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ACCOUNTABILITY DURING CONTINGENCY OPERATIONS: PREVENTING AND FIGHTING CORRUPTION IN CONTRACTING AND ESTABLISHING AND MAINTAINING APPROPRIATE CONTROLS ON MATERIEL

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
FIRST SESSION

HEARING HELD
SEPTEMBER 20, 2007

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ACCOUNTABILITY DURING CONTINGENCY OPERATIONS: PREVENTING AND FIGHTING CORRUPTION IN CONTRACTING AND ESTABLISHING AND MAINTAINING APPROPRIATE CONTROLS ON MATERIEL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Thursday, September 20, 2007.

The committee met, pursuant to call, at 11:38 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Ladies and gentlemen, let me welcome you to today's hearing.

Let me mention to the members and the staff—please remind members as they come in that, because of the votes, we will have a short grace period on who is here at the time of the gavel, but we do want to proceed with this hearing, and I trust the staff will tell people that.

We had a classified briefing a short while ago involving this subject matter, and I remind the members that it is classified and there is also sensitive material that may not be raised correctly in this hearing.

This morning, the committee received that classified briefing, and we will proceed with the open hearing now. There are dedicated men and women working for the Department of Defense overseas, and we know they face enormous pressures to operate in very challenging conditions.

The majority of them, of course, do ethical and very proper work. Taken as a whole, they are absolutely the finest group of men and women you will ever see.

There will be no excuse, however, for those who engage in outright fraud or accept bribes large or small in the performance of their duties.

It is also unacceptable for serious losses of accountability to occur in the tracking and control of military weapons provided to foreign forces, as losses can lead to serious embarrassment for our country.

As has been reported in the press, the Department of Defense Inspector General and the Army have uncovered a cluster of fraud and corruption problems arising out of a series of support contracts, many of which were let from an office in Kuwait.

As of August 28th, the Army reported that it had 76 cases of fraud and corruption under investigation, 20 pending indictments and had uncovered over $15 million in bribes.

The people involved range from civilians and enlisted military personnel to relatively senior officers. These problems were so severe that they represent a culture of corruption, at least in one location.

General Thompson, I hope that you will address that concern. I am extremely disappointed to learn that so many individuals violated their integrity and undermined the oaths that they made.

Through the course of this hearing, the committee hopes to learn what factors may have contributed to an atmosphere in which so many problems did occur.

The Special Inspector General for Iraq Reconstruction and General Accountability Office have also reported on serious losses of accountability for weapons provided to Iraqi Security Forces (ISF).

These accountability problems concern us both because they could undermine our vital efforts to train and to equip the Iraqi Security Forces, because they can lead to diversion of materiel in ways that threaten our interest, but also because the Department of Defense is seeking significantly expanded authority to train and equip foreign security.

We have before us five witnesses, all excellent witnesses: Principal Deputy Inspector General of the Department of Defense Thomas Gimble.

Shay Assad, the Director of Defense Procurement Acquisition Policy and Strategic Sourcing.

Lieutenant General Ross Thompson, Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology.

And a co-chair in the Army task force investigating these problems, Kathryn Condon, Executive Deputy to the Commanding General of Army Materiel Command.

And last, we have Mr. Peter Velz, Foreign Affairs Specialist for Iraq, from the Office of Assistant Secretary of Defense for the Middle East.

And before we hear from these witnesses, who I know will give us thorough information—and if we venture into a classified area, I take it that the witnesses will say something to that effect and that the question can be answered to that individual or to our committee as a whole on a classified basis.

Duncan Hunter, Ranking Member.

STATEMENT OF HON. DUNCAN HUNTER, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. HUNTER. Thank you, Mr. Chairman. And thanks for holding this hearing.

Good morning to our witnesses. Ladies and gentlemen, thank you for being with us. And we had a chance to have this classified hearing earlier that I think set the stage fairly effectively for this hearing.

And you know, one thing that strikes me is the depth of the problem and the involvement of Americans who are bound by a

sense of duty and honor and integrity, or should be bound by a sense of duty and honor and integrity, who apparently have been part of this.

Today we are going to talk about two separate issues, and they have been loosely linked by the media in the sense that the issues were reported in the same series of articles.

The first issue is allegations that bribes were paid to Army contracting officials in order to get lucrative contracts steered toward certain contractors.

The second issue is the lack of accountability, as reported by the Government Accountability Office (GAO), for weapons procured by the Department of Defense intended to equip the Iraqi Security Forces.

And while I am clearly concerned about the allegations of bribery, and we went into that in some depth in the classified meeting, especially among field grade officers—and I believe that such incidents set a terrible example for the Iraqis who we are now meant to be mentoring—I am hopeful that the various investigations will show that the number of bribery cases we are seeing is an aberration caused by bad choices made by people in a localized environment, rather than a pervasive culture of corruption.

I am also hopeful that we will hear today that the system did work in catching these individuals, because there will always be individuals who make bad choices, and we expect to hear more about the lessons that the Army has learned and the changes it will implement to make the system work more effectively.

More troubling are the implications of the reports that weapons we have provided to the ISF may have fallen into the wrong hands. I think we have got to be realistic enough to know that we can't maintain 100 percent control of property we provide to other nations' security forces.

But if, in fact, there is a wholesale movement of weapons that U.S. taxpayers have paid for into the hands of those who would do us harm or further destabilize the region, we must make resolving this problem one of our top priorities in theater.

General Kicklighter has promised us that this will be his number one goal, to ensure that this is not happening.

My judgment is that these two distinct issues share a root cause, which is a lack of experience and standardized procedures for planning the administrative side of contingency operations.

On one hand, we have a small contracting office ill-equipped to handle the volume of work it received when operations in Iraq began in earnest. As a result, the system was slower in catching irregularities than it otherwise would have.

We have also inadvertently created an environment where those with less experience and those who might be more easily tempted to make self-serving decisions lack the support structure to enable better decision-making, although I would say that at least the classified information that we have seen goes far beyond those descriptions.

Traditionally, this primary responsibility for equipping Iraqi Security Forces has been a State Department function supported by the Defense Security Cooperation Agency. There are policies and procedures in place for such foreign military assistance.

Yet in this case, the military entered uncharted waters. They made organizational changes to facilitate the training and equipping of the ISF in order to secure transition to Iraq.

But the new organization didn't have the accountability procedures in place to maintain adequate records of weapons and equipment that they transferred to these forces.

Again we see a situation where an organization was ill-equipped to handle the administrative burden of contingency operations because it lacked the personnel and systems necessary to enable accountability.

And that takes me to something that this committee did three years ago. Three years ago, Mr. Skelton and I put in a provision in the 2006 National Defense Authorization Act, Section 813, in which we required the secretary of defense to establish a contingency contracting corps.

And the idea was to have a robust contracting corps in theater that was responsive to and under the command of the combatant commander in theater, so that you didn't have a disconnect of an operational military which is out there trying to win the war on the battlefield and a bureaucracy which is many thousands of miles away in Washington, D.C.

Now, we put this together, and I want to quote what we put together in the law that we passed or the legislation that we passed out of this committee.

We said, "This corps would be directed by a senior commissioned officer with appropriate acquisition experience and qualifications who, when deployed, would report directly to the combatant commander in an area of operations requiring contingency contracting support. Training of the corps would take into account all relevant laws, regulations and policies related to contingency contracting and would be required even when the corps is not deployed.

"The committee intends that the contingency contracting corps maintain a sufficient level of readiness in peacetime to be able to rapidly deploy to emerging contingency operations. The commander of the contingency contracting corps should consider the development of a standardized contingency contracting handbook which summarizes all relevant laws, directives and regulations related to contingency contracting to assist the day-to-day operations of the contingency contracting workforce.

"Finally, the committee urges a contingency contracting corps utilize an integrated contracting and financial management system to ensure that contracting operations are not hindered by technological limitations that can be easily avoided through the use of readily available systems."

Now, we put that in our markup in 2005, and if we had had that, some of the problems that we have today might not have occurred.

Naturally, when we took this to the conference with the Senate, the Senate, in their inimitable fashion, managed to water it down to some degree, but nonetheless we came out of conference with a direction to DOD that it was our policy that this contingency contracting corps be stood up and be utilized.

So one thing that I am interested in today is any information that you have on this incipient operation that, as I understand you

have now stood up—or you have teams of contingency contracting personnel.

And I understand there are not too many of them, but that you have a few personnel now who are basically carrying out the directive that we put into law several years ago. So I would be interested in what we actually have done and have on the ground in Iraq and how that is operating.

So thank you for being with us today.

And, Mr. Chairman, this is a sad day for the United States, especially coming out of this classified briefing, not because occurrences like this aren't present in every major military operation to some degree, but that the size and scope and the number of folks who have enormous responsibility to this country are involved has, I think, made this a real tragedy for our country.

On the other hand, we have a military which is resilient and capable of recovering and has strong leadership and lots of people who do have a high standard of honor and integrity.

And I think that if we will put this contingency contracting corps in place, where we have a strong team that responds directly to the war fighting commander in theater, we are going to be able to avoid problems like this in the future.

So thank you, Mr. Chairman, for teeing up this hearing.

I thank our witnesses, and I look forward to their testimony.

The CHAIRMAN. Mr. Hunter, thank you very much.

This is a reminder to those of us that are interested in the history of procurement that my fellow Missourian Harry Truman had his very own committee that looked at problems like this.

However, during the Second World War, weapons systems and other materiel was not sent directly to the front. It went through, as I understand it, various military depots here within our country, and consequently Senator Truman's committee did not have to go outside the boundaries of our country as we are doing today, sadly.

Mr. Gimble, we are going to start with you, and I am not sure the order to whom we should call. I assume Mr. Assad and General Thompson would be next, but I will call on you first. And if you have other suggestions, please make them to us.

Mr. Gimble.

STATEMENT OF THOMAS F. GIMBLE, PRINCIPAL DEPUTY INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

Mr. GIMBLE. Mr. Chairman, Ranking Member Hunter and members of the committee, thank you for the opportunity to appear before the committee today and testify on accountability issues during contingency operations and also to discuss the work of the Department of Defense (DOD) Inspector General (IG) in Southwest Asia.

Specifically, I will discuss our ongoing assessment of the accountability of weapons, munitions and explosives, and overall contracting issues.

To date, over $550 billion has been appropriated to the Department of Defense in support of our armed forces in Southwest Asia and to the fight against terrorism. We have over 225 personnel working on 29 audits and 90 investigations providing oversight on matters such as accountability in contracting.

The DOD I.G. has been concerned about the accountability and control of equipment provided to the security forces in Afghanistan and Iraq since 2005.

More recently, the DOD Inspector General, Claude M. Kicklighter, briefed Members of Congress and the Department of Defense leadership on specific issues related to these concerns. As a result, an interagency, interservice assessment team lead led by the inspector general is on the ground in theater assessing current conditions.

An objective of the munitions assessment team is to determine whether there is adequate control and accountability over the munitions provided to the security forces and to whether the underlying contracting process also contains an appropriate level of control and accountability.

In addition, the team is focused on reducing the risk of contract fraud and corruption and will continue to investigate and refer those who broke the law for prosecution.

The Government Accountability Office continues to designate DOD contract management as a high-risk area. And since fiscal year 2000, over 240 DOD I.G. reports have identified contracting problems and recommended corrective actions.

These problems include contract administration, source selection procedures, contract payments. Such problems are recurring and continue to impact the effectiveness of U.S. forces forward deployed in Operations Iraqi Freedom and Enduring Freedom.

As stated earlier, the DOD I.G. has 29 ongoing audit efforts to address overall accountability of wartime expenditures.

This work has generated efforts to improve the collaboration between support organizations and forward deployed forces to help standardize procedures in a wartime environment, such as procedures for the retention of accounting, disbursing, and property records.

The DOD I.G. is also working to identify any systemic problems and control weaknesses and to also determine the status of any corrective actions that are in place.

Also, the DOD I.G. is summarizing 210 GAO, DOD I.G., Army Audit Agency and Air Force Audit Agency audit reports and testimonies on accountability issues impacting support to operations in Southwest Asia.

The Defense Criminal Investigative Service, or DCIS, is the criminal investigative arm of the DOD Inspector General, and it has been investigating DOD-related matters pertaining to the Iraqi theater, to include Kuwait, since the start of the war.

As previously noted, the DOD I.G. has about 90 ongoing investigations related to the war effort, to include war profiteering, contract fraud, and contract corruption. Most of these investigations are being conducted as part of a joint effort with other law enforcement organizations.

As an example, in January of 2004, an investigation was initiated on information from the Defense Contract Audit Agency concerning allegations of kickbacks and gratuities solicited and/or received by Kellogg Brown & Root (KBR) employees—also charges that KBR was overcharging for food, meals, and fuel.

These criminal allegations continue to be examined, but some associated prosecutions have occurred and others are anticipated.

More recently, as a result of the magnitude of alleged criminal activities in the Iraqi theater, a group of federal agencies has formalized a partnership to combine resources to investigate and prosecute cases of contract fraud and public corruption that are related to the U.S. Government expenditures for Iraqi reconstruction.

The participating agencies include: on the International Contract Corruption Task Force are the DOD I.G., Army Criminal Investigation Division (CID), Department of State Inspector General, the FBI, the Special Inspector General for Iraq Reconstruction, and the Agency for International Development, the Office of Inspector General.

In closing, the DOD Inspector General assessment on accountability and control of weapons, ammunition, and explosives provided to the Afghan and Iraq security forces is one of our highest priorities.

If we find shortfalls, we will make the appropriate recommendations and work with commanders on the ground and the senior leadership in the Department to find solutions.

We will continue to work on contracting issues to tighten up controls and strengthen processes and also to continue work with U.S. law enforcement agencies to identify potential criminal activity for investigation and prosecution.

We will also attempt to apply the lessons learned and work with the Department and Congress to fix the systemic issues. And I look forward to your questions.

[The prepared statement of Mr. Gimble can be found in the Appendix on page 43.]

The CHAIRMAN. Mr. Gimble, thank you.

Mr. Assad.

STATEMENT OF SHAY D. ASSAD, DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY, OFFICE OF THE UNDER SECRETARY OF DEFENSE (ACQUISITION & TECHNOLOGY), DEPARTMENT OF DEFENSE

Mr. ASSAD. Thank you, Mr. Chairman, Representative Hunter, distinguished members of the House Armed Services Committee.

Thank you for the opportunity to discuss the Department of Defense's initiatives in the area of contracting integrity in contracting in a combat environment in general.

Contracting integrity is a topic that we always consider to be of key importance within the Department. Integrity in all endeavors, including our contracting function, is and must remain a core value of the Department of Defense.

My name is Shay Assad, and I serve as the director of defense procurement and acquisition policy and strategic sourcing for the Department.

Before assuming this position in April of 2006, I served as a senior contracting official with the Marine Corps for a period of two years.

Prior to government service, I spent 25 years in industry, serving in a number of operational and contract management positions, primarily with the Raytheon Company.

My experience includes senior vice president of contracts. I was the president and chief operating officer of one of Raytheon's many subsidiaries, and finally, as an executive vice president of the company and chairman and chief executive of one of its major subsidiaries.

I am a graduate of the United States Naval Academy, and I started my career as an officer in the United States Navy, serving two tours on Navy destroyers, and finally as a Navy procurement officer at the Naval Sea Systems Command.

In recent years, the Department of Defense has increasingly relied on supplies and services provided by the private sector under contract. In fiscal year 2006 alone, DOD obligated over $300 billion on contracts for goods and services, becoming the largest purchasing organization in the world.

Given the magnitude of the dollars involved, it is essential that DOD acquisitions be handled efficiently, effectively, and with integrity. In other words, DOD needs to ensure that it buys the right things the right way.

In your invitation to appear before this committee, you stated that you were interested in hearing what DOD is doing to prevent and fight corruption in contracting. The Department has and is taking several steps in this area. Let me give you some examples.

On February 16th, 2007, the Department established a panel on contracting integrity in accordance with the requirements of Section 813 of the 2007 National Defense Authorization Act.

Although the statute provides a sunset date of 2009 for the panel, we as a matter of policy will continue this panel indefinitely.

As required by Section 813, the panel is conducting a review of the progress made by DOD to eliminate areas of vulnerability that allow for fraud, waste and abuse to occur.

The under secretary established Dr. James Finley, the deputy under secretary of defense, as the panel chairman, and I serve as the executive director of the panel.

To date, there have been eight subcommittees established, five which address five areas of fraud and vulnerability that the GAO report addressed.

One addresses contracting structure, and I mean the organizational structures under which we do contracting. We have a seventh panel that addresses what legislative action we believe is necessary to assist us in this regard.

And the eighth panel is on contracting integrity in a combat environment, and I have placed myself responsible for that subcommittee.

We are also doing work with the procurement fraud working group. The Department established a DOD-wide procurement fraud working group in January of 2005. The working group provides a forum for acquisition professionals to address contracting vulnerabilities.

This working group of over 300 men and women within the Department in various I.G. and fraud activities meets monthly and attends the Department of Justice Procurement Fraud Task Force meetings.

We have updated acquisition regulations relating to ethics. The Department has initiated several changes to the Federal Acquisi-

tion Regulation (FAR) to update the regulations pertaining to ethics in contracting.

The Defense Acquisition Regulations Council, in concert with the Civilian Agency Acquisition Council, proposed an amendment to the FAR to address a contractor code of ethics and business conduct.

DOD will continue to work with the Office of Federal Procurement Policy to recommend changes in laws, regulations and policy that would serve to clarify or strengthen issues identified through the work of the panel on contracting integrity.

We have also taken a serious look at our training. The DOD Standards of Conduct Office has updated the mandatory annual ethics training yearly to ensure that it is always current and that it is relevant.

The latest revisions issued, this August, modify the curriculum to focus beyond just rote understanding of law and regulations and rules, but now provides interactive decision exercises so people can make judgments about how to do contracting properly. We also provide an ongoing employees guide to the standards of conduct.

In closing, I would like to emphasize that the Department views integrity in contracting as the most essential feature of our defense procurement system. We are taking a number of actions to ensure that we deal appropriately with vulnerability in our system to waste, fraud, and abuse.

We fully understand the foundation of our ability to assure our taxpayers that we are being good stewards of their money is to ensure that the Department conducts business with integrity to acquire the supplies and services necessary to meet the needs of our war fighters.

And I stand ready to answer your questions, Mr. Chairman and members of the committee, on this very important matter.

[The prepared statement of Mr. Assad can be found in the Appendix on page 74.]

The CHAIRMAN. Looks like General Thompson.

STATEMENT OF LT. GEN. N. ROSS THOMPSON, III, MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY FOR ACQUISITION, LOGISTICS AND TECHNOLOGY, U.S. ARMY

General THOMPSON. Good afternoon, Chairman Skelton, Congressman Hunter and distinguished committee members. I want to thank you for this opportunity to appear today before the committee.

And with me—and she will speak in just a minute—is Ms. Kathryn Condon, who is the Executive Deputy to the Commanding General at the Army Materiel Command, as indicated by Congressman Skelton in his opening remarks.

We have a joint written statement that I respectfully request be made part of the record for today's hearing.

The CHAIRMAN. Without objection.

[The joint statement of General Thompson and Ms. Condon can be found in the Appendix on page 83.]

General THOMPSON. As is normal procedure, the Army conducted audits and investigations into the oversight, execution, and management of our contracting in the theater of operations.

While most of our military and civilian contracting personnel performed well in extreme conditions, auditors and investigators discovered cases of potential fraud in contracting operations, with the worst cases originating in Kuwait.

The Army, in a comprehensive effort involving the Audit Agency, the Criminal Investigation Command, the Army Materiel Command, the Sustainment Command underneath the Army Materiel Command, Defense Contract Management Agency and Defense Contract Audit Agency, acted decisively to correct those deficiencies.

Last February, then-Secretary of the Army Dr. Harvey asked my boss, the assistant secretary of the Army for acquisition, logistics, and technology, to assess contracting activities throughout Central Command and to implement an action plan.

After a review of all the contract operations, the Army in April of 2007 began implementing an action plan that reorganized the Kuwait contracting office, installed new leadership, established a joint logistics procurement support board together with the requiring activities, the operational commanders that that contracting office supports.

We increased the staffing level, deployed more senior contracting professionals and attorneys to be part of the office in Kuwait, and provided additional ethics training and assigned legal support.

To broaden the Army's ongoing efforts, Secretary of the Army Pete Geren recently announced a Special Commission on Army Contracting to examine the big picture.

This commission is headed by Dr. Jacques Gansler and has distinguished military and civilian leaders that will fully examine theater acquisition and program management processes; review management controls to prevent fraud, waste, and abuse; assess legislative needs; and recommend changes in policies and procedures.

The internal Army contracting task force which Ms. Condon and I co-chair will coordinate with and reinforce the work of the commission headed by Dr. Gansler.

Ms. Condon and I will look at contracting activities across the Army. Part of our plan will be to increase both the scope and the frequency of contracting operation reviews, which is part of the routine examination of contracting activities.

We are also going to examine the size, the structure, and the training of the Army's military and civilian contracting workforce.

The Army acquisition workforce has declined in the last decade while our workload has increased substantially, and this is probably one of the key things that is going to come out of the work of both Dr. Gansler's group and the Army internal task force, is what is the proper size of the military and civilian contracting workforce.

Mr. Chairman, weight or emphasis must continue to be placed on the management and oversight of all types of service and construction contracts. These contracts now represent an ever-increasing percentage of our overall contract dollars, surpassing even the dollars awarded for major weapons systems programs.

We look forward to working closely with the Special Commission on Army Contracting headed by Dr. Gansler and all the other entities in support of the many initiatives ongoing in the Department

of Defense to improve contracting. Many of them were mentioned today as part of the integrity panel talked about by Mr. Assad.

We also look forward to our continued positive work with this committee and the Congress.

And for Congressman Hunter, a lot of the things that are in the Section 813 law are things that are well under way, and I will be happy to answer your questions and other members of the committee today about what we have done to put the specific procedures in place to make sure that we do contingency contracting right.

We are committed to providing our war fighters the very best equipment they deserve and are mindful of our obligation to be good stewards of the taxpayers' funds.

This concludes my opening remarks, Mr. Chairman. And with your permission, Ms. Condon has a very brief statement. We look forward to your questions.

The CHAIRMAN. General, thank you.

Ms. Condon.

STATEMENT OF KATHRYN A. CONDON, EXECUTIVE DEPUTY TO THE COMMANDING GENERAL, U.S. ARMY MATERIAL COMMAND

Ms. CONDON. Mr. Chairman, Mr. Hunter and members of the distinguished committee, I am Kathryn Condon, and I am the deputy to the commanding general of the United States Army Materiel Command.

And as you are aware, the 50-plus members of Army Materiel Command provide technology, acquisition support, and logistics to our war fighter. And each and every one of our civilians and military are committed to provide our war fighters what they need when and where they need it.

Contracting, especially complex contracting, is one of the core competencies of Army Materiel Command. And because of this capability, we are building upon it to provide contracting to support to our forward deployed forces.

Army Materiel Command recently established four contracting support brigades, and these brigades are designed to provide our contracting force structure that will support our Army modular force.

We are committed to fixing the contracting issues that have been identified in Southwest Asia through reach-back to one of our Army acquisition centers.

Along with General Thompson, we will examine current Army operations and future plans for how we plan to provide contracting support to contingency operations.

I look forward to your questions as well. Thank you.

[The joint statement of Ms. Condon and General Thompson can be found in the Appendix on page 83.]

The CHAIRMAN. Ms. Condon, thank you very much.

And, Mr. Velz.

STATEMENT OF PETER M. VELZ, FOREIGN AFFAIRS SPECIALIST FOR IRAQ, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MIDDLE EAST, OFFICE OF THE SECRETARY OF DEFENSE

Mr. VELZ. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member Hunter, members of the committee, thank you for this opportunity to appear before the House Armed Services Committee to discuss the subject of accountability for weapons and other equipment that has been procured by the Department of Defense for the Iraqi ministries of defense and interior as part of our effort to reconstruct and stabilize Iraq.

This is an important program that has enjoyed generous support from the American taxpayers, and I want to assure the committee that DOD fully recognizes the imperative to be good stewards of these funds and to ensure that they are put to their intended uses.

We particularly acknowledge that DOD must ensure that weapons we buy for the Iraqi military and police forces are, in fact, being used by those forces.

In this regard, we expect that the Department of Defense Inspector General munitions inspection team that Mr. Gimble mentioned will make an important contribution to ensuring the materiel handling processes used by the Multi-National Security Transition Command-Iraq, known as MNSTC–I, are robust and fully meet, if not surpass, DOD standards.

DOD has worked closely with GAO on a number of its reviews and audits of efforts to stabilize Iraq during the past few years. The GAO, in its audit on equipment accountability, identified some weaknesses in the Department's ability to fully ensure that we can account for the transfer of weapons to the Iraqis.

It is important to point out that while the audit trail for some of these weapons is incomplete, the GAO did not draw any conclusions that suggest the weapons in question are physically missing.

I point this out only to make it clear that these are audits. They are accountability audits. They were not criminal investigations. They were not physical inspections of the weapons.

The DOD I.G. team will get into those issues in more detail in the work they are currently doing, and we are working closely with them on that effort.

The problem at the time was that walking back from the point of transfer of the weapons to the Iraqi government, to Iraqi army or police forces, some portion of the documentation that can show the chain of custody, mainly in the form of entries in MNSTC–I's property book, was found to be incomplete by the GAO.

So therefore, they could not verify whether or not the number of weapons that were reported as given to the Iraqis were, in fact, given to the Iraqis.

It is important to note that the GAO and Special Inspector General for Iraq Reconstruction, or SIGIR, as it is commonly known, which completed a somewhat similar audit in October of 2006, again only did an audit of accountability and record-keeping.

They did not look at the physical disposition of those weapons while it was in MNSTC–I custody en route to being transferred to the Iraqi government.

This is not to minimize the shortcomings that GAO and SIGIR found. Rather, the key point to understand is that at the time that these problems with accountability occurred there were extremely difficult Spartan conditions in which MNSTC–I found itself, and Mr. Hunter referred very articulately to some of those problems in his opening remarks.

The GAO noted the various factors that contributed to this in its audit, such as the lack of sufficient staff and a nascent distribution network that was essentially an ad-hoc operation in a contingency environment.

The GAO has made a number of recommendations, and we are working very closely with them on implementing them, and I will be glad to discuss what we are doing about that, and I look forward to answering questions from the committee. Thank you.

[The prepared statement of Mr. Velz can be found in the Appendix on page 93.]

The CHAIRMAN. Thank you very much.

Before I call on Mr. Hunter and we begin our questioning, let me comment first that Congress got it right again. Last year, this committee established the Panel on Contracting Integrity. As I understand it, this panel today fully endorses what we did last year.

Am I correct, Mr. Gimble?

Mr. GIMBLE. Yes, sir.

The CHAIRMAN. Let me ask Mr. Gimble, from your point of view, my one question. How did this culture of corruption come to pass in the office in Kuwait? And further, how do we prevent it from reoccurring?

Mr. GIMBLE. Mr. Chairman, I think the environment that allowed this to occur was a lack of controls. Also it had to be the intent of the people that were involved.

I think it will be important as we unfold these investigations and audits that we determine what the percentage of the so-called "bad apples" are.

I think there is a lot of hard-working people, and I think the environment will fix itself. But it is important that we put the proper controls in place, the checks and balances, and we believe that that is under way from what we see.

But General Kicklighter, I think, will have a lot of good information to give an assessment as to how successful this is becoming. I don't think there is a short-term solution to this. I think it is going to take a lot of hard work for an extended period.

But I think we will have a good assessment as to how well that is progressing.

The CHAIRMAN. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Gentlemen, we put this contingency contracting corps requirement in place in the fiscal year 2006 law. Tell us what we have stood up at this point.

General.

General THOMPSON. Sir, what the Army has done is created contracting support brigades and contingency contracting teams.

The brigades are, as all brigades in the Army, commanded by a colonel. But they are just now standing up in the structure. The effective date for beginning that structure is just this month.

It is what we think is the long-term solution to have the proper structure and make sure that the people in that structure are properly trained.

Up until this point, we did not have a deployable contingency contracting capability in the United States Army.

So from 2003 even up until today, to meet the demands for contracting in that theater, were a series of evolutionary changes to manning documents in Kuwait and Afghanistan and Iraq in order to put the right number of people over there with the right expertise to do contracting.

We think that it is going to take us a while to fill out that structure. The entire structure in the Army for contingency contracting is about 240 people.

I think it needs to be bigger than that based on our initial assessments in looking at that, and that is one of the recommendations that Ms. Condon and I will take back to our leadership. And that is the military structure.

The other thing that we have got to do is we have got to use the authorities that we have got for our civilian workforce that do contracting, which is the majority of the contracting professionals in the Army and in the other services, and use those authorities to get the expertise that many of those civilian contracting professionals have got, to be able to deploy them to overseas locations when we need them.

One of the issues, to follow on to the question that the chairman asked Mr. Gimble on the conditions that caused the specific issues in Kuwait—the office was undermanned. It was undermanned from the beginning. We never caught up with the manning needs and the total numbers of people.

And then the training of the people that we did have there was not up to the complexity of the contracting actions or the volume of contracts that they were being asked to deal with.

Mr. HUNTER. Yes. I would say, though, General, that dishonesty is not a function of manning levels. And that is, I think, the tragedy that is reflected in the deeper scrutiny of this thing that we undertook during the classified hearing.

But, General, let me ask you this. We passed this thing—in fact, the first thing that we wrote that Mr. Skelton and I put in the bill—it was the fiscal year 2006 bill. That was calendar year 2005. That is two years ago.

To have a contingency contracting corps led by a senior officer—and as I said, in the House we put it answerable directly to the combatant commander. The Senate didn't like that, but they did go along with having a contingency corps, and that was emplaced in law in the fiscal year 2006 law.

Now, correct me if I am wrong, but that has been a couple of years. And you can't, within two years, move a team of individuals across that water and have them undertake this operation?

I mean, that is half the time it took us to win World War II, and you can't move a team of folks over there and get them into the theater and have them undertake these operations?

General THOMPSON. Sir, the individuals that are doing that contracting over there are the very individuals that will fill out this structure. The people, both military and civilian, are over there in

all three of the countries in the Central Command area—Iraq, Afghanistan, and Kuwait.

They are not over there in the structure and in a deployable way like we built the modular organizations in the rest of the Army. They are over there on joint manning documents and temporary duty assignments (TDAs), and that is clearly not the way to go.

It is not that we didn't move out with this. It just takes a while to both build the structure—and our challenge is going to be properly manning that structure, because the size of the military contracting workforce in the Army is not large enough to do all the things it is being asked to do.

Mr. HUNTER. But, General, we are talking about a war. We are talking about two years. World War II only lasted four years.

In that time, we totally mobilized, put together a massive industrial base, expanded, brought in millions of troops, trained them and defeated the Axis powers.

And it is not within the capability of the Army to field a team of contingency contracting corps, the little small team, in less than a couple of years? And as I understand it, you don't have it fielded yet? I mean, that just occurs to me.

Maybe Mr. Assad has got more information. That seems awful doggone slow.

Mr. ASSAD. Yes, sir.

If I might, General.

The general has really been addressing the Army's progress in going toward increasing its contracting capability, but the concept and the structure, Congressman, that the Congress recommended we proceed with, in fact, is on the ground right now.

We have a two-star major general, Major General Daryl Scott, who is the Joint Contracting Command commander. He is the most capable military officer who does contracting that we have in the Department of Defense.

Mr. HUNTER. Well, now, is that in response to the legislation, or are you saying that is status quo?

Mr. ASSAD. No, sir, that is not status quo. We were moving in that direction, and it is—I will call it a transitionary phase. But General Scott reports directly to the combatant commander. And he is responsible for the contracting that is being done in theater.

Now, there are a number of other folks who do contracting who are adjunct to him, and in this case there was a Kuwait office doing contracting responsible for the operations in Kuwait, and I think that is where the general is addressing.

But that Joint Contracting Command structure, that kind of a concept, is what we are moving toward. One of the other things that you recommended we do was to develop a joint contingency contracting handbook. That is what this is.

It did not exist a year ago. It is now online for all of our contingency contracting officers to use.

Mr. HUNTER. When did that come online?

Mr. ASSAD. That came online about two months ago, sir, but this is still being printed, but this is what it is going to look like in everybody's hands, hard copy, and this is what they will train with to take to the fight.

But it has been online for a while now, and it was developed——

Mr. HUNTER. Well, you say it has been online for a while—for two months?

Mr. ASSAD. For a couple of months. It took us a year——

Mr. HUNTER. Okay.

Mr. ASSAD [continuing]. To put this together, Mr. Chairman.

Mr. HUNTER. Okay. Now, do you have this identification of a deployable cadre of experts?

Mr. ASSAD. We are in process. One of the other things we had to do was we didn't have any joint doctrine on how to do contracting in a combat environment. We now have joint doctrine. That started a year ago.

This publication was put online on May 27th. This is the first draft of it. It is being reviewed by all the military services right now.

It addresses the very issues that you are talking about in terms of how we should be structured, who should be in charge, and what should this contingency contracting workforce consist of. There is a lot of discussion going on as to how it should be properly manned.

And I think that was one of the points that the general was trying to make in terms of we need to look at how is the Army approaching its contingency contracting corps, how is the Air Force structured, how do the Marines do it, and how do we bring that force together as one contingency combating fighting unit.

Mr. HUNTER. Okay.

Mr. ASSAD. And that is what we are trying to——

Mr. HUNTER. Well, Mr. Assad, here is what I have got. I just got this from staff. They say the handbook is still in print, but it has not been used for training yet, nor is it in the field.

And they also tell me that General Scott, who heads the Joint Contracting Command, the JCC, has a number of responsibilities, but the JCC is not a group with contingency contracting expertise or deployable corps for future conflicts. Is that accurate?

Mr. ASSAD. No, it is not, sir.

Mr. HUNTER. Okay. Explain.

Mr. ASSAD. This document, I said, has been in print. We are trying to get it hard copy. It has been online for a couple of months. It is true that——

Mr. HUNTER. Well, does that mean it is in the field in Iraq?

Mr. ASSAD. It is online and available to our folks in the field in Iraq, yes, sir.

Mr. HUNTER. Okay, for a few months.

Mr. ASSAD. But they don't have these yet. These are being printed right now for them to be sent to Iraq.

Mr. HUNTER. Okay.

Mr. ASSAD. It is our intention to incorporate this into all of the training for our Marines, our airmen and our soldiers. We are not there yet. It took us a year to put this together.

This was done by folks with boots on the ground. Nobody touched this unless they were in a combat environment and understood what was the environment that they had to exercise in.

Mr. HUNTER. Okay.

Mr. ASSAD. But the point with General Scott—the Joint Contracting Command that we have—the structure, as I mentioned, is transitionary. It is where we want to go, but it is what we have

got. And there are approximately 200 officers and enlisted that make up the Joint Contracting Command right now.

It needs a lot of work. We did not properly train our officers and enlisted to function in this environment. The fact is that the capability set that is needed for what is there right now requires someone to be able to do engineering and construction contracting, major systems acquisition, support to major systems, base operations and stations.

And that breadth of experience is very difficult to have in an environment here in CONUS. Now to bring that forward in a combat arena, it is going to take us some time, as the general mentioned, to fill out that structure.

What we are doing right now is we are overlaying the training that we are doing in all three services, because we want to make sure that when an officer or an enlisted, either a Marine, an airmen, a sailor, or a soldier—that they can execute in the joint fight.

And what we have got right now are very good technical training courses in contracting. What we don't have, for example, is if I am a young major and I am being brought to a forward operating base, how do I set my office up?

What are the checks and balances that I should have in place? What are the fraud indicators that I should look for in my turnover to know that there may be a problem? What documents and training should my people have? What if I don't have any power, how do I execute in that environment?

So this is where we are going. And we are all headed in the right direction, all the services, and——

Mr. HUNTER. Mr. Assad, let me interrupt. I think you are heading in the right direction. I think you are heading kind of slow. And I think you need all those things that you have talked about.

But in the meantime, you could have folks on the ground who do simple stuff that doesn't require a lot of hand-holding or a lot of time or a lot of slow policy development, things like how many trucks have we got? What are the serial numbers? Where are the weapons that we issued to the ISF? How do we issue them?

Those are simple things, but they require people, and they require folks that just have basic training in being able to account for items that are issued under government authority. Those aren't complicated things.

And I think the fact that it has taken us two years from the time that this committee put this requirement in place is an indication of a system that is quite slow. That means we got halfway through World War II without getting this little team of contractors in place.

So there are lots of folks on the battlefield that have lots more complicated requirements than what you have just described for this young major who is going to be part of a contracting corps.

I think we could put the basics in place and try to stop the hemorrhage of these systems that manifest in these reports in the classified briefings that we have had.

So I think, Mr. Chairman, that is my contribution to this hearing this morning.

You have got the direction from Congress. We wrote it on this committee. We need to get it in place.

Mr. ASSAD. Yes, sir.

Mr. HUNTER. Thank you.

The CHAIRMAN. I thank the gentleman.

You know, there is an old saying, and I don't think it is limited to Missouri, that the horse has gone out of the barn, then you shut the door. I think that is probably what happened here.

Mr. Gimble, can you give this committee a general scope of the dollars amount involved in the procurement and fraud problems that you have uncovered to date?

Mr. GIMBLE. Mr. Chairman, we can get that information. I don't have it at hand. I would like to get back for the record with——

The CHAIRMAN. My question is: Can you say that in an open hearing such as this?

Mr. GIMBLE. You are talking about the criminal investigations that we have ongoing, the value of the contracts? I believe we can say that.

The CHAIRMAN. We would like to have a general scope of the dollar amount involved in your investigation.

I am not asking for the specific dollars and cents, but can you give us a general scope of what you have thus far uncovered?

Mr. GIMBLE. Mr. Chairman, we would like to get back with an answer.

The CHAIRMAN. Do you know if it is classified or not?

Mr. GIMBLE. I don't think it will be classified. I think we can give you an unclassified answer. But we just don't have that in hand.

The CHAIRMAN. Can we do it during this hearing?

Mr. GIMBLE. We can try that, yes, sir.

The CHAIRMAN. I would certainly appreciate it.

Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

General, for your uniformed personnel under existing law, what is the time line that they would have to wait for a decision maker once he leaves the service to go to work with one of the firms that he has awarded with contracts?

General THOMPSON. The time line that individual would have to wait depends on the rank of the individual and the kind of job that they had.

Mr. TAYLOR. Okay, so if the individuals involved—which I understand were majors and colonels. Those time lines would be——

General THOMPSON. I don't know the exact answer on how long a major would have to wait before he would go to work for a firm, especially one that he had dealings with while he was in an acquisition position or a contracting position.

Mr. TAYLOR. Do you think the major would know?

General THOMPSON. He has to know, because it is part of his ethics training that he goes through.

Mr. TAYLOR. Okay. For a lieutenant general, what would it be, sir?

General THOMPSON. It is a year.

Mr. TAYLOR. General, I am not an attorney, and I am told an attorney's rule is you never ask a question that you don't know the answer to, so I don't know the answer to this one.

But given the reports of the vice president's ties to Halliburton, given Halliburton's huge contracts in the area, I am just curious.

In your interviews with the people suspected of these crimes—because I don't think anyone has been convicted yet, is that correct?

General THOMPSON. I would have to defer that to the investigators. I know there are a number of people that have been turned over for prosecution, but there are more people——

Mr. TAYLOR. I would like to open this up to the panel.

In your interviews with those people, I am curious if any of the suspects replied, "Well, everybody is doing it," because I would sure hate to think that that was part of their answer.

And I would sure hate to think that the vice president's ties to Halliburton—although severed, but the compensation package did continue for five years—was a part of that.

And I will open that up to the panel. Did any of the suspects at any time somehow throw that back out in their defense?

Mr. GIMBLE. Representative Taylor, according to my information on our interviews and the criminal investigations, no one has offered that back in the course of a subject interview, that everybody is doing it.

Mr. TAYLOR. Okay. Well, how about the explicit mention of Halliburton and the vice president?

Mr. GIMBLE. No, sir.

Mr. TAYLOR. Okay. Mr. Gimble, I am curious, in the course of this, has your group made a recommendation to lengthen the period of time from which a decision maker, someone who actually awards contracts, once they retired, could go to work for one of these companies?

Because we are dealing with enormous amounts of money. And I have got to believe human beings, being human beings, that that temptation would just be astronomical for someone to favor one company over another if they thought that that company was going to turn around and hire them for a substantial amount of money.

Mr. GIMBLE. Sir, there are set ethics laws on the books today that would limit the time that someone could retire. For example, if I retire from the government service, I have a cooling-off period before I can deal with government—the people I worked with or represent, contractors.

So there are a number of different rules, and they change the higher up your rank is. It gets a little more restrictive the higher rank you are. But those are a good part of the process.

Mr. TAYLOR. But again, my question was: Has your group offered, as a recommendation, to extend those times? I mean, let's face it. A lieutenant general is an extremely important individual.

If the waiting period for a lieutenant general, of which there are very few and of great influence, is only one year, that is not very long.

Mr. GIMBLE. Our organization has not made a recommendation to lengthen the waiting period in the ethics law.

Mr. TAYLOR. Okay.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Thank you.

Mr. Saxton.

Mr. SAXTON. Thank you, Mr. Chairman.

And thank you all for being here today with us. It is a day of obviously great concern when we come together to address issues like this one.

Ranking Member Hunter pointed out that in our Fiscal Year 2006 Authorization Bill there was specific language that was included, which I have here, which required the, for example, identification of a deployable cadre of experts with the appropriate tools and authority and training to—and trained in the process, under paragraph six, which refers to this process; and the requirement to provide training under a program to be created by the Department of Acquisition and appropriate steps to ensure that training is maintained for such personnel; and a requirement that not later than 365 days after the date of enactment of this act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives an interim report on requirements, definition, contingency contracting, and program management.

And my first question is what is the status of that report?

Mr. ASSAD. General, I think I can answer that. Sir, it is in draft form right now, and it should be submitted shortly.

Mr. SAXTON. I understand that the 365 days expires on October 17th. Will we have it by October 17th?

Mr. ASSAD. You should, sir.

Mr. SAXTON. Let me ask this question. We are here to review a situation in which military officers apparently carried out dishonest acts for their own aggrandizement.

As of 12 September, there are 78 criminal investigations and 20 indictments, we are told, related to contract fraud in theater. The 20 indictments are a combination of civilian and military personnel, which General Thompson pointed out a few minutes ago.

Of the billions of dollars and thousands of contracts that have flowed through theater since 2003, in your opinions, each of you, does this situation indicate that we have a cultural issue within the officer corps of individuals who are involved in procurement or management of procurement?

Or does it appear to be a series of isolated events? I just guess we would like to start with General Thompson and just kind of move through the panel to get your impressions of this.

General THOMPSON. Congressman Saxton, I have heard the briefings and the details from both the criminal investigation in the Army and the auditors. I do not think it is a culture. They are, for the most part, isolated incidences.

Some of these cases are connected by the individuals and by geography. You know, somebody that was in the Kuwait office, and then another case that has turned up in the Kuwait office. But from what I can tell, there is no conspiracy here.

I think I can speak for the great majority, nearly the 100 percent majority, of military officers. This sickens me when there is even one case of an officer or non-commissioned officer who is involved in a case of fraud or accepting a bribe.

And the initial hotline tip that came that started the investigations that the Criminal Investigative Command (CID) and the DOJ, Department of Justice, are now heavily involved in was some-

body that saw that this was not proper and reported that to the proper authorities.

I think the checks and balances are there. In many cases, it also comes down to just basic leadership. And in some cases you might not have the strongest leader, but where you have got good leadership you don't have problems like we are seeing here.

And I think you are going to come back down to that we didn't have the right leadership and the right command climate in some of the places where you have got some of these investigations, but I do not think it is a widespread conspiracy and a culture issue out there.

We have embedded ethics training in every acquisition course that we have got that deals with contracting. All the services have annual ethics training requirements for the acquisition folks. Those annual ethics requirements are greater than the normal civilian and military member of the service.

And that is how I would answer that question, and I will ask anybody else to comment on that as well.

Mr. GIMBLE. Mr. Chairman, we think that at this point, now, it is more of an isolated incident. We think the——

The CHAIRMAN. Please proceed and answer the question. Please proceed and answer the question. Mr. Gimble, go ahead.

Mr. GIMBLE. I am sorry. What we think this is is pretty much isolated incidents as we could see now, a little more widespread than we would like. It does cause great concern.

But we think the real issues here—it was a lack of controls, a lack of integrity and a lot of opportunity with a lot of money, and the temptation was there. And we have to work very hard to put those controls in place to mitigate that temptation and also reemphasize the ethical training of the corps, both civilian and military.

Mr. ASSAD. Mr. Chairman, I would like to start my comments off by saying I have the highest degree of respect for the folks in our military, both men and women, who do what we do for a living, and that is contracting.

And the vast majority of them have incredibly high ethics and a great deal of honor. But one of the reasons why we set up the Integrity in Contracting in a Combat Environment subcommittee in the integrity panel process that we are going in is because we really need to look at this very closely and very deeply.

And we really do need to examine the entire process of how we are training our officers, the information we are giving them, as well as our enlisted, to ensure that there isn't some underlying aspect to this that we are not getting at.

And that is the reason why I think the panel will be very effective in doing that. And, in addition to that, one of the holes that we found, for example, is that we have not done a very good job of educating our leadership, our officers who are on the ground doing contracting, on what fraud indicators are, what they should be looking for.

And that is a failure in terms of our training process, and we need to include that. But we need to look at this more deeply and examine it very carefully, because this is at the root of what we do, and we need to make sure that if there is some type of an issue that is not obvious on its surface that we root it out.

The CHAIRMAN. Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman.

One of the worst incidents of fraud in the military history of the United States was at the end of the Civil War when the steamship The Sultana, the ferryboat on the Mississippi River, was contracted to haul a substantial number of former POWs who were released from Confederate prisoner-of-war camps at the end of the war.

They were loaded up on the steamship. A lot of them were emaciated—you all know this history—very weak. The ship was not properly inspected. It was terribly overloaded.

At a time of flooding a few miles up the river from Memphis, the boilers blew up, and we lost more personnel than died on the sinking of the Titanic. Family members tried to get investigations done, and there were investigations done, but the Nation was really tired of war. And it is an event that is not very well known.

Maybe, General Thompson, I will direct this question to you. In all the things that you are looking at—and you don't have to tell me about a specific case—of all the potential infractions out there, are there any that you are investigating that you think may have the potential to have led to problems in safety for our men and women in uniform?

I am asking: Is it something more than just somebody taking a cut or making money, or was there some kind of product sold or not delivered in a timely fashion or not in the amounts necessary to put at risk some of our troops?

General THOMPSON. I would defer the details on all the investigations to the investigative agencies. But the things that they are looking at, for the most part, involve services being delivered in Iraq, Afghanistan, and Kuwait, not the weapons systems or the products that our soldiers, sailors, airmen, and Marines use.

The checks and balances in the procurement of those systems, which are done back here, and the testing that goes on for those things that we put in the hands of our war fighters—I am highly confident that those procedures are proper and that we have a very rigorous process with an independent testing organization in all the services, overseen by the director of operational testing and evaluation of the Defense Department.

So I am highly confident that the weapons systems that we give to our men and women in uniform do not have any of the issues like a faulty ship that has been under contract——

Dr. SNYDER. So at this point you all think that the services are being provided. It is just the contractors that are providing them either shouldn't have got the contracts because they paid money to get them, or somebody is making money off the contract itself.

It is a question of funds, not necessarily the quality of the product. Is that a fair statement, Mr. Gimble?

Mr. GIMBLE. I think the one exception we have—we did have a product substitution issue dealing with food, but not of any—when we typically think of product substitutions, it is critical parts on weapons systems, and we haven't investigated any of that in this theater up until now, and hopefully we won't have cases of it.

Dr. SNYDER. General Thompson, in your written statement you talked about—you are apparently doing file reviews of 18,000 con-

tract actions out of Kuwait. How many different contractors does that involve?

General THOMPSON. I don't know the answer to the number of contractors. The contract actions is a greater number than the number of contracts.

We are doing the file reviews both in Kuwait for the lesser expensive, less complicated ones and we are moving the more complicated contracts and the contract actions associated with them back to the acquisition center as part of Army Materiel Command.

And we will very systemically go through those with a team of very highly trained contract professionals augmented with auditors and augmented with CID fraud investigators. And we are doing what Mr. Assad alluded to a while ago, putting together a very comprehensive fraud checklist that we will use, using the checklist at all the different agencies that have responsibility in this area.

And out of that, I think one of the things that will come is a comprehensive, maybe DOD-wide, checklist that we will be able to use in the training and in future incidents where we have to go in, as part of our contract operations reviews, and look at the integrity of a contracting operation no matter where it may be.

Dr. SNYDER. Who gave us this handout?

Mr. ASSAD. I did, sir.

Dr. SNYDER. What the hell does this thing mean?

Mr. ASSAD. I didn't know whether it would come up, but this is another tool that we are providing now to our contracting officers. It didn't exist a year ago. And it is on the Web, and any contingency contracting officer in the world can enter into this site. It is made for them.

It gives them all their policy and guidance, deployment information to different theaters. They can click on—there is a map behind it. Do you see? They click on their combatant command. It tells them all the policies and procedures that are now applicable to their combatant command.

This is information they never had before, all in one place. Now they have got it.

Dr. SNYDER. So this is not a chart that I should follow this trail around here. That is where I was—this is just——

Mr. ASSAD. It is a Web site.

Dr. SNYDER. These are icons to take me to——

Mr. ASSAD. Yes, sir, the Web site. Yes, sir.

Dr. SNYDER. Now, what does "Ask A Professor" mean?

Mr. ASSAD. "Ask A Professor" means that you are a contracting officer, you are in the field, you are trying to place a contract. You don't quite understand a technical term, or you have got a problem with a source selection, and you don't know how to solve it.

You can go online. You can ask a Defense Acquisition University (DAU) professor, and he will get back to you within 24 hours with the answer.

Dr. SNYDER. Okay, thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

And, ladies and gentlemen, thank you for being here. This is a critically important matter, the fact that you are here—and thank

you for doing this, Mr. Chairman—out in the open reemphasizing again and again how vitally important it is that we maintain the integrity of the process.

Having said that, this is a unique set of circumstances. We are at war. We in the committee have every day said to you and the military, "We need you to get everything you need as quickly as you need to get it."

We are all a part of this. But again, going forward, what are the lessons learned? That is a good question to ask. And I am sure that people will look at us today and say, "Oh, if I had any doubt, this is important."

And we are moving aggressively to make certain that human nature doesn't do what it has done throughout the ages, as Dr. Snyder and others pointed out.

Having said all that, the question that I would ask as clearly as I can—and, Ms. Condon, ladies usually understand these questions better than the men, so I am going to start with you.

There are two policies that seem to potentially conflict here. We have the policy that you use to equip—and I am talking specifically of arms, weapons—the multi-national force, MNSTC.

And to my knowledge, that is a different policy from the one that we use when we are equipping foreign forces under more traditional circumstances. If I am correct, what is the history there?

And is the policy that we now have effective, given the urgency of the circumstances and the situation we find ourselves in?

Ms. CONDON. Sir, I apologize. I am probably not the appropriate one——

Mr. HAYES. Okay.

Ms. CONDON [continuing]. Discuss policy issues.

Mr. VELZ. I will address that.

Mr. HAYES. Whoever would like to——

Mr. VELZ. Congressman Hayes, I will address that. Traditionally, when the Department of Defense, working with Department of State, does security assistance to foreign militaries, it is subjected to the Arms Export Control Act and the Foreign Assistance Act.

The type of money, the appropriations, that are used by Multi-National Security Transition Command-Iraq are supplemental appropriations that are, if you will, not subjected to the same laws.

This basically enables MNSTC–I to do direct commercial contracting, to procure stuff, outside of the FMS world, outside of the foreign military sales world.

This is a policy that Congress has supported since the first appropriations in 2004 in the Iraq Relief and Reconstruction Fund, which was the initial appropriation that provided $3.2 billion to really begin to train and equip the Iraqi forces.

And then there have been three subsequent appropriations, in 2005, 2006 and 2007, for the Iraq Security Forces Fund, and those have basically the same—the same language attaches to that that attached to the earlier appropriation, that, if you will, puts this outside of the foreign military sales/security assistance type of arena.

Mr. HAYES. I guess another way to expand on what you said is: Have we taken the parts that are most effective for our normal for-

eign military sales (FMS) contracts and applied them again to these circumstances?

Are there any policy changes that we need to be working on through the committee here that would make you more effective in pursuing your duties here?

Mr. VELZ. Well, sir, I can address what we are doing with the GAO in response to their recommendations that highlight some of these problems.

There clearly has been a lack of guidance to MNSTC–I on what accountability requirements apply to them. There have been debates over whether some apply or some don't apply.

Working with the Joint Staff J–4, we are making sure that we go through all of the DOD instructions and guidance and make sure that we extract out the relevant and applicable guidelines and instructions that can, if you will, form a clear, unambiguous policy for MNSTC–I that, despite the fact that it is ambiguous, what accountability applies to them.

But we will develop that guidance. And this is a result of the very good work that GAO did in highlighting this issue.

Mr. HAYES. So you think you have got a handle on that.

Mr. VELZ. Yes, sir.

Mr. HAYES. Mr. Chairman, I yield back my time. Thank you.

The CHAIRMAN. I thank the gentleman.

For clarification, whoever wishes to answer the question, where do most of the problems come from? Do they come prior to the warehouse in Kuwait, after the warehouse in Kuwait? Where along the line is the major problem that you have run into regarding fraud and corruption?

Mr. VELZ. Sir, are you referring to the procurement of equipment for the Iraqi Security Forces?

The CHAIRMAN. Correct. That is correct.

Mr. VELZ. Well, you know, I wouldn't want to comment on anything that involves any potential investigations, but I can speak generally.

The CHAIRMAN. That is what I am asking.

Mr. VELZ. Yes, sir. The problem that GAO identified was that the equipment was basically coming into Iraq via multiple paths, sometimes over land, sometimes over sea—or, I am sorry, sometimes through the air being delivered to Baghdad International Airport.

And then in some cases, it would go directly out to an Iraqi unit. In other cases, it would go into the warehouse. And there simply weren't enough people on the ground handling all this materiel flow to make sure that every single item got a serial number reported on MNSTC–I's property book.

There was an imperative to get this equipment out to the fighting forces as quickly as possible. And that was done through multiple means that, as GAO found, meant that the documentation was just lacking in many cases.

And therefore, we cannot tell if the number of weapons that MNSTC–I believes it transferred to the Iraqis were, in fact, transferred.

The CHAIRMAN. Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman.

And I wish to greet the witnesses, the gentlemen and the gentlewoman. Thank you very much for being here.

To me, this is a very important subject matter, and my question to you, Mr. Gimble, is how will the Department of Defense record, analyze, and disseminate the lessons learned from contracting mistakes and abuses and apply them during future contingencies and large contracting efforts?

And I ask this because to successfully relocate the 3rd Marine Expeditionary Force from Okinawa, Japan to Guam—and I represent Guam—in the coming years will require a significant amount of DOD contracting activity to occur.

So while the relocation of Marines to Guam is not a contingency operation as is Iraq and Afghanistan and Hurricane Katrina relief, it will require massive, complex contracting operations to occur during a relatively short period of time and, I might add, in a remote area.

The challenges the DOD will face in the process will be very similar. Is working to incorporate lessons learned today into future activities a priority for the Department inspector general?

What is being done now in relation to the estimated $14 billion move of the U.S. Marines from Okinawa and enhancing other military forces on Guam? Are we on your radar screen?

Mr. GIMBLE. Yes, you are on our radar screen, but let me maybe answer that in just a couple of ways. Lessons learned can come from two things. We in the inspector general oversight community do a number of reports, audit reports, inspections, also, the results of the investigations on the criminal side.

And periodically, we summarize those reports into a summary report that identifies trends and corrective actions or an assessment of the actions being taken.

We are in the process of doing that right now on 210 reports that are more than just DOD I.G. reports. There was a number of GAO reports, Army audit, Air Force audit and our own. That is one set of contracting issues that we are doing to help come up with some lessons learned.

Also, in another project that we are doing, and this is where we take DOD I.G. only, and it is not necessarily limited to Southwest Asia, but just work we have done over the past. Since the year 2000 there was about 240 reports that we have issued that identify contracting issues, and so we are looking at those to make recommendations. Now, that is on the oversight side of the house.

Also, you know, the Army stood up their big study on contracting issues. Mr. Assad has studies ongoing. So there is lessons learned off of the acquisition side that will be forthcoming.

I think the challenge for all of us in the Department is to bring all of those factors together and, you know, have a good robust lessons learned, particularly in the contracting process.

Now, to address your Guam issue, we and DOD I.G. are now in the process of trying to establish a presence off the audit side in the Pacific Command (PACOM) arena which would cover Guam.

We recognize that this move out of, you know, Okinawa into PACOM, as an example, is a huge challenge, and we are looking at that, and you can expect to see some audit reports coming forth on that as this progresses on.

Mr. Chairman, I would like to just provide a bit of information you asked me for just a moment ago, if I could, ma'am.

I don't have the specific number of contracts that you asked for——

The CHAIRMAN. This is in response to my question to you, Mr. Gimble, regarding the dollar scope involved in your investigations, is that correct?

Mr. GIMBLE. Yes, sir, it is. Under criminal investigation, the value of the contracts and actions that they are currently looking at is about $6 billion, okay?

Now, on the audit side of the house, we have 29 projects in the DOD I.G. that are addressing a scope of contracts and programs valued at $88 billion.

The CHAIRMAN. Eighty-eight——

Mr. GIMBLE. Billion.

The CHAIRMAN. Billion with a "B."

Mr. GIMBLE. Yes, sir, acquisition programs. Now, those are all—this is not criminal investigations. And I must say, on the $6 billion under criminal investigation, that is not to say that all of that is, you know, tainted, or there is actual criminal—there is just some activity on those contracts, but the contracts are valued at about a total, as I am told today, about $6 billion.

The CHAIRMAN. Thank you very much.

Ms. BORDALLO. Mr. Chairman.

The CHAIRMAN. Yes.

Ms. BORDALLO. Mr. Chairman, I would just like to ask Mr. Gimble, just for the record, in answer to my question, then. This move, this $14 billion move that we are anticipating very soon, it is on your radar. You are monitoring it now, yes or no?

Mr. GIMBLE. Yes, ma'am, we are, and I might add that we have issued an audit report that has budget implications on this move, and we can——

Ms. BORDALLO. Very good.

Mr. GIMBLE. I think it is classified, but we can make it available to you.

Ms. BORDALLO. Very good. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Dr. Gingrey.

Dr. GINGREY. Thank you, Mr. Chairman.

I do want to ask a question but, you know, it is hard to come up with one. I am really appalled today. I appreciate the witnesses being here.

This is almost as sad a day to me as hearing that another patriot has fallen from my district. That has happened seven times in the five years that I have been a member and been on this committee.

But this is a pretty dark day. I mean, this is just as, almost as bad as a blue-on-blue death, as far as I am concerned. And I don't think I am overstating that.

Some of the witnesses have said that we need more ethics training. Ethics training for a full colonel in the United States Army to me is like asking a Catholic bishop to re-read the Baltimore catechism. I am just absolutely appalled to hear about this, and I am concerned.

I don't know whether to be more concerned about the corruption from officers of the United States military as I am about the diversion of weapons that ended up not only in the hands of people fighting in Turkey, the Kurdish terrorist organization in northern Iraq, but also the possibility that weapons are being diverted to the bad guys in Iraq that are killing our soldiers.

So this is, to me—I am very depressed and upset to hear about this, and I will ask this specific question, and any of you can respond to it.

The number of cases of fraud and corruption that seem to have developed in Kuwait—is this an indication of a cultural problem within the Army or any of its components?

And as a follow on to that, how confident are we that the problems identified in a fairly small office in Kuwait are not representative of similar problems in large contracting offices engaged in contracting in Iraq? Anybody.

General Thompson, let's start with you.

General THOMPSON. Well, sir, as I said previously, I don't think we have got a cultural issue. You have got a number of individual cases, all the ones that we know about, being actively investigated today by the right investigative agencies.

We do have internal controls and procedures both on the audit side and the investigative side to make sure that we don't have problems in other places.

One of the things that Ms. Condon and I are looking at is the frequency and the scope of those periodic reviews—adequate, to make sure we don't have something like this happen again. And that is all part of what is on our radar screen, and it is all——

Dr. GINGREY. Well, General, with all due respect, and I think Mr. Hunter said this earlier, I think you are looking a little bit too long. And it is time for some action.

And I hope these people that are responsible are brought to justice in the same manner that Lieutenant Calley was brought to justice in the Vietnam War. I think you ought to lock them up and throw away the key.

You have got bad guys. You need to make an example of them.

General THOMPSON. And, sir, I am confident that with the judicial process and the investigative process, they are doing what they need to do to make sure that they gather the evidence, and those people that need to be indicted will be prosecuted and appropriate punishment handed out.

There has been no delay, once the problem was identified, in turning it over to the right investigative authorities. There is no delay there at all.

Mr. GIMBLE. I would like to add just this thought. We in the oversight community, both in investigative and audit, we don't know that this is isolated. We have said it is isolated incidents. I think the jury is out. We are still looking aggressively.

We are committed to—if we find waste, fraud, and abuse or corruption, it will be referred with appropriate authorities, and it is a very high priority with us in the DOD I.G.

Mr. ASSAD. Mr. Congressman, I met a couple weeks ago with Major General Scott. I mentioned he is the commander of the Joint Contracting Command over in Iraq. And we talked about this.

And the discussion was centered around what more can we do to support him in this whole idea of ensuring that we get contracting with integrity. And you know, he and I concluded that this is all about leadership.

And in his particular case I asked him is this look-in-your-eye ethics. In other words, are you looking in the eyes of the people that work for you so they understand from your point of view what you expect from them in this regard. And his answer was unequivocally "yes."

And I think that, you know, it is at the fundamental root. It sickens all of us when someone suggests that an officer in our armed services is doing something inappropriate with regard to his honor. It is hard to understand that more than one would be.

And so this is more—you are absolutely right. This is more than just putting ethics courses on Web sites. It is really more than just running people through ethics courses.

And it is ensuring that every one of us who does what we do for a living know that if you do something inappropriate, we will find you, and we will refer you to the appropriate authorities, and we will prosecute you as much as we possibly can, that, you know, if you are going to go down that path, we are going to find you.

Dr. GINGREY. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Before I call Ms. Davis, Mr. Gimble, let me clarify. Contracts under investigation for criminal irregularities total $6 billion. Is that correct?

Mr. GIMBLE. Yes, Mr. Chairman, that is correct.

The CHAIRMAN. Contracts being audited by the Department of Defense and inspector general total $88 billion.

Mr. GIMBLE. It is funds. It is not just contracts, but——

The CHAIRMAN. Is that correct?

Mr. GIMBLE. Well, it is a combination of funds. In other words, when they—the Iraqi Security Fund—some of that is not contracted. But we are looking at the funds, so it is a total of $88 billion being looked at on those 29 projects.

The CHAIRMAN. Thank you so much.

Ms. Davis.

Mrs. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman. And I join my colleagues as well. I think that this is a—really does sadden me personally as well, and I think it is of great concern.

You have talked about the fact that you don't think this is, you know, so-called "bad apple," perhaps bad apples, and not necessarily the culture. But you have also said that you believe that there was an opportunity.

And we know that environments can be conducive to bad behavior. Certainly environments can give people the impression that either no one is watching, or it is okay, or we are too busy, we can't focus, all those things.

Talk a little bit more about that in terms of what we can take away from this and the kind of opportunity that you, I think several of you, suggested existed. What should we know about that?

Mr. ASSAD. Maybe I could just address, ma'am—world-class companies, world-class organizations, have very effective checks and balances. They have separations of responsibilities. And I think

what we are going to find is that those checks and balances and separations of responsibilities were very fuzzy, were unclear.

When we are operating in an operation within the United States, we have a number of organizations—Defense Contract Audit Agency, Defense Contract Management Agency, the DOD I.G., CID and CIS—a number of activities which provide the foundation of our checks and balances.

It is fair to say that when we got into a combat environment, we didn't have those checks and balances in place in all cases.

And if you have a chaotic environment to begin with, very hectic, you have folks who may be trained but don't have a lot of experience, and then you don't have the necessary checks and balances, there is a higher likelihood that those people who don't have ethics or integrity are going to be successful in doing inappropriate things.

So I think that what we are really getting from this, from a Department of Defense point of view, is, as we look toward providing the joint contracting force, is to ensure that we have those checks and balances in place, not just contracting folks, controllers folks and the folks that accept the materials and goods and services, that there is a separation——

Mrs. DAVIS OF CALIFORNIA. Is that something that also would apply? I know that the *New York Times* article highlighted the fact that in a war theater people are trying to do things quickly, very quickly.

And in fact, even General Petraeus, I think, indicated that it was more important to get ammunition, to get weapons, out to those who were going to help us as opposed to trying to have a data system, a tracking system, in place at that particular time.

Does that also apply in that case, and would it—how would you assess that?

Mr. ASSAD. My view is that we always need adequate checks and balances in place.

General THOMPSON. Ma'am, if I can just—you know, my answer would be very, very similar to what Mr. Assad said. And I will make a point of clarification here.

In simple terms, there are three different things involved. It is the requirement. What do you want to buy, or what service do you want to provide? The contract instrument itself—and there is multiple contract instruments. And then it is the management of the delivery of that service or product and the execution.

Those checks and balances—if you have a separate requiring activity, a separate contracting activity or individual, and a separate individual or activity that is managing the delivery of that product or service, that is one of the best checks and balances.

And then there is oversight on top of that, oversight in the contracting organization, and then the oversight agencies like the DOD I.G. and the audit agencies.

Even on something that you need very, very quickly, you can still have those three separable pieces there.

And I think it is fair to say in general that there is a number of cases under investigation right now where a contracting official was also the official that was monitoring the execution of that con-

tract, as opposed to a different individual, and the necessary oversight wasn't there.

And so that is one of the systemic issues that we have got to address.

Mrs. DAVIS OF CALIFORNIA. Were these checks and balances in place as we went to Iraq? I mean, what was in place? Because we talked about the law that was put in place in 2006, but in essence, I mean, what was in place prior to that—those same checks and balances?

And were there plans to implement those? What happened to that?

Mr. GIMBLE. Let me address just a piece of that, if I could. One of the things that we see continually is that a part of this contract surveillance that the general is talking about is that when you have somebody that receives the materiel and how they document the receipt of the materiel—all through these audit reports and investigations, one of the things you see as a critical failure is the closing out the loop that, if I received a weapon, a truck or whatever, who signed for it, and how is it identified, and how did it get back into the repository to be paid, and so forth.

We see that as being a critical weakness, and that is one of the things which we have done a lot of work on. In fact, we started working collaboratively with the Defense Finance and Accounting Center, and they are working also with the command, to determine how do we best put a repository of these needed documents.

One, do you have them? But also, when you have them, do you have them stored in a manner that you can find them and close the loop on that? That in itself is a control that would take away a lot of temptation.

In other words, if I take a good in, and I have got to put my name on the document, well, there is a paper trail there that, if I didn't have to put my name on it, there is no paper trail and it could disappear and——

Mrs. DAVIS OF CALIFORNIA. I think that we have always assumed, and I know I always believed, that we had those kinds of logistics controls in place. And we are obviously teaching the Iraqi army how to do this now, so we would certainly be concerned about how we are transmitting that.

Thank you.

The CHAIRMAN. Before I call on Mr. Kline, it is interesting to note that in the corporate world, there are some large corporations, international in scope, that do a great deal of work involving billions of dollars and billions of sales, and they don't have a problem like this.

Why is it that the United States military has this problem, as opposed to large multinational corporations, Mr. Gimble?

Mr. GIMBLE. Mr. Chairman, that is a great question, and if I could give you a really definitive answer, I think I would be in pretty good shape.

I think the issue, really, though, is that when you have the large multinational corporations, a lot of times they don't go into a combat zone.

I am not trying to say that as an excuse, but one of the issues that we saw, like on this documentation, is you are rotating the

core groups in and out. Initially it was at four months to six months. And there would be whole units of these people that were doing the paying and contracting, and the files got separated.

And I think there is a point that firmly needs to be brought out, too, is that just because you can't account for a piece of equipment or a weapon, that doesn't necessarily mean it is missing. It may be somewhere in the warehouse.

And we have seen some evidence where there wasn't a record of where the weapon came in. You could go in the warehouse, and it would actually be in the warehouse. We have seen a couple of examples of that.

So I don't think I have answered your question very well, but why does this happen? I think it happens because you have a huge turmoil and, you know, a combat situation. And I don't necessarily think that is a good answer, but I think that is what caused the issue.

The CHAIRMAN. Mr. Kline.

Mr. KLINE. Thank you, Mr. Chairman, and thank the panel for being here.

We have some interlocking issues here, but following along General Thompson's idea of sort of breaking this down into a couple of pieces, one of them is that we had what has made this a very dark day for me.

We had apparently some senior officers who solicited, accepted bribes, were involved in just horrific illegal conduct. And as the general said, I think there are a number of things involved here, but one of them is a breakdown in leadership in this.

And I concur with a number of statements made here today. This isn't a matter of holding another ethics training class for a colonel, but it is a matter of making sure that colonel goes to jail, or whatever the appropriate punishment is.

But I would also hope that the Army—and I am just looking at the general here; he happens to be the man in uniform—that the Army is going to look at the leadership failures which occurred here. Because I am convinced they did occur, and whether they were civilian leadership or uniformed leadership, that those people are held accountable.

There is another issue that we have been going at, and that is a matter of process and controls. And I have a question I am going to ask Mr. Gimble here in just a minute.

But I want to identify with some of the remarks that my colleagues have made about this. There has been a lot of stress here. There is no question.

We in this Congress and commanders and troops in the field and parents and all manner of people have put a great deal of pressure on the system, if you will, to get the appropriate services and equipment in the hands of our soldiers as quickly as possible.

We didn't want soldiers to continue to operate in 130-degree temperature without having some air conditioned quarters. We didn't want them to eat meals ready to eat (MREs) indefinitely. We wanted them to have a place to go and have good chow.

And we certainly wanted the armor on those trucks and vehicles faster than immediately, and we didn't want to delay and have a six-month contract letting bidding process.

We wanted to get the armor on the trucks and start saving lives. So I understand that there was pressure to do that.

But to Mr. Gimble's point about major corporations, in response to the chairman, not going to combat, the United States Army and the United States Marine Corps do go to combat and have gone to combat. And this isn't the first time. And it isn't the first time we have had to let contracts in such a circumstance.

So I am doubly, triply, quadruply appalled at this day, at the horrific conduct of commissioned officers and a clear breakdown in leadership. The fact that the Army is unprepared to respond in these circumstances is—I am sorry, I know it is tough. I explained the pressures. But it is also inexcusable.

So the question: When do you think—and it can be to anybody, but Mr. Gimble brought it up, that part of the problem is we have got a process, and we don't have controls—when are we going to have those controls that we can count on so we are not back here at another hearing in six months? When is that going to happen?

I know Mr. Assad addressed it, Mr. Velz. We have got all sorts of things going, panels and subpanels and things. When are we going to have the controls?

Mr. GIMBLE. Let me maybe take the first crack at that. We issued a report in 2005, and one of the recommendations that was in there was the fact that the MOI, or the ministry of interior police, did not have the accountability on their weapons.

And the Department has responded back to us, MNSTC–I in particular, that they have got the procedures in place, and they have got to detail all the things that you are doing.

Now, one of the things that I would tell you is that it looks good on paper, and General Kicklighter is over in theater, and that will be one of the things that that team follows up on, is to test—okay, you say you have these controls in place.

And I can tell you, looking on paper, they look pretty good. They look pretty robust. But it is one of those trust but verify, and it will be—I hope that we can come back to you when he gets back to make his report and have good news on that.

I will have to hold that in abeyance until we see what the results of his review, you know, turns up.

Mr. KLINE. Thanks for that answer. I would hope that inside the United States Army and in our contracting process, not just in the ministry of the interior or ministry of defense in Iraq, that we have got some controls and processes in effect.

We have American contracting officers here. How are we doing there?

Mr. GIMBLE. Well, I probably should explain. The event that led us to make that recommendation was our review in the ministry of interior looking for those weapons.

But the procedures that they have come back with are the warehouse procedures that would take care of, you know, not just the ministry of interior but it is a MNSTC–I total look at how they do their process, procedures. They have developed internal controls.

Mr. KLINE. Okay.

Mr. Chairman, I yield back.

The CHAIRMAN. Thank you, Mr. Kline.

Mr. Ellsworth from Indiana, please.

Mr. ELLSWORTH. Thank you, Mr. Chairman.

Thank you, witnesses, for coming today. I was sitting over here listening to everybody and had a lot of the same comments. The chairman took one of my questions about multinational corporations.

I was going to say if UPS can tell me where a package is on any—in real time—why can't we track some of our things.

And Dr. Gingrey said a blue day and talked about appalled. And I got to thinking about that, you know, this is not just the military. In fact, our own body of Congress has several cases pending of bribery, theft, taking money, crashing and burning in shame, both in the House and the Senate.

Members of the clergy certainly have been shamed in media reports, as well as past presidents have been accused. And we all ask ourselves how could this happen. And I heard that today: How could this happen?

And really, I think the bigger question is that—are we doing everything we can do to prevent this? And that is what we really have to do, is find the best and the brightest.

I was a cop for 25 years before coming to Congress in January. I had a jail full of people, 512 people, and a percentage of those, everybody said, "How could this person have done this?" Some people you might expect by their past record.

And so there is always going to be people that will try to, out of greed or whatever, will try to do things. Our responsibility in this Congress is to try—and then by hiring you and the Administration hiring you, to try to combat that as best you can, with the best. And we expect our government to have that best process in place.

One thing I found since being here in January is that—and I wrote down a couple of quotes today. And it is not just Armed Services. I was in a Small Business hearing yesterday and I heard the exact same—we were kind of beating up on the Small Business Administration (SBA) a little bit.

And I heard some of the same things: We need to look at this more deeply, we are moving toward, recently formed, we are going to, we need to form, and we are in the process.

And I am not against that, but these, as we said before, these are not the first cases of waste, fraud, abuse, and theft in any branch of government, and you know, we had these before. We probably had it in Vietnam, Korea, Bosnia. You name the conflict, we had these.

And the American public expects us to do a better job and find the best. And if we can't, if we aren't the best, then hire the people away from UPS or FedEx, to be fair, and whoever that person is.

The one thing I don't want our troops to get the message is that—I gave out public-owned equipment to my deputies. I told them, "Take care of it. Do the best you can. But if you have to break that piece of equipment to defend your life, if you have to throw it away or do something with it, that is okay; just be able to explain it later."

And I think I don't want to send the troops a message that two guys in the field can't exchange their clip because I have to account

for—I only get three and I can't trade that. That is not what our troops need to hear.

But we are public, and this Congress has sunk a ton of money into what the gentleman just said—MRAPs. Do it now better than later.

But our public, no matter how they feel about this war—whether we should be there, whether we shouldn't, come home, stay there, whatever it is—want us to spend their dollars wisely and give the best accounting.

They know people will steal. It is going to happen. But then they expect us to catch them and punish them. That being said, I would go forward from here and find those people, do the best we can, and in the fastest manner we can so, as I said, we don't have to come do this a lot, and our whole entire government, from Congress down to the leaders, get egg on our face again.

And with that, Mr. Chairman, I would yield back.

The CHAIRMAN. I thank the gentleman.

Ms. Shea-Porter from New Hampshire.

Ms. SHEA-PORTER. Thank you, Chairman.

As a former military spouse, my heart is sickened by what I have heard today. I am hearing all the little words like "put proper controls," "lessons learned," "checks and balances," "teach them to look for fraud."

That is probably one of my favorites, because I know how to look for fraud, and I know the American public knows how to look for fraud.

As a matter of fact, they have been hollering, absolutely hollering, in the papers for several years now, very suspicious of certain companies which we don't need to name again, and suspicious of connections to companies.

We knew there was fraud. I cannot understand this at all. And then saying that our troops were not up to the complexity of the job of finding the fraud. Now, I don't mean to sound facetious, but we have contracted everything else out. Why didn't we contract that out, so that we could at least have somebody who knew how to look for it and would look for it?

And the reason that you are hearing this kind of controlled rage right now is because we have other decisions to make when we go to votes, and we have to be fiscally responsible. We have the greatest deficits in history.

And so I am looking, saying, "No, we can't vote for this program which would help our people," but $6 billion here, $9 billion unaccounted for—you know, I feel sorry for you all, because you are here defending the indefensible, and you and I know that.

But Americans are asking us how could this have happened, and what was the climate for this?

And another problem that I am having here is what about our troops?

You made a comment, Mr. Velz, about the small arms, that we wanted to get things out, not all of them were registered with serial numbers. I would like to tell you how many were not registered—370,000. Ten thousand were registered.

Now, is anybody else worried about the safety of our troops if we are not even tracking this? And when we see certain people—I

mean, everybody can recognize when suddenly somebody is living better than the other guys. That should send a flag, even if they never had a bit of training.

But I do remember reading something in the paper about when they were trying to send over accountability teams to do this, that it was stopped. And so my question is painful, but I am going to ask it.

Mr. Velz, I will start with you. Mr. Gimble, I don't even know who would have had this. Was the former Secretary of Defense, Donald Rumsfeld, ever discouraging any of this? Was this ever brought to his attention?

Mr. VELZ. Ma'am, I just don't know the answer to that question. I have never met him. I don't know.

Ms. SHEA-PORTER. Okay. Does anybody know? And I am sure you know what I am talking about when I read in the papers before I was in Congress that they wanted to send some teams there to take a look at, and have financial accountability, and that was not allowed.

Does anybody remember that part?

Mr. VELZ. Ma'am, I can tell you, I have been on assessment teams that have been sent by the Secretary of Defense. And among the issues we looked at was the capacity and capabilities of MNSTC–I and other organizations doing reconstruction activities in Iraq.

And we did report back honestly that we thought they needed many more people. I don't know what the results of that were, though.

Ms. SHEA-PORTER. So you don't know where the report went.

Mr. VELZ. I was just one of the staffers working on the report in the field, gathering the data, building the response. I was not involved in any of the briefings that reported that back to the secretary.

Ms. SHEA-PORTER. What year was that?

Mr. VELZ. 2005 and 2006. I have done others.

Ms. SHEA-PORTER. Okay. So two years ago you knew that we didn't have enough people there to——

Mr. VELZ. Yes, ma'am. I mean, that has been an issue that many people have raised. General Petraeus, when he was the commander of MNSTC–I, told us he needed many more people. We reported back that recommendation as well.

But there are limitations on the availability of personnel throughout the military with the right skill sets to do these very unique types of jobs that they are doing there.

Can I just address the small arms issue really quickly?

Ms. SHEA-PORTER. Sure.

Mr. VELZ. You are right, that was a significant problem that most of the weapons were not being registered in the small arms registry.

SIGIR, Special Inspector General for Iraq Reconstruction, pointed that out to MNSTC–I last year. MNSTC–I at first was resistant to entering that data into the——

Ms. SHEA-PORTER. Okay, I will have to cut you off because I am almost done with my time. But we are talking only 10,000 of 370,000, so——

Mr. VELZ. Ma'am, they are entering all the records now, and they are—retroactively, they have entered as many as they can find.

Ms. SHEA-PORTER. Well, the problem is that we have troops there who could be exposed to our weapons that we lost track of, and that we had dishonest contractors.

And what I have heard today, while I certainly appreciate the fact that we have checks and balances and lessons learned and paper controls, we are in our fifth year with a war that has just absolutely, absolutely divided this Nation in money and in lives and in political world.

And how do we go out and explain to the American public what you just said to us today? That we have learned lessons and we have checks and balances now, when they knew—the Americans knew—they could read the front page—that we were having problems two years ago, three years ago, four years ago.

I can't explain the gap in time, and I really don't think you can either. And that is probably the reason for the heaviness in my heart today, hearing what I heard. But I thank you for being here.

The CHAIRMAN. I thank the gentlelady.

Lake City Army Ammunition Plant is in Jackson County, edge of Independence, Missouri, near my district. For 52 years, the chief civilian employee, though a lieutenant colonel was always technically in charge—the chief civilian employee was a man by the name of Dale Pollard.

And Dale Pollard treated every contract—because it was a GOCO plant, a government-owned, company-operated plant—treated every contract as if it were his dollars. And he was one of the most frugal persons I had ever known. His home was my home town of Lexington, Missouri.

And out of all this today, some people may get the idea that we are riddled with corruption out there. But there are Dale Pollards in this world.

And to them, let's tell them through your actions, through our actions here in Congress, to keep doing a good job. Keep setting an example. Those that sully their name or the process by which we support our troops should come to light and be dealt with.

So we thank you for your efforts in culling those bad apples out, but in the meantime let's keep in mind and be grateful to those who do their job, never ask for anything except an honest day's sleep.

So with that, we thank you for a revealing, sad hearing, but it is one that we needed to have. So you continue to do your job, and we will do our best to do ours. Thank you.

[Whereupon, at 1:39 p.m., the committee was adjourned.]

A P P E N D I X

SEPTEMBER 20, 2007

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

SEPTEMBER 20, 2007

September 20, 2007

Hold for Release
Expected 11:30 a.m.

Statement
of

Mr. Thomas F. Gimble
Principal Deputy Inspector General
Department of Defense

before the
House Armed Services Committee

on

"Accountability During Contingency Operations:
Preventing and Fighting Corruption in Contracting
and Establishing and Maintaining Appropriate
Controls on Materiel"

Thank you for the opportunity to appear before the Committee today to testify on accountability issues during contingency operations and to discuss the work of the Department of Defense Inspector General (DoD IG) in Southwest Asia. My intention today is to focus on discussing our ongoing assessment related to accountability of weapons, munitions, and explosives, as well as contracting in general.

Background

To date, over $550 billion has been appropriated to the Department of Defense in support of the men and women of our Armed Forces in Southwest Asia and the fight against terrorism. To provide oversight, we have over 225 personnel working on 29 audits and 90 investigations that address a wide variety of matters to include contracting, accountability, and required documentation. Additionally, we are working with other DoD organizations, such as the Army Audit Agency, the Army Criminal Investigation Command, and the Defense Finance and Accounting Service, to evaluate and provide recommendations for actions addressing these critical mission support areas.

Identified Issue Areas

Establishing and Maintaining Appropriate Controls on Materiel

As the Committee is aware, from our previous discussions, the DoD IG has been concerned about the challenges and conditions regarding the accountability and control of equipment provided to the security forces in Afghanistan and Iraq since 2005. In July 2005, we issued a joint report with the Department of State Office of Inspector General (DoS IG) on the Assessment of the Afghanistan Police Training and Readiness. In November 2006, the DoD and DoS issued a second joint assessment report on Iraq Police Training. In October 2006, the Special Inspector General for Iraq Reconstruction issued a report titled "Iraqi Security Forces: Weapons Provided by the U.S. Department of Defense Using the Iraq Relief and Reconstruction Fund". In July 2007, the U.S. Government Accountability Office issued its report titled "DoD Cannot Ensure That U.S.-Funded Equipment Has Reached Iraqi Security Forces." All of these reports identified different aspects of equipment accountability issues; some specifically addressed weapons, ammunition, and explosives that were financed or purchased by the U.S. Government and intended for use by the Iraqi and Afghanistan Security Forces.

As this committee is also aware, DoD Inspector General Claude M. Kicklighter has recently briefed Members of Congress and Defense Department leadership regarding important issues with respect to munitions accountability and controls in Iraq and Afghanistan. As a result of these discussions, it became apparent to the OIG that the need for a review of our accountability of equipment, specifically small arms supplied to the Iraq Security Force (ISF) must be one of our highest priorities. As a result, the DoD Inspector General assembled an interagency, inter-service assessment team which is currently in theater assessing the current oversight conditions on the ground. I will be discussing the make up and goals of this assessment team later in the testimony.

Contracting and Contract-related Issues

The Government Accountability Office continues to designate DoD Contract Management as a high risk area and has done so since 1992. Further, since 2000, our office has issued over 240 reports that have identified problems and made recommendations for improvements in the Department's contracting and contract-related processes. These areas include contract administration, contracting for goods and services, source

selection procedures, and contract payments. Many of these reports indicate that accountability issues pertaining to the contracting process remain; those issues include adequate requirements definition to meet user needs, proper acquisition of goods and services, timely and proper delivery of goods and services; and timely and proper payment.

Recently, the DoD IG audit report on "Procurement Policy for Armored Vehicles," (Report No. D-2007-107, dated June 27, 2007) identified problems with meeting contract requirements, source selection procedures, and timely delivery. Management concurred with the report recommendations, which included assessing liquidated damages for late delivery of the armored vehicles and competing future contracts.

Such issues continue to impact the effectiveness of U.S. forces deployed in support of Operation Iraqi Freedom and Operation Enduring Freedom. Specifically and equally critical is the accountability and success of equipping and training the Iraqi and Afghanistan Security Forces. These areas merit increased emphasis and management attention.

Recently, we briefed the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Secretary of the Army, and other senior leaders within the Department on accountability and contracting high-risk areas that

may require increased oversight and attention. All of these leaders welcomed the DoD IG oversight efforts and are committed to taking actions where and when warranted.

Ongoing Work

Assessment Team for Munitions Accountability – Team Composition and Goals

As part of its strategic plan, the DoD IG plans to assess the overall training and equipping of the Afghanistan and Iraqi Security Forces. As announced in our July 27, 2007 memorandum, an assessment team led by the IG is now assessing the effectiveness and efficiency of the management and accountability of munitions (weapons, ammunition, and explosives) in Iraq and Afghanistan as the immediate objective of this overall strategy. Specifically, the mission of the assessment team is to:

1. Determine whether the U.S. Government has positive control and accountability over munitions it is providing to the Iraqi and Afghan Security Forces.

2. Ensure the contracting process for buying these munitions includes the appropriate level of control and accountability to include items such as security measures.
3. Reduce the risk of contract fraud and corruption.
4. Continue to investigate and refer those who broke the law for prosecution.

As a result of these assessments, the DoD IG intends to:

- Make immediate recommendations to the senior commanders on the ground and leaders in both the Army and Office of the Secretary of Defense to initiate actions to address any oversight weaknesses identified
- Identify and share any immediate lessons learned or leading practices identified in either Iraq or Afghanistan that could be applied to the provision of munitions to the other country's security forces.
- Identify systemic problems related to the equipping of the Iraqi and Afghanistan security forces, especially regarding munitions, and recommend corrective actions that can be initiated to address these issues.

Finally, as part of the assessment, the team will look at the Department's capacity and structure for investigating, auditing, and inspecting to ensure that appropriate numbers of qualified personnel are working together to conduct our oversight mission Southwest Asia.

Contracting Issues

Audit

As stated earlier, the DoD IG has 29 ongoing audit efforts that address overall accountability of wartime expenditures, such as contract administration, logistics management, funds management, and the equipping and training of Iraqi Security Forces. Specifically, we are reviewing contingency contracting in a wartime environment, particularly with regard to adequate documentation and internal control procedures. Our ongoing work has generated efforts to improve collaboration between support organizations and forward deployed forces to help standardize procedures in a wartime environment, such as procedures for the retention of accounting, disbursing, and property records. As we move forward, specific examples of our ongoing work include reviews of:

- Use and controls over the Iraqi and Afghanistan Security Forces Funds;
- The effectiveness of practices related to solicitation, award, quality assurance, oversight, and final acceptance of construction projects;
- Armoring of Army Medium Tactical Vehicles;
- Procurement of Body Armor to include the adequacy of first article testing prior to award of contracts; and
- The controls over the issuance and use of the DoD common access card in Southwest Asia.

We are also working collaboratively with other organizations within the Department. For example, as part of our efforts to immediately address accountability issues germane to funds management in a wartime environment, we are working with the Defense Finance and Accounting Service on all related audit efforts. Another example is our work with the Army Audit Agency on contracting procedures implemented by the Joint Contracting Command-Iraq/Afghanistan.

Additionally, we are summarizing 210 Government Accountability Office, DoD IG, Army Audit Agency and Air Force Audit Agency audit

reports and testimonies that had reported contract, funds management, and other accountability issues that impact mission critical support to Operations Iraqi Freedom and Enduring Freedom. We plan to use that information to identify any systemic issues and control weaknesses. We will also review the recommendations in these prior reports and report on the status of actions on these prior recommendations. A matrix of that summary is provided for the record. We are also providing for the record a complete listing of recently completed and ongoing DoD IG audit and evaluation work on contracting and other accountability issues.

Investigations

The Defense Criminal Investigative Service (DCIS), the criminal investigative arm of the DoD Inspector General, has been engaged in investigating DoD-related matters pertaining to the Iraqi theater, to include Kuwait, since the start of the war. As noted previously, DCIS has about 90 ongoing investigations related to the war effort (war profiteering, contract fraud, and contract corruption). Most of these investigations are being conducted as part of a joint effort with other law enforcement organizations.

Our investigators also work collaboratively as part of the larger contractor oversight effort. As an example of investigative cooperation and synergy, in January 2004, an investigation was initiated on information from the Defense Contract Audit Agency (DCAA) concerning allegations of kickbacks and gratuities solicited and/or received by Kellogg, Brown & Root (KBR) employees, and KBR overcharging for food, meals and fuel. To address this complex referral, a Federal investigative task force was formed at Rock Island, IL, comprised of DCIS, Army CID, the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, and the Office of the United States Attorney for the Central District of Illinois. The task force continues to examine criminal allegations involving the execution of the U.S. Army's Logistics Civil Augmentation Program (LOGCAP) III contract by KBR. Some prosecutions have occurred and others are anticipated.

More recently, as a result of the magnitude of alleged criminal activities within the Iraqi theater, a group of Federal agencies has formalized a partnership to combine resources to investigate and prosecute cases of contract fraud and public corruption related to U.S. Government spending for Iraq reconstruction. The participating agencies in the International Contract Corruption Task Force (ICCTF) are DCIS; Army CID's Major

Procurement Fraud Unit; the Office of the Inspector General, Department of State; the FBI; the Special Inspector General for Iraq Reconstruction; and the Office of the Inspector General, Agency for International Development.

The ICCTF has established a Joint Operations Center which is a case-coordination cell and criminal intelligence element aimed at achieving maximum interagency cooperation to successfully prosecute fraud and corruption cases in support of the war effort in Iraq. The mission and objectives of the ICCTF are a shared responsibility of the participating agencies. Case information and criminal intelligence are shared without reservation and statistical accomplishments will be reported jointly. The agency heads or their designees meet regularly to collectively provide policy, direction, and oversight.

As a result of closed and ongoing investigations, five Federal criminal indictments and ten Federal criminal informations have been issued, and two Article 32 hearings under the Uniform Code of Military Justice have been conducted. As a result of the investigations, nine U.S. persons and one foreign person have been convicted of felonies, resulting in a total of approximately fifteen years of confinement and eleven years of probation. Four individuals and one company were debarred from contracting with the

U.S. Government; nineteen companies and persons were suspended from contracting; and two contractors signed settlement agreements with the U.S. Government. In all, $9.84 million was paid to the U.S. in restitution; $323,525 was levied in fines and penalties; $3,500 was forfeited; and $61,953 was seized.

Inspections and Evaluations

In conjunction with the Department of State IG, the DoD IG conducted evaluations of the police training programs in Iraq and Afghanistan in July 2005 and November 2006 respectively. These reports also identified the need for controls over accountability of equipment provided to the police forces. We have also provided a mentor to facilitate development of an IG system for the Ministries of the Interior and Defense, which supports accountability and integrity within those organizations. We have ongoing assessments of the efforts to train and develop the Inspectors General for the Iraq security forces.

Closing Comments

In closing, the DoD Inspector General has made obtaining the most accurate assessment on the accountability and control of weapons, ammunition and explosives provided to both the Afghanistan and Iraq Security Forces as one of its highest priorities. If we find shortfalls in the accountability and control of weapons, we will make appropriate recommendations and work with commanders on the ground and the senior leadership in the Department to find solutions. We also will continue to work on contracting issues to tighten up controls and strengthen processes. We will continue to work with U.S. law enforcement agencies to identify potential criminal activity for investigation and prosecution. We will identify any lessons learned and work with Department leadership and Congress to fix any systemic issues.

I look forward to your questions.

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract							Funds Management							Logistics							Other				
					Oversight	Award	Documentation	Compliance	Other			Emergency Supplemental Funds	Documentation	Correct Reporting	Compliance	Monetary Benefits	Other		Oversight	Readiness	Controls	Documentation	Inefficiencies	Lack of/Improve Guidelines	Other	Health Care	Human Capital	Other		
1	GAO	GAO-03-1088	Military Operations: Fiscal Year 2003 Obligations Are Substantial, but May Results in Less Obligations Than Expected														X													
2	GAO	GAO-03-792R	Rebuilding Iraq									X													X			X		
3	GAO	GAO-03-980T	Foreign Assistance: Observations on Post-Conflict Assistance in Bosnia, Kosovo, and Afghanistan																X		X							X		
4	GAO	GAO-04-1006	Foreign Regimes' Assets: The United States Faces Challenges in Recovering Assets, but Has Mechanisms That Could Guide Future Efforts						X								X											X		
5	GAO	GAO-04-1031	Military Personnel: DoD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues		X	X											X										X	X		
6	GAO	GAO-04-305R	Defense Logistics: Preliminary Observations on the Effectiveness of Logistics Activities during Operation Iraqi Freedom																X		X	X	X		X					
7	GAO	GAO-04-403	Afghanistan Reconstructions: Deteriorating Security and Limited Resources Have Impeded Progress; Improvements in U.S. Strategy Needed																									X		
8	GAO	GAO-04-484	Operation Iraqi Freedom: Long-standing Problems Hampering Mail Delivery need to Be Resolved																X				X		X					
9	GAO	GAO-04-559	State Department: Issues Affecting Funding of Iraqi National Congress Support Foundation														X											X		
10	GAO	GAO-04-562T	Military Propositioning Observations on Army and Marine Corps Programs During Operation Iraqi Freedom and Beyond														X			X					X					
11	GAO	GAO-04-579T	Recovering Iraq's Assets: Preliminary Observations on U.S. Efforts and Challenges														X											X		
12	GAO	GAO-04-605	Rebuilding Iraq: Fiscal Year 2003 Contract Award Procedures and Management Challenges			X			X																					
13	GAO	GAO-04-609	Defense Infrastructure: Factors Affecting U.S. Infrastructure Costs Overseas and the Development of Comprehensive Master Plans														X											X		
14	GAO	GAO-04-651T	United Nations: Observations on the Oil for Food Program		X	X																						X		
15	GAO	GAO-04-668	Military Operations: DoD'S Fiscal Year 2003 Funding and Reported Obligations in Support of the Global War on Terrorism														X													
16	GAO	GAO-04-730T	United Nations: Observations on the Management and Oversight of the Oil for Food Program						X								X													
17	GAO	GAO-04-746R	Iraq's Transitional Law																									X		
18	GAO	GAO-04-854	Military Operations: DoD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight		X				X																					
19	GAO	GAO-04-869T	Contract management: Contracting for Iraq Reconstruction and for Global Logistics Support		X	X			X																			X		
20	GAO	GAO-04-880T	United nations: Observations on the Oil for Food Program and Iraq's Food Security						X																					

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract								Funds Management								Logistics								Other			
					Oversight	Award	Documentation	Compliance	Other	Emergency Supplemental Funds	Documentation	Correct Reporting	Compliance	Monetary Benefits	Other	Oversight	Readiness	Controls	Inefficiencies	Documentation	Lack of/Improve Guidelines	Other	Health Care	Human Capital	Other
21	GAO	GAO-04-902R	Rebuilding Iraq: Resource, Security, Governance, Essential, Services, and Oversight Issues												X										X
22	GAO	GAO-04-915	Military Operations: Fiscal Year 2004 Costs for the Global War on Terrorism Will Exceed Supplemental, Requiring DoD to Shift Funds from Other Uses												X										
23	GAO	GAO-04-953T	United Nations: Observations on the Oil for Food Program and Areas for Further Investigation						X						X										X
24	GAO	GAO-05-120	Defense Health Care: Force Health Protection and Surveillance Policy Compliance Was Mixed, but Appears Better for Recent Deployments																				X		X
25	GAO	GAO-05-125	Military Pay: Gaps in Pay and Benefits Create Financial hardships for Injured Army National Guard and Reserve Soldiers																				X		X
26	GAO	GAO-05-201	Interagency Contraction: Problems with DoD's and Interior's Orders to Support Military Operations		X	X		X	X												X				
27	GAO	GAO-05-275	Defense Logistics: Actions Needed to Improve the Availability of Critical Items during Current and Future Operations			X			X							X	X				X				
28	GAO	GAO-05-280R	Defense Base Act Insurance: Review Needed of Cost and Implementation Issues						X															X	X
29	GAO	GAO-05-293	Defense Management: Processes to Estimate and Track Equipment Reconstitution Costs Can Be Improved													X					X	X			
30	GAO	GAO-05-328	Defense Logistics: High-Level DoD Coordination Is Needed to Further Improve the Management of the Army's LOGCAP Contract		X				X						X										
31	GAO	GAO-05-346T	United Nations: Oil for Food Program Audits		X				X																
32	GAO	GAO-05-392T	United Nations: Sustained Oversight Is Needed for Reforms to Achieve Lasting Results		X	X									X										
33	GAO	GAO-05-431T	Rebuilding Iraq: Preliminary Observations on Challenges in Transferring Security Responsibilities to Iraqi Military and Police														X							X	
34	GAO	GAO-05-575	Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans need to Be Better Defined						X						X										X
35	GAO	GAO-05-672	Radiological Sources In Iraq: DoD Should Evaluate its Source Recovery Effort and Apply Lessons Learned to Future Recovery Missions													X		X		X		X			
36	GAO	GAO-05-737	Rebuilding Iraq: Actions needed to Improve Use of Private Security Providers		X	X			X																
37	GAO	GAO-05-742	Afghanistan Reconstruction: Despite Some Progress, Deteriorating Security and Other Obstacles Continue to Threaten Achievement of U.S. Goals												X	X									X
38	GAO	GAO-05-775	Defense Logistics: DoD Has Begun to Improve Supply Distribution Operations, but Further Actions Are Needed to Sustain These Efforts													X		X				X			
39	GAO	GAO-05-79	Army National Guard: Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers									X			X									X	X

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract: Oversight	Contract: Award	Contract: Documentation	Contract: Compliance	Contract: Other	Funds Management: Emergency Supplemental Funds	Funds Management: Documentation	Funds Management: Correct Reporting	Funds Management: Compliance	Funds Management: Monetary Benefits	Funds Management: Other	Logistics: Oversight	Logistics: Readiness	Logistics: Controls	Logistics: Documentation	Logistics: Inefficiencies	Logistics: Lack of/Improve Guidelines	Logistics: Other	Other: Health Care	Other: Human Capital	Other: Other
40	GAO	GAO-05-819	Defense Transportation: Air Mobility Command Needs to Collect and Analyze Better Data to Assess Aircraft Utilization												X		X			X		X			X
41	GAO	GAO-05-872	Rebuilding Iraq: U.S. Water and Sanitation Efforts Need Improved Measures for Assessing Impact and Sustained Resources for Maintaining Facilities		X	X			X						X										
42	GAO	GAO-05-876	Rebuilding Iraq: Status of Funding and Reconstruction Efforts												X		X					X			
43	GAO	GAO-05-882	Global War On Terrorism: DoD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Costs									X	X		X										
44	GAO	GAO-05-932R	Rebuilding Iraq: U.S. Assistance for the January 2005 Elections												X							X			
45	GAO	GAO-06-1085	DoD Civilian Personnel: Greater Oversight and Quality Assurance Needed to Ensure Force health Protection and Surveillance for Those Deployed												X								X		
46	GAO	GAO-06-1094T	Stabilizing Iraq: An Assessment of the Security Situation																						X
47	GAO	GAO-06-1130T	Rebuilding Iraq: Continued Progress Requires Overcoming Contract Management Challenges		X		X		X																
48	GAO	GAO-06-1132	Iraq Contract Costs: DoD Consideration of Defense Contract Audit Agency's Findings						X			X			X										
49	GAO	GAO-06-134	Military Personnel: DoD Needs Action Plan to Address Enlisted Personnel Recruitment and Retention Challenges												X										X
50	GAO	GAO-06-152C	Rebuilding Iraq -- DoD Reports Should Link Economic, Governance, and Security Indicators to Conditions for Stabilizing Iraq	X																		X		X	X
51	GAO	GAO-06-160	Defense Logistics: Several Factors Limited the Production and Installation of Army Truck Armor during Current Wartime Operations			X						X										X			
52	GAO	GAO-06-179T	Rebuilding Iraq: Enhancing Security, Measuring Program Results, and Maintaining Infrastructure Are Necessary to Make Significant and Sustainable Progress												X							X			
53	GAO	GAO-06-217C	Rebuilding Iraq: DoD Reports Should Link Economic, Governance, and Security Indicators to Conditions for Stabilizing Iraq	X																					
54	GAO	GAO-06-274	Defense Logistics: Lack of Synchronized Approach between the Marine Corps and Army Affected the Timely Production and Installation of Marine Corps Truck Armor												X				X			X			
55	GAO	GAO-06-330	United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight Activities		X				X			X			X										
56	GAO	GAO-06-397	Post-Traumatic Stress Disorder: DoD Needs to Identify the Factors Its Providers Use to make Mental Health Evaluation Referrals for Service Members																				X		
57	GAO	GAO-06-428T	Rebuilding Iraq: Stabilization, Reconstruction, and Financing Challenges												X							X	X		
58	GAO	GAO-06-604T	Defense Logistics: Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps												X			X				X			

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract							Funds Management							Logistics							Other			
						Oversight	Award	Documentation	Compliance	Other		Emergency Supplemental Funds	Documentation	Correct Reporting	Compliance	Monetary Benefits	Other		Oversight	Readiness	Costs	Documentation	Inefficiencies	Lack of/Improve Guidelines		Other	Health Care	Human Capital	Other
59	GAO	GAO-06-673C	Briefing on Iraq Stabilization	X																								X	X
60	GAO	GAO-06-697T	Rebuilding Iraq: Governance, Security, Reconstruction, and Financing Challenges														X												X
61	GAO	GAO-06-711T	United Nations: Oil for Food Program Provides Lessons for Future Sanctions and Ongoing Reform			X																							
62	GAO	GAO-06-788	Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals														X												
63	GAO	GAO-06-865T	Rebuilding Iraq: Actions Still Needed to Improve the Use of Private Security Providers																										X
64	GAO	GAO-06-885T	Global War On Terrorism: Observations on Funding, Costs, and Future Commitments											X			X										X		
65	GAO	GAO-06-928R	Defense Logistics: Changes to Stryker Vehicle Maintenance Support Should Identify Strategies for Addressing Implementation Challenges																										X
66	GAO	GAO-06-953T	Rebuilding Iraq: More Comprehensive National Strategy Needed to help Achieve U.S. Goals and Overcome Challenges										X									X			X				X
67	GAO	GAO-07-120C	Operation Iraqi Freedom: Preliminary Observations on Iraqi Security Forces' Support Capabilities	X						X													X		X			X	X
68	GAO	GAO-07-144	Defense Logistics: Improved Oversight and Increased Coordination needed to Ensure Viability of the Army's Prepositioning Strategy																X			X		X					
69	GAO	GAO-07-145	Military Operations: High-Level DoD Action needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces			X				X																			
79	GAO	GAO-07-308SP	Securing Stabilizing, And Rebuilding Iraq: Key Issues for Congressional Oversight			X							X	X					X	X				X					
71	GAO	GAO-07-30R	Rebuilding Iraq-Status of DoD's Reconstruction Program																X										
72	GAO	GAO-07-377C	Defense Management: A Strategic Plan Is Needed To Guide The Joint Improvised Explosive Device Defeat Organization's Efforts To Effectively Accomplish Its Mission	X													X											X	X
73	GAO	GAO-07-385T	Securing, Stabilizing, And Rebuilding Iraq: GAO Audit Approach and Findings																X	X				X					
74	GAO	GAO-07-40	Rebuilding Iraq: Status of Competition for Iraq Reconstruction Contracts				X	X																					
75	GAO	GAO-07-426T	Rebuilding Iraq: Reconstruction Progress Hindered by Contracting, Security, and Capacity Challenges			X													X	X				X					
76	GAO	GAO-07-439T	Defense Logistics: Preliminary Observations on the Army's Implementation of Its Equipment Reset Strategies											X					X	X		X							

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract							Funds Management							Logistics							Other				
					Oversight	Award	Documentation	Compliance	Other			Documentation	Correct Reporting	Compliance	Monetary Benefits	Other			Oversight	Readiness	Controls	Documentation	Inefficiencies	Lack of/Improve Guidelines	Other	Health Care	Human Capital	Other		
77	GAO	GAO-07-444	Operation Iraqi Freedom: DoD Should Apply Lessons Learned Concerning the Need for Security over Conventional Munitions Storage Sites to Future Operations Planning																			X		X						
78	GAO	GAO-07-525T	Stabilizing And Rebuilding Iraq: Conditions in Iraq Are Conducive to Fraud, Waste and Abuse		X				X																					
79	GAO	GAO-07-582T	Operation Iraqi Freedom: Preliminary Observations on Iraqi Security Forces' Logistical Capabilities																					X						
80	GAO	GAO-07-612T	Stabilizing Iraq: Factors Impeding the Development of Capable Iraqi Security Forces																X	X		X								
81	GAO	GAO-07-637T	Stabilizing Iraq: Preliminary Observations on budget and Management Challenges of Iraq's Security Ministries														X													
82	GAO	GAO-07-639T	Operation Iraqi Freedom: DoD Should Apply Lessons Learned Concerning the Need for Security Over Conventional Munitions Storage Sites to Future Operations Planning																			X								
83	GAO	GAO-07-662R	Defense Logistics: Army and Marine Corps's Individual Body Armor System Issues																						X					
84	GAO	GAO-07-677	Rebuilding Iraq: Integrated Strategic Plan Needed to Help Restore Iraq's Oil and Electricity Sectors														X								X					
85	GAO	GAO-07-699	Military Operations: The Department of Defense's Use of Solatia and Condolence Payments in Iraq and Afghanistan										X	X																
86	GAO	GAO-07-71C	Operation Iraqi Freedom: DoD Should Apply Lessons Learned Concerning the Need for Security Over Conventional Munitions Storage Sites to Future Operations Planning	X															X		X			X	X				X	
87	GAO	GAO-07-759	Defense Acquisitions: Analysis of Processes Used to Evaluate Active Protection Systems			X		X																						
88	GAO	GAO-07-76	Global War On Terrorism: Fiscal Year 2006 Obligation Rates Are Within Funding Levels and Significant Multiyear Procurement Funds Will Likely Remain Available for Use in Fiscal year 2007								X	X																		
89	GAO	GAO-07-78	Afghanistan Drug Control: Despite Improved Efforts, Deterioration Security Threatens Success of U.S. Goals																										X	
90	GAO	GAO-07-783R	Global War on Terrorism: Reported Obligations for the Department of Defense											X																
91	GAO	GAO-07-801SP	Securing, Stabilizing, And Reconstructing Afghanistan: Key Issues for Congressional Oversight																X				X							
92	GAO	GAO-07-827T	Stabilizing And Rebuilding Iraq: Coalition Support and International Donor Commitments																						X					

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract Oversight	Contract Award Documentation	Contract Compliance	Contract Other	Funds Management Emergency Supplemental Funds	Funds Management Documentation	Funds Management Correct Reporting	Funds Management Compliance	Funds Management Monetary Benefits	Funds Management Other	Logistics Oversight	Logistics Readiness	Logistics Controls	Logistics Documentation	Logistics Inefficiencies	Logistics Lack of/Improve Guidelines	Logistics Other	Other Health Care	Other Human Capital	Other Other
93	GAO	GAO-07-832T	Defense Acquisitions: Improved Management and Oversight needed to Better Control DoD's Acquisition of Services		X	X																		
94	GAO	GAO-07-836	Unmanned Aircraft Systems: Advance Coordination and Increased Visibility Needed to Optimize Capabilities																	X				
95	GAO	GAO-07-839	Defense Contract Management: DoD's Lack of Adherence to Key Contracting Principles on Iraq Oil Contract Put Government Interests at Risk			X	X																	
96	GAO	GAO-07-853C	Military Readiness: DoD Needs to Set Forth an Action Plan, with Measurable Results, to Improve Army and Marine Corps Unit Readiness	X												X							X	X
97	GAO	GAO-07-906R	GAO Findings and Recommendations Regarding DoD and VA Disability Systems																			X		
98	DoD IG	01/18/2007 DoD IG Testimony	Audit of Reconstruction and Support Activities in Iraq												X									
99	DoD IG	03/20/2007 DoD IG Testimony	Combating War Profiteering: Are We Doing Enough to Investigate and Prosecute Contracting Fraud and Abuse in Iraq												X									
100	DoD IG	04/24/2007 DoD IG Testimony	Investigations by the Office of the Inspector General, Department of Defense, Concerning the Death of Corporal Patrick Tillman and the Rescue of Private First Class Jessica Lynch															X						
101	DoD IG	06/19/2007 DoD IG Testimony	War Profiteering and Other Contractor Crimes Committed Overseas												X									
102	DoD IG	06/21/2007 DoD IG Testimony	Trafficking in Persons																	X				
103	DoD IG	10/18/2005 DoD IG Testimony	Iraq Reconstruction, Governance and Security Oversight												X									
104	DoD IG	D-2003-028	Summary Report on Homeland Defense, Chemical/Biological Defense, and Other Matters Related to Counter-Terrorist Military Operations	X												X					X			
105	DoD IG	D-2003-070	DoD Involvement in Export Enforcement Activities (FOUO)														X			X				
106	DoD IG	D-2004-045	Coalition Support Funds	X							X		X		X									
107	DoD IG	D-2004-057	Contracts Awarded for the Coalition Provisional Authority by the Defense Contracting Command - Washington		X	X	X																	
108	DoD IG	D-2004-086	Management of Marine Corps Enlisted Personnel Assignments in Support of Operation Iraqi Freedom																				X	
109	DoD IG	D-2004-090	Defense Hotline Allegations Concerning C 130 Aircraft Use in the U.S. Central Command Area of Responsibility	X														X						
110	DoD IG	D-2005-024	DoD Management of Navy Senior Enlisted Personnel Assignments in Support of Operation Iraqi Freedom																				X	
111	DoD IG	D-2005-045	Emergency Supplemental Funding for the Defense Logistics Agency (FOUO)						X	X	X													

	Agency	Report #	Titles	Classified	Contract						Funds Management							Logistics							Other			
					Oversight	Award	Documentation	Compliance	Other	Emergency Supplemental Funds	Documentation	Correct Reporting	Compliance	Monetary Benefits	Other	Oversight	Readiness	Controls	Documentation	Inefficiencies	Lack of/Improve Guidelines	Other	Health Care	Human Capital	Other
112	DoD IG	D-2005-053	FY 2004 Emergency Supplemental Funding for the Defense Information Systems Agency (FOUO)							X	X	X													
113	DoD IG	D-2005-095	DoD Patient Movement System																				X		
114	DoD IG	D-2006-007	Contracts Awarded to Assist the Global War on Terrorism by the U.S. Army Corps of Engineers			X									X										
115	DoD IG	D-2006-010	Contract Surveillance for Service Contracts		X		X	X																	
116	DoD IG	D-2007-001	Information Operations Activities in Southwest Asia	X	X	X	X	X																	
117	DoD IG	D-2007-010	The Army Small Arms Program that Relates to Availability, Maintainability, and Reliability of the Small Arms Support for the Warfighter														X	X			X				
118	DoD IG	D-2007-030	Management of the Iraq Security Forces Fund in Southwest Asia - Phase I							X			X												
119	DoD IG	D-2007-049	Equipment Status of Deployed Forces Within the U.S. Central Command	X													X								
120	DoD IG	D-2007-060	Management of the Iraq Security Forces Fund in Southwest Asia - Phase II							X			X												
121	DoD IG	D-2007-064	Implementation of the Commanders' Emergency Response Program in Afghanistan															X	X						
122	DoD IG	D-2007-090	Managing Prepositioned Munitions in the U.S. European Command																			X			
123	DoD IG	D-2007-105	United States Transportation Command Compliance with DoD Policy on the Use of Commercial Sealift																			X			
124	DoD IG	D-2007-107	Procurement Policy for Armored Vehicles			X																			
125	AAA	A-2004-0093-IME	Installation Preparedness for Weapons of Mass Destruction														X	X		X	X				
126	AAA	A-2004-0156-IMU	Operation Enduring Freedom--Logistics Civil Augmentation Program				X											X							
127	AAA	A-2004-0243-IMU	Operation Enduring Freedom--Base Camp Construction And Master Plan											X				X			X				
128	AAA	A-2004-0271-IMU	Observations of Mine Clearing Operations Made At Bagram Airfield, Afghanistan																	X	X				
129	AAA	A-2004-0305-FFG	Time Sensitive Report, Audit of Vested And Seized Assets, Operation Iraqi Freedom															X			X				
130	AAA	A-2004-0438-AML	Definitization of Task Orders - Audit of Logistics Civil Augmentation Program						X										X	X					
131	AAA	A-2004-0463-FFC	Supplemental Funds And Cash Flow							X	X	X	X		X										
132	AAA	A-2005-0043-ALE	Logistics Civil Augmentation Program in Kuwait		X		X							X				X			X				
133	AAA	A-2005-0078-FFG	Coalition Provisional Authority Travel Process																					X	
134	AAA	A-2005-0095-FFG	Vested and Seized Assets, Operation Iraqi Freedom															X	X		X				
135	AAA	A-2005-0098-FFH	Medical Funding for the Global War on Terrorism								X	X	X		X								X		
136	AAA	A-2005-0142-FFE	Chemical, Biological and Nuclear Survivability Testing for Army Systems													X		X	X		X				
137	AAA	A-2005-0150-FFE	Contracting for Installation Preparedness																		X				
138	AAA	A-2005-0168-ALE	Theater Distribution Capabilities—Operation Iraqi Freedom																		X				
139	AAA	A-2005-0172-ALE	Functionality of Logistics Automated Systems—Operation Iraqi Freedom																	X					
140	AAA	A-2005-0173-ALE	Commanders' Emergency Response Program and Quick Response Fund								X	X	X												

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract Oversight	Contract Award	Contract Documentation	Contract Compliance	Contract Other	Funds Management Emergency Supplemental Funds	Funds Management Documentation	Funds Management Correct Reporting	Funds Management Compliance	Funds Management Monetary Benefits	Funds Management Other	Logistics Oversight	Logistics Readiness	Logistics Controls	Logistics Documentation	Logistics Inefficiencies	Logistics Lack of/Improve Guidelines	Other	Other Health Care	Other Human Capital	Other Other
141	AAA	A-2005-0177-ALS	Internal Controls Over Cargo Container Payments: Military Surface Deployment and Distribution Command												X										X
142	AAA	A-2005-0194-ALA	Program Management in Support of Iraq Reconstruction		X	X												X							
143	AAA	A-2005-0197-ALE	Asset Visibility and Container Management—Operation Iraqi Freedom															X	X		X				
144	AAA	A-2005-0206-FFG	Validation of the Statement of Accountability, Attestation of Disbursing Station Symbol Number 8551, 336th Finance Command, Camp Arifjan, Kuwait																						X
145	AAA	A-2005-0243-FFP (FOUO)	TBD - Title Pending Army Classification Review																						
146	AAA	A-2005-0250-ALE	Class IX Spare Parts—Operation Iraqi Freedom														X				X				
147	AAA	A-2005-0264-FFP	Military Pay in Support of Operation Enduring Freedom/Operation Iraqi Freedom								X														
148	AAA	A-2005-0332-ALE	Followup Audit of the Commanders' Emergency Response Program and Quick Response Fund									X	X		X										
149	AAA	A-2005-0490-FFG	Civilian Pay in Support of OEF/OIF																						
150	AAA	A-2006-0018-ALL	Logistics Civil Augmentation Program Support Unit Training				X		X																
151	AAA	A-2006-0022-ALL	Logistics Civil Augmentation Program		X	X			X																
152	AAA	A-2006-0038-FFM (FOUO)	Reserve Component Pay-OIF/OEF (FOUO)																						
153	AAA	A-2006-0046-ALA	Fund Accountability for Fiscal Year 2004 Iraq Relief and Reconstruction Funds								X	X		X											
154	AAA	A-2006-0047-ALL	Base Closure Process in the Iraq Area of Operations												X				X						
155	AAA	A-2006-0063-ALR	Increasing Safety Levels for Spare Parts												X		X								
156	AAA	A-2006-0067-FFM	Military Pay for Operation Enduring Freedom/ Operation Iraqi Freedom - Active Component								X				X										
157	AAA	A-2006-0077-ALE	Reconstitution—General Support Maintenance Within U.S. Army, Europe and Seventh Army								X	X	X	X											
158	AAA	A-2006-0081-ALL	Unliquidated Obligations, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom						X						X										
159	AAA	A-2006-0083-ALL	Retrograde Operations (Task Order 87), Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom				X	X																	
160	AAA	A-2006-0090-ALE	Followup Audit II of the Commanders' Emergency Response Program and Quick Response Fund								X														
161	AAA	A-2006-0091-ALL	Management of the Theater Transportation Mission (Task Order 88), Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom						X																

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract Oversight	Contract Award	Contract Documentation	Contract Compliance	Contract Other	Funds Management Documentation	Funds Management Emergency Supplemental Funds	Funds Management Correct Reporting	Funds Management Compliance	Funds Management Monetary Benefits	Funds Management Other	Logistics Oversight	Logistics Readiness	Logistics Controls	Logistics Documentation	Logistics Inefficiencies	Logistics Lack of/Improve Guidelines	Logistics Other	Other Health Care	Other Human Capital	Other Other
162	AAA	A-2006-0099-ALL	Program Management in the Iraq Area of Operations, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom		X																				
163	AAA	A-2006-0158-ALL	Class IX (Aviation) Warehouse Staffing, Camp Anaconda, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom											X		X						X			
164	AAA	A-2006-0168-ALL	Prime Vendor Contract, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom		X											X			X			X			
165	AAA	A-2006-0188-ALL	Asset Visibility in Support of Operation Iraqi Freedom and Operation Enduring Freedom															X	X	X	X				
166	AAA	A-2006-0233-ALL	Clothing Issue Facilities, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom						X					X					X	X		X			
167	AAA	A-2006-0237-ALE	Funding Reset of Aviation Assets in Europe										X		X										
168	AAA	A-2006-0246-ALL	Cost-Effectiveness of Transitioning Task Order 66-Kuwait Naval Base Camp Support From Contingency to Sustainment contracting, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom-Phase II (Kuwait)			X	X	X						X											
169	AAA	A-2006-0253-ALL	Cost-Effectiveness of Transitioning the General Support Supply Activity (Task Order 87) From contingency to Sustainment contracting, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom		X									X											
170	AAA	A-2006-0254-ALL	Procedures for Transferring Property During the Base Closure Process in Support of Operation Iraqi Freedom															X				X			
171	AAA	A-2007-0005-FFP	Logistics Support for Operation Enduring Freedom-Philippines		X									X		X				X					
172	AAA	A-2007-0011-ALL	Nontactical Vehicle Usage in the Iraq Area of Operations, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom		X		X							X											
173	AAA	A-2007-0015-ALE	Maintenance of Left Behind Equipment in U.S. Army, Europe and Seventh Army											X			X		X						
174	AAA	A-2007-0019-ALL	Distribution Functions, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom		X									X											
175	AAA	A-2007-0033-FFH	Medical Funding for the Global War on Terrorism									X	X	X									X		
176	AAA	A-2007-0039-FFP	Global War on Terrorism Supplemental Funding									X	X	X	X								X		
177	AAA	A-2007-003-FFD	Army Force Availability for Response to Domestic WMD Event	X																					
178	AAA	A-2007-0040-ALL	Audit of Procedures for Managing the Overaged Reparable Items List at the Tactical Wheeled Vehicle Refurbished Center				X	X																	

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract: Oversight	Contract: Award	Contract: Documentation	Contract: Compliance	Contract: Other	Funds Management: Emergency Supplemental Funds	Funds Management: Documentation	Funds Management: Correct Reporting	Funds Management: Compliance	Funds Management: Monetary Benefits	Funds Management: Other	Logistics: Oversight	Logistics: Readiness	Logistics: Controls	Logistics: Documentation	Logistics: Ineffectiveness	Logistics: Lack of/Improve Guidelines	Other: Other	Other: Health Care	Other: Human Capital	Other: Other
179	AAA	A-2007-0052-ALE	Reconstitution—Direct Support and Below Maintenance in U.S. Army, Europe and Seventh Army												X	X	X	X			X				
180	AAA	A-2007-0053-ALE	Reconstitution—Supply Management Operations in U.S. Army, Europe and Seventh Army											X				X	X						
181	AAA	A-2007-0061-ALL	Asset Visibility in Support of Operation Iraqi Freedom and Operation Enduring Freedom													X	X	X	X		X				
182	AAA	A-2007-0071-ALE	Reconstitution of Secondary Items														X	X	X						
183	AAA	A-2007-0075-ALL	Asset Visibility in Support of Operation Iraqi Freedom and Operation Enduring Freedom											X			X		X						
184	AAA	A-2007-0088-ALE (FOUO)	Reset of Aviation Assets; U.S. Army Aviation and Missile Life Cycle Management Command																						
185	AAA	A-2007-0093-ALL	Cost-Effectiveness of Transitioning Selected Functions Performed at the Theater Distribution Center (Task Order 87) From Contingency to Sustainment Contracting. Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom			X	X		X												X				
186	AAA	A-2007-0095-FFH	FY 06 Supplemental Funding for the Global War on Terrorism									X	X	X	X								X		
187	AAA	A-2007-0103-FFP (FOUO)	TBD - Title Pending Army Classification Review																						
188	AAA	A-2007-0104-AII	Cost-Effectiveness of Transitioning Work Under the Logistics Civil Augmentation Program Contingency Contract to Sustainment Contracting. Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom			X			X						X										
189	AAA	A-2007-0118-FFP (FOUO)	TBD - Title Pending Army Classification Review																						
190	AAA	A-2007-0126-AII	Asset Visibility in Support of Operation Iraqi Freedom and Operation Enduring Freedom-Army Reserve Equipment															X	X		X				
191	AAA	A-2007-0131-ALA	Rapid Equipping Force Initiative													X			X	X	X				
192	AAA	A-2007-0139 (FOUO)	TBD - Title Pending Army Classification Review																						
193	AAA	A-2007-0143-ALE (FOUO)	TBD - Title Pending Army Classification Review																						
194	AAA	A-2007-0149-ALL	Audit of the Army's Theater Linguist Program in Afghanistan, Operation Enduring Freedom		X			X						X											X
195	AAA	A-2007-0172-FFP	TBD - Title Pending Army Classification Review	X																					
196	AAA	A-2007-0177-FFD (FOUO)	TBD - Title Pending Army Classification Review																						
197	AAA	A-2007-0184-FFM	Civilian Pay in Support of Operation Enduring Freedom and Operation Iraqi Freedom												X										

Summary of OIF and OEF Reports and Testimony

	Agency	Report #	Titles	Classified	Contract						Funds Management							Logistics							Other			
					Oversight	Award	Documentation	Compliance	Other		Emergency Supplemental Funds	Documentation	Correct Reporting	Compliance	Monetary Benefits	Other		Oversight	Readiness	Controls	Documentation	Inefficiencies	Lack of/Improve Guidelines	Other		Health Care	Human Capital	Other
198	AAA	A-2007-0190-ALM (FOUO)	TBD - Title Pending Army Classification Review																									
199	AF	F2004-0060-FDE000	Small Arms 379th Air Expeditionary Wing Al Udeid AB, Qatar															X	X	X	X		X					
200	AF	F2005-00058-FDE000	Equipment Accountability 380th Air Expeditionary Wing Al Dhafra AB, United Arab Emirates																X	X	X		X					
201	AF	F2005-0011-FB1000	Global War on Terrorism Funds Management									X	X	X														
202	AF	F2005-0035-FDE000	Blanket Purchase Agreements 1st Expeditionary Red Horse Group Al Udeid AB, Qatar		X		X		X																			
203	AF	F2005-0043-FDE000	Equipment Accountability 379th Air Expeditionary Wing Al Udeid AB, Qatar																	X	X		X					
204	AF	F2005-0053-FDE000	Blanket Purchase Agreements 380th Air Expeditionary Wing Al Dhafra AB, United Arab Emirates		X		X	X																				
205	AF	F2006-0006-FD3000	Central Command Air Forces Deployed Locations Cash Management									X	X			X												
206	AF	F2006-0007-FD3000	Central Command Air Forces Deployed Locations Blanket Purchase Agreements		X				X				X			X												
207	AF	F2007-0004-FC4000	Deployed Assets															X			X		X	X				
208	AF	F2007-0005-FD3000	Central Command Air Forces Deployed Locations Services Contract Management		X										X													
209	AF	F2007-0006-FD3000	Central Command Air Forces Deployed Locations Ground Fuels Management									X	X			X												
210	AF	F2007-0006-FD4000	Civilian Deployments																					X				
211	AF	F2007-0007-FD3000	Theater Battle Management Core System-Unit Level													X					X	X	X	X				
212	AF	F2007-0008-FD3000	Central Command Air Forces Deployed Locations Government-Wide Purchase Card Program										X			X												
	Total within categories				35	21	16	11	31		7	26	22	13	18	55		32	23	27	30	15	34	35		12	11	37

Total

GAO 97
DoD 127
AAA 74
AF 14
Total 212

Contract = 56
Financial = 82
Logistics = 91
Other =46

Completed DoD IG Projects
(as of September 14, 2007)

	Projects Listing	Area	Date Report Issue	Functional Area Covered
Completed Projects				
1	Research of the Controls Over the Management of Contractors (D2007-D000LA-0198.000).	OIF/OEF	N/A	Contract Administration
2	Procurement Policy for Armored Vehicles (Report No. D-2007-107).	OIF/OEF	27-Jun-07	Procurement
3	United States Transportation Command Compliance with DoD Policy on the Use of Commercial Sealift (Report No. D-2007-105)	OIF	21-Jun-07	Transportation
4	Antideficiency Act Investigation of the Operation and Maintenance Appropriation Accounts 2142020 and 2152020 (D2005-D000FD-0300.000).	OIF	April 2007 to General Counsel	Financial Management
5	Managing Prepositioned Munitions in the U.S. European Command (Report No. D-2007-090)	OIF/OEF	3-May-07	Readiness
6	Audit Research on DoD Contracts Awarded to Parsons Corporation and its Subsidiaries (D2006-D000CK-0273.000).	OIF	N/A	Contract Administration
7	Implementation of the Commanders' Emergency Response Program in Afghanistan (Report No. D-2007-064)	OEF	28-Feb-07	Financial Management
8	Management of the Iraq Security Forces Fund in Southwest Asia - Phase II (Report No. D-2007-060)	OIF	12-Feb-07	Financial Management
9	Equipment Status of Deployed Forces Within the U.S. Central Command (Report No. D-2007-049)	OIF/OEF	26-Jan-07	Forces Management
10	Management of the Iraq Security Forces Fund in Southwest Asia - Phase I (Report No. D-2007-030)	OIF	8-Dec-06	Financial Management
11	The Army Small Arms Program that Relates to Availability, Maintainability, and Reliability of the Small Arms Support for the Warfighter (Report No. D-2007-010)	OIF	2-Nov-06	Forces Management and & Maintenance and Repair of Equipment
12	Information Operations Activities in Southwest Asia (Report No. D-2007-001)	OIF	6-Oct-06	Information Operations
13	Contract Surveillance for Service Contracts (Report No. D-2006-010)	OIF	28-Oct-05	Contract Management
14	Contracts Awarded to Assist the Global War on Terrorism by the U.S. Army Corps of Engineers (Report No. D-2006-007)	OIF/OEF	14-Oct-05	Contract Administration
15	DoD Patient Movement System (Report No. D-2005-095)	OIF/OEF	27-Jul-05	Health Care
16	FY 2004 Emergency Supplemental Funding for the Defense Information Systems Agency (FOUO) (Report No. D-2005-053)	OIF/OEF	9-May-05	Financial Management
17	Emergency Supplemental Funding for the Defense Logistics Agency (FOUO) (Report No. D-2005-045)	OIF/OEF	29-Apr-05	Financial Management
18	DoD Management of Navy Senior Enlisted Personnel Assignments in Support of Operation Iraqi Freedom (Report No. D-2005-024)	OIF	15-Dec-04	Human Capital
19	Defense Hotline Allegations Concerning C 130 Aircraft Use in the U.S. Central Command Area of Responsibility (Report No. D-2004-090)	OIF	17-Jun-04	Readiness / Human Capital
20	Management of Marine Corps Enlisted Personnel Assignments in Support of Operation Iraqi Freedom (Report No. D-2004-086)	OIF	16-Jun-04	Human Capital
21	Contracts Awarded for the Coalition Provisional Authority by the Defense Contracting Command - Washington (Report No. D-2004-057)	OIF	18-Mar-04	Contract Management
22	Coalition Support Funds (Report No. D-2004-045)	OIF/OEF	16-Jan-04	Financial Management
23	DoD Involvement in Export Enforcement Activities (FOUO) (Report No. D-2003-070)	OIF/OEF	28-Mar-03	Export Controls
24	Summary Report on Homeland Defense, Chemical/Biological Defense, and Other Matters Related to Counter-Terrorist Military Operations (Report No. D-2003-028)	OIF/OEF	25-Nov-02	Readiness

On-Going DoD IG Projects
(as of September 14, 2007)

	Projects Listing	Area	Date Started
On-Going Projects			
1	**Internal Controls and Data Reliability in the Deployable Disbursing System (D2007-D000FL-0252.000).** The DoD OIG is evaluating whether the internal controls over transactions processed through the Deployable Disbursing System are adequate to ensure the reliability of the data processed. This audit will include financial information processed by disbursing stations supporting the Global War on Terror and will also follow up on our "Internal Controls Over Out-of-Country Payments." (D2006-D000FL-0208.000). The DoD OIG began the audit during the 4th Quarter of FY 2007.	OIF/OEF	31-Aug-07
2	**Contingency Construction Contracting Procedures Implemented by the Joint Contracting Command-Iraq/Afghanistan (D2007-D000LQ-0261.000)** The DoD OIG is reviewing the efficiency of contingency construction contracting procedures implemented by the Joint Contracting Command-Iraq/Afghanistan in the Afghanistan Area of Operations. Specifically, we will review the effectiveness of practices related to solicitation, award, quality assurance, oversight, and final acceptance of the construction projects. The DoD OIG began the audit during the 4th Quarter of FY 2007.	OIF/OEF	28-Aug-07
3	**Summary of Issues Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007 (D2007-D000XA-0249.000).** The DoD OIG is summarizing contract, funds management, and other accountability issues identified in audit reports and testimonies that discuss mission critical support to Operations Iraqi Freedom and Enduring Freedom. Major oversight organizations include the Government Accountability Office, the Department of Defense Office of Inspector General, the Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the Special Inspector General for Iraq Reconstruction. The DoD OIG began the project during the 4th Quarter of FY 2007.	OIF/OEF	22-Aug-07
4	**Defense Hotline Allegations Concerning Contracts Issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Armaments, Ground Systems Division (D2007-D000CK-0256.000).** We are initiating this audit in response to Defense Hotline allegations. The overall objective is to review the allegations to the Defense Hotline concerning contracts issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Armaments, Ground Systems Division. Specifically, we will determine whether contract award and administrative procedures were in compliance with Federal and DoD policy. The DoD OIG began the audit during the 4th Quarter of FY 2007.	OIF/OEF	17-Aug-07
5	**Controls Over the Contractor Common Access Card Life Cycle (D2007-D000LA-0199.001).** The DoD OIG is reviewing whether controls over Common Access Cards provided to contractors are in place and work as intended. Specifically, we will evaluate whether DoD officials (a) issue Common Access Cards to contractors, (b) verify the continued need for contractors to possess Common Access Cards, and (c) revoke or recover Common Access Cards from contractors in accordance with DoD policies and procedures. This project was derived as a result of preliminary issues identified during research of on common access cards policies and procedures. The DoD OIG began the audit during the 4th Quarter of FY 2007.	OIF/OEF	14-Aug-07
6	**Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan (D2007-D000IG-0239.000).** The DoD OIG is evaluating whether the controls over the distribution of conventional military arms, ammunition, and explosives provided to the security forces of Iraq and Afghanistan are adequate. Specifically, we will determine the effectiveness and efficiency of the DoD management of security, accountability and visibility, transportation, storage, contracting support and host nation support for the distribution of conventional military arms, ammunition, and explosives. The DoD OIG began the assessment during the 4th Quarter of FY 2007.	OIF/OEF	27-Jul-07
7	**Procurement And Delivery Of Joint Service Armor Protected Vehicles (D2007-D000CK-0230.000)** The DoD OIG is reviewing whether the Mine Resistant Ambush Protected (MRAP) vehicle program office is effectively procuring armored vehicles in accordance with the Federal Acquisition Regulation and DoD requirements. Specifically, we will review MRAP program administration to determine whether the program office is taking appropriate actions to accelerate vehicle delivery to users. In addition, we will review the Services' requirements for MRAP and High Mobility Multipurpose Wheeled Vehicles. The DoD OIG began the audit during the 4th Quarter of FY 2007	OIF/OEF	13-Jul-07
8	**Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Trust Fund (D2007-D000FD-0198.000).** The DoD OIG is evaluating whether funds appropriated for the security, reconstruction, and assistance of Afghanistan and Iraq and processed through the Foreign Military Sales Trust Fund are being properly managed. We will also review whether the transfer of appropriated funds from the Army's accounts into the Foreign Military Sales Trust Fund was properly authorized, accounted for, and used for the intended purpose. We will also evaluate whether Foreign Military Financing funds granted to Afghanistan and Iraq are properly accounted for and used for their intended purpose. In addition, we will evaluate whether the appropriated funds are properly reported in DoD financial reports. The DoD OIG began the audit during the 3rd Quarter of FY 2007.	OIF/OEF	19-Jun-07
9	**Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts (D2007-D000CK-0201.000).** The DoD OIG is reviewing whether DoD Components followed requirements for using operations and maintenance funds for Global War on Terror (GWOT) military construction. Specifically, we will evaluate whether DoD followed proper procedures for administering, executing, and reporting the use of operations and maintenance funds on GWOT military construction contracts. The DoD OIG began the audit during the 3rd Quarter of FY 2007.	OIF	19-Jun-07

On-Going DoD IG Projects
(as of September 14, 2007)

	Projects Listing	Area	Date
10	**Marine Corps' Management of the Recovery and Reset Programs (D2007-D000LD-0129.000).** The DoD OIG is evaluating whether the effectiveness of the Marine Corps' Recovery and Reset Programs for selected equipment. Specifically, we will review how the Marine Corps met its equipment requirements through the Reset and Recovery Programs, whether it effectively repaired or replaced selected equipment, and whether the Marine Corps used funds for their intended purpose. The DoD OIG began the audit during the 3rd Quarter of FY 2007 and expects to publish a final report in the 2nd Quarter of FY 2008.	OIF/OEF	13-Apr-07
11	**Contractor Support To The Joint Improvised Explosive Device Defeat Organization In Afghanistan (D2007-D000LQ-0173.000)** The DoD OIG is evaluating whether Wexford Group International and any other contractor performed services outside the scope of the contract relating to activities of the Improvised Explosive Device and Asymmetric Warfare in support of the Joint Improvised Explosive Device Defeat Organization. In addition, we will review whether contractors operated within applicable laws and regulations. The DoD OIG began the audit in the 3rd Quarter of FY 2007 and expects to publish a final report in the 1st Quarter of FY 2008.	OEF	9-Apr-07
12	**Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund (D2007-D000LQ-0161.000).** We plan a series of reviews related to this issue. Specifically, in Phase I, we will review distribution of the Afghanistan Security Forces Fund (ASFF) appropriations from OMB through the USD(C) and ASA(FM&C) to the Defense Security Cooperation Agency (DSCA) complied with the provisions of Public Laws 109-13, 109-234, and 109-289 (including 32 provisions concerning management and use of the ASFF). In Phase II, we will review whether obligations recorded for ASFF were made in accordance with legislative intent and applicable appropriations law. The DoD OIG began Phase I of this review in the 2nd Quarter of FY 2007 and issued a draft report on August 24, 2007. The DoD OIG expects to publish a final report in the 1st Quarter of FY 2008. The DoD OIG began Phase II of the review during the 4th Quarter FY 2007	OEF	14-Mar-07
13	**Defense Hotline Allegations Concerning the Biometric Identification System for Access Omnibus Contract (D2007-D000AS-0157.000).** The DoD OIG is conducting this Defense Hotline request to review allegations made to the Defense Hotline concerning the acquisition of the Biometric Identification System (a system employed in Iraq) for Access Omnibus contract under the Army's Strategic Services Sourcing contract vehicle . Specifically, we will determine whether source selection procedures were conducted in compliance with Federal and DoD policy. The DoD OIG began the audit in the 2nd Quarter of FY 2007.	OIF	6-Mar-07
14	**Internal Controls over Air Force General Funds Cash and Other Monetary Assets (D2007-D000FD-0145.000).** The DoD OIG is reviewing whether internal controls over Air Force General Funds Cash and Other Monetary Assets are effectively designed and operating to adequately safeguard, account for, and report Cash and Other Monetary Assets. The SWA portion of the project is going to be deferred until around January 2008 due to IG Munitions Assessment in the AOR. the team plans to issue a report addressing the cash controls at locations other than SWA locations will be issued The DoD OIG began the audit during the 3rd Quarter FY 2007.	OIF/OEF	5-Mar-07
15	**Internal Controls over Navy General Fund, Cash and Other Monetary Assets Held Outside the Continental United States (D2007-D000FN-0142.000).** The DoD OIG is reviewing whether internal controls over Department of the Navy General Fund, Cash, and Other Monetary Assets held outside of the continental United States are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. The audit team anticipates traveling to Iraq during the 4th Quarter of FY 2007. The DoD OIG began the audit during the 3rd Quarter FY 2007.	OIF/OEF	27-Feb-07
16	**Management of the Iraq Security Forces Fund - Phase III (D2007-D000LQ-0141.000).** The DoD OIG is conducting the third of a three-phase review. The first phase addressed the distribution of funds, the second phase addressed the obligation of funds, and the third phase will evaluate whether the goods and services purchased for Iraq Security Forces were properly accounted for and whether the delivery of goods and services were properly made to the Iraq Security Forces. The DoD IG began the audit during the 2nd Quarter of FY 2007 and expects to issue a draft report during the 1st Quarter of FY 2008.	OIF	15-Feb-07
17	**Internal Controls over Army Cash and Other Monetary Assets Held outside of the United States (D2007-D000FP-0122.000).** The DoD OIG is reviewing whether internal controls for Army General Fund, Cash and Other Monetary Assets held outside continental United States are effectively designed and operating to adequately safeguard, account, and report Cash and Other Monetary assets. On February 27, 2007, the audit was reannounced to clarify the scope of the project. The SWA portion of the project is going to be deferred until around January 2008 due to IG Munitions Assessment in the AOR. The team plans to issue a report addressing the cash controls at locations other than SWA locations will be issued. The DoD OIG began the audit during the 3rd Quarter of FY 2007.	OIF/OEF	9-Feb-07

On-Going DoD IG Projects
(as of September 14, 2007)

	Projects Listing	Area	Date
18	**DoD Training for U.S. Ground Forces Supporting Operation Iraqi Freedom (D2007-D000LH-0108.000).** We plan a series of reviews related to this issue. The DoD OIG is reviewing whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) are receiving training necessary to meet operational requirements. The DoD OIG will evaluate whether requirements reflect the training necessary in the area of operation and verify whether ground forces receive required training. In addition, we will evaluate whether training meets the needs of ground forces supporting OIF. Specifically, in Phase I, DoD OIG will review the use of observers and controllers in preparing Army units for deployment; in Phase II the DoD OIG will review equipment levels at Combat Training Centers and Mobilization Centers; and in Phase III the DoD OIG will review increased theater-specific training requirements and how that training is executed at Combat Training Centers. The DoD OIG began Phase I of this review during the 2nd Quarter of FY 2007. The DoD OIG began Phase II and III of this review during the 3rd Quarter of FY 2007.	OIF	5-Jan-07
19	**Hiring Practices of the Coalition Provisional Authority in Iraq (D2007-D000LC-0051.000).** The DoD OIG is conducting this congressionally requested audit to evaluate the hiring practices that DoD used to staff personnel to the provisional authorities supporting the Iraqi government from April 2003 to June 2004. Specifically, we will review the process DoD used to assign personnel to the Office of Reconstruction and Humanitarian Assistance (ORHA) and the Coalition Provisional Authority (CPA) in Iraq. The DoD OIG began the audit during the 1st Quarter of FY 2007 and expects to publish a final report in the 1st Quarter of FY 2008.	OIF	14-Dec-06
20	**Supplemental Funds Used for Medical Support for the Global War on Terror (D2007-D000LF-0032.000).** The DoD OIG is evaluating whether the supplemental funds for the medical mission were properly justified and sufficient controls on their use were implemented as directed by Department of Defense and Military Department guidelines. Initially, the DoD OIG will focus on the Defense Health Program portion of supplemental funding for the medical organizations that supported medical backfill and pre and post-deployment. The DoD OIG began the audit during the 1st Quarter of FY 2007 and expects to publish a final report in the 1st Quarter of FY 2008	OIF/OEF	30-Nov-06
21	**Procurement, Distribution, and Use of Body Armor in DoD (D2007-D000LA-0054.000).** The DoD OIG is conducting this congressionally requested audit to evaluate DoD procurement history and practices for obtaining body armor and the effect that the Army's decision to ban the use of personally purchased body armor has on the safety of service members. The DoD OIG began the audit during the 1st Quarter of FY 2007 and expects to publish a final report in the 1st Quarter of FY 2008.	OIF/OEF	9-Nov-06
22	**DoD Support to the NATO International Security Assistance Force (D2007-D000LA-0016.000)** The DoD OIG is evaluating DOD support to the North Atlantic Treaty Organization International Security Assistance Force in Afghanistan. Specifically, we will review DoD support in areas that include, but are not limited to, training, communications, and interoperability. The DoD OIG began the audit during the 1st Quarter of FY 2007 and issued a draft report on July 27, 2007. The DoD OIG expects to publish a final report in the 4th Quarter of FY 2007.	OEF	8-Dec-06
23	**Potable and Nonpotable Water in Iraq (D2006-D000LQ-0254.000).** The DoD OIG is conducting this congressionally requested audit to evaluate the contractor's water quality testing processes for effectiveness and determine whether the internal controls set up for providing safe nonpotable water ensures protection of U.S. forces in Iraq. The DoD OIG expanded the scope of the audit and will determine whether the processes for providing potable and nonpotable water to U.S. forces are adequate. The DoD OIG Southwest Asia field office in Qatar performed the audit. The DoD OIG began the audit during the 1st Quarter of FY 2007. At the request of the Senate Armed Services Committee, we agreed to perform additional audit work. The DoD OIG expects to issue the final report in the 1st Quarter of FY 2008	OIF	5-Sep-06
24	**Inspection Process of the Army Reset Program for Equipment for Units Returning from Operation Iraqi Freedom (D2006-D000LH-0246.000).** The DoD OIG is examining the Army Reset Program for Ground Vehicles of the units that return from Operation Iraqi Freedom to determine the effectiveness of the inspection process of the vehicles after their tour. The scope of this project was expanded to include missiles, tracked vehicles, wheeled vehicles, communications, and small arms. An announcement letter was re-issued on January 22, 2007, to clarify the new scope. The team deployed to Kuwait on February 4, 2007. The DoD OIG began the audit during the 4th Quarter of FY 2006 and expects to publish a final report in the 1st Quarter of FY 2008.	OIF	30-Aug-06
25	**DoD Use of Global War on Terror Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation (D2006-D000AE-0241.000).** The DoD OIG is evaluating the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation. The DoD OIG is also determining whether the funds were placed on contracts and used for purposes stipulated in the congressionally-approved GWOT supplemental funding. The DoD OIG began the audit during the 4th Quarter of FY 2006, and expects to issue a series of reports beginning in the 3rd Quarter of FY 2007. The first draft report was issued on June 29, 2007.	OIF/OEF	4-Aug-06
26	**Conditional Acceptance and Production of Army Medium Tactical Vehicles in Support of the Global War on Terror (D2006-D000AE-0225.000).** The DoD OIG is evaluating whether the Army is adequately protecting the Government's interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicle Program. In addition, the DoD OIG is evaluating whether management is cost-effectively producing the Family of Medium Tactical Vehicles as funded in support of the GWOT. On July 21, 2006, the audit was reannounced to clarify the scope of the project. The DoD OIG began the audit during the 4th Quarter of FY 2006, and issued the first of two draft reports on July 30, 2007.	OIF/OEF	10-Jul-06

On-Going DoD IG Projects
(as of September 14, 2007)

	Projects Listing	Area	Date
27	**Internal Controls Over Out-Of-Country Payments (D2006-D000FL-0208.000).** The DoD OIG is evaluating whether internal controls over out-of-country payments supporting GWOT provide reasonable assurance that payments are properly supported and recorded. The DoD OIG began the audit in the 3rd Quarter of FY 2006, and expects to issue a draft report in the 1st Quarter of FY 2008.	OIF/OEF	23-May-06
28	**Supply Chain Management of Clothing, Individual Equipment, Tools, and Administrative Supplies (D2006-D000LD-0062.000).** The DoD OIG is evaluating the supply chain management of Clothing and Textile (Class II) items to determine whether they are being efficiently and effectively obtained. Specifically, the audit will review the requirements determination and procurement processes, the acquisition of selected Class II items, and supply responsiveness including emergency supplemental funds used to provide Rapid Fielding Initiative program items to soldiers in support of contingency operations. The DoD OIG began the audit during the 1st Quarter of FY 2006. The DoD OIG issued a draft report on March 22, 2007, and expects to publish the final report in the 4th Quarter of FY 2007.	OIF/OEF	12-Dec-05
29	**Audit Research on DoD Contracting Issues Related to the Global War on Terror (D2007-D000CK-0144.000).** The DoD OIG is examining DoD GWOT funding for contracts and issues surrounding those contracts. In addition, this research project will also examine military construction issues pertaining to GWOT. The DoD OIG began research in the 2nd Quarter of FY 2007.	OIF/OEF	16-Feb-07

Ongoing DoD IG Investigations
(As of September 14, 2006)

Predominant Investigaive Category	No. Ongoing	Joint Agencies	Subject Types
Public Corruption - Bribery - Gratuities - Conflicts of Interest	26	DCIS Army CID FBI ICE IRS SIGIR Air Force OSI New Scotland Yard	U.S. and foreign contractor personnel, U.S. military and government personnel
Procurement Fraud - False claims & statements - Undelivered products - Defective products - Cost/labor mischarging	46	DCIS Army CID FBI IRS NCIS SIGIR Air Force OSI USAID DIA OIG	U.S. and foreign contractor personnel, U.S. military and government personnel
Theft & Technology Protection - Theft of funds, property, equipment, and supplies - Export violations: U.S. technology & vehicles	16	DCIS Army CID ICE DLA-DCIA	U.S. and foreign contractor personnel, U.S. military and government personnel
Miscellaneous - Tax evasion extortion	2	DCIS IRS Army CID	U.S. contractor personnel, U.S. military and government personnel
Total Ongoing Investigations	**90**		

Countries where Investigations Originated	No. Ongoing
Afghanistan	6
Afghanistan and Iraq	2
Afghanistan, Iraq, and Kuwait	4
Iraq	51
Iraq and Kuwait	3
Iraq, Kuwait, and Qatar	1
Kuwait	22
Kuwait and Saudi Arabia	1
Total Ongoing Investigations	**90**

Testimony of

Mr. Shay D. Assad

Director, Defense Procurement and Acquisition Policy,
Office of the Under Secretary of Defense
(Acquisition & Technology),

Hearing of the
U.S. House Armed Services Committee

on

"Accountability During Contingency Operations: Preventing and Fighting Corruption in Contracting and Establishing and Maintaining Appropriate Controls on Materiel"

September 18, 2007
Washington, DC

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BY THE COMMITTEE

Chairman Skelton, Representative Hunter, distinguished members of the House Armed Services Committee, thank you for the opportunity to discuss Department of Defense initiatives in the area of Contracting Integrity. Contracting Integrity is a topic that we always consider to be of key importance. Integrity in all endeavors, including our contracting functions, is a core value of the Department of Defense.

I am Shay Assad and I serve as the Director, Defense Procurement and Acquisition Policy, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. Before assuming this position in April 2006, I was the Assistant Deputy Commandant, Installations and Logistics (Contracts) for the Marine Corps and, as such, served as the senior civilian contracting official within the Marine Corps.

Prior to Government service, I spent 25 years in industry serving in a number of operational and contract management capacities, primarily with Raytheon Company. My experience includes serving as a Senior Vice President of Contracts, a President and Chief Operating Officer of one of Raytheon's major subsidiaries and lastly, as an Executive Vice President of the company and the Chairman and Chief Executive Officer of one of its major subsidiaries. I am a graduate of the United States Naval Academy, and I started my career as an officer in the United States Navy serving two tours on U.S. Navy destroyers and lastly as a Navy Procurement Officer at the Naval Sea Systems Command.

Thank you for the opportunity to appear before you today to participate in today's discussion on contracting integrity. I would like to take a moment to thank the committee for its support of our troops and all you have done to help with their mission. I would also like to thank the men and women who serve our great country. When I say men and women, I mean our military service men and women, our government civilian employees and those in industry who support our mission. None of us could get the job done without the other.

The Department of Defense (DoD) acquisition team strives to provide our warfighters the support they need, consistent with responsible management and stewardship to our taxpayers. We strive to effect timely acquisition planning, contract execution and responsible contract management oversight in order to provide our warfighters the contractor support they need to accomplish the mission. We are doing everything it takes to make sure our soldiers, marines, airmen and sailors are provided with the safest, most dependable, and highest performing equipment available within fiscal constraints, together with the logistics and material support necessary to ensure performance whenever, and wherever they are needed. We will continue to work everyday to improve the service that we provide our men and women in the Armed Forces.

In recent years, the Department of Defense (DoD) has increasingly relied on supplies and services provided by the private sector under contract. The Government Accountability Office (GAO) reports that, since fiscal year 2000, the

value of DOD's contracts has nearly doubled, and this trend is expected to continue. In fiscal year 2006 alone, DOD obligated over $300 billion on contracts for goods and services to become the largest purchasing organization in the world. Given the magnitude of the dollar amounts involved, it is essential that DOD acquisitions be handled efficiently, effectively, and with integrity. In other words, DOD needs to ensure that it buys the right things, the right way.

In your invitation to appear before this Subcommittee you stated that you were interested in hearing what DoD is doing to prevent and fight corruption in contracting. The Department has and is taking several steps to eliminate these matters:

Panel on Contracting Integrity: On February 16, 2007, the Under Secretary of Defense (Acquisition, Technology & Logistics) (USD(AT&L)) established the Panel on Contracting Integrity in accordance with the requirements of Section 813 of the Fiscal Year 2007 National Defense Authorization Act. Although the statute provides a sunset date of 2009 for the Panel, the Department intends to continue the Panel as a matter of policy.

As required by section 813, the Panel is conducting a review of the progress made by the DoD to eliminate areas of vulnerability that allow fraud, waste, and abuse to occur. USD(AT&L) designated the Deputy Under Secretary of Defense (Acquisition Technology) (DUSD(AT&L)) as the Panel Chairman, and me, the

Director, Defense Procurement and Acquisition Policy (DPAP), as the Executive Director for the Panel. To date, the Panel has established eight DOD-wide subcommittees focusing largely on areas of vulnerability identified by GAO. Each of these DoD-wide subcommittees is chaired by the senior procurement executive of one of the military departments or a defense agency, including the Army, Navy, Air Force, Defense Logistics Agency, Defense Contract Audit Agency, Defense Acquisition University, and our Office of the General Counsel.

The focus areas of the subcommittees are: Current Structure of Contracting Integrity; Sustained Senior Leadership; Capable Contracting Workforce; Adequate Pricing; Appropriate Contracting Approaches and Techniques; Sufficient Contract Surveillance; Contracting Integrity in a Combat/Contingent Environment; and Recommendations for Change. As a starting point, the Panel reviewed the requirements of Section 813, the findings and 20 recommendations provided in the March 2005 Report of the Defense Science Board, the recommendations of the GAO Report GAO-06-838R, "Contract Management: DoD Vulnerabilities to Contracting Fraud, Waste and Abuse," dated July 7, 2006; and the recommended best practices from the year-long Acquisition Integrity Analysis, prescribed by USD(AT&L) on August 1, 2006. At the completion of this year's efforts, each of the Panel subcommittees will complete a formal report documenting their review of the Department's progress, with recommendations to ensure vulnerabilities in the contracting system are addressed.

The Panel has convened twice, once to initiate and task the subcommittees, and once to review subcommittee progress. The Panel has scheduled three more meetings in 2007, and plans to provide an initial report to Congress by December 31, 2007.

Senior Contracting Leadership Offsite: On May 10, 2007, the Director, DPAP, conducted an offsite for senior leaders of the contracting community. One of the focal points of the offsite was a discussion to highlight current issues relating to ethics in contracting and ensure that the leadership of the DoD Contracting Community was fully engaged in the activities of the Panel on Contracting Integrity.

Procurement Fraud Working Group: The Department established the DoD-wide Procurement Fraud Working Group in January 2005. The Working Group provides a forum for acquisition professionals to address contracting vulnerabilities. The Working Group began to conduct conferences in March 2005, and has conducted them annually since that time. The conferences provide an opportunity for sharing of best practices among acquisition professionals, and include group discussions, exercises in ethics problem solving and arriving at practical solutions to the contracting ethics problems encountered in the field. Membership and attendance includes primarily DoD attorneys, investigators and auditors. The Working Group meets monthly and attends the Department of

Justice Procurement Fraud Task Force meetings. A current goal of the Working Group is to obtain broader participation by the larger acquisition community.

Updated Acquisition Regulations Relating to Ethics. The Department has initiated several changes to the Federal Acquisition Regulation (FAR) to update the acquisition regulations pertaining to ethics in contracting. The Defense Acquisition Regulations (DAR) Council, in concert with Civilian Agency Acquisition Council, proposed an amendment to the FAR to address a Contractor Code of Ethics and Business Conduct and a requirement for contractors, and subcontractors, participating in contracts over a certain dollar threshold to post an Office of the Inspector General Fraud Hotline poster. The Councils published a proposed rule in February to obtain public comments, and the FAR Secretariat anticipates publication of a final rule by November 2007.

In addition, the DAR Council has initiated a proposed FAR revision to require contractors to establish and maintain internal controls to detect and prevent fraud in their contracts, and to notify contracting officers without delay whenever they become aware of contract fraud. This is a proposed revision that is still under consideration and development, and has not been published.

DOD will continue to work with the Office of Federal Procurement Policy to recommend changes to laws, regulations, and policy that would serve to clarify

or strengthen issues identified through the work of the Panel on Contracting Integrity.

Updated Ethics Training: The DoD Standards of Conduct Office updates the mandatory annual ethics training yearly to ensure that it is always current and relevant. The latest revisions, issued August 24, 2007, modify the curriculum to focus beyond a rote understanding of the law, regulations, and policy so that the updated version now contains presentations by the Office of General Counsel and interactive decision making exercises. The Department also provides on-line the "Employee's Guide to the Standards of Conduct."

In closing, I would like to emphasize that the Department views integrity in contracting as the most essential feature of our defense procurement system. We are taking a number of actions to ensure that we deal appropriately with any vulnerability in the contracting system to waste, fraud and abuse. We fully understand that the foundation of our ability to assure our taxpayers that we are being good stewards of their money is to ensure that the Department conducts business with integrity to acquire the supplies and services necessary to meet the needs of our warfighters.

We will not lose sight of the tenet that while we strive to provide our warfighters the very best, we must also ensure that we do so while being good

stewards of taxpayer funds. Our warfighters deserve nothing less and our taxpayers, rightfully, should insist on nothing less.

Mr. Chairman, I thank you and the members of the committee for your interest in our efforts, and would be happy to address any questions that you may have for me. Thank you.

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL N. ROSS THOMPSON, III
MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY FOR ACQUISITION, LOGISTICS AND TECHNOLOGY

AND

MS. KATHRYN A. CONDON
EXECUTIVE DEPUTY TO THE COMMANDING GENERAL
U.S. ARMY MATERIEL COMMAND

BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES HOUSE OF REPRESENTATIVES

ON ACCOUNTABILITY DURING CONTINGENCY OPERATIONS: PREVENTING AND FIGHTING CORRUPTION IN CONTRACTING AND ESTABLISHING AND MAINTAINING APPROPRIATE CONTROLS ON MATERIEL

SEPTEMBER 20, 2007

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE COMMITTEE
ON ARMED SERVICES

Introduction

Chairman Skelton, Congressman Hunter and distinguished members of the Armed Services Committee: we thank you for the opportunity to report to you on the U.S. Army's comprehensive, ongoing efforts to ensure policies and procedures are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait and to better prepare the Army for acquisition and logistical support of combat operations in the future.

The Army has deployed more than 550,000 Soldiers through Kuwait. We went from supporting one Kuwait base camp in 2002 to supporting eight in 2007. This activity required increased capacity in billeting, feeding, and general support. In Kuwait alone, the annual value of support contracts increased from $150 million in 2002 to nearly $1 billion in 2006. These contracts provided a wide array of logistical services and enabled the Army to support our warfighters. Other contracts were, and continue to be, critical to the reconstruction of Iraqi infrastructure and the restoration of basic service to support the transition to Iraqi control.

As the scope and scale of contracting in Southwest Asia has evolved, the Army has recognized the need to assess its contract management capacity. We are positioning ourselves to support the projected increase in activity resulting from recommendations of the Army Contracting Task Force, including the review

of past contract actions, along with the ongoing requirements of troop support operations.

The Army has conducted audits and investigations into the oversight, execution, and management of contracting in the theater of operations. Some of these audits and investigations are still ongoing. While the vast majority of our military and civilian contracting personnel who award and manage these contracts perform well in extreme conditions, auditors and investigators have discovered cases of potential fraud in contracting operations with the worst cases originating in Kuwait. As of September 12, 2007, there are 78 ongoing criminal investigations involving contract fraud committed against the U.S. military in the Iraq, Afghanistan, and Kuwait theater of operations. The Army has acted decisively to correct deficiencies with the following agencies involved in corrective actions: the U.S. Army Audit Agency (AAA); the U.S. Army Criminal Investigation Command (CID); the U.S. Army Materiel Command (AMC); and the U.S. Army Sustainment Command, all working in cooperation with the Defense Contract Management Agency.

In 2005, the Army began audits and CID increased investigative activity into allegations of corrupt contracting in Southwest Asia. Deployed commanders also expressed their concerns and requested the Army to send in additional CID Special Agents, auditors, and contract specialists from AAA and from CID. In 2005, CID established the Iraq Fraud Detachment and in 2006, CID established the Kuwait Fraud Office – both staffed with specially trained CID Special Agents.

Throughout these investigations, the Army has updated Congress and taken corrective actions as warranted.

In February 2007, after then-Secretary of the Army Dr. Francis Harvey was briefed on the matter, he directed action to correct deficiencies. Dr. Harvey tasked the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASA(ALT)), Claude M. Bolton, Jr., to assess contracting activities throughout Central Command and to implement a Contracting Action Plan to address issues.

As a result, in March 2007, Army officials deployed a senior Contracting Operations Review Team to review all contract operations in theater. In April 2007, the Army began implementing a Contracting Action Plan that reorganized the Kuwait Contracting Office, installed new leadership, established a Joint Logistics Procurement Support Board, increased staffing, deployed senior contracting professionals and attorneys to Kuwait, and provided additional ethics training and assigned legal support.

In addition, the following guidance was emphasized Army-wide to improve performance in the areas of oversight, surveillance, and documentation of contractor performance on service and construction contracts.

(1) Contract oversight and surveillance are the collective responsibility of the requiring and contracting activities. We are all responsible for ensuring that the contractor (service provider) satisfies contract cost, schedule, and performance requirements. If a contractor delivers substandard products or

services, we must pursue all appropriate contractual remedies. Documenting the contractor's deficient performance gives the Federal Government pertinent information for future source selections.

(2) Surveillance begins from the date the contract is awarded. It is the contracting officer's responsibility to appoint a trained Contracting Officer's Representative (COR), knowledgeable of the technical requirements, to oversee contract performance. It is a command and requiring activity responsibility to ensure that the COR adequately performs all delegated surveillance functions, including a written surveillance plan. This plan must define the work requiring oversight and the appropriate method of surveillance. It must be tied to performance standards to ensure that contractors deliver products and services that meet contract requirements at the dollar value agreed upon.

(3) Performance reports must be prepared, entered, and maintained in the appropriate contractor performance assessment system. Performance information will be used in deliberations and evaluations for future contract awards. A performance assessment report will be prepared for all service and construction contracts and major subcontracts in accordance with Army Federal Acquisition Regulation

Supplement Subpart 5142.15. Poor performers cannot be rewarded with more work.

(4) Commanders, managers, CORs, and contracting officers share a collective responsibility to ensure that contractor performance is adequately documented, that products and services failing to meet contract requirements are not accepted, and that contractors are held accountable for deficient performance.

Army Contracting Commission and Task Force

To broaden the Army's ongoing efforts, the Secretary of the Army recently announced the establishment of a Special Commission on Army Contracting that is led by the former Under Secretary of Defense for Acquisition, Technology and Logistics, Dr. Jacques Gansler. This Commission will examine the "big picture" to ensure that current and future contracting and logistics actions are more effective, efficient, and transparent. A second, complementary effort is an internal Army Contracting Task Force to reinforce and immediately address existing contracting issues and aggressively implement fixes as problems are identified. We are serving as the Co-Chairs of this Army Contracting Task Force.

Our mission as leaders of the Army Contracting Task Force is to examine current Army operations and future plans for providing contracting support to contingency or other military operations. We will look at contracting activities across the Army. There is contract authority in many of the commands in the Army, and that contract authority is delegated from the position of the ASA(ALT)

to the head of contracting activities in different organizations and commands within the Army. In addition, we will study actions of AAA and CID for both insight and lessons learned. We expect this information to be useful in writing our final recommendations.

In the short-term, we will augment the staff in Kuwait with additional individuals who will assist the warfighter in translating their requirements into statements of work and contract specialists and contract officers who will facilitate contract execution of those requirements. Currently, there are 56 people manning the Kuwait Contracting Office. This augmentation will last for a period of 90 days and is designed to make sure that the commander there has the resources needed to deal with the present workload. Part of that additional workload will be the orderly transfer of existing and any future major contract actions to the acquisition center at Rock Island, Illinois, that supports the Army Sustainment Command under AMC. By the end of the 90-day period, we expect the staff level to number around 50 people manning the contracting office in Kuwait.

We also plan to systematically review all of the Kuwait contract files from Fiscal Year 2003 to Fiscal Year 2007 to identify any issues that haven't otherwise been addressed by an ongoing investigation by either AAA or CID. There have been about 18,000 contract actions. So, this is quite an undertaking, but it is important to ensure we have reviewed the files thoroughly. The review of the contract actions will occur both in Kuwait and at the acquisition center in Warren, Michigan, under AMC. Most of the file review will occur in Michigan.

As a result of the ongoing operations in Southwest Asia, the Army has increased the focus on contingency contracting. Up until just a year ago, we did not have a contingency contracting brigade. We recently established four such brigades in the Army force structure, each commanded by a colonel, who assists the Army Service Component Commander (ASCC), a three star commander, in his contracting support – planning and coordinating contracting operations in a theater of operations. The brigades oversee contingency contracting teams – Active, Reserve, and National Guard – in executing the ASCC's contracting support plan. The Contracting Support Brigades' battalions and teams are just now being activated, and they will coordinate and integrate their plans with Army Field Support Brigades. These two new brigade designs are designed to support the Army modular force by developing a single, seamless, fully integrated planning cell to provide quick response and command and control of acquisition, logistics, and technology capabilities across the spectrum of conflict.

Another part of the action plan for the Army Contracting Task Force will be to increase both the scope and the frequency of Contracting Operation Reviews. The Army periodically conducts Contract Operations Reviews looking at contracting organizations to make sure that contracting activities are following the regulations and procedures and appropriately addressing emerging issues. These reviews are part of the routine examination of contracting activities along with internal review audits by the AAA and the Army and Department of Defense Inspectors General.

Another important issue that we will examine carefully is the size, structure, and training of the contracting workforce – both military and civilian. The acquisition workforce has declined significantly in the last decade while the number of dollars that we are executing from a contract perspective and the number of large dollar contracting actions in the Army has increased by more than 80 percent. This is an issue of some urgency that we hope will lead to improvements to our Army programs – current and future.

Lastly, we look forward to working closely with Dr. Gansler and the Special Commission on Army Contracting. Our separate efforts will look at some of the same issues so we intend to share information and lessons learned. We also look forward to working closely with the Office of the Secretary of Defense and the Department of Defense Inspector General as we move forward, in support of the many initiatives ongoing in the DoD to improve contracting.

Conclusion

As stewards of the taxpayers' dollars, we must do a better job of managing and documenting contractor performance. Service and construction contracts, whether in Iraq, Afghanistan, the United States, or elsewhere in the world, represent an ever-increasing percentage of our overall contract dollars – now surpassing the dollars awarded under major weapon systems programs. Greater emphasis must be placed on the management and oversight of all types of service and construction contracts. This includes documenting the contractor's performance in accordance with policy.

As we mentioned previously, the vast majority of our military and civilian contracting personnel perform well in tough, austere conditions. Their customers are the warfighters – the men and women who depend on them to do their jobs. In the end, the success of our warfighters is linked directly to the success of the contracting workforce. We are working hard to ensure that policies and procedures are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait or anywhere else we deploy. The objective is to better prepare the Army for acquisition and logistical support of combat operations in the future.

We look forward to your questions and thank you for the opportunity to address the members of the committee.

PETER M. VELZ
House Armed Services Committee Hearing on Equipment Accountability
Opening Remarks
Thursday, September 20, 2007

Thank you for this opportunity to appear before the House Armed Service Committee to discuss the subject of accountability for weapons and other equipment that has been procured by the Department of Defense for the Iraqi Ministries of Defense and Interior as part of our effort to reconstruct and stabilize Iraq. This is an important program that has enjoyed generous support from the American taxpayers. I want to assure the Committee that DoD fully recognizes the imperative to be good stewards of these funds and to ensure that they are put to their intended uses.

We particularly acknowledge that DoD must ensure that weapons we buy for the Iraqi military and police forces are, in fact, being used by those forces. In this regard, we expect the Department of Defense Inspector General munitions inspection team, about which Mr. Gimble will speak in greater detail, will make an important contribution to ensuring the material handling processes used by the Multinational Security Transition Command-Iraq, known as MNSTC-I are robust.

DoD has worked closely with GAO on a number of its reviews and audits of efforts to stabilize Iraq during the past few years. The GAO, in its audit on equipment accountability, identified some weaknesses in the Department's ability to fully ensure that

we can account for the transfers of weapons to the Iraqis. It is important to point out that, while the audit trail for some of these weapons is incomplete, the GAO did not draw any conclusions that suggest that the weapons in question are physically missing. The problem was that, walking back from the point of transfer to the Iraqi government, some portion of the documentation that can show the "chain of custody," mainly in the form of entries in MNSTC-I's property book, was incomplete. It is important to note that the GAO and the Special Inspector General for Iraq Reconstruction, which completed a somewhat similar audit in October 2006—did not find that the weapons in question had been physically lost, stolen, or pilfered while in MNSTC-I custody en route to being transferred to the Iraqi Government.

This is not to minimize the shortcomings that GAO and SIGIR found. Rather, the key point to understand is that these problems are a reflection of the extremely difficult, spartan conditions in which MNSTC-I found itself in 2004 and 2005. The GAO noted the various factors that contributed to this, such as the lack of sufficient staff and a nascent distribution network that was essentially an *ad hoc* operation in a contingency environment.

I look forward to answering your questions.

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