) mandates the following for the Contingency Contracting Force:

The Secretary shall establish qualification requirements for the contingency contracting force consisting of members of the armed forces whose mission is to deploy in support of contingency operations and other operations of the Department of Defense, including—

(1) completion of at least 24 semester credit hours or the equivalent of study from an accredited institution of higher education or similar educational institution in any of the disciplines of accounting, business, finance, law, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management; or

(2) passing an examination that demonstrates skills, knowledge, or abilities comparable to that of an individual who has completed at least 24 semester credit hours or the equivalent of study in any of the disciplines described in paragraph (1).

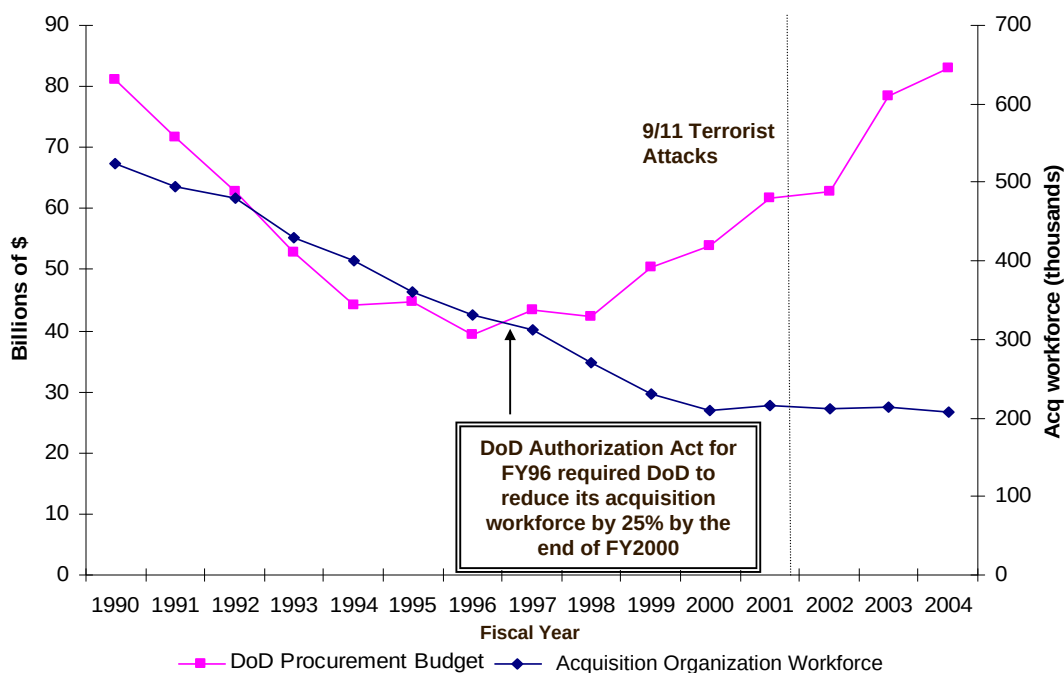
## ARMY DOES NOT RECOGNIZE IMPORTANCE OF CONTRACTING

Army “culture” is focused on warfighting and thus neither recognizes the critical and complex nature of contracting nor rewards people in the contracting community. Contracting personnel incorrectly have been characterized as “shoppers,” by some both inside and outside of the Army (and, consequently, reduced in both quantity and stature) as opposed to being viewed as true professionals. After the great struggle with the Soviet Union, it was generally assumed that Defense Budgets could decrease to a much-lower level, require a smaller Army, that the purchasing of high-technology equipment could be performed at a more reasonable pace, and that the advantages of new management processes, improved training, and improved technology would permit the Agencies to significantly reduce the quantity of individuals involved in the procurement process.

In an effort to recognize the postulated effects of the above efficiencies, accompanied by unrelenting pressure from Congress, the DoD and the Army took significant cuts in the acquisition force and also deliberately choose not to shore up identified shortfalls in program management and contracting workforce.

However, because of other efficiency decisions such as outsourcing which were being concurrently implemented, the actual workload of contracting personnel (the people charged with writing, negotiating, monitoring, and enforcing performance of the contracts) was substantially increasing in complexity and volume. The shortage of acquisition people is an overall DoD problem resulting from the drawdown in the first half of 1990s, with minimal-to-no build-up, as the DoD wartime operations and budget have soared. In fact, as Figure 1 depicts, the reduction in the DoD workforce accelerated after the FY96 DoD Authorization Act required a 25 percent reduction in the acquisition workforce just as the DoD procurement budget began a sharp increase.

*Figure 1. DoD Acquisition Trends Set the Tone for Army Expeditionary Contracting*

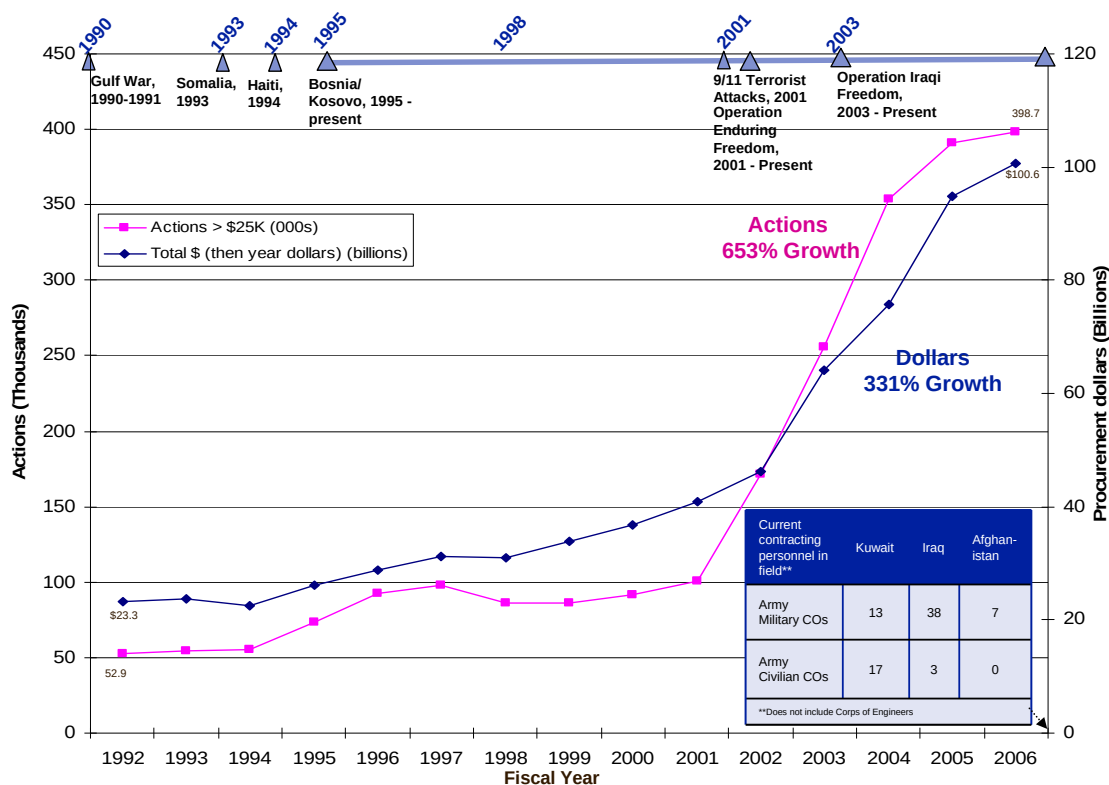


Source of workforce data: DoD IG Report D-2000-088, Feb 29, 2000 & DoD IG Report D-2006-073, April 17, 2006.  
 Source of Budget data: Annual Defense Reports, available at [http://www.dod.mil/execsec/adr\\_intro.html](http://www.dod.mil/execsec/adr_intro.html).

## No Increase in Workforce, Despite Seven-Fold Increase in Workload

In 1990, the Army had approximately 10,000 people in contracting. This was reduced to approximately 5,500, where it has remained relatively constant since 1996. As the figure below illustrates, both the number of contract actions (workload) and the dollar value of procurements (an indicator of complexity) have dramatically increased in the past decade while the contracting workforce has remained constant. The dollar value of Army contracts has increased 331 percent from \$23.3 billion in 1992 to \$100.6 billion in 2006, while the number of Army contract actions increased 654 percent from approximately 52,900 to 398,700 over the same period. Figure 2 below illustrates the change in the dollar value and number of Army contract actions over the past decade.

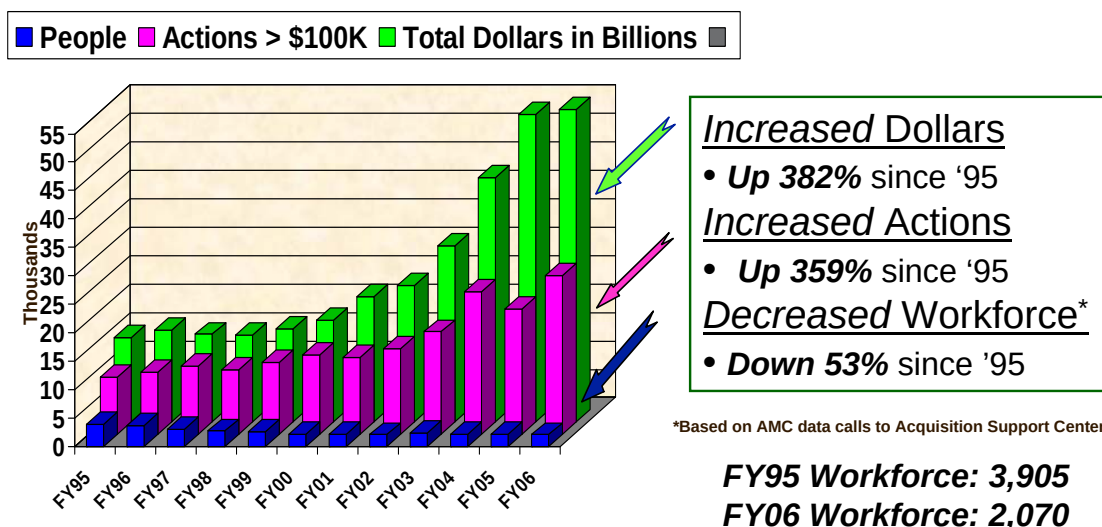
*Figure 2. A Challenge Almost 15 Years in the Making:  
Insufficient Army Contracting Personnel to Address the Workload,  
with the Added Demand of Southwest Asia Expeditionary Contracting Since 9/11 Response*



Source: Contract Data – Federal Procurement Data System

As illustrated in Figure 3, the disconnect between increased workload and declining workforce is particularly acute at the U.S. Army Materiel Command (AMC).

*Figure 3. The Army Materiel Command Contracting Workforce is Down 53 Percent Since Fiscal Year 1995*



## Lack of General Officers in Contracting Profession

As shown in Table 6, in the 1990s there were 9 General Officer positions for contract professionals (5 Army slots and 4 joint slots, at the one- and two-Star levels). Today there are no such Army slots and one joint slot, which currently is being filled by Air Force Major General Darryl Scott. The Army has moved from a significant proportion of military for this career field to about 3 percent of the contracting workforce. As a result of the lack of General Officer positions, there is little “career opportunity” for them (compared to the Air Force, which has over 30 percent military in their contracting organizations, and 2 General Officer positions and 1 joint General Officer position filled). Even DCMA, which as a Defense Agency should be a three-Star billet, is no longer headed by a General or Flag Officer.<sup>17</sup>

<sup>17</sup> In 1990, the Defense Contract Management Command became a Defense Agency and was renamed the Defense Contract Management Agency. Previously, DCMC was led by a two-Star General/Flag Officer, and was under the Defense Logistics Agency.



*Table 6. Army Military in the Contracting Field Lack Opportunity for Career Growth to a Contracting General Officer Position*

| 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, DCMA                                                        | MG              | Realigned to establish G/FO billet in MDA as of 13 May 92 |
| 2                                                                                                                                                | Dep Dir, AqN Mgt, DCMA                                           | 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 <sup>a</sup>                                        | BG <sup>b</sup> | Established after 2001—filled by Air Force                |
| <sup>a</sup> JCC-I/A is the Joint Contracting Command-Iraq/Afghanistan                                                                           |                                                                  |                 |                                                           |
| <sup>b</sup> 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) |                                                                  |                 |                                                           |

The Army needs General Officers who know contracting. The Army needs General Officers who can serve as functional advocates for expeditionary operations and avoid the problems that are being experienced in Iraq, Afghanistan, and Kuwait.

The Army's lack of regard for the contracting profession means that any officer who chooses the contracting career field is "profile fodder" for performance evaluations, promotions, and when it comes to selecting General Officers. In contrast, in the Air Force, officers can aspire to command contracting squadrons or mission support groups. A few have even risen to the level of Air Base Wing Commander. It cannot be considered a coincidence that of 78 fraud investigations, 77 involve Army personnel.

## The Army Military Lacks a Defined Career Path for Contracting Professionals

Army officers do not enter the contracting career field immediately. They spend essentially the first half of their career focusing on operations and they are close to a field-grade rank when they reach the juncture where a contracting assignment is possible. A deployed Army contracting field grade officer told the commission, "I am assigned to a field grade command with lieutenant qualifications." At this point they expect a field-grade assignment, but do not have the technical experience to command a contracting operation. This is a major disservice to those Army officers. They are not prepared to act as mentors; nor are they able to oversee and work on the more complex and high-dollar contract actions. Because of this, the JCC-I/A assigns Air Force contracting officers to the more complex actions and uses the Army officers for small purchases, low-complexity services, and minor construction.

***"I am assigned to a field grade command with lieutenant qualifications."***  
(Army contracting field grade officer, regarding his first acquisition assignment)

Currently, JCC-I/A has 16 Regional Contracting Centers. The composition of the commanders at those regional centers, shown in Table 7, illustrates the difference in skill and experience of operational Army and Air Force contracting officers.

*Table 7. Command Composition at JCC-I/A Regional Contracting Centers  
Illustrates How the Army Approach to the Contracting Career Field Leaves Its  
Military Lacking the Technical Expertise to Successfully Command*

| Service   | No. Military Regional Contracting Commanders | Average Years Contracting Experience | Average DAWIA Certification Level <sup>18</sup>                                                                 |
|-----------|----------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Army      | 9                                            | 3.5 years                            | 3 - Level I (Basic or Entry)<br>3 - Level II (Intermediate or Journeyman)<br>3 - Level III (Advanced or Senior) |
| Air Force | 7                                            | 13.5 years                           | 7 - Level III                                                                                                   |

The Army clearly does not have enough military contracting officers (known as career field 51C), and, further, their career pattern to produce contracting officers leaves much to be desired. In 2003, there were over 500 military contracting officers; now there are less than 300 (about 280) in the entire Army. JCC-I/A alone requires 171 contracting officers for Iraq and Afghanistan. The Air Force and Navy have been able to staff 100 percent of their respective JCC-I/A staffing requirements, whereas the Army has only met 80 percent of its personnel commitment (after its commitment was reduced to reflect the Army's inability to staff Army positions). In the October 2007 cycle, JCC-I/A will populate the 12 unfilled Army positions with Air Force personnel because the Army does not have the resources to fill them. If the Army is serious about its commitment to support the expeditionary mission, it must channel more Soldiers to the contracting field. They need to train and prepare. Additionally, Army contracting officers (career field 51C) are now blended with the program managers (career field 51A) in the Army personnel system, under the umbrella of "acquisition." As a consequence, 51C contracting officers are more difficult to distinguish. In fact, the Army's ability to track its contracting officers has deteriorated to the point where only through a manual, "stubby-pencil" review can the Army leadership identify 51C contracting officers for deployment.

Of the military contracting professionals in JCC-I/A, the split between active duty military and reserve is approximately as shown in Table 8.

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<sup>18</sup> The 1990 Defense Acquisition Workforce Improvement Act (DAWIA) (10 U.S.C. 1701-1764) requires DoD to establish formal career paths for those people who want to pursue careers in acquisition. DAWIA's purpose is to improve the effectiveness of the military and civilian acquisition workforce through enhanced education, training, and career development, and thereby improve the acquisition process. DoD 5000.52M, Career Development Program for Acquisition Personnel, November 1991, defines a certification process, as well as career paths, with specific education, training, and experience requirements for those in acquisition positions. It is DoD's primary implementation of the law. Each acquisition functional area—including contracting, program management, and purchasing—is divided into three career levels for purposes of establishing standards and qualifications: Basic or Entry (Level I), Intermediate or Journeyman (Level II), and Advanced or Senior (Level III). See <http://www.atlcareercenter.com/>.

*Table 8. Military Contracting Professionals in JCC-I/A*

| Service   | Approx. No. of Officers | Active Duty | Reserve |
|-----------|-------------------------|-------------|---------|
| Army      | 51                      | 80%         | 20%     |
| Air Force | >100                    | 100%        | 0%      |
| Navy      | <20                     | 50%         | 50%     |
| Total     | 171                     |             |         |

Notably, the expertise of the Reserve personnel depends on whether their “regular” civilian jobs are in the contracting series. When this is the case, the Reservist is well qualified and a valued asset to the contracting center.

## Role of Civilian Personnel in Expeditionary Contracting

As shown in Table 9, the Army does not have sufficient military contracting personnel (279 military out of over 5,800 total) and the civilian-to-military ratio is not sufficient to sustain expeditionary contracting operations. The Army needs a ready force of trained and skilled contracting personnel to deploy which is at least 20 percent military (or civilians with military-like commitments to deploy). In comparison, the Air Force has a 65 percent civilian to 35 percent military ratio. Overall, the ratio of Army military-to-civilian contracting personnel is significantly less than the other services and dramatically less than the Air Force.

*Table 9. The Army Civilian-to-Military Contracting Personnel Ratio Is Insufficient to Sustain Expeditionary Contracting Operations*

|                                 | Army               | Air Force <sup>a</sup> | Navy           |
|---------------------------------|--------------------|------------------------|----------------|
| Procurement \$ <sup>b</sup>     | \$100.6 Billion    | \$180 Billion          | \$73.7 Billion |
| Procurement Actions             | 398,748            | 61,000                 | 282,910        |
| Total Contracting personnel     | 5,821              | 6,878                  | 5,017          |
| Military Contracting personnel  | 279                | 2,136                  | 1,272          |
| Civilian Contracting personnel  | 5,563 <sup>c</sup> | 4,792                  | 3,435          |
| Military Reserve/National Guard | 195                | 510                    | Unavailable    |

<sup>a</sup> *Air Force Contracting*, briefing to the Commission by Mr. Charles E. Williams, Jr., 21 September, 2007.

<sup>b</sup> Federal Procurement Data System—NG.

<sup>c</sup> DMDC Report DRS 16242 provided to the Commission by DAU.

The commander of JCC-I/A believes military are essential to expeditionary contracting. Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) demonstrated that the contracting professionals—military and civilian—are needed to immediately follow our combat forces—from pre-conflict, through combat, into the current reconstruction and sustainment phase. There are thirty civilians serving in JCC-I/A. While some of the most senior individuals at JCC-I/A are civilians, the quality of the civilians ranges from excellent to some not meeting readiness standards. Most civilians are volunteers, often with inadequate or wrong skill sets for

the job at hand, and often getting their required contracting experience on-the-job as part of their deployment. Army civilian contracting personnel who deploy for expeditionary contracting are undervalued—in compensation; education and training; career opportunities; and other occupational incentives. As a result, many approved contracting positions go unfilled, especially in-theater. The Army owes this dedicated core of patriots its appreciation and better treatment. The Army can accomplish this by providing enhanced career and job incentives.

The Commission heard at least four systemic incentive areas that negatively impact civilian participation in contingency operations.

1. *Pay cap.* Originally put in place to constrain congressional abuse, the pay cap is a self-imposed impediment which constrains the length and frequency of civil servant tours. Raising the cap would merely move the point where the problem occurs, and significant effort goes into managing pay to stay within various limits which are also confusing. The pay caps should be waived completely in contingency operations and then these constraints and inefficiencies would cease to be a planning and operational constraint. This also would permit and incentivize longer tours.
2. *Tax free status.* Amazingly, our Government civil servants do not qualify for favored tax treatment when deployed in support of OCONUS expeditionary operations. Our deployed military are tax free from the moment they hit the ground. Contractors, who take longer tours than DoD civilians, qualify for favorable tax treatment. If DoD is to incentivize its civilian workforce to deploy to what can be extreme and hostile work environments, they must be afforded tax treatment comparable to that offered its military.
3. *Armed Forces Civilian Service Award.* The Commission heard testimony addressing the awards process for recognizing contributions and sacrifice of deployed DoD civilian personnel. In particular, the Commission learned that the Armed Forces Civilian Service Medal (AFCSM) is not available to DoD civilians deploying to Iraq or Afghanistan. Established in August 1997, this honor recognizes DoD civilians who “support designated operations under the same or similar conditions as our military members, thereby strengthening the unique partnership between our uniformed members and the civilian workforce.” As a general rule, when the Chairman of the Joint Chiefs of Staff has approved issuance of the Armed Forces Service Medal (AFSM) for military participation in humanitarian or peacekeeping operations, the AFCSM may then be awarded to DoD civilians who participate in the same operation. Unfortunately, when DoD elected to award the global war on terrorism (GWOT) medal instead of the AFSM, it eliminated the regulatory predicate for award of the AFCSM to DoD civilians. This action took an important honor off the table for our DoD civilian workforce.
4. *Long-term medical care for theater injury.* Government civilians currently receive immediate medical care for injuries incurred in-theater. But they are not extended long-term medical care. Thus, they lack long-term medical benefits coverage comparable to that of the military, despite making a similar personal sacrifice by going in harm’s way on an expeditionary deployment.

## Personnel Policies Impede the Use of Civilians in Expeditionary Operations

Throughout the Cold War, the Air Force and Navy had civilians in the theater of operations to maintain complicated equipment or provide specialized services. In the last decade, and particularly since 9-11, the Army also has extensively utilized its civilian workforce to support expeditionary operations.

The Army's employment of contracting expertise within its civil servant corps has not been complemented with the planning necessary to effectively implement this decision. As the most basic example of how little personnel and operational planning has been performed, during the first two weeks of hearings, the Commission was "informed" by each witness that it was "illegal" to order civil servants to the theater, followed by examples of how this legal impediment led to various problems.

However, that widely "understood" concept is inaccurate. What is true is that the civil servant can be ordered anywhere, including the theater, but can choose to resign rather than accept those orders. The misinterpretation that a legal—rather than a practical—impediment exists is widespread throughout the Army. In addition, the Commission heard that during the events in Afghanistan and Iraq, the most common policy with respect to civil servant use was to rely on "volunteers" to fill civil servant billets established outside the United States, rather than obtaining personnel based on skill sets and expertise. Not surprisingly, many people informed this Commission that the Army's approach to employing its civilian workforce to support expeditionary operations did not work.

The Commission believes the employment of qualified civilians did not work because neither the Army nor DoD had plans or processes in place to make it work. For example, the volunteers were required to be sent on "detail," and thus the *providing office* not only had to pay all costs, including the significant and unplanned international travel associated expenses from *existing budgets not subsequently augmented* by the Army or Congress (yet, in contrast, pertinent uniformed individual personnel accounts were augmented). Equally important, DoD and Army personnel policy did not permit detailed employees to be backfilled by new accessions or temporary employees. As a result, unlike military personnel (where increased wartime costs are offset by supplemental or emergency funds from Congress, and operating units are manned and equipped to perform expeditionary operations), the Army activities that provided civil servant volunteers during Operation Iraqi Freedom were asked to perform an increased wartime workload with fewer assets and significantly decimated operating funds. The Commission was told that, as a consequence, stateside managers **actively discouraged** civil servant employees from "volunteering" for service "in-theater."

Individual Army organizations informed the Commission they are in the process of developing or implementing different plans to incentivize and care for the civil servants, just as the Army does for its deploying Soldiers (e.g., promotion potential based on duty in combat zones, health care if injured in operational environment, safety net for family, and so forth). These "grass roots" efforts have emerged because the Army-DoD establishment has failed to act: this is not a priority with the Army and DoD personnel commands in Washington. Different Army

organizations are consequently developing a patchwork of plans, all of which are less effective than they could be if centrally coordinated and endorsed by Army and DoD civilian personnel rules and regulations.

## Impact on Contractors Performing on the Battlefield

Acquisition workforce issues have had a profound impact on contractors performing on the battlefields in Iraq and Afghanistan. Reports presented in a lessons learned document prepared by a joint Government and contractor task force convened in 2004 cited numerous systemic weakness in DoD acquisition policies and processes. The lessons learned briefed by the Professional Services Council to the AMC Commander, General Paul Kern, in November 2004 reported inadequacies in contracting, contract oversight, poor requirements planning, a frustrating application of traditional U.S. laws and regulations being promoted by the audit community, all of which was compounded with few contracting officers on the scene to mitigate or render timely decisions. Early concerns voiced by industry indicated the Government failed to properly plan for contractor personnel deployment needs, security, life insurance, and support entitlements. Companies interviewed by the Commission over the past two months echoed that many of these concerns still exist today. The most common complaint expressed by contractors interviewed centered on problems experienced by a continually rotating workforce and how the lack of on-the-ground support forced a dependence on CONUS teams that were not adequately informed on mission impacts and contract action details.

The latest contractor census conducted in Southwest Asia reported that over 160,000 contractor personnel<sup>19</sup> are employed on the battlefields of Iraq and Afghanistan. Contracts range from simple to complex and cover the full gamut of contract services and supplies. To date, DoD has incurred costs in excess of \$19 billion for logistics support and combat support services for our deployed forces. And that does not include the additional funding obligated to rebuild Iraq since reconstruction efforts began in 2004.

Use of traditional business and contract management processes do not work properly in a non-traditional, high-threat environment. In particular, contractors interviewed commented that the Army Corps of Engineers has maintained that construction contracts should be awarded as firm-fixed-price contracts. Contractors expressed that, because of uncertainties that exist in a high-threat environment like Iraq, they are pressured to price their risk into firm-fixed-price contracts rather than being permitted to propose under cost-reimbursement terms and conditions that would make it easier to factor risk into the price. Government contracting officials who believe that traditional practices in requirements planning, contract award, and contract management processes have often found, after it is too late to recover, that a traditional approach was ill-suited for the non-traditional environment. In addition to the improper application of contract type the problem of how to manage restrictions and limitations on funding also has been cited as causing excessive costs where leasing was the only option for requirements funded with operations and maintenance, Army (OMA) dollars. Other concerns include use of competition, poorly defined statements of work, and availability of records needed to satisfy the audit community.

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<sup>19</sup> Included in this figure are most subcontractors, ex-patriots, host nation, and third-country nationals. These numbers also include contractor personnel in Kuwait.

## INADEQUATE CONTRACTING REGULATIONS FOR EXPEDITIONARY OPERATIONS

Today, we have a “FAR, rules-based,” contracting workforce preparing contracts in an operations tempo “exception-to-the-FAR”-based environment. The commander of JCC-I/A and the contracting personnel in Kuwait all believe there is a critical need for a clear, concise, well-understood Expeditionary Contracting Manual. An Expeditionary Contracting Manual would support the expedited processes and operation tempo necessary for procuring the supplies and services needed by our warfighters in the expeditionary theater of operations, while limiting the discontinuities in the manner in which the different DoD Services apply the requirements and exceptions contained in the Federal Acquisition Regulation. (Not only do the Services apply the FAR differently; different organizations within the Services, such as the Army Corps of Engineers, and the Special Operations Command (SOCOM), often differ on how particular regulatory requirements are applied.) In addition, while Congress has given the State Department unique capabilities important to expeditionary situations, the State Department uses an Agency-unique supplement to the Federal Acquisition Regulation that differs from DoD.

The Defense Department’s Operational Plans and Joint Force Development office (J-7) is building Tactics, Techniques, and Procedures (TTPs) that could serve as a backdrop for the future Expeditionary Contracting Manual. The TTPs must be developed to recognize the situation and priorities of any future expeditionary operation because the peacetime CONUS business process is ill-suited and counter to the operational tempo that experienced in expeditionary operations.

The Commission also heard testimony from the Joint Rapid Acquisition Cell, which operates under the authority granted to the Secretary of Defense to overcome restrictive and inefficient processes to deliver timely equipment and services to the warfighter in response to urgent operational needs. The Commission believes that similar authority should be applied so that the contracting procedures in the Expeditionary Contracting Manual are the most effective and efficient that could be established and documented for expeditionary operations.

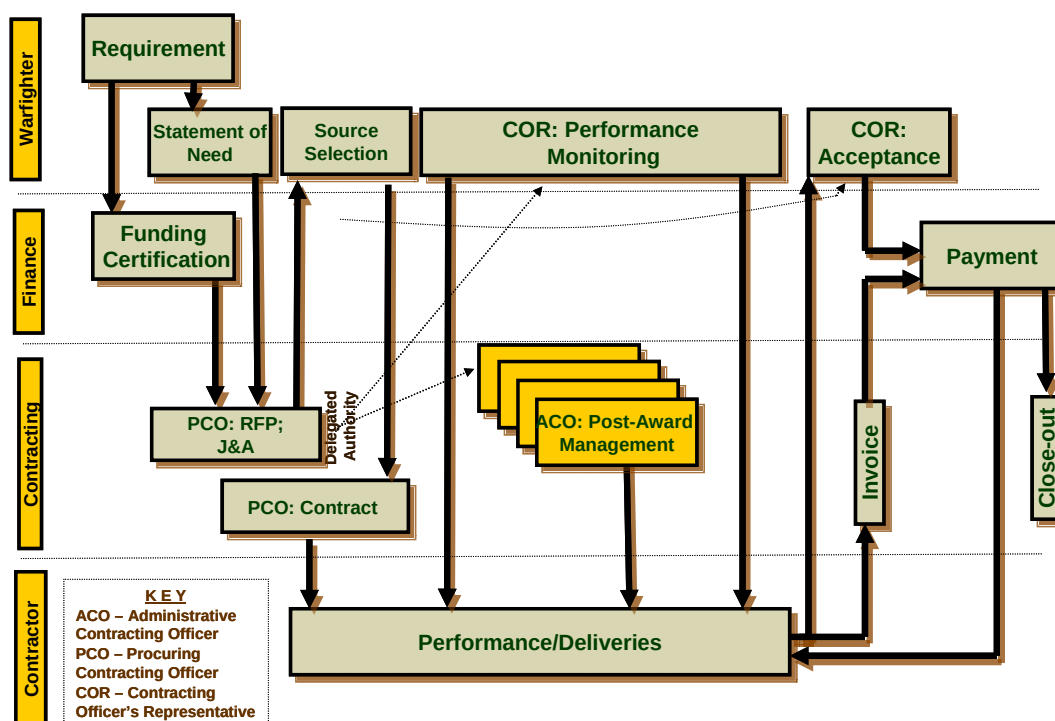
All contractors interviewed by the Commission also favored the concept of an Expeditionary Contracting Manual and voiced support for the idea that “acquisition rules of engagement” consider the various phases of an expeditionary operation. Contractors felt that the manual should provide greater relief for contractors during the early stages of an operation when the risk and uncertainties are highest. Auditors also need to be trained in the Expeditionary Contracting Manual and the impact that the phases of an expeditionary operation have on both the contracting officer’s and a contractor’s compliance with traditional rules and regulations.

## LACK OF RECOGNITION OF COMPLEXITY OF CONTRACTING

As shown in Figure 4, contracting involves multiple stakeholders, including the Operational Army (the warfighter), the Institutional Army (financial management and contracting professionals), and contract support. These stakeholders all must contribute to a successful

acquisition. No single person can cover all the various contracting processes nor provide the necessary work products, which include a defined requirement, statement of need, funding certification, a contract, contract modifications, post-award management, oversight of performance/deliverables, and acceptance documentation. Too often, both in peacetime and during expeditionary operations, the focus of the contracting process is on contract award, with post-award management being neglected.

*Figure 4. Contracting Is More than Writing Contracts*



## Requirements Development and Contract Management Are Not Being Trained or Staffed

The Army has failed to recognize the importance of the contract requirements development process—that is, translating a Commander's requirements into a statement of need that serves as the basis for a binding contract. Despite the critical role that contracting plays in expeditionary operations, no training of commanders on this important operational requirement occurs in the Service schools. The importance of the ability to translate a combatant officer's requirement into a responsive contract statement of work cannot be overstated. Only a very experienced contracting officer or NCO familiar with the commodity or service can help write the statement of work. All too often, however, the inability to generate an effective contract statement of work is due to a lack of trained personnel who can translate their commander's intent into a requirement that can readily be given to and adopted by the contracting officer. This deficiency only further underscores the importance of training all leaders on requirements development. Stated another way, although the Services do a superb job of training on the importance of operational planning, they fail to train on a key component to that planning process—contract requirements development. Additionally, sometimes the problems in-theater are the result of a



lack of 51A (program and acquisition) military personnel rather than 51C (contracting) personnel. Army operational personnel are not aware of the depth of personnel needed to support an acquisition—it involves a rich skill set and a combination of 51A (program and acquisition) and 51C (contracting) military officers to be successful.

## Insufficient Focus and Resources on Post-Award Contract Management

A major area of concern that the Commission found alarming is the failure of both the Army and Defense organizations to perform a mission that is critical to operational success in-theater, and where the Army was, and clearly still is, failing: contract management. As stated above, the few contracting resources available in-theater are focused on awarding contracts, and, as a result, only about 5 percent of the completed contracts in Iraq are being closed out.

***“In Iraq contract management for non-LOGCAP was a ‘pick-up game.’ When done at all, it was a secondary function.”***

*(Former Senior Army General Officer)*

### CONTRACT MANAGEMENT FUNCTIONS

Contract administration functions may be retained by a contracting activity or delegated to the Defense Contract Management Agency (DCMA). There are over 70 functions performed in the post-award phase by the following individuals:

- ◆ *Administrative Contracting Officer (ACO)*: Monitors the contractor’s business, cost, and financial management systems. Usually serves as the lead for the post-award contract management team. Primary interface to the contractor.
- ◆ *Quality Assurance Representative (QAR)*: Collects and evaluates contractor performance data, and monitors process management. Issues contract deficiency report.
- ◆ *Contracting Officer’s Representative (COR)*. Augments the QAR by evaluating contractor performance data, and monitoring process management. CORs are ideally subject-matter experts embedded within the mission.
- ◆ *Property Administrator (PA)*: Conducts annual reviews of the contractor’s government-furnished property system. Manages claims for lost, damaged, and destroyed property; performs or coordinates property disposal. May have a unique warrant that authorizes negotiation of property claims.

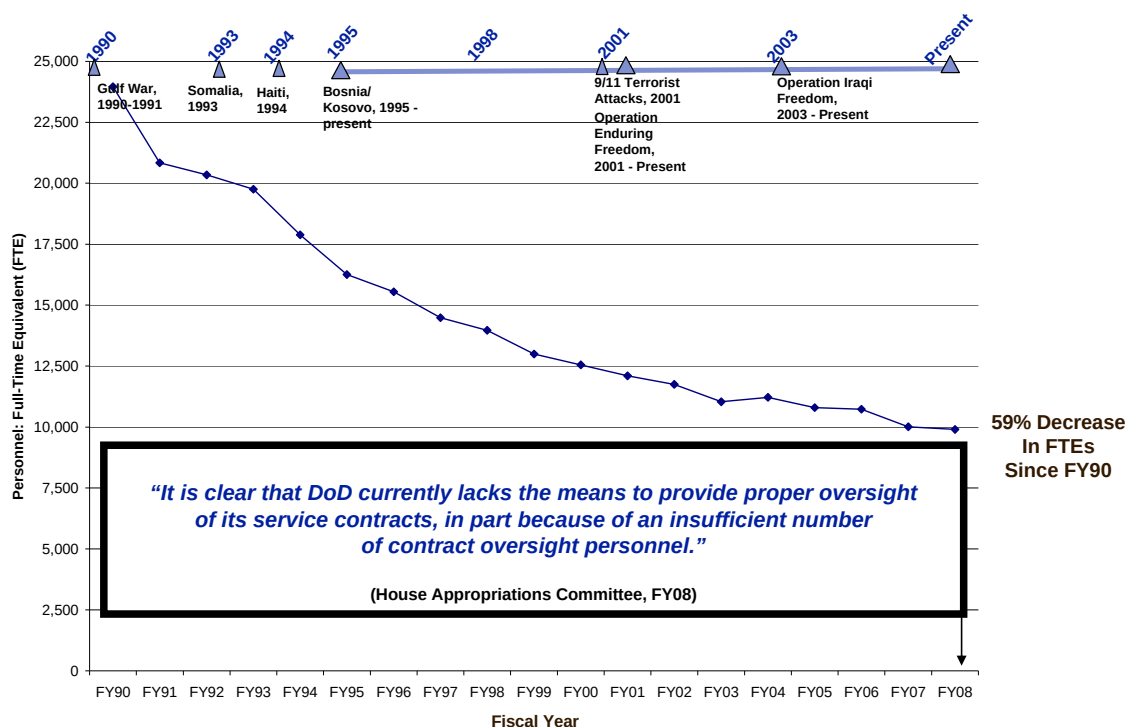
Under the peacetime CONUS model, contracting activities typically delegate contract management responsibilities for weapons systems and production-type contracts to DCMA, whose representatives are co-located in a contractor’s plant. Contracting activities seldom delegate similar management duties for services or base, post, camp, and station-type contracts—which are essential to expeditionary contracting—to DCMA.

## ROLE OF DEFENSE CONTRACT MANAGEMENT AGENCY

As its title indicates, the Defense Contract Management Agency is focused on contract management, which is critical to operational success. DCMA provides a broad range of acquisition management services to ensure the integrity of the contractual process. DCMA manages 360,000 prime contracts valued at \$900 billion. DCMA has a staff of 9,899 personnel at 67 Contract Management Offices who oversee the work performed at over 900 industry plants throughout the United States and in 26 countries.

DCMA has DoD's resident expertise in contract management, having absorbed all the Military Services' professional contract managers when it was established. However, it is not currently staffed nor resourced to provide operational contract management for base, post, camp, and station contracts on military installations.<sup>20</sup> DCMA is also not currently positioned to perform most expeditionary contract management functions. Significantly, DCMA has not been engaged in managing contracts in the USCENTCOM theater of operations, except in a limited capacity: managing service contracts that were awarded outside the theater of operations (e.g., LOGCAP). In fact, as shown in Figure 5, since fiscal year 1990, DCMA's civilian workforce has been reduced 59 percent from 23,960 to 9,899.

*Figure 5. DCMA Personnel Trends, FY 1990 to FY2008*



<sup>20</sup> DFARS 242.202, Assignment of Contract Administration, provides:

(ii) Contract administration functions for base, post, camp, and station contracts on a military installation are normally the responsibility of the installation or tenant commander. However, the Defense Contract management Agency (DCMA) shall, upon request of the military department, and subject to prior agreement, perform contract administration services on a military installation.

## ROLE OF CONTRACTING OFFICER'S REPRESENTATIVES

Contracting Officer's Representatives (CORs), who are an essential part of contract management, are at best a "pick-up game" in-theater. CORs represent the "last tactical mile" of expeditionary contracting. However, CORs are assigned as contract managers/administrators as an "extra duty," requiring no experience. A COR is often a young Soldier who does not have any experience as a COR. Most have at least some functional area expertise (e.g., a COR assigned on a vehicle contract generally comes from the motor pool). Although being a COR would ideally be a career-enhancing duty, the COR assignment is often used to send a young Soldier to the other side of the base when a commander does not want to have to deal with the person. Additionally, little, if any, training is provided. To further compound matters, generally all COR training is geared for a low-operations, low-risk tempo, so it is barely adequate. Despite this, there are still too few CORs. Moreover, COR turnover is high, frequently leaving many gaps in contract coverage. To address these deficiencies, JCC-I/A requires contracting officers to contact CORs once a month regarding their duties and to address issues encountered.

## AUDIT AND OVERSIGHT FUNCTIONS

Today, due to inadequate training and staffing, we have dedicated a greater number of auditors (yet another endangered species in the DoD contracting community) in the USCENTCOM area of operations to review the contract-related problems than should be required. The auditors are provided from various organizations, including:

- ◆ The Special Inspector General for Iraq (SIGIR)
- ◆ The Army Audit Agency (AAA)
- ◆ Defense Contract Audit Agency (DCAA)

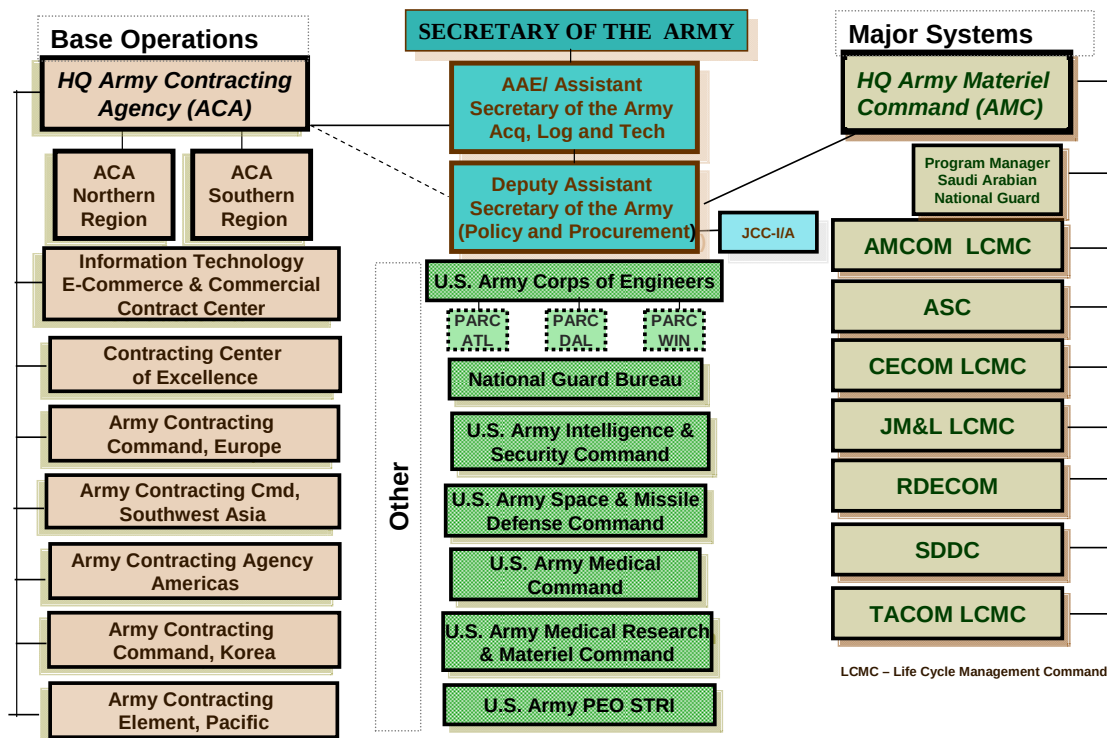
JCC-I/A has excellent relationships with the audit and oversight community. SIGIR meets monthly with the JCC-I/A commander and the JCC-I/A staff meets weekly with SIGIR, DCAA, and AAA. None of this is doctrinal; rather, JCC-I/A closely coordinates with the auditor community as a form of "contracting triage," i.e., dedicating limited contracting resources to address critical problem areas.

## INADEQUATE ORGANIZATION AND RESPONSIBILITY TO FACILITATE CONTRACTING

Today, multiple commands have responsibility for contracting. (To put this organizational framework in its broadest context, see Appendix C, Organization Charts, where the configuration for the Headquarters, Department of the Army, and the Army Acquisition Executive [the Assistant Secretary of the Army (Acquisition, Logistics and Technology)].) As shown in Figure 6, the "as-is" Army contracting organizations include the Army Contracting Agency (which primarily supports base operations), the Army Material Command (which primarily supports major systems), as well as others (e.g., the U.S. Army Corps of Engineers, which primarily

supports construction, and the JCC-I/A, which supports certain theater requirements within Iraq and Afghanistan).

Figure 6. As-Is Army Contracting Organizations



(Note that this figure actually makes the existing Army contracting organizations appear more linear than they actually are; a true depiction would look more like a “spaghetti” diagram.)

**Under the current organization, none of the contracting commands have responsibility to synchronize all aspects of contracting below the Army Secretariat level.** This adversely affects those within the contracting profession and outside the profession. Within the contracting profession, no single advocate for a “cradle to grave” career plan for excellence exists. Outside the profession, commanders and contractors have to deal with multiple heads of contracting activities (HCAs)/principal assistants responsible for contracting (PARCs). These multiple interactions can result in varying policy interpretations and poor operations. These effects are compounded in the expeditionary environment, with its heightened contracting workload, complexity, and tempo.

## EXTREMELY POOR INTERAGENCY OPERATIONS

General Petraeus, the Commander of the Multi-National Force-Iraq, to whom JCC-I/A reports, only has about 50 percent of the in-theater contracts under him. The lack of integration of the contracting activities is a concern from an accountability, performance, and life-cycle support perspective. There are many independent contracting and management organizations in-theater with no clear responsibility for overall integration, quality, management or oversight. Just the DoD organizations include JCC-I/A, GRD, AFCEE, AMC, CSA, AAA, DLA, Medical

Command, and DCMA. Operational commanders should not have to try to figure out who is responsible for acquisition and management of a particular service or commodity.

The lines of authority for command versus contracting differ. For Command authority, it flows from Admiral William J. Fallon at Central Command to General David Petraeus Multi National Force - Iraq (MNF-I) commander, to Major General Scott, commander JCC-I/A. For contracting authority it flows from the Head of the Agency to the Senior Acquisition Executive. There are three Army contracting chains of command in Iraq: JCC-I/A, AMC, USACE.

A current focus in media is security contracts; JCC-I/A only “owns” about 25 percent of these contractors. Further, half of the contracts performed in-theater are under the JCC-I/A. DoD has no insight into non-DoD actors, but has been called in previously to “pick up the pieces.” USAID is undermanned; they are even worse off than JCC-I/A. JCC-I/A spends close to \$1 billion per year in State Department money (JCC-I/A conducts contracting for actions over \$500,000 that uses State Department economic redevelopment funds for the provincial reconstruction teams). It confuses contractors to have to operate under different procedures (e.g., those of USAID, Commerce, State, etc.). This tends to have negative consequences, such as driving costs up by not achieving economies of scale, or having to compete for scarce resources. One senior contracting official stated it made sense for the JCC-I/A to have authority over all contractors performing in-theater.

As shown in Table 10, the U.S. Army Corps of Engineers (USACE) authorities are much less than that for JCC-I/A.

*Table 10. In-Theater Contracting Authorities  
of JCC-I/A vs. USACE*

| Organization | Approval Threshold |
|--------------|--------------------|
| JCC-I/A      | \$500 million      |
| USACE        | \$7.5 million      |

This unnecessarily lower authority level for USACE translates into a slower decision for the Army Corps of Engineering contracting. Under the JCC-I/A authority, an in-theater resource is available to approve decisions that require approval one level above the CO. In his 20 months at JCC-I/A, the Commanding General has only needed to go to CONUS for approval once. In contrast, the lower threshold for USACE means that they must go back to the CONUS PARC for approval more frequently.

In the Cold War environment, it was not envisioned there would be other Departments or Agencies engaged so much on the field of conflict. Today, the military commander who is supported by a “joint” contracting organization actually has a disparate group of well-meaning professionals sitting side-by-side applying different rules to the same situation.

While it is recognized that the State Department, Justice, Commerce, Treasury, *et al.* bring impressive tool kits, which represent some of the most effective tools America has to offer and are critically essential to nation-building, in the Cold War era, these players only entered after

the battlefield was relatively secure. They were not the integrated partners which successful expeditionary operations may require.

Additionally, in the Cold War environment, while Joint Operations were obviously required, the different Services were normally physically separated and usually supported by their own infrastructure. In the Expeditionary world, that is obviously not true. So, in a particular geographic region, service support is not only required by a different Service mix of uniformed military personnel, but also by DoD and other Department civilian specialists as well as contractors who may be providing supporting services or unique expertise.

## IV. Actions Needed (Based on Commission Findings)

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The Commission believes that the problems identified in this report will not be corrected solely by accomplishing any list of corrective actions, no matter how thoughtful, thorough and extensive the list, unless this is also accompanied by a significant change in the organization of the Army contracting community, and the acquisition community within which the contracting function lies. The problems are so severe that there is a significant dysfunctional issue which must be addressed. In fact, while this Commission, other commissions, task forces, and auditors look at the current contracting issues and bring fresh eyes to the problems, the Commission believes that all attempted remedies will be temporary unless we return to basic organizational and Army leadership principles.

The sections below identify the Commission's four main recommendations. In order to ensure the accepted recommendations of this Commission are implemented, the Commission recommends a Special Task Force be chartered by the Secretary of Army to implement these Commission recommendations within a year.

### **1. RECOMMENDATION: INCREASE THE STATURE, QUANTITY, AND CAREER DEVELOPMENT OF THE ARMY'S CONTRACTING PERSONNEL, MILITARY AND CIVILIAN (ESPECIALLY FOR EXPEDITIONARY OPERATIONS)**

Despite the increasing importance of the contracting process to the Army's performance, the skill and experience required to execute those processes has not been valued by the Army. Numerous attempts over the last 20 years, both legislative and organizational, to modify that value culture have not succeeded. Despite the outstanding professionalism and talent that is resident at every level of the Army, without significant systemic change, the Army contracting processes can be expected to inevitably return to below-mediocrity.

In order to provide for increased and prolonged professionalism and problem-solving in the military environment, in order to recognize the increased complexity and cost of modern military products and services, and in order to prevent the suboptimal migration of senior military billet assets from contracting positions within the acquisition corps to the operating forces,<sup>21</sup> additional General Officers and an SES billet should be authorized by Congress and specifically assigned to the Secretary of the Army, so that they may only be assigned to acquisition and contracting billets as the Secretary specifies. These General Officers will, through normal Army staffing

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<sup>21</sup> In the 1990s there were 5 Army slots and 4 joint slots available for General Officers in key contracting and contract management positions. Today, there are no Army slots and only one joint slot (which is currently being filled by an Air Force two-Star officer from the contracting career field). Over this period the Army Competition Advocate has been decreased from a two-Star billet to a colonel while the Defense Contracting Management Agency has been decreased from a joint two-Star billet to a civilian.

assignment policy, also drive the assignment of the necessary officer, enlisted personnel, and civil servants which should populate this critical area.

In order to implement the above, Congress must

- ◆ Authorize a core set of ten additional General Officers for contracting positions (similar to what existed in 1990).
  - Authorize a total of five General Officers for contracting for the Army:
    - Authorize two Major Generals for Army contracting positions—one for the Commander of the Army Contracting Command and one on the staff of ASA (AL&T) for the Deputy for Contracting and Director of the Army Contracting Corps.
    - Authorize three Brigadier General contracting positions—one for the Army Contracting Command’s Expeditionary Contracting Organization, one for the Army Contracting Command’s Installation Contracting Organization, and one for the Chief of Contracting, U.S. Corps of Engineers.
    - Assign the billets to the Army Secretary.
  - Authorize five joint General or Flag Officer contracting billets in JCCs/JFCOM/DCMA. (JCCs are Joint Contracting Commands that exist for each expeditionary operation.)
    - Authorize one joint General Officer three-Star as the Commander of the Defense Contract Management Agency, with assignment responsibility for this billet residing in the Under Secretary of Defense for Acquisition, Technology, and Logistics.
    - Provide the Services back-fill authorizations for joint positions, similar to that granted when the Services fill COCOM positions.
- ◆ Maintain existing civilian Senior Executive Service contracting authorizations in the Army workforce, plus one new deputy.

The Secretary of the Army should:

- ◆ Establish “contract planning” (requirements definition) positions. Planning should be conducted by the operations and training (G3 or S3) staff at the corps, division, and brigade combat team levels.
- ◆ Establish a separate Army Contracting Promotion Board for both military and civilian contracting professionals and ensure functional independence of contracting professionals.
- ◆ “Fence” the five Army General Officer billets to the Secretary of the Army.



- ◆ Establish a Major General Deputy for Contracting and Director of the Army Contracting Corps reporting to the ASA(ALT)/Army Acquisition Executive.
- ◆ Increase the number of military (by 400) and civilian (by 1000) in the Army contracting workforce, which involves about a 25 percent increase. (The Commission makes this recommendation after considering both the Air Force and Marine Corps model for determining the number of military.) Ultimately, the Commission recommends that a ratio of 70/30 percent (civilian to military personnel) is appropriate for the total Army Acquisition Force, and a ratio of 80/20 for the Contracting Corps.
- ◆ Ensure that Army military contracting personnel, both officers and non-commissioned officers/enlisted, start their contracting career much earlier than is currently the case. The Commissioned Officer contracting career track should start on entry, but the officer should be assigned for two or more years to a combat branch, then rotate in various contracting roles. This approach capitalizes on the significant strength of company-level operational experience. Following the initial entry tour, the officer should attend the common portion of the advanced course, and achieve DAWIA Level I certification through DAU (e.g., at Fort Lee, the Officer could take both the common core of the advanced course and also obtain Level I certification at the Army Logistics Management College). Enlisted personnel will assess directly into the contracting career field.
- ◆ Capture expeditionary contracting lessons learned, incorporate them into systemic forums, and provide feedback to the force for continuous improvement. For example, these lessons learned should be considered in the development of curricula and be institutionalized in the Center for Army Lessons Learned (CALL).
- ◆ Establish a separate, centrally managed Contracting Corps (not Branch) for Army military and civilian contracting personnel.
- ◆ Establish a skill identifier and manage military contracting personnel, e.g., “51C” (thus separating contracting professionals as a distinct professional category within the overall acquisition workforce).
- ◆ Adequately fund career planning programs, education and training, promotion potential, and contracting internships—all focused to establish an expert workforce skilled in supporting expeditionary operations.
- ◆ Ensure that the expeditionary contracting deployment is not someone’s first assignment. Contracting personnel sent into a theater of operations need to be highly skilled, adequately trained, and prepared for the assignment, rather than an *ad hoc* “pick-up game” of willing but unqualified players.
- ◆ Create an environment that fosters civilian contracting personnel participation in future expeditionary operations.
  - Pursue changes in laws and policies to provide incentives for civilians to go to combat areas, including but not limited to: adequate life insurance, long term health

care for war inflicted injuries, extended temporary promotion, theater of war tax benefits, and eliminating pay caps.

- Make successful service in expeditionary operations a major advantage for civilian promotion.
- “Pre-volunteer” and pre-qualify (e.g., pre-medically clear) civilians for expeditionary operations.
- Ensure that the civil servants have the appropriate formal training as well as diverse geographical and career experience.
- Add sufficient billets to the Secretariat and the Army G-1 staffs for the management of the civilian and military contracting workforce.

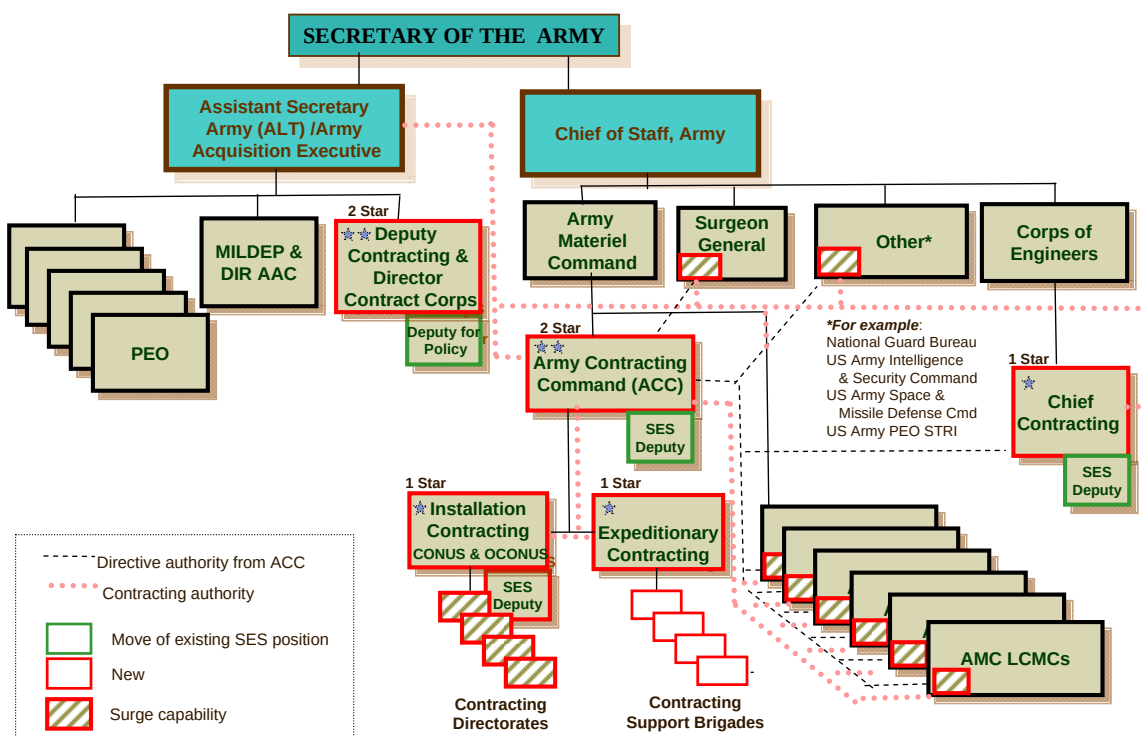
The Secretary of the Defense should:

- ◆ Assign DCMA the role of all base, post, camp, and station contract management (so that it trains and operates in peacetime the way it will operate in wartime). (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.)
  - Establish Defense Contract Management Agency (DCMA) as the center-of-excellence for expeditionary contract management.
  - Assign DCMA responsibility for all contract management, including expeditionary.
- ◆ Adequately resource DCMA (in terms of people and money) for this expanded role, and have the required training.
  - Assign DCMA the resources from the Services that are currently involved in base, post, camp, and station contract management.
  - Request the budget to provide DCMA with 583 additional billets (for Army positions).
- ◆ Require a complete review and rewrite (as necessary) of each applicable personnel directive impacting civilian personnel involvement in military operations. Topics to be explored should include, among others, the following:
  - Law of warfare (can civilians be armed?) and Geneva Convention.
  - Conditions under which civilian will receive benefits of POW/MIA
  - Conditions under which civilians will receive medical treatment for life
  - Conditions under which civilians will receive disability pensions.

## 2. **RECOMMENDATION: RESTRUCTURE ORGANIZATION AND RESTORE RESPONSIBILITY TO FACILITATE CONTRACTING AND CONTRACT MANAGEMENT IN EXPEDITIONARY AND CONUS OPERATIONS**

In order to restructure the organization and responsibilities to best facilitate effective and efficient contracting and contract management in support of both expeditionary and garrison operations, the Commission recommends a reorganization and realignment of contracting responsibilities as illustrated in Figure 7.

*Figure 7. Recommended Army Contracting Organizations and Responsibilities*



- ◆ Establish a Deputy for Contracting and Director of the Contracting Corps as a Major General billet reporting to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology. This staff position is responsible for all contracting policy and all contracting career management, including establishing and maintaining education and training standards for the civilian and military contracting workforce. The SES Deputy for Contracting Policy (currently the Deputy Assistant Secretary for Policy and Procurement) will be a direct report to the Deputy for Contracting.
- ◆ Establish an Army Contracting Command, commanded by a Major General, reporting to the Commanding General, U.S. Army Materiel Command. Although contracting resources will be on the table of distribution and allowances (TDA) of the Head of Contracting Activity (HCA) they support, the Army Contracting Command will have directive authority for all Army contracting resources with only two exceptions. Due to the unique and highly specialized nature of their mission, contracting personnel assigned to the Army Corps of Engineers and contracting personnel assigned to the Surgeon

General of the Army (U.S. Army Medical Command and the U.S. Army Medical Research Command) do not fall under the purview of the Army Contracting Command. Directive authority provides the Commander of the Army Contracting Command the ability to task Army commands with a contracting capability to have a trained, skilled, ready, designated, and responsive expeditionary contracting capability. This includes contracting personnel assigned to all AMC commands, Army PEOs, direct reporting PMs, and other Army commands with contracting functions including the National Guard Bureau, the U.S. Army Intelligence and Security Command, and the U.S. Army Space & Missile Defense Command. In other words, the Army Contracting Command, through its directive authority for all Army contracting resources, will enable a surge capability to resource the staffing needs of the Expeditionary Contracting Command when supporting deployed forces. The Army Contracting Command will be tasked to eliminate the current *ad hoc* “pick-up” process that now ensues upon deployment. The directive authority also provides the Command the responsibility for uniform policy implementation and the readiness of the contracting workforce.

- ◆ Establish an Expeditionary Contracting Command, commanded by a Brigadier General, under the Army Contracting Command. The Expeditionary Contracting Command would be responsible for providing skilled, trained, contracting personnel for the support of expeditionary forces, which will be organized into Contract Support Brigades and assigned to deployable or deployed commands. This organization should be structured to ensure that contracting personnel are prepared and trained prior to deployment and have the tools necessary to fulfill their mission in an expeditionary environment. The Expeditionary Contracting Command will develop procedures and doctrine to ensure the success of deployed contracting personnel and provide oversight of those activities to ensure compliance with statutory and regulatory guidance. The Expeditionary Contracting Command will ensure that there is in-theater capability and, as required by mission, reach-back capability for conducting independent cost/price analyses, awarding contracts, and managing contracts—but reach-back support should only be used for those standard efforts suitable for reach-back support (e.g., provision of standard statements of work through a web site). (In general, the Commission does not believe reach-back support that is dependent on the availability of people is well-suited to expeditionary operations; however, certain reach-back tools may prove useful.) The Expeditionary Contracting Command will collect and report expeditionary contracting data, lessons learned, maintain and update policies, guidance, and/or training as appropriate, and regularly perform internal audits of its expeditionary units.

In peacetime, the Expeditionary Contracting Command should provide contracting support to and train with the expeditionary forces that they will be expected to support upon deployment of those forces. This will permit the Army to grow a corps of personnel that will be trained as an integral part of the expeditionary force and be imbued with the skills necessary to support that force both while at home and deployed. By eliminating the current *ad hoc* “pick-up” process that now ensues upon deployment, the Army will be able to ensure that the necessary cadre are in place and available with the skills necessary to accomplish the mission. Expeditionary contracting requires unique rules and tools to enable contracting professionals to apply the same contracting principles while operating at a mission-critical tempo. The fast-paced expeditionary environment requires greater

experience, skill, and judgment of contracting professionals. The Air Force model exemplifies this tailored, holistic approach and is considered to be the reason why the Air Force has been able to step up and assume the lion's share of the contracting role in Iraq and Kuwait.

- ◆ Establish an Installation Contracting Command, commanded by a Brigadier General, under the Army Contracting Command. The Army Installation Contracting Command will provide contracting support of all Army installations throughout the Continental United States (CONUS) and Outside Continental United States (OCONUS) Theaters of Operation, including those of the Installation Management Command (IMCOM); Training and Doctrine Command (TRADOC); Forces Command (FORSCOM); Army Materiel Command (AMC); Army Test and Evaluation Command (ATEC); Headquarters, Department of the Army - Office of the Secretary of Defense-The Joint Staff; U.S. Army Central; U.S. Army, Pacific; Eighth Army; U.S. Army Europe; U.S. Army South; Army Chief Information Officer (CIO-G6); 9th Army Signal Command (NETCOM); and Program Executive Office Enterprise Information Systems (PEO EIS).
- ◆ Create an Integrated Expeditionary Command (IEC) in-theater for each major operation.
  - The IEC could combine Department of State/U.S. AID and DoD and perhaps report to the President through Secretary of Defense/CJCS and Secretary of State. The newly established U.S. Africa Command (AFRICOM) would be a prototype of how this command might organize and operate.
  - The Commander should be a Senior Military Officer with “political” experience and understanding. The Deputy Commander should be a senior State Department person.
  - The IEC Commander would have contract and program management authority over the Combatant Commander, the Ambassador, and U.S. AID—but not authority over military operations (which remains with the COCOM) or political issues (which remains the State Department's role). The command would have authority for priorities over a “joint money pool”—(combining DoD and U.S. AID recovery and other funds e.g., from allies or others) and have “management flexibility with full transparency”
  - The Integrated Expeditionary Command would be the single contract and program management authority in-theater and be commanded by the single Head of Contracting Activity (HCA) for all agencies participating in the contingency with all service and agency PARCs reporting to the Joint HCA. The IEC would integrate (and have authority over) the large number of post-conflict contract groups currently performing in-theater.
  - The Integrated Expeditionary Command would have responsibility for assuring adequate assignment of Contracting Officer's Representatives for contract and program management support—including assuring they are qualified and doing their quality-assurance and program management oversight job (integrate DCMA representatives).

- The Integrated Expeditionary Command should run “exercises” with standby personnel (e.g., Africa scenario) focused on “Post-Conflict Management.” The exercises should include contractors as well as contracting personnel and contracts scenarios.
- The Integrated Expeditionary Command should also have an organic legal, audit, and Inspector General capability (similar to the SIGIR)—that addresses all contracts, including LOGCAP—involved in-theater, to provide timely oversight and serve as a visible deterrent to fraud, waste, and abuse.
- ◆ One executive reporting directly to the USD(AT&L) should be responsible and accountable for DoD contracting policy, education, training, and readiness.
- ◆ Redefine DCMA’s scope. The Commission strongly believes that:
  - DCMA should be responsible for all expeditionary contract management.
  - DCMA should be responsible for all post, camp, and station contract management (functions normally retained by the PCO), so that it trains and operates in peacetime the way it will operate in wartime.
  - DCMA should be provided the resources from the Services which are currently involved in these responsibilities.
  - DCMA should be provided 583 billets (for Army support).
  - Congress should approve a new three-Star billet for DCMA, with this new General or Flag Officer reporting to the Under Secretary of Defense for Acquisition, Technology, and Logistics. The officer filling this command billet would be responsible to the Secretary of Defense for maintaining the highest standards of performance and functional expertise. General and Flag Officers of all Services would compete to fill this billet.

### **3. RECOMMENDATION: PROVIDE TRAINING AND TOOLS FOR OVERALL CONTRACTING ACTIVITIES IN EXPEDITIONARY OPERATIONS**

- ◆ *Train as we fight:* JFCOM and Army training exercises must stress rapid acquisition, logistics, and contracting in expeditionary operations. We need to capture lessons learned and inculcate them into the military leadership schools. The Army needs to train operational commanders on the important role contracting plays in expeditionary operations. This training should focus all leaders (officers and NCOs) on determining requirements, translating those requirements into statements of need suitable for incorporation into statements of work (and subsequently enforceable contracts), and then overseeing performance. Additionally, all logistics officers and NCOs should be earmarked as potential CORs/Program Managers (for in-theater service contracts). This education should include not only a basic appreciation of the contract process, but “how to do it,” to include the development of “tools” immediately available for expeditionary

operations. All military “exercises” (both Command Post and Field Training Exercises) should include contracting operations and planning requirements to reinforce and train on lessons learned. Because of their critical role in contract oversight, and to reduce the potential for fraud, waste, and abuse, COR procedures should be taught in leader development courses for all Army branches.

- ◆ *Develop and field the contract “tools” needed for the expeditionary forces including, but not limited to, sample contracts, statements of work, pre-agreed-to waivers, etc.*
- ◆ *Focus DAU to train and educate the civilian and military acquisition, logistics, and contracting workforce for expeditionary operations, in addition to weapons systems contracting. Work with DAU to make training for expeditionary contracting operations more “applied.” Training in contingency contracting should cover both military (Active Duty, Reserves, and National Guard) and civilians. DAU’s Contingency Contracting Center of Excellence needs to be more visible, hands-on, practical, and effective. DAU needs to adopt an agile training program that better captures lessons learned and then quickly incorporates those lessons into its blocks of instruction—both at the school house and on its web site.*
- ◆ *Provide DAU the necessary resources for the through-put it will experience based on the Commission’s recommendation that, following an Army military contracting professional’s initial entry tour, he or she obtain Level I certification through DAU.*
- ◆ *Provide Contracting Officer’s Representatives with necessary training, prior to any military operation. Each Service (including the Army) should have trained Contracting Officer’s Representatives, pre-planned and approved (also, a representative of the audit/IG community and legal counsel), in order to support COCOM needs.<sup>22</sup>*

#### **4. RECOMMENDATION: OBTAIN LEGISLATIVE, REGULATORY, AND POLICY ASSISTANCE TO ENABLE CONTRACTING EFFECTIVENESS IN EXPEDITIONARY OPERATIONS**

***Legislative changes*** necessary for expeditionary operations include:

- ◆ Increase in General Officer billets for Contracting and Joint Contracting (with “fencing” for contracting professionals) including a new three-Star billet for DCMA.
- ◆ Increase contracting personnel:
  - Increase Army military by 400 and civilian by 1000, for a total of 1400 new billets, plus an Army personnel increase of 583 to fill DCMA billets (for Army support).

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<sup>22</sup> The Commission notes that the Army Logistics schools have already started training company-grade officers and warrant officers in contract management.

- ◆ Propose legislation to provide incentives for expeditionary contracting personnel to sign-up for “pre-volunteer” commitments, and obtain advance medical clearance, to go to an expeditionary theater of operations when required. These incentives would help recruit and retain quality civilians to work in expeditionary operations.
- Eliminate the pay cap. This impediment constrains the length and frequency of civil servant tours in support of expeditionary operations. The pay caps should be waived completely, thereby eliminating a significant planning and operational constraint. This relatively low-cost measure will pay big dividends by permitting and incentivizing longer tours for quality civilian contracting personnel dedicated to supporting the critical demands of expeditionary operations.
- Establish tax-free status for Government civilians deployed to support OCONUS expeditionary operations. Currently in Iraq, Afghanistan, and other regions in Southwest Asia, military pay is exempt from taxes from the moment a Soldier hits the ground, while his Government civilian counterpart is not. Even contractor employees (who take longer tours than DoD civilians) can qualify for IRS tax exemption. We need to provide equitable tax treatment for deployed civil servants and provide this as an incentive.
- Armed Forces Civilian Service Medal (AFCSM). When the Department elected to award the GWOT medal instead of the Armed Forces Service Medal to military, it eliminated the regulatory predicate for award of the AFCSM. This action took an important honor off the table for our DoD civilian workforce. The Defense leadership should re-look its regulations/policy in this regard, and make the AFCSM available for DoD civilians involved in direct support of expeditionary operations.
- Life-insurance (war-zone supplemental coverage) and long-term medical coverage. As with our military, Government civilians deployed in support of expeditionary operations require and deserve comparable life insurance and long-term medical benefits coverage. Assuring comparable coverage not only recognizes the personal sacrifice frequently required for expeditionary deployments, but will provide peace of mind to some of the Army’s most dedicated employees and their families.
- Flexibility in funding—enable funding flexibility through an adequately resourced contingency operations transfer fund. This would be a Defense transfer fund without “color of money” or fiscal year limitations with the DoD responsible for providing Congress with insight via reporting on expenditures and savings. This recommendation is based on the Balkans “Overseas Contingency Operations Transfer Fund,” which was approved by Congress.
- Waiver of small business and U. S. labor provisions, Buy American, Berry Amendment, Specialty Metals and other such provisions to allow rapid, local buying, if required in expeditionary operations.



***Regulatory changes for expeditionary operations:*** Establish an Expeditionary Contracting Manual to support the expedited processes and tempo necessary for procuring the support needed by our warfighters in the theater of operations. Contracting personnel need a packaged set of processes and procedures to follow in order to maximize efficiency and effectiveness. When those processes and procedures are not provided, or are inappropriate for the situation (as they were/are in Iraq, Afghanistan, and Kuwait), operational effectiveness of contracting suffers. Contracting professionals would benefit greatly and operate more efficiently and effectively if they had a “field manual” for contracting on the battlefield. Much like an infantryman has a field manual, expeditionary contracting officers need a quick reference that allows them to practice expeditionary contracting before setting foot in-theater. The Expeditionary Contracting Manual should be used to train Soldiers in-garrison so they are trained with the same contracting reference tool that they will use on the battlefield.

The Expeditionary Contracting Manual should address the situations expeditionary contracting officers commonly face—e.g., obtain services and products immediately, with minimal restrictions at the outset of an expeditionary operation. As the expeditionary operation matures, the extent of acquisition flexibility should reflect the “phase” of the expeditionary operation,<sup>23</sup> with the establishment of more restrictive regulatory oversight, as directed by the senior commander, either military or civilian, in the supported area.

***Policy changes necessary for expeditionary operations:*** OMB, the OSD Comptroller, the Army Comptroller and the Army Materiel Command Comptroller must all apportion money intelligently so as to not unnecessarily burden the contracting officers in the combat arena. Currently, OMB is providing quarterly apportionments, and subsequent adjustments by the commands made the situation in the field even less tolerable.

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<sup>23</sup> Using the situation which existed in Iraq, the envisioned phased steps would occur as follows: Phase I would have existed during the period from the President’s direction to invade through the establishment of the Iraqi Governing Council and the second Iraqi budget; Phase II would have been up until the Iraqis were given their sovereignty; and we are currently in Phase III.



# Abbreviations and Acronyms

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The following abbreviations and acronyms appear in the Commission report:

|           |                                                                       |
|-----------|-----------------------------------------------------------------------|
| AAA       | Army Audit Agency                                                     |
| ACA       | Army Contracting Activity                                             |
| ACO       | Administrative Contracting Officer                                    |
| AFCSM     | Armed Forces Civilian Service Medal                                   |
| AFSA      | Armed Forces Service Award                                            |
| AMC       | Army Materiel Command                                                 |
| APG       | Aberdeen Proving Ground                                               |
| ASA(ALT)  | Assistant Secretary of the Army (Acquisition, Logistics & Technology) |
| BCOT      | basic contingency operations training                                 |
| BCT       | brigade combat team                                                   |
| BRAC      | base realignment and closure                                          |
| CECOM     | Communications-Electronics Command                                    |
| CENTAF    | U.S. Central Command Air Forces                                       |
| CGSC      | Command and General Staff College                                     |
| CNA       | Center for Naval Analysis                                             |
| CO        | Contracting Officer                                                   |
| COCOM     | Combatant Command                                                     |
| CONUS     | Continental United States                                             |
| COR       | Contracting Officer Representative                                    |
| CPX       | Command Post Exercise                                                 |
| DA        | Department of Army                                                    |
| DAU       | Defense Acquisition University                                        |
| DAWIA     | Defense Acquisition Workforce Improvement Act                         |
| DCAA      | Defense Contract Audit Agency                                         |
| DCMA      | Defense Contract Management Agency                                    |
| DEPSECDEF | Deputy Secretary of Defense                                           |
| DFARS     | Defense Federal Acquisition Regulation Supplement                     |
| DIA       | Defense Intelligence Agency                                           |

|         |                                                                                            |
|---------|--------------------------------------------------------------------------------------------|
| DLA     | Defense Logistics Agency                                                                   |
| DoD     | Department of Defense                                                                      |
| DOTMLPF | Doctrine, Organizations, Training, Materiel, Leader Development, Personnel, and Facilities |
| EFAR    | Expeditionary Federal Acquisition Regulation                                               |
| FAR     | Federal Acquisition Regulation                                                             |
| FTX     | Field Training Exercise                                                                    |
| G.O.    | General Officer                                                                            |
| GWOT    | Global War on Terrorism                                                                    |
| HCA     | Head of the Contracting Activity                                                           |
| J-7     | Joint Force Development                                                                    |
| J&A     | justification and approval                                                                 |
| JCC-I/A | Joint Contracting Command—Iraq and Afghanistan                                             |
| JFCOM   | U.S. Joint Forces Command                                                                  |
| JTF     | Joint Task Force                                                                           |
| LCMC    | Life Cycle Management Command                                                              |
| LMI     | Logistics Management Institute                                                             |
| LOGCAP  | U.S. Army Logistics Civil Augmentation Program                                             |
| MARCENT | U.S. Marine Corps Central Command                                                          |
| MNF-I   | Multi National Force-Iraq                                                                  |
| NCO     | Non-commissioned officer                                                                   |
| NCR     | national capital region                                                                    |
| O&M     | operations and maintenance                                                                 |
| OCONUS  | Outside the Continental United States                                                      |
| OCOTF   | Overseas Contingency Operations Transfer Fund                                              |
| OEF     | Operation Enduring Freedom                                                                 |
| OIF     | Operation Iraqi Freedom                                                                    |
| OMA     | operations and maintenance-Army                                                            |
| OMB     | Office of Management and Budget                                                            |
| OSD     | Office of the Secretary of Defense                                                         |
| PA      | Property Administrator                                                                     |
| PARC    | Principal Assistant Responsible for Contracting                                            |
| QAR     | Quality Assurance Representative                                                           |

|           |                                                                  |
|-----------|------------------------------------------------------------------|
| R&D       | research and development                                         |
| SAT       | simplified acquisition threshold                                 |
| SES       | Senior Executive Service                                         |
| SIGIR     | Special Inspector General for Iraq Reconstruction                |
| SOW       | statement of work                                                |
| TACOM     | Tank and Automotive Command                                      |
| TTPs      | Tactics, Techniques, and Procedures                              |
| USACE     | U.S. Army Corps of Engineers                                     |
| USAF      | U.S. Air Force                                                   |
| USAID     | U.S. Agency for International Development                        |
| USCENTCOM | U.S. Central Command                                             |
| USD(AT&L) | Under Secretary of Defense (Acquisition, Technology & Logistics) |
| USMC      | U.S. Marine Corps                                                |
| USSOCOM   | U.S. Special Operations Command                                  |



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# Appendix A: Commission Member Biographies

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In his announcement identifying the Commission members, the Secretary of the Army stated “Each Commissioner was handpicked for his widely recognized knowledge, judgment, and vision in the fields of acquisition, logistics, or program management. They are uniquely prepared to address this challenge.” Brief biographies for Commission Chairman and each member are provided below.

## COMMISSION CHAIRMAN

The Commission Chairman is:

**Dr. Jacques S. Gansler**, Chairman, former Under Secretary of Defense (Production and Logistics). Dr. Gansler is a Professor and holds the Roger C. Lipitz Chair in Public Policy and Private Enterprise in the School of Public Policy at the University of Maryland. As Under Secretary of Defense for Acquisition, Technology and Logistics from November 1997 until January 2001, Dr. Gansler was responsible for all matters relating to Department of Defense acquisition, research and development, logistics, acquisition reform, advanced technology, international programs, environmental security, nuclear, chemical, and biological programs, and the defense technology and industrial base with an annual budget of over \$180 Billion, and a workforce of over 300,000. Prior to this appointment, Dr. Gansler was Executive Vice President and Corporate Director for TASC, Incorporated, an applied information technology company, in Arlington, Virginia. From 1972 to 1977, he served as Deputy Assistant Secretary of Defense (Materiel Acquisition), responsible for all defense procurements and the defense industry; and as Assistant Director of Defense Research and Engineering (Electronics) responsible for all defense electronics Research and Development. His prior industrial experience included I.T.T., Singer Corporation, and Raytheon Corporation. Dr. Gansler is a Member of the National Academy of Engineering and a Fellow of the National Academy of Public Administration. He has served on numerous Corporation Boards of Directors, and governmental special committees and advisory boards: including Vice Chairman, Defense Science Board; Chairman, Board of Visitors, Defense Acquisition University; Director, Procurement Round Table; Chairman, Industry Advisory Board, University of Virginia, School of Engineering; Chairman, Board of Visitors, University of Maryland, School of Public Policy; member of the FAA Blue Ribbon Panel on Acquisition Reform; member of the Federal Emergency Management Agency (FEMA) Advisory Board (10 years); and senior consultant to the “Packard Commission” on Defense Acquisition Reform. Additionally, Dr. Gansler was a Visiting Scholar at the Kennedy School of Government, Harvard University for many years where he was a frequent guest lecturer in Executive Management courses. Dr. Gansler holds a BE in Electrical Engineering from Yale University, a MS in Electrical Engineering from Northeastern University, a MA in Political Economy from the New School for Social Research, and a Ph.D. in Economics from American University.

## COMMISSION MEMBERS

The Commission members are:

**Mr. David J. Berteau**, former Principal Deputy Assistant Secretary of Defense (Production and Logistics). Mr. Berteau is a director with Clark and Weinstock and a Fellow of the National Academy of Public Administration. His career includes service as a senior Department of Defense official under four Secretaries of Defense, culminating as the Acting Assistant Secretary of Defense for Production and Logistics. Mr. Berteau has also served as a senior vice president at SAIC. He is currently a Senior Associate of the Center for Strategic and International Studies and serves on both the Defense Acquisition University Board of Visitors and the Procurement Round Table. He chaired the National Research Council Committee on Manufacturing Trends in Printed Circuit Technology, which produced its report in December 2005. He served on the NASA Advisory Council and has been on several Defense Science Board panels. Mr. Berteau has also served on the adjunct faculty of Georgetown University and Syracuse University. He is a graduate of Tulane University and holds a Master of Public Affairs from the LBJ School of Public Affairs at the University of Texas at Austin.

**David M. Maddox**, General, U.S. Army (Retired), former Commanding General, U.S. Army, Europe and 7th Army. General Maddox serves as a consultant to industry, academia, and Defense agencies, bringing his leadership, experience, and operations research expertise. He has commanded at every level from platoon through NATO Army Group to Theater. General Maddox led the reduction of Army forces in Europe from 213,000 to 75,000, closed 410 installations, and totally restructured the forces, footprint, and training of U.S. Army forces in Europe. He is a member of the National Academy of Engineering, the Army Science Board, and has been awarded the Commander's Award for Civilian Service, the Military Operations Research Society's Wanner award, and the INFORMS' Steinhardt award. He is a 1960 graduate of Virginia Military Institute and holds a Master of Science from Southern Illinois University.

**David R. Oliver Jr.**, Rear Admiral, U.S. Navy (Retired), former Director, Office of Management and Budget, Coalition Provisional Authority, Iraq. David Oliver is the President and Chief Executive Officer of EADS North America Defense, with responsibility for programs that focus on U.S. defense, homeland security and national security markets. Previously, Admiral Oliver served as the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics through two Administrations until July 2001. Admiral Oliver's military decorations include the Defense and Navy Distinguished Service Medals as well as six awards of the Legion of Merit. His awards for public service include the Bronze Palm to the Department of Defense Award for Distinguished Public Service. He is a graduate of the United States Naval Academy and holds a MA in Political Science and International Affairs (Middle East) from American University.

**Leon E. Salomon**, General, U.S. Army (Retired), former Commander, U.S. Army Materiel Command. General Salomon is currently a Supply Chain/Logistics Consultant. Following his Army retirement, General Salomon served as Vice President for Purchasing and Logistics and, in turn, the Senior Vice President for Procurement at Rubbermaid, Inc prior to his retiring in 1999. General Salomon is currently is on the boards of several companies, is the Honorary Colonel of the Ordnance Corps, Emeritus, and is a Senior Fellow of the Association of the United States Army. General Salomon entered the Army as a Private and was commissioned as a Second Lieutenant of Infantry after graduating from Officer Candidate School. General Salomon holds a Bachelor of Science in Chemistry and Biology from the University of Florida and a Master of Science in Management Logistics from the U.S. Air Force Institute of Technology.

**Mr. George T. Singley III**, former Deputy Director, Defense Research & Engineering (DDR&E). Mr. Singley was President of the Engineering, Training and Logistics Group of Science Applications International Corporation (SAIC) until his recent retirement. Mr. Singley had previously served as Sector Vice President of the Engineering, Logistics and Strategic Solutions Sector of SAIC and the President and CEO of Hicks and Associates, Inc., (H&AI), a wholly owned subsidiary of SAIC. Mr. Singley was the Army's Deputy Assistant Secretary for Research and Technology & Chief Scientist from 1988 to 1995. Mr. Singley has also served as the Army Program Executive Officer for Combat Support Aviation and as the Assistant Director of Army Research and Technology. Mr. Singley is a Member of the Association of the United States Army Council of Trustees, Member of the Georgia Tech Research Institute External Advisory Board and a Member of the Army Science Board. He is a Past Vice Chairman of the National Academy of Sciences Board on Army Science and Technology and Past National Vice President of the Army Aviation Association of America. He is an Honorary Fellow and past Chairman of the American Helicopter Society (AHS). Mr. Singley received an M.B.A. degree from the College of William and Mary, an M.E. degree in Mechanical Engineering from Old Dominion University, and a B.E.A. degree in Mechanical Engineering from the University of Delaware.



# Appendix B: Commission Charter

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## SECRETARY OF THE ARMY WASHINGTON

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY  
(ACQUISITION, LOGISTICS & TECHNOLOGY)  
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
CHIEF OF STAFF, ARMY  
GENERAL COUNSEL  
DEPUTY UNDER SECRETARY OF THE ARMY  
ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF  
THE ARMY  
DIRECTOR OF THE ARMY STAFF  
THE AUDITOR GENERAL  
THE INSPECTOR GENERAL  
THE JUDGE ADVOCATE GENERAL, ARMY  
THE PROVOST MARSHAL GENERAL

SUBJECT: Commission on Army Acquisition and Program Management in Expeditionary Operations

The Army's performance as the DoD Executive Agent with the authority and responsibility for providing acquisition and program management in support of Army expeditionary operations and national objectives is critical. To assist the Army in its execution of this role, I hereby establish a Commission of senior consultants to the Department of the Army.

The "Commission on Army Acquisition and Program Management in Expeditionary Operations" shall be led by the Hon. Jacques Gansler. The Commission shall review the Army's policies, procedures, and operations in this area, and make findings and recommendations as to their effectiveness and compliance with applicable laws and regulations, in accordance with the attached Charter. The Commission shall submit the results of its review, in writing, directly to me within 45 days.

To assist the Commission in discharging its duties and responsibilities, Army organizations, officials, and personnel are directed to cooperate with the Commission's requests for information and assistance. The Administrative Assistant to the Secretary of the Army and Director of the Army Staff shall ensure that the Commission's personnel and administrative support requirements are satisfied. The Commission shall remain in effect until dissolved, in writing, by me.

  
Pete Geren

Enclosure

## CHARTER

### Commission on Army Acquisition and Program Management in Expeditionary Operations

Background. 21st Century security needs (such as the current operations in Iraq and Afghanistan) place many different requirements on support of the in-theatre troops than those previously planned for or experienced -- such as the unpredictable and extremely rapid buildup of massive forces; large-scale local procurements; detailed tracking of the extremely large volume of arms and munitions being rapidly built up; and the assurance that all of these rapidly configured, remote activities are being done effectively, efficiently and legally, in an unfamiliar and hostile environment.

Objective. Establish a bipartisan Commission of experienced, senior experts as a subcommittee of the Army Science Board to review the "lessons learned" in recent operations, and make recommendations to assist the Department of the Army in ensuring that future such operations achieve greater effectiveness, efficiency and transparency.

Reporting Chain and Composition. The Commission will report through the Army Science Board to the Secretary of the Army and will be led by the Honorable Jacques Gansler. Colonel George Sears will serve as the Executive Director. The Commission will be composed of senior outside experts with acquisition, logistics, and program management backgrounds.

Scope of Review. The Commission will review the following matters:

- Army acquisition and program management activities in the Central Command (CENTCOM) area of operations;
- Adequacy of organizational alignment of responsibilities for acquisition and program management;
- Adequacy of personnel staffing, in terms of numbers, skills, and training;
- Adequacy of Army's oversight and management authority;
- Responsiveness of Army's acquisition and program management activities;
- Sufficiency of visibility over total assets subject to Army acquisition and program management;
- Sufficiency of controls to prevent, identify, and report criminal actions, waste, and abuse;
- Sufficiency (to include auditability) of budgeting and financial management procedures;
- Sufficiency of extant legislation

Change 1



Report. Within 45 days following its establishment, the Commission shall submit through the Army Science Board to the Secretary of the Army a written report setting forth its findings and recommendations regarding the matters identified above.

Cooperative Effort. All Army organizations, officials, and personnel are directed to cooperate fully with the Commission's requests for information and assistance.

Support. The Administrative Assistant to the Secretary of the Army, the Director of the Army Staff (DAS), and the Executive Secretary of the Army Science Board shall ensure that the Commission receives personnel and administrative support sufficient to accomplish its responsibilities.

Effective Period. The Commission shall remain in effect until dissolved in writing by the Secretary of the Army.



SECRETARY OF THE ARMY  
WASHINGTON

SEP 24 2007

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Commission on Army Acquisition and Program Management in Expeditionary Operations

Previously, I announced the appointment of the Hon. Jacques Gansler as the Chair of the "Commission on Army Acquisition and Program Management in Expeditionary Operations," which I have charged with the critical responsibility of reviewing and recommending improvements to the Army's policies and procedures for conducting acquisition and program management functions during military operations. Today, I am pleased to announce the appointments of the following Commissioners:

Mr. David Berteau;  
General (Retired) David M. Maddox;  
Rear Admiral (Retired) David R. Oliver;  
General (Retired) Leon E. Salomon; and  
Mr. George T. Singley, III

Each Commissioner was handpicked for his widely recognized knowledge, judgment, and vision in the fields of acquisition, logistics, or program management. They are uniquely prepared to address this challenge, and I regard their efforts as crucial to the continued success of our Army and our Nation in an era of persistent and sustained expeditionary operations. I expect that the Commission's findings and recommendations will establish the blueprint for the adaptation of the Army's acquisition management strategy into the next decade.

In carrying out its assigned mission, the Commission is authorized to communicate directly with any and all Army organizations, officials, and personnel and to seek the assistance of relevant Army components. I underscore my prior directive to all Army components to assist the Commission in discharging its duties and responsibilities. Please extend to the Commission your fullest support and cooperation as it conducts its important work.

  
Pete Geren

DISTRIBUTION A

**Commission on Army Acquisition and  
Program Management in Expeditionary Operations**

**References:**

Secretary of the Army Memorandum, *Commission on Army Acquisition and Program Management in Expeditionary Operations*

Charter, *Commission on Army Acquisition and Program Management in Expeditionary Operations*

**Amendments:**

Effective immediately, the references above are modified as follows:

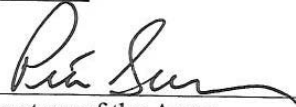
To reflect that the Commission on Army Acquisition and Program Management in Expeditionary Operations is established as a subcommittee of the Army Science Board, a Federal Advisory Committee.

To reflect that the Commission shall have access to special advisors not serving as members of the group who can provide advice and expertise, as required by the Commission, in matters subject to Commission review.

To reflect that the Commission shall conduct its work and report its findings and recommendations through the Army Science Board to the Secretary of the Army. The Report is due not later than 45 days after the Commission's establishment as a subcommittee of the Army Science Board.

To reflect that the Executive Secretary of the Army Science Board, among others, shall shall ensure that the Commission's personnel and administrative support requirements are satisfied.

**Approved:**

  
\_\_\_\_\_  
Secretary of the Army

SEP 24 2007

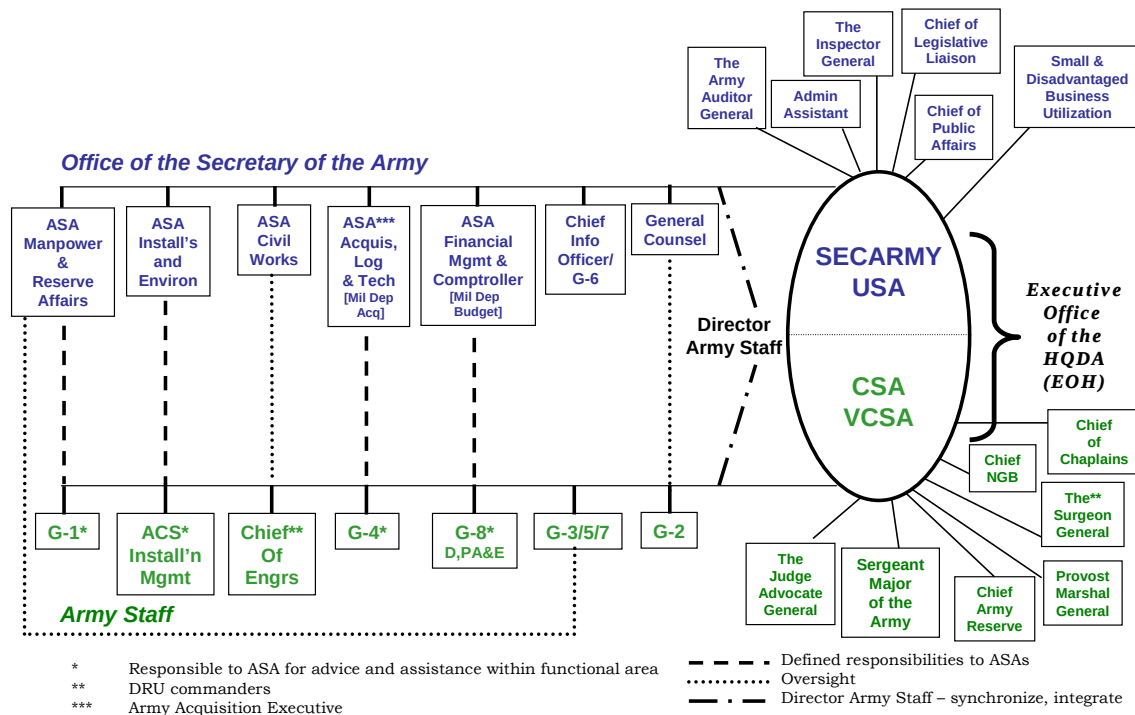
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# Appendix C: Organization Charts

The following organization charts for the Headquarters Army and the Assistant Secretary of the Army (Acquisition, Logistics and Technology) are offered to provide context.

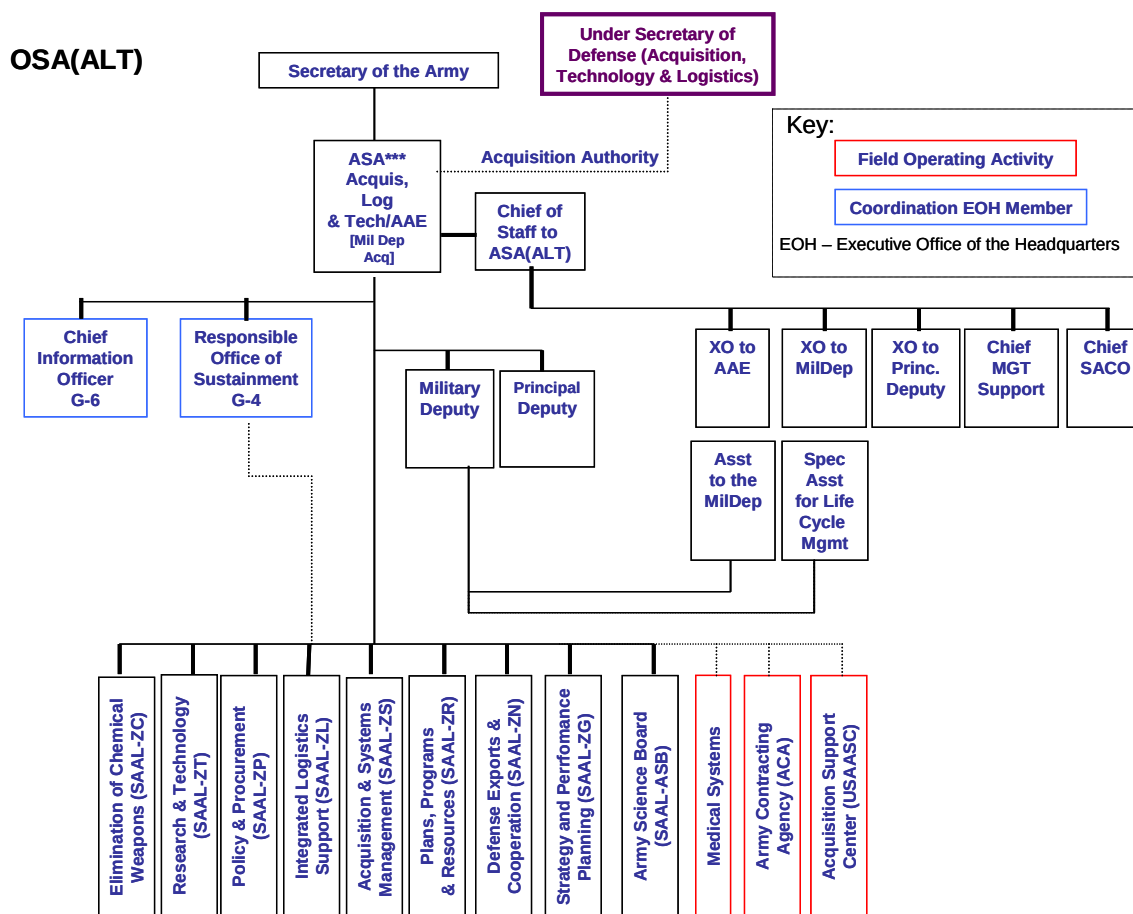
Figure C-1. Organization of Headquarters, Department of The Army



## Acronyms:

AASA: Administrative Assistant to the Secretary of the Army  
 AAG: Army Auditor General  
 ACSIM: Assistant Chief of Staff, Installation Management  
 ASA(ALT): Assistant Secretary of the Army for Acquisition, Logistics and Technology  
 ASA(CW): Assistant Secretary of the Army for Civil Works  
 ASA(FM&C): Assistant Secretary of the Army for Financial Management and Comptroller  
 ASA(I&E): Assistant Secretary of the Army for Installations and Environment  
 ASA(M&RA): Assistant Secretary of the Army for Manpower and Reserve Affairs  
 CCH: Chief of Chaplains  
 CIO/G-6: Chief Information Officer  
 COE: Chief of Engineers  
 CSA: Chief of Staff of the Army  
 CNGB: Chief, National Guard Bureau  
 DAS: Director of the Army Staff  
 DUSA (BT): Deputy Under Secretary of the Army for Business Transformation  
 OCAR: Chief, Army Reserve  
 OCLL: Chief, Legislative Liaison  
 OCPA: Chief, Public Affairs  
 OGC: General Counsel  
 OTIG: The Inspector General  
 OTJAG: The Judge Advocate General  
 OTSG: The Surgeon General  
 SA: Secretary of the Army  
 SADB: Small and Disadvantaged Business Utilization Office  
 SMA: Sergeant Major of the Army  
 USA: Under Secretary of the Army  
 VCSA: Vice Chief of Staff of the Army

*Figure C-2. Organization of Assistant Secretary of the Army  
(Acquisition, Logistics, and Technology)*



# Appendix D: Commission Presentation

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The Commission members prepared a presentation to summarize the important points within this report. The slides from that presentation are presented in this appendix.

## **Urgent Reform Required:** **Army Expeditionary Contracting**



**An Independent Assessment:**  
Report of the  
“Commission on Army Acquisition and  
Program Management in Expeditionary Operations”

October 31, 2007

## 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)

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## 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 (Retired), U.S. Army, former Commander, U.S. Army Europe
- David R. Oliver Jr., Rear Admiral (Retired), U.S. Navy, former Director, Office of Management and Budget, Coalition Provisional Authority, Iraq
- Leon E. Salomon, General (Retired), U.S. Army, former Commander, U.S. Army Materiel Command
- George T. Singley III, former Deputy Director, Defense Research & Engineering

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## Commission Acknowledgments



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To be continued...

## Commission Acknowledgments (Continued)



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- Tamm, David, President, U.S. Army Worldwide Services
- Thompson, Ginger, Deputy Special Inspector General for Iraq Reconstruction
- Thompson, Jess, Lieutenant General, Major Deputy to the Assistant Secretary of the Army for Acquisition, Logistics and Technology and Director, Acquisition Career Management
- Thompson, Victoria, 408th Contracting Support Brigade (Kuwait)
- Tuttle, William G.T. Jr., General U.S. Army (Retired)
- Uhler, Dale G. Dr., Acquisition Executive and Senior Procurement Executive, USSOCOM
- Urias, John, Major General, U.S. Army (Retired)
- Van Antwerp, Robert, Lieutenant General, U.S. Army, Chief of Engineers and Commander of the U.S. Army Corps of Engineers
- Vandemier, Vicki Ms., 408th Contracting Support Brigade (Kuwait)
- Vincent, Lenn, Rear Admiral (Retired), U.S. Navy, Defense Acquisition University
- Wallace, William S., General, U.S. Army, Commander, U.S. Army Training and Doctrine Command
- Walter, William, Senior Vice President, KBR
- Warrington, James, Acquisition Director, U.S. Army Research, Development, and Engineering Command
- Washington, Jean, 408th Contracting Support Brigade (Kuwait)
- Weaver, Ty, Lieutenant Colonel, U.S. Army, 408th Contracting Support Brigade (Kuwait)
- Westbrook, Bonnie, 408th Contracting Support Brigade (Kuwait)
- Winters, Brian, Colonel, U.S. Army, Chief Functional Area 51 Military Contracting Officer Management
- Williams, Alan, Deputy, Regional Implementation Teams, U.S. Army Corps of Engineers
- Williams, Charles, Jr., Deputy Assistant Secretary (Contracting), Assistant Secretary (Acquisition), U.S. Air Force
- Yelton, David, 408th Contracting Support Brigade (Kuwait)
- Young, Bryon, Director, U.S. Army Contracting Agency
- Zamparelli, Steve, SAF/ACQ

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## 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

PAGE 6

## 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.

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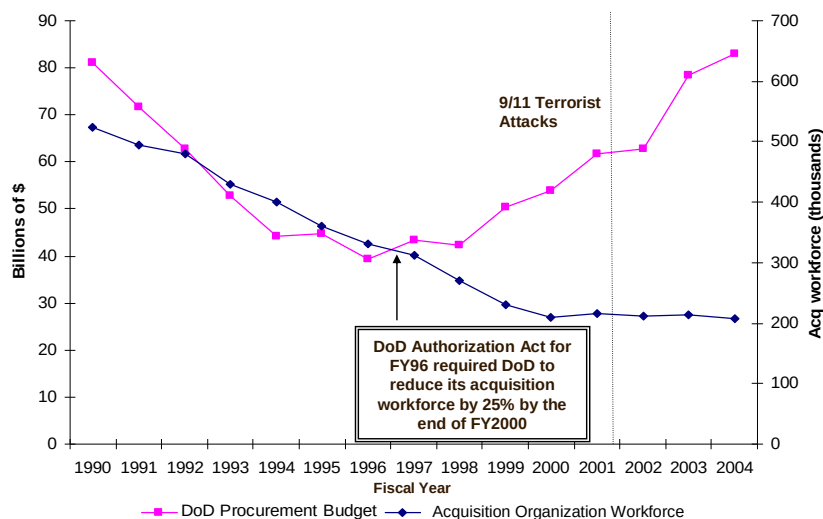
## Major Problem Areas



- 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)

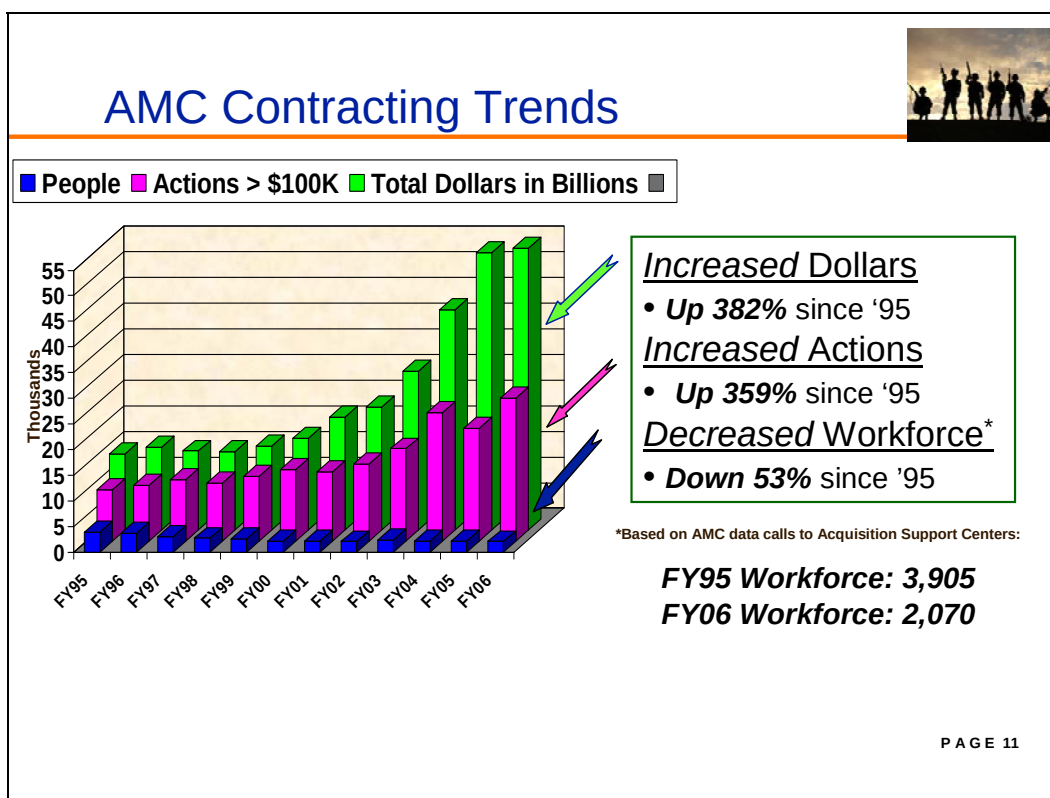
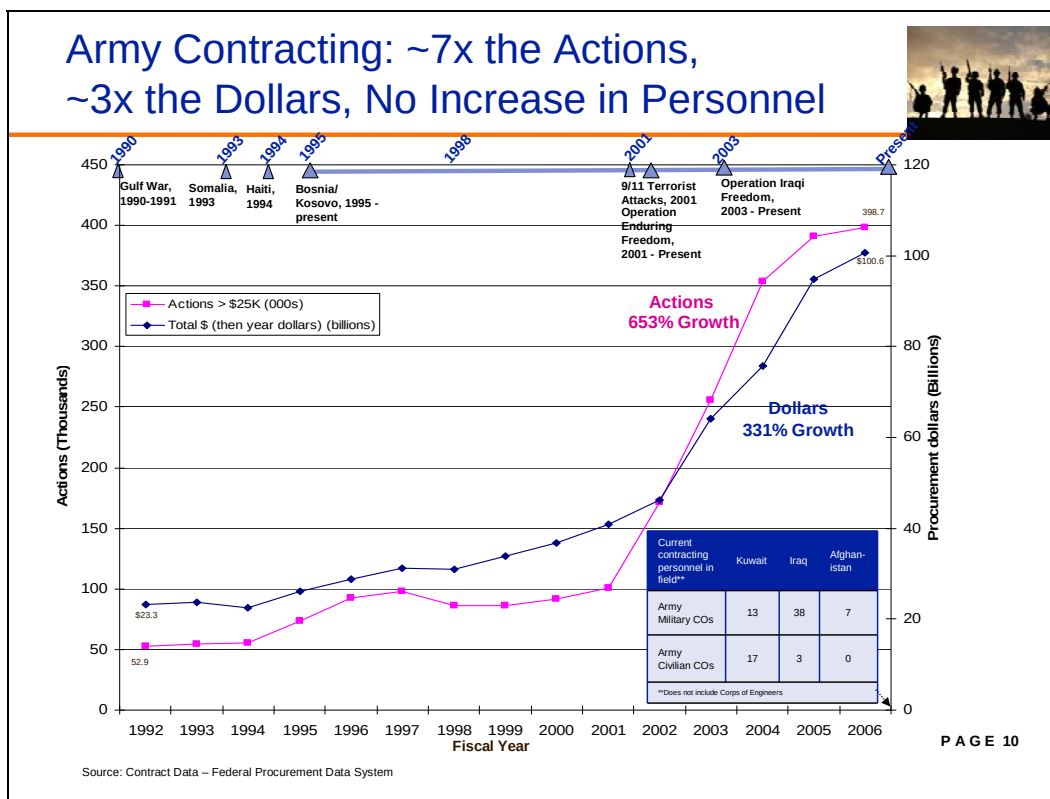
PAGE 8

## 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](http://www.dod.mil/execsec/adr_intro.html).

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## 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, Acq 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 <sup>a</sup>                                        | BG <sup>b</sup> Established after 2001—filled by Air Force   |

<sup>a</sup>JCC-I/A is the Joint Contracting Command-Iraq/Afghanistan  
<sup>b</sup>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)

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## 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
  - 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
  - 67% of the JCC-I/A contracting workforce staffed by Air Force; and Air Force handling most complex contracts

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## 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 |

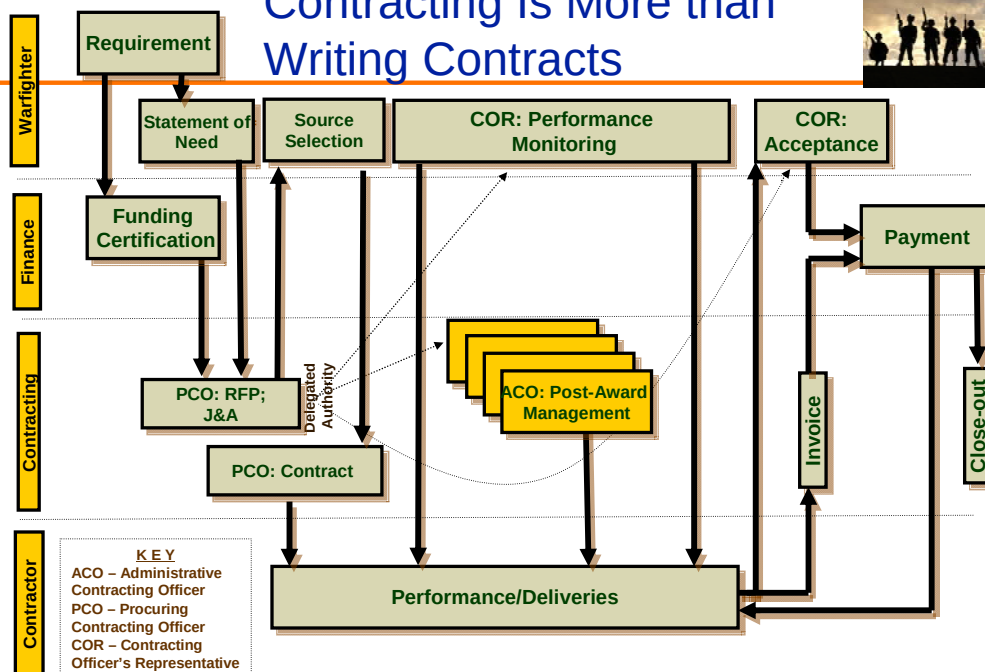
  

| Army Employees Involved |    | Active | Reserve | National Guard | Retired |
|-------------------------|----|--------|---------|----------------|---------|
| Army Officers           | 50 | 27     | 12      | 8              | 3       |
| Army Enlisted           | 33 | 19     | 8       | 6              | 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

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## Contracting Is More than Writing Contracts



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## 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**

PAGE 16  
*To be continued...*

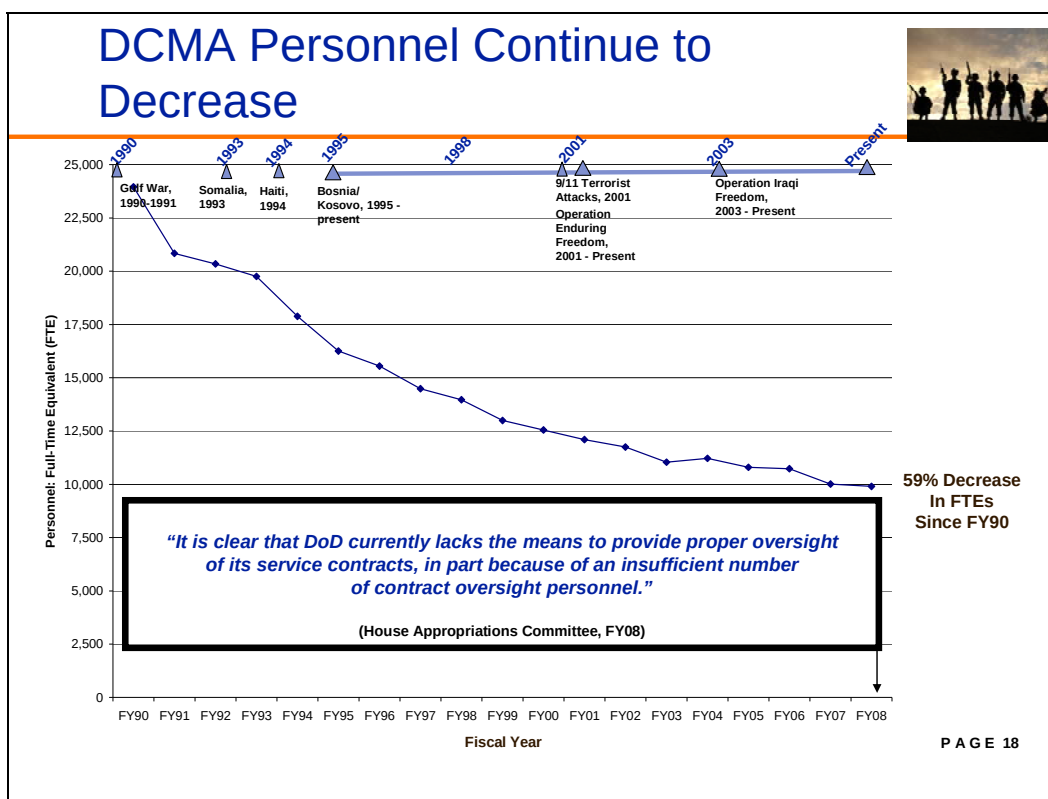
## Post-Award Contract Management (Continued)



- 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

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## 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.)

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## 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."***

PAGE 20  
To be continued...

## 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

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## 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

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## 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

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## 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

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## 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

PAGE 25  
*To be continued...*

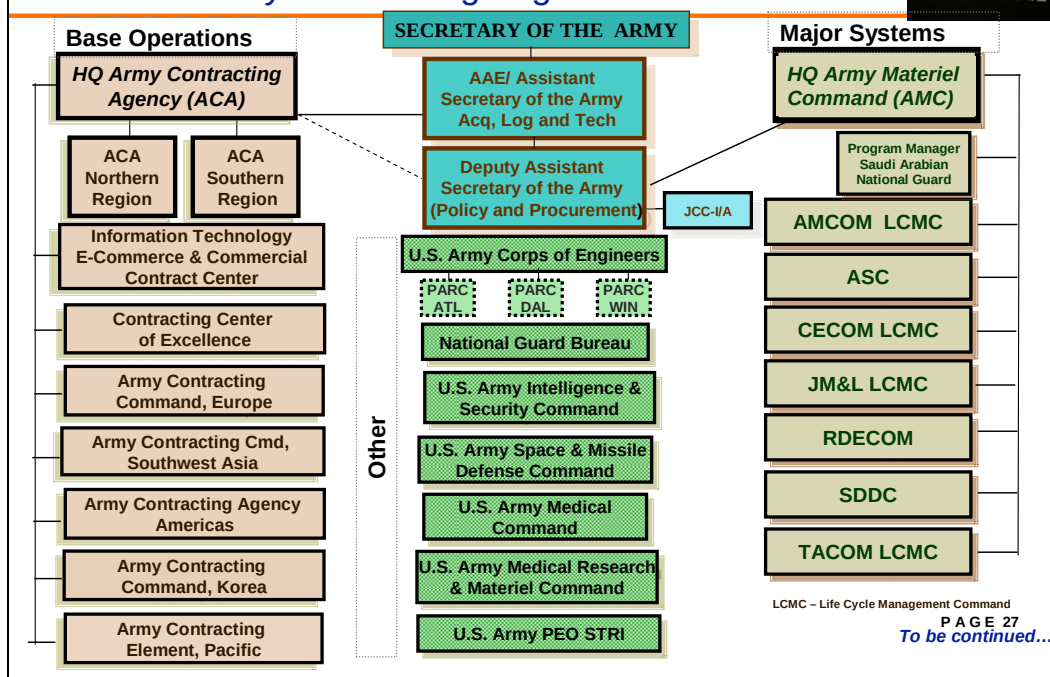
## Element 1: Contracting Personnel (Continued)



- 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

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## Element 2: Organization and Responsibility: Current Army Contracting Organizations



## Element 2: Organization and Responsibility (Continued)



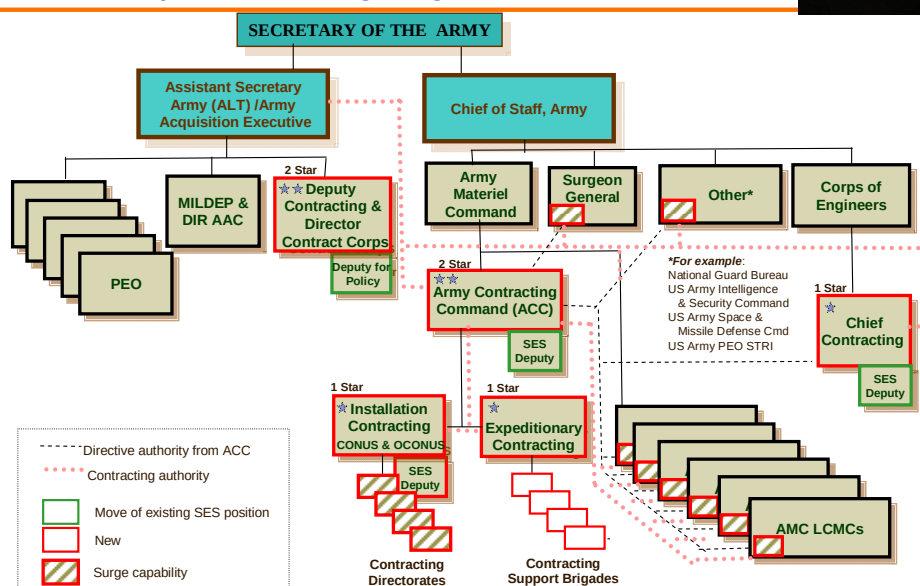
### Organizational/Institutional Change

- 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**

PAGE 28  
To be continued...

## Element 2: Organization and Responsibility: Proposed Army Contracting Organizations



PAGE 29  
To be continued...

## 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

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*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

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## 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

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## 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

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## 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)

PAGE 34  
*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

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## 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**

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## 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
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## 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)

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## 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

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