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COUNTERNARCOTICS CONTRACTS IN LATIN AMERICA

HEARING

BEFORE THE

AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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CONTENTS

	Page
Opening statement:	
Senator McCaskill	1
Senator Brown	3
Senator Pryor	4
Senator McCain	17
Prepared statements:	
Senator McCaskill	37
Senator Brown	39
Senator Pryor	42

WITNESSES

THURSDAY, MAY 20, 2010

Hon. David T. Johnson, Assistant Secretary for International Narcotics and Law Enforcement Affairs, U.S. Department of State	4
William F. Wechsler, Deputy Assistant Secretary for Counternarcotics and Global Threats, U.S. Department of Defense	6

ALPHABETICAL LIST OF WITNESSES

Johnson, Hon. David T.:	
Testimony	4
Prepared statement	43
Wechsler, Willilam F.:	
Testimony	6
Prepared statement	56

APPENDIX

Questions and responses submitted for the Record from:	
Mr. Johnson	75
Mr. Wechsler	98

H605-41331-79W7 with DISTILLER

VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00003 Fmt 5904 Sfmt 5904 P:\DOCS\57941.TXT JOYCE

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COUNTERNARCOTICS CONTRACTS IN LATIN AMERICA

THURSDAY, MAY 20, 2010

U.S. SENATE,
AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:33 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Claire McCaskill, Chairman of the Subcommittee, presiding.

Present: Senators McCaskill, Pryor, Brown, and McCain.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator MCCASKILL. This hearing will now come to order. The purpose of this morning's hearing is to examine how the U.S. Government is using contractors to fight the drug war in Latin America.

The U.S. Government has been involved in counternarcotics activities in Latin America for more than 30 years. From 2000 to 2008, the bulk of the counternarcotics assistance to Latin America was through Plan Colombia, a multi-year assistance package that was targeting Colombia, Peru, and Bolivia. In the last 2 years, the Merida Initiative, which focuses on assistance to Mexico, has also increased in importance. Over the last decade, the U.S. taxpayers have spent billions of dollars on counternarcotics activities in the region. The President has asked for an additional $6 billion for international counternarcotics and drug interdiction in 2011.

I understand that much of this money is currently being spent under contracts with companies like DynCorp and Lockheed Martin. Contractors have been hired to spray the drugs under cultivation. They have been hired to work in government ministries. They have been hired to help with intelligence for drug trafficking, help support the local army and police, and maintain bases where American troops live and work in Latin America.

Their efforts are crucial to the success of the United States' mission in Latin America. But there is really almost no transparency into what these contractors are doing or how much we are paying them. It appears that there has been insufficient oversight of these types of contracts. It is very important that contracts like this have sufficient oversight so that the contractors are accountable and we are assured that the taxpayers' money is not being wasted.

This oversight is particularly important right now because the United States is ramping up counternarcotics activities in Afghani-

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stan. The same Federal agencies and many of the same contractors are performing the work in both places. We need to understand what lessons we need to learn from Latin America so that we can apply them appropriately in Afghanistan.

That is why at the beginning of this year the Subcommittee began an investigation into counternarcotics contracts. We wanted to know the answers to just a few very basic questions: What are we spending on the contracts? What are the contractors doing? And are we getting what we paid for? Do we have performance measures that are in place? And are we tracking performance measures as to how the contractors are performing this work and if we are getting any value out of the dollars that we have spent?

We asked for this information from the State Department and the Defense Department more than 3 months ago. Despite our repeated requests, neither Department has been able to answer our questions as of the date of this hearing.

And just so we are clear on the record, I am perfectly aware of the strains that hearings like this cause within an agency. I understand that it is not a day of celebration when you find out that a hearing like this is going to occur. It means additional work, additional effort. But because the requests here are so basic and, frankly, the notion that they would be so hard to get is part and parcel part of the problem.

Let me just put on the record the basic information that we wanted to get. We wanted to get the contractor's name, contract number, the extent of competition, the scope of the work, the contract ceiling, and the dollar amount obligated.

Now, that is not the sun, the moon, and the stars. That is Basic Contracting 101.

The second area where we requested information was evaluations that had been done of the contractors, reports concerning the contractors, audits that had been done of the contractors' work, and evaluations of the contractors.

The third area we asked for was some information about the need for the contract. Why is this something we must contract out? Why is this not something that we can perform as an inherently governmental function? The use of contractors, the scope of their contracts, and the duration of their contracts.

And, finally, the last category was communication and legal analysis regarding the use of contractors. Four simple areas. We were not asking for an analysis of how much money you spent in 2009 versus 2001 in real dollars and how much was attributable to—we did not ask for the details of any performance payments you had given to the contractors. This is pretty basic stuff. And none of these requests have been met in full. None, after 3½ months of these requests being made.

Instead, the Subcommittee has received information about contracts which appears to contradict the Departments' own regular reports to the congressional Appropriations and Foreign Relations Committees. I have to congratulate the staff here because some of the information we got, if they had not gone on their own and double-checked other places where the Departments have to report, we would have not realized the extent of how inadequate the response to this document request was.

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The State Department appears to have underreported its contracts to the Subcommittee by hundreds of millions of dollars for Colombia alone. And the Subcommittee also learned that the Defense Department hired a contractor to handle this hearing. Are you kidding me? Have we gotten to that point that we have to hire a contractor to prepare for a Subcommittee on Contracting Oversight hearing? Does anybody else feel that you are in a hall of mirrors in a fun house? I know that we have spent $50,000 on contractors to prepare for this hearing at the Defense Department.

What I asked for, there should be somebody in charge of contract oversight that could produce the documents easily in 30 days. Instead, we are hiring contractors to do it for us.

Today, I plan to ask these basic questions that the document request reflected. I plan to listen to the testimony, and I hope that the witnesses will be able to help the Subcommittee conduct this important oversight today and in the future.

What we learn today will inform the Subcommittee whether we should move to authorize subpoenas for this information. I hope the State Department and the Defense Department will be able to provide the information we need. I wish I were more optimistic. What we have to figure out here is: Is this basic information unavailable because the Departments are incapable of producing it or incompetent? Because it is only one of two answers. If you are incapable of producing it, then we have a serious issue on contracting oversight. And, obviously, if you are incompetent and cannot produce it, we have a serious problem in terms of counternarcotics strategy and how it is being implemented.

I do not want to use subpoenas. This should be a cooperative exercise. But I will not hesitate, and I know that my Ranking Member feels the same way. I know Senator Brown feels the same way. I will not hesitate to use subpoenas because this is important, and it is billions and billions of dollars. And we need to get to a point where the appropriators say no more money until you are at least capable of showing us how you have spent what you got.

I want to thank our witnesses for being here, and I look forward to our discussion today.

Senator Brown.

OPENING STATEMENT OF SENATOR BROWN

Senator BROWN. Thank you, Madam Chairman. I want to welcome everybody again. Madam Chairman, I want to thank you for holding this hearing. I will offer my opening in the form of a written statement, which I would ask be accepted, and then I would just as soon get on with the business.[1]

Senator MCCASKILL. Thank you.

Senator BROWN. Thank you.

Senator MCCASKILL. Senator Pryor, thanks for joining us. Would you like to make any comments for the record before we begin the witnesses' testimony?

[1] The prepared statement of Senator Brown appears in the Appendix on page 39.

H605-41331-79W7 with DISTILLER
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OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Well, thank you. I do have an opening statement for the record, but I want to thank you for your leadership on this because we owe it to the American taxpayer to make sure that people know where their Federal tax dollars are going, and I think there is a pervasive problem with contracting around the Federal Government, and I just appreciate your leadership on this.

Senator MCCASKILL. Thank you. Thank you very much, Senator Pryor.

Let me introduce the witnesses today. David Johnson has served as the Assistant Secretary for the Bureau of International Narcotics and Law Enforcement Affairs at the State Department since October 2007. In addition to numerous other distinguished posts within the Federal Government, Mr. Johnson served as Afghan Coordinator for the United States from May 2002 to July 2003.

William Wechsler is the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats. In that capacity he leads the Department's counternarcotics policies and operations around the world. Mr. Wechsler has previously served as Special Adviser to the Secretary of the Treasury and on the staff of the National Security Council.

It is the custom of the Subcommittee to swear in all witnesses that appear before us, so if you do not mind, I would ask you to stand. Do you swear that the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. JOHNSON. I do.

Mr. WECHSLER. I do.

Senator MCCASKILL. Thank you very much. Let the record reflect that the witnesses have answered in the affirmative.

We would ask that you try to keep your oral testimony to around 5 minutes, and your written testimony will obviously be printed in the record in its entirety. Thank you very much. Mr. Johnson.

TESTIMONY HON. DAVID T. JOHNSON,[1] ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. JOHNSON. Thank you. Madam Chairman, Ranking Member Brown, and Senator Pryor, thank you for the opportunity you are giving us today to testify on the United States' counternarcotics efforts in Latin America.

Anyone looking at news south of our border knows that drug-related violence is spiraling. Drug-trafficking organizations have shown time and again that they have no decency or respect for the law or human life, and the increasing violence currently that we are seeing in Mexico is emblematic of these cartels' disregard for anything but profit.

It is hard to overstate the impact that this kind of violence and crime can have. The individual tragedies we hear about on a daily basis, such as innocent lives lost in cartel cross fire, rip at the fabric of families and communities. This undermines public security, weakens government institutions, and, if left unchecked, provides

[1] The prepared statement of Mr. Johnson appears in the Appendix on page 43.

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a breeding ground for narcotraffickers and other threats to our own national security.

As the State Department's Assistant Secretary for International Narcotics and Law Enforcement Affairs (INL), much of the work that I do involves foreign assistance programs to isolate and minimize drug-trafficking organizations. Each of our programs in Latin America is unique to the country it supports. They are built hand-in-hand with our partners to strengthen their own capacity for law enforcement and the rule of law, creating strong systems of governance that empower communities and seek to suffocate narcotics enterprises.

While each program is unique, there are some important common features, including our on-the-ground contract oversight elements. We operate narcotics affairs sections within the U.S. embassies of our largest program countries, including both Colombia and Mexico. These offices, which include Foreign Service officers, civil service officers, and locally engaged staff, work with host nation representatives to develop the scope of our assistance projects and draft the requirements needed to achieve these goals.

Approximately one out of every eight people who work for us in Central and South America directly in our offices or in the field has received training as a contracting officer's representative, a knowledge set that empowers our program staff to be efficient and effective stewards of the taxpayers' dollars dedicated to the foreign assistance programs they support. Our single largest allotment of contracting officer's representatives trained staff, 43 in total, help to oversee INL's Colombia programs.

After more than 10 years supporting Colombians in their quest to provide greater security in their country, the Government of Colombia has taken steps to self-administer the counternarcotics eradication and alternative development programs that the United States helped to introduce. Colombia President Uribe's consolidation plan is to nationalize our joint programs, and that is now Colombian Government and U.S. Government policy.

As a result, our programs in Colombia have been able to reduce their footprint considerably, scaling back our contract personnel implementers on the ground from 1,200 in 2006 to fewer than 600 in 2010.

We see similar program cooperation from our Mexican counterparts who are equally engaged in leading the Merida Initiative planning and implementation process. In fact, bilateral meetings are held on a monthly basis to discuss progress on each of the 46 Merida projects which are extensively negotiated each fiscal year. In order effectively to oversee this program, INL has enlarged our officer in Mexico from 21 people in 2008 to 77 slots this year, more than 60 of which are already filled. Twenty-eight of the personnel currently in Mexico have received contracting officer's representative training. We have taken the additional step of assigning three full-time contracting officer's representatives to the staffing pattern in Mexico City, in addition to the 28 personnel trained in contract management.

Our business approach toward implementation of assistance programs throughout Latin America is to seek the most effective and efficient implementer to achieve our program goals. As a matter of

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practice, we choose implementation vehicles after conducting analysis of the program type, past performance, cost, availability, and the political and security environment in which we operate. The implementing mechanisms include contracts with companies of all sizes, program agreements with interagency partners, grants to nongovernmental organizations and educational institutions, and contribution letters to multilateral organizations.

Our approach to management allows the Department to plan for effective transitions and build-up and drawdown program management and oversight staff as circumstances dictate. Procurements to support our programs are made by the embassies' contracting officers, the Department's Regional Procurement Support Office in Fort Lauderdale and the Department's Office of Acquisition, or directly by INL.

Factors such as the complexity, type of acquisition, scope of work, the involvement of other agencies or requirements such required sources of supply and whether other agencies have existing contract vehicles are considered as factors in the analysis of the procurement. Once procured, a variety of management controls are essential to monitor and oversee these programs.

All government-procured commodities and construction are subject to INL's end-use monitoring and reporting to track their use and consistency with agreed foreign assistance use.

The Department remains committed to building and maintaining the necessary capacity to address citizen safety, rule of law, and transnational crime in Latin America for two compelling reasons: First, to assist our international partners; and, second, to diminish the impact transnational crime has on America's own citizens.

Madam Chairman, thank you for the opportunity to illustrate some of our counternarcotics assistance programs and our contracting vehicles. I will do my best to answer your questions.

Senator MCCASKILL. Thank you. Mr. Wechsler.

TESTIMONY OF WILLIAM F. WECHSLER,[1] DEPUTY ASSISTANT SECRETARY FOR COUNTERNARCOTICS AND GLOBAL THREATS, U.S. DEPARTMENT OF DEFENSE

Mr. WECHSLER. Thank you very much, Chairman McCaskill, Senator Brown, and Senator Pryor. Thank you for the opportunity to discuss the Department of Defense's use and oversight of counternarcotics contracts in the Western Hemisphere. Before describing what I consider to be a significant return on our investments over the years in counternarcotics funds, I would like to start by addressing some of the specific concerns that you raised in your most recent letter and in your opening statement.

The Counternarcotics and Global Threats Office that I lead was established by Congress some decades ago to be the single focal point for all of DOD's counternarcotics activities and to ensure a focused counternarcotics program with clear priorities and measured results. You can be sure that this Administration recognizes the importance of the counter-drug mission to our national security and the Department's critical role in this effort.

[1] The prepared statement of Mr. Wechsler appears in the Appendix on page 56.

H605-41331-79W7 with DISTILLER
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When I came into this office just about a year ago, I recognized that we need to do a better job in evaluating our programs and using performance data to maximize return on dollars that we invest in counternarcotics. This is an especially important subject for me. In between the time that you mentioned previously where I was in the government, I was a management consultant working on these issues in the private sector. This has been one of my top priorities since I have been on this job.

To that end, both the Counternarcotics Technology Program Office (CNTPO) and Southern Command have taken other positive steps to improve contract oversight, and I have initiated an internal management review that will be well underway by the early summer. I would be happy to discuss these measures in greater detail in the question-and-answer session.

At the Department level, in December 2009, the Defense Science Board launched a task force on improving DOD acquisition and procurement policies and practices. Just on May 10 of this year, Under Secretary Carter issued department-wide instructions to collect and report on all services contracts as required in the authorization bill. The common reporting requirement will help provide the greater transparency and will help the Department make more informed decisions about whether to contract out certain functions.

We very much welcome the Subcommittee's interest in our oversight efforts. You noted that you felt that we perceived your oversight as a strain on us. I want to assure you that it is not a strain at all on us. It is your appropriate function, and we very much welcome it and appreciate it because we are driving towards the exact same end.

We understand our data submission thus far has been incomplete. Please rest assured that we will continue to work to provide all the information that you requested. I expect that we will be able to complete this effort by the end of July.

My staff and I will continue to work with the Subcommittee after that point as it continues to analyze the enormous amount of information we have already provided and we will be continuing to provide. This was, of course, an especially large and extensive request going back across touching three different Administrations, across almost an entire hemisphere, but that is not an excuse. We need to be able to get this information better and faster than we have. It shows the challenges inherent in overseeing a $1 billion global program implemented by numerous services, combatant commands, and agencies in the Department of Defense.

For instance, in compiling the requested information, we found inconsistent records management among the various contracting entities, that the volume of procurement actions overwhelms staff capacity in some instances, that many of the acquisition steps are manual processes that are both time-consuming and error prone. Also, because the Combatant Command (COCOMS) define and drive the mission support requirements, but the services provide the acquisition vehicles, contract performance monitoring has at times often been ambiguous and inconsistent, especially as we look back over the years, over the decades. I look forward to a continuing dialogue on these and other issues.

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Ensuring proper oversight and contract management is absolutely essential to achieving our strategic counternarcotics objectives. The transnational illicit drug trade is a multi-faceted national security concern for the United States, which my colleague David Johnson has just talked about. It weakens the rule of law. It reduces government's ability to address other transnational threats such as terrorism, insurgency, organized crime, weapons and human trafficking, money laundering, and piracy.

Many of us here recall the drug trafficking and lawlessness of the 1980s that made "Miami Vice" a hit television series during that time, going through the Caribbean into Florida. The counternarcotics mission at that time was not a principal mission of the Department of Defense, but the Congress recognized that DOD's surveillance capabilities and command and control structure was unique suited for the detection and monitoring of illicit drug shipments bound for the United States. DOD programs primarily implemented by U.S. Southern Command and its Joint Interagency Task Force-South (JIATF) have made a tremendous impact on the drug flow directly into Florida and to the mainland. The problem is different today as a result.

The counternarcotics mission was once slow to be embraced by some of our defense policymakers, it is true, but today the Department is widely recognized as a critical component of the National Drug Control Strategy, and JIATF-South is viewed as really the model for regional engagement and interagency coordination.

During the late 1990s, the Department of Defense played a vital role in the development and implementation of Plan Colombia. The State Department's lead by providing equipment, information sharing, and capacity building to the Colombian armed forces. These programs, again coordinated very closely with the Department of State's leadership, with DEA, and USAID, has helped the Government of Colombia increase its presence throughout the country, reduce levels of violence, disrupt drug production and trafficking, and dismantle drug-trafficking organizations. These achievements have contributed to the reductions we have seen in cocaine purity and availability in the United States.

In Mexico, our programs are supporting President Calderon's continuing campaign to confront rising violence fueled by drug trafficking and other organized crime. Our support to Mexico is implemented primarily through Northern Command and includes training, equipment, and information sharing as well as indirect support.

While outside the scope of the Merida Initiative that you mentioned, the foreign assistance funding, our support complements Merida and is closely coordinated with our interagency partners at post and in Washington.

As the Department continues to confront extraordinarily complex counternarcotics challenges around the world, very much particularly in Afghanistan, it is important—it is, in fact, critical that we apply all of the lessons that we have learned from the efforts in the Western Hemisphere to the work that we are doing now in our major war effort abroad.

Afghanistan presents unique challenges that are different from what we have seen in many respects from Colombia and elsewhere,

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but there are many lessons, including the appropriate use and oversight of contractors, that must be taken into consideration.

Again, I thank you for the opportunity to speak today, and I look forward to your questions.

Senator MCCASKILL. Thank you, Mr. Wechsler.

What we are going to do, if we would go ahead and let us just do 7-minute rounds, if we could put the clock to 7 minutes, that would be great, because I want to make sure that everybody gets a chance to offer questions, and we can do as many rounds as people would like.

Let me just start with a few basics. Do you know, Mr. Johnson, how much the State Department spent on counternarcotics contracts last year?

Mr. JOHNSON. The data that I have gathered in front of me is for the period from 2000 to 2009, but we cannot disaggregate it by year.

Senator MCCASKILL. Well, do you have a figure for what you have spent over the last 10 years?

Mr. JOHNSON. By the principal countries in question, yes. Bolivia, $770 million; Colombia, $4.2 billion; Peru, $900 million; Ecuador, $191 million; Guatemala, $23 million; Mexico, $727 million; Dominican Republic, $6.9 million; Haiti, $10.7 million. Those are appropriated funds amounts.

Senator MCCASKILL. OK. And how much of that has been spent on contracts?

Mr. JOHNSON. In the case of Colombia, $3.89 billion; Bolivia, $726 million; Peru, $831 million.

Senator MCCASKILL. OK. Let me stop you here. Is there a reason that you have this information today and that you could not produce it for the Subcommittee so we could prepare for the hearing?

Mr. JOHNSON. In the course of the work that we have done with your staff, we initially reached out for documents that we could provide, supporting documentation for—that was name retrievable, and we have built up since then additional numerals, and we are seeking the supporting document for that as well.

Senator MCCASKILL. OK. So you have the numbers that you are confident are correct for how much the State Department has spent on counternarcotics contracts for an aggregate over 10 years, and you could easily extrapolate an annual number out of each one of those?

Mr. JOHNSON. I would not extrapolate it, but I would disaggregate it down to that.

Senator MCCASKILL. OK, sorry. Wrong term. And I am wondering why you did not talk about that in your opening statement instead of—I mean, we got to page 11 of your opening statement before you mentioned the word "contract."

Mr. JOHNSON. I sought to put in some context the policy objectives that we are pursuing.

Senator MCCASKILL. Well, let me remind you, we are here on contracting oversight.

Mr. JOHNSON. I understand.

Senator MCCASKILL. We are not here to argue about whether or not it is a good thing or a bad thing, although I am trying to figure

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out why it is so—why we have two, and how much—I mean, that is not the job of this Subcommittee. This Subcommittee is about contracting oversight.

Now, do you know how many contractors you now have currently working in Colombia? Do you know what the size of your contracting——

Mr. JOHNSON. It is 598.

Senator MCCASKILL. Do you know the total number of contractors you have working for State in counternarcotics?

Mr. JOHNSON. I could get that figure for you by country, but I do not have it at my fingertips right now. I happen to know the Colombia figure because it is our most mature program, it is the one we worked hardest on to reformulate and to nationalize with our Colombian partners, and part of that nationalization is reducing the contractor footprint on the ground and turning over as much as possible, as much as appropriate, to the Colombians in a coordinated fashion.

Senator MCCASKILL. OK. And since now for the first time we are getting real numbers from you as to an annual contracting amount and how many contractors, do you have any contractor evaluations that you can share with us today?

Mr. JOHNSON. I do not have any at my fingertips here, but we are gathering that data for you.

Senator MCCASKILL. And why is it so hard to gather it?

Mr. JOHNSON. Well, as you pointed out in your opening statement, this requires time, and we have put in time to gather the documents and to clear the documents that we provided you at the end of last week, some several thousand pages that backed up the initial dollar amount, which was a relatively small percentage of this, I recognize that. But we were striving to provide you data that we could back up with paper, and we are moving to the second phase of that, bringing in, as you recognized in the letter that you sent me, the global programs, particularly those that are administered by our air wing at Patrick Air Force Base. And we will endeavor to gather in all of the information that is in many different places at our embassies abroad as well as here in order to back up the efforts that we have underway. We feel like we have done a good job. We know we could do a better job, and we look forward to your helping us do that.

Senator MCCASKILL. Well, the bottom line is that it does not appear—are you confident that you have evaluations on all these contractors and that there are audits that have been done on any of the contractors?

Mr. JOHNSON. I am confident that we have evaluations. I am not going to tell you that we have audits because I do not know that off the top of my head. I would be speculative there, and I do not want to do that.

Senator MCCASKILL. Who is the person that is at the top of the food chain on contracts that you all are doing? Or is the problem that you—is each individual embassy entitled to contract and there is nobody that is looking at all these contracts to see if we are getting the performance out of these contractors that we would hope with this kind of expenditure of Federal funds?

H605-41331-79W7 with DISTILLER
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Mr. JOHNSON. Well, the buck stops with me, but we do authorize our embassies to engage in contracting for varying amounts, and we have other officials that are responsible for the implementation of the contracts that are in locations outside of Washington that manage their contracts not on a state-by-state basis but in a global or regional support context. And so gathering the data, as you have requested it, is a process that takes some time.

Senator MCCASKILL. Well, it does not—I guess the thing that is worrisome to me is a request for contractor name, contract number, extent of competition, scope of work, which should be a pretty easy document to get because every contract should have a scope of work.

Mr. JOHNSON. They do.

Senator MCCASKILL. It is not a contract if you do not have a scope of work. The contract ceiling and the dollar amount obligated. We have six spread sheets—no, excuse me. We have one spread sheet with a tab for each of the last 10 fiscal years. We did not get the right number, and we were not even told that it was an incomplete number when it was given to us. We had to point out to you that it was an incomplete number based on other research we had done. In fact, the number we got, somebody on my staff could have gotten in an hour in a Google data search. Any member of the public could have gotten it.

So, I guess what I am most concerned about is that no one appears to be worried about value as it relates to these contractors. It appears that these have been siloed and no one has taken responsibility to say, hey, how are the contractors doing? Should we be renewing these contracts? You do not have that many. How many contractors do you have, by and large, that are doing the bulk of the work? Isn't it like four or five?

Mr. JOHNSON. The bulk of the work is done by, yes, four or five.

Senator MCCASKILL. OK. So, if you would have come to us and said, hey, here is the bulk of the work done by four or five contractors, it is going to take more time and may not be as efficient as we would want it to be to get you every single small contract for some kind of logistic support or whatever, but for the five big ones, should it be this hard to get this information?

Mr. JOHNSON. While there are five big contractors, as you pointed out, there are individual statements of work and task orders that execute the individual efforts that we have in different countries at different times. So it is not a matter of going to one single contractor and gathering all the data for every single task order and every single statement of work.

Senator MCCASKILL. OK. Well, my time is up, but I have more questions, and I just think, with all due respect, for you to come and give an opening statement that is all about the policy of counternarcotics strategy and even mentions Haiti—which has nothing to do with what we are talking about today. We are talking about contracting and whether or not somebody is minding the store on contracting. And we are going to continue to bore down until we get the answers on contracting, because I have an uneasy feeling that if we get all the information, there is going to be a lot more work that needs to be done on contracting oversight at the State

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00015 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Department. And, Mr. Wechsler, I have questions for you on the next round.

Senator Brown.

Senator BROWN. Thank you, Madam Chairman.

It is interesting, Madam Chairman, when I first heard that I was going to be on this Subcommittee, I said, "Oh, gosh, contracting. That is pretty boring." But with all due respect, it is getting more and more interesting because of the things that we have been learning about the money that is being spent and how it is being spent and why it is being spent and how much money is owed or we owe various contracting entities. So I am actually very excited to be on this Subcommittee.

I am wondering, Mr. Johnson, are there any overpayments of contracts that are outstanding with any of the four or five major groups? Do we owe them any monies or do they owe us any monies from any overpayments or anything like that?

Mr. JOHNSON. Well, I know that outside of this region there are overpayments that we have in the provisional payment program that we have in Afghanistan, for example. I am unaware of any overpayments that we have calculated that are currently outstanding. I am certain that there are bills that are pending that we are——

Senator BROWN. In the ordinary course?

Mr. JOHNSON. Yes.

Senator BROWN. And how about any breaches of contracts from any of these four or five entities? Are they performing all the terms of their contracts, to the best of your knowledge?

Mr. JOHNSON. To the best of my knowledge, yes.

Senator BROWN. And are there any outstanding terms that you are aware of, any performance issues that we need to be concerned about with these contracts?

Mr. JOHNSON. There is constant oversight of these contracts, and there is constant work with the contractors to address issues on a daily basis. So I am sure that there are some things that are being done every day, but——

Senator BROWN. Nothing major that would warrant us learning more about it?

Mr. JOHNSON. I am sure that some of these would be of interest, but they are at the individual embassy level.

Senator BROWN. OK. One of my concerns is I just want to make sure we are spending our money properly, that it is properly accounted for, etc. And I know in our April 15 hearing on the Afghan National Police, that contract administered by the State Department which you just referenced a little bit, we inquired into the lack of oversight made possible by the inadequate number of In-country Contracting Officer Representatives the (ICOR) who are responsible for monitoring and inspecting the contractors' performance on the ground. Can you reassure this Subcommittee that the problems in contract administration are not occurring in other regions like Latin America and in the Caribbean?

Mr. JOHNSON. The contracting work that we are doing in Latin America is much more mature, and it operates in a much more benign environment than we have had in Iraq and Afghanistan. So we have been able to build in contracting oversight as we built up

H605-41331-79W7 with DISTILLER

VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00016 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

these programs. We have a number of our people who are trained that are administering the contracting contract oversight as well as quality assurance managers that are individually assigned to the major countries, for example, six in Colombia, three in Bolivia. We have two Contracting Officer Representatives (COR) in Mexico and one contracting officer in order to provide direct oversight there.

Senator BROWN. And are you able to delineate for the Subcommittee the number of ICORs or personnel on the ground in-country responsible for contract surveillance, for example, in Colombia and in Mexico?

Mr. JOHNSON. Yes. The individual—the numerals that I just cited for you, that is their responsibility.

Senator BROWN. OK, great. The Administration's fiscal year 2011 budget request includes $36 billion less for contractors, which, as you noted, is a 5-percent decline for the current year. Based on this reduction, is the Department of State and DOD realigning the strategies or are you going to be able to fit within that framework?

Mr. JOHNSON. In certain of the programs for which I am responsible, for example, Colombia, which has had a large dollar amount dedicated to contracting over time, the appropriation itself is declining as Colombia has engaged in a nationalization program with us. So within that, we are able to reduce.

Likewise, in Mexico, the appropriations which have been provided over the last three appropriation cycles have been dedicated in significant measure to large acquisitions for aircraft, data processing equipment, things of that nature; whereas, as we look into the out-years, we are looking more at capacity-building efforts which will not require the same sums of money and in significant measure will be implemented through interagency agreements by our partners who are providing direct training.

Senator BROWN. Great. And this is obviously for you, Mr. Wechsler, this next question. What is the status of the transition of the U.S. support programs to the Colombian Government? And, in turn, I would like maybe both of you to comment, and then I will turn it over to the next Senator to speak. And what lessons learned have we learned, what lessons learned have we gained through our experience in Colombia and with transitioning a U.S. function to the host country that may be applied to our new situation in Afghanistan?

Mr. WECHSLER. Thank you very much. It is an exceedingly important question. There are a great number of functions that are being transferred, that have been transferred to the Government of Colombia and are being transferred to the Government of Colombia and still some capacity that the Government of Colombia needs to build in and of itself. But the fascinating thing for me compared to the last time I was in government at the end of the Clinton Administration when Plan Colombia was beginning—this statistic will always stick in my mind—is that two-thirds of the Colombian people at the time thought that the Revolutionary Armed Forces of Columbia (FARC) was going to take Bogota. Now the FARC is a shadow of what it was. The effort is not over. But the end result is that Colombia is now an exporter of security and helps us regionally and even outside the region to export security based on the capac-

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00017 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

ities that they have built in part with our assistance and that we have transferred to them.

Amongst the lessons that are critical to learn from a policy perspective is that this takes a long period of time. We cannot think in terms of years. We cannot think in terms of certainly news cycles. But we have to think in terms of a decade, quite often, to have this kind of impact for the full range of transition of the services from building them in the beginning to them being an exporter of security, which means we need steady, consistent efforts in these areas.

Another thing that I would suggest where we have had the most success is where we have a whole-of-government effort on our side, and Colombia is probably one of our better examples of that whole-of-government approach to these issues.

And then I think that there are also, again, back to the purpose of this Subcommittee especially—and, again, I am more than happy, in fact, very eager to talk about matters of policy, but I know that this Subcommittee is talking about contracting. I do believe that there are lessons to be learned from contracting during this whole effort from this era as we look back. And, again, as we have begun looking back even before this Subcommittee hearing, but especially in conjunction with the task required for this Subcommittee and our work that I look forward to doing and continuing with this Subcommittee, there are lessons to be learned, lessons to be drawn about the requirement for very clear and concise requirements give by the COCOMs and oversight by the services, by the contracting offices, providing the necessary oversight that is required. In some cases, this worked well. In some cases, this did not seem to work as well as it should. And what we want to do is make sure that we have those lessons and we apply them to Afghanistan where we are doing the reviews of these programs as well there, and we find also some things are working very well, some things are not, and we want to make sure that the things that are not working well are working better. And I am happy to talk to you about some of the things that we have done in that area as well.

I hope I have answered your question.

[Pause.]

Senator BROWN. Thank you, Madam Chairman.

Senator MCCASKILL. Senator Pryor.

Senator PRYOR. Thank you, Madam Chairman.

Mr. Johnson, I am going to put you back in the hot seat here for just a minute. Could you give the Subcommittee just a very brief, 30-second overview of what we are talking about in the contracting world? What do you contract for? And who do you contract with?

Mr. JOHNSON. We contract significantly for civilian police services, a global contract, which is a delivery indefinite, quantity contract.

Senator PRYOR. Is that a private security firm you are talking about?

Mr. JOHNSON. There are three current qualified bidders under this for task orders under this contract: Civilian Police International, a division of L3; Pacific Architects and Engineers, which was acquired, I believe, about a year ago by Lockheed Martin, was

H605-41331-79W7 with DISTILLER

formerly an independent company; and DynCorp International. We have other contracting relationships as well. That is by far the largest dollar amount because, in addition to that, DynCorp is a successful bidder on our global aviation contract.

Senator PRYOR. OK. You mentioned before that there are maybe four or five companies that do the bulk of the work. Are these competitive bids?

Mr. JOHNSON. The Civilian Police contract that I mentioned is a competitive bid. That contract has been extended several times, but there is an request for proposal (RFP) on the street right now. Bids are due June 1. It is my hope and it has been my ambition since I took this job to broaden the pool of contractors that we could work with. I think that three is too few, if you will, and would like to enhance our ability to compete them against one another.

Senator PRYOR. You mentioned three companies. What are the other one or two or three that also do the bulk of the work?

Mr. JOHNSON. A small amount of the work but an important amount is done by an Alaska Native company that provides some individual services for us, and Lockheed Martin has provided some services as well.

In addition, one of the more successful efforts we have had during the period of time we are talking about is currently using the contracting capability of the Department of the Army and reaching to its eight contractors, I think, that it can work with on our behalf for some acquisition of goods.

Senator PRYOR. And, Mr. Wechsler, is it true with the contracting you do that you usually work with four or five or six contractors?

Mr. WECHSLER. Yes. We work with a great number, but there is a group that receives the majority of the resources.

Senator PRYOR. Is it the same group that the State Department uses?

Mr. WECHSLER. Well, for instance, in South and Central America, looking back at this period over the last decade, according to the data that we have collected thus far—and I always want to stress that because, as I said in my opening statement, we are continuing to work on this. We have collected an awful lot of the data, but there is more for us to collect. But according to the data that we have collected thus far, the top ones are DynCorp, Lockheed Martin, Northrop Grumman, ITT, and King Aerospace.

Senator PRYOR. OK. We have seen problems in Latin America with corruption in government—in fact, we are, unfortunately, starting to see corruption even in our government with border security personnel because of the Mexican drug cartels, which is very disturbing. But how do you know that these contractors are not corrupted? Mr. Johnson.

Mr. JOHNSON. The way that we have worked with them in order to guard against that is to have an active conversation with them about their own internal control procedures, and as we discover challenges to that, to bring them to their attention and to seek improvements. All three of the ones that we are working with currently are public companies so that they are required to have the accounting procedures under Sarbanes-Oxley, which is a safeguard

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00019 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

that we think is important. And it is a constant effort to work with them on this issue.

I think that the use of contractors that are this size gives us some internal controls that are important, but this is not something that you fire and forget, if you will. I work actively and have an ongoing conversation with senior management with these companies whenever any problem is drawn to my attention.

Senator PRYOR. Let me just say this on behalf of the Subcommittee. I do not want to speak for any individual, but I think there is an institutional concern here, and that is, Senator McCaskill talked about how you have not been forthcoming with a lot of documentation, and apparently the Chairman has been determined to try to get as much information from you as possible, and that has not really been forthcoming. And what that does, at least in my mind, is it raises a question about how on top of this you really are.

You talk about how you have these procedures in place and this, that, and the other, but if you cannot provide us with the documentation and the numbers and the details of some of the contracts and some of the requests that the Subcommittee has made, it raises a question, in my mind, about how much you really are overseeing these contracts. So that is another reason why I hope you will get us the documentation very quickly.

I also want to follow up on Senator Brown's question about whether these companies are fulfilling their contracts. Your testimony a few moments ago was that they are fulfilling the terms of the contract, they are not breaching the contracts?

Mr. JOHNSON. I do not have any evidence that they are breaching the terms of the contract, but we work with them constantly to make sure that they are fulfilling the requirements of the individual task orders under these contracts. I think that is where my attention goes.

Senator PRYOR. I know that one of the things that Senator McCain has spent a lot of his time on since he has been in the Senate is contracting and making sure that the terms of the contracts are fulfilled. In his work on the Armed Services Committee and through other places we have learned that there are many examples of government contracts where the low bidder wins, but then once you get into the contract, they either cannot comply with all the terms or they seek more money or a longer amount of time to do the work that they originally bargained for.

Do you find that is occurring in these contracts as well?

Mr. JOHNSON. I know of instances where under individual task orders we have not been, shall we say, completely satisfied that the company has provided the individuals that we needed to perform in a training mission, but that is something that we address with them as aggressively as we possibly can.

Senator PRYOR. And I know that one of the things—again, not to take Senator McCain's thunder because he has been a leader on this for a long time, but just the overall cost overruns of contracts are a great concern to us, where you may get into some sort of military procurement of a weapons system or whatever it may be, and you think you are going to spend X, and by the end of the contract, you are really spending maybe double or triple that.

H605-41331-79W7 with DISTILLER

Do you see those large cost overruns in these contracts?

Mr. JOHNSON. I think that we face, if you will, a slightly different kind of problem because we do not tend to be buying equipment which is in the new design phase, right at the cutting edge, where there is more of an opportunity and a challenge on that.

Where we do have a problem is having allocated funds for a particular service, does it really achieve the objective we are trying to achieve? And that is where I think we can be properly attentive to knowing whether the way the program is designed, the people that have been brought on board are actually doing what we need to have done.

Senator PRYOR. Thank you, Madam Chairman.

Senator MCCASKILL. Thank you, Senator Pryor. Senator McCain, welcome. We are glad to see you here.

OPENING STATEMENT OF SENATOR MCCAIN

Senator MCCAIN. Thank you, Madam Chairman, and thank you for holding this hearing and for your continued zealous work on behalf of the taxpayers of this country. I am very grateful.

Mr. Wechsler, I was struck by a comment that you made in your written statement. I think it really authenticates the reasoning for this hearing. You said in your written statement, "In compiling the information requested by the Subcommittee for this hearing, my office found inconsistent records management among the various contracting entities, found that the volume of procurement actions overwhelms staff capacity in some instances, and found that many of the acquisition steps are manual processes that are both time-consuming and error prone."

What would have happened if we had not called for this hearing? Would those practices have simply continued?

Mr. WECHSLER. The answer is no, Senator. This hearing, as I said in my opening oral statement, is quite timely and quite helpful because it dovetails completely with efforts that I have made since I came into office over the last year. These things that we have discovered in the course of this review have mirrored things that we have discovered in the course of our own reviews that have been going on, again, since I took office.

We have discovered a number of areas in which processes can be improved, a number of times where things have worked exactly the way you want them to work, but there have been far too many times when information that I want I have not been able to receive as rapidly as I need to receive it; when I look into the contracts, I do not get the clarity that I need to see or I do not get the After Action Report that I need to see; and I do not want to be one of these appointees that only looks at things from their moment on, but I want to look at what happened before me so that I can get the lessons that are learned for what we are doing now.

I will give just one example, sir, one that I know is very dear to your heart. My first trip abroad when I took this job was to Afghanistan, of course. One of the things that we do there is a significant amount of work with the Drug Enforcement Administration to train up the Afghans, special vetted units of the Afghan counternarcotics police in order to work alongside the U.S. military in the campaigns that we are doing today. And those programs, by the

H605-41331-79W7 with DISTILLER

way, do involve a number of U.S. Government personnel, but also involve some contracting personnel, and those programs are working quite well, by and large. However, when I turn to the contracts and the efforts that were done to train the wider counternarcotics police, these were not nearly as effective.

And I would say, Senator Pryor, with your question earlier, when you were asking about do contractors execute what is asked of them, I think that is an excellent question. Of course, there are lot of laws and processes that are designed to get that, but that is not the only question about did they check the boxes and do everything. Are they effective at the end of the day? And the efforts to train the counternarcotics police, the wider counternarcotics police, were not nearly as effective.

One of the things that I discover when I was there was that Combined Security Transition Command-Afghanistan (CSTC-A) did not have an individual development cell designed for the counternarcotics police, which is a different effort, of course, than the wider police.

I talked with the leadership there. Now they have a cell. We relooked at the program, including the contracting program, changed some elements of it. I was just out there a few weeks ago, and I was impressed at the path that they are on.

So that is the kind of approach that I am taking both in conjunction with the efforts driven by this Subcommittee, but also outside of that, preceding that, and continuing after this.

Senator MCCAIN. All right. Well, let me just say that in your written statement, Contract Oversight Issues/Way Forward, you highlighted many of the problems that you have found, but there is very little, frankly, in your written statement as to what actions you have taken to cure these problems. Could you submit for the record the steps that you have taken to cure these problems, because I think you have correctly identified them, but I do not see specific steps that are being taken. Perhaps I missed them. But maybe you could provide them in a succinct fashion for the benefit of the Subcommittee.

Mr. Wechsler, in your written testimony, you made an interesting statement that many people may not fully comprehend or may not be as aware of as they should be, "Terrorists associated with Islamic Radical Groups (IRGs) . . . as well as narcoterrorist groups such as the Revolutionary Armed Forces of Colombia (FARC), operate sophisticated networks designed to move not only weapons, drugs, and other materials, but people as well. A wealth of intelligence reporting has linked many IRG members to both drug trafficking and alien smuggling. . . . Such trafficking, in which terrorists with transnational reach commonly engage, is a present and growing danger to the security of the United States, our forces abroad, and our allies."

That is a very strong statement, Mr. Wechsler. Do you believe that the IRG or FARC are working with the Mexican drug cartels or foreign governments such as Venezuela?

Mr. WECHSLER. It is an excellent question. The first thing that I would state is that there is far too much for my level of comfort that we do not know about all these questions.

The second thing I would say is that what we——

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00022 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Senator MCCAIN. Mr. Wechsler, I do not have a lot of time. I would like a direct answer. Do you believe that IRG or FARC are working with the Mexican drug cartels or foreign governments such as Venezuela?

Mr. WECHSLER. Just yesterday, I believe, in Spain, there was a judge that produced information that was quite fascinating about Venezuela's role——

Senator MCCAIN. With ETA, yes.

Mr. WECHSLER. Exactly. The connections between these entities are often quite larger than we appreciate.

Senator MCCAIN. Mr. Wechsler, for the third time, I am going to ask you, do you believe—I would like a yes or no answer and then you may elaborate, OK?

Mr. WECHSLER. The answer is no to your entire question because you said Mexico. I do not see the connection between the IRGs and Mexico.

Senator MCCAIN. I said Mexican drug cartels or foreign governments.

Mr. WECHSLER. Or foreign governments, yes. Venezuela, as I just referenced—it was the Mexican one that I do not have the evidence in front of me at present.

Senator MCCAIN. And that means that Islamic radical groups could be coming across our southern border if the drug cartels and human smugglers are working with them?

Mr. WECHSLER. Again, there is a lot that we do not know about these problems, but you are absolutely right to be asking these questions because there is an awful lot that we do not know about these issues. I have not seen, again, the connections between the Islamic terrorists and the IRGC and the Mexican drug cartels. That is the area that I have not seen evidence for. But it does not mean that it does not exist. It means that we need to investigate it.

Senator MCCAIN. And if you say that it is a "present and growing danger to the security of the United States"—I am quoting from your statement—does that influence your opinion as to whether the National Guard should be deployed to secure the border?

Mr. WECHSLER. What we do on the border—it does influence my opinion. It does influence my opinion about what needs to be done on the border. Whether the National Guard is the right tool to be used is a question that comes from—that is a separate question. But it does indeed influence the decision about how we need to approach our border, indeed.

Senator MCCAIN. Mr. Wechsler, I have been around here a long time, and I would like straight answers. In other words, do you believe that we need the National Guard on the border or not in light of a present and growing danger?

Mr. WECHSLER. I personally think that the National Guard is not the right tool for a lot of reasons on the border. I think that there are elements of the National Guard that play an especially important role in what we do on the border that my office funds. My office funds an awful lot of the deployments of the National Guard to the border. Those elements of the border, of what we do on the border, I support wholeheartedly. There are other proposals for what the National Guard might do on the border that I think

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00023 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

would be not the appropriate use of the National Guard on the border.

Senator MCCAIN. If I may interpret your answer, some elements of the National Guard on the border would be helpful.

Mr. WECHSLER. We already do that. Yes, sir. I pay for it out of my budget. There are deployments that we go down to do that on a regular basis, and those are quite valuable, indeed.

Senator MCCAIN. Thank you. Do you believe that the UAVs have been beneficial and perhaps more use of them would help in our effectiveness?

Mr. WECHSLER. I think we cannot get enough UAVs around the world, indeed.

Senator MCCAIN. Do you think that the Mexican Government in its struggle with the drug cartels—and I realize this one is a tough question—is winning or losing that struggle?

Mr. WECHSLER. It is a tough question. I believe that it is—and, again, I know you more than others appreciate how challenging that question is. And I do not mean to be evasive on this.

Senator MCCAIN. I understand this is a tough question.

Mr. WECHSLER. But I do want to say that when I look at whether you are winning or losing, the first question that I ask is: Do they have the right policy and approach? The next questions is: Do they have the right structure? Do they have the right people? Do they have the right resources? But the first question is: Do they have the right policy and approach? And President Calderon has the right policy and approach. He has brought the fight to the drug-trafficking organizations in a way that we have not seen before in Mexico. And he has brought some tools to this fight in a way that we have never seen before in Mexico.

Senator MCCAIN. And we have increased the Plan Merida and all of those things.

Mr. WECHSLER. Right.

Senator MCCAIN. What do you think the outcome has been so far?

Mr. WECHSLER. So far we have not seen an outcome yet. We have seen some tactical evidence of success from time to time, but it is not the case that they have solved this problem or are even in a place where we see it in the immediate horizon. I compare this much more closely to the earlier stages of Plan Colombia, and I think that—and perhaps this is where you are going with this, and I had mentioned this a little bit in my opening statement. One of the challenges for the United States more generally is that we have very short time horizons for problem sets that have very long time horizons. This is a problem set that has a long time horizon and requires as much longer time horizon that, in fact, I think we have given it previously. And it requires consistent—and only at the end of that long horizon are we going to be able to say that we have won.

Senator MCCAIN. I am way over time and I apologize, Madam Chairman, but let me just say that if you gauge success or lack of success in the number of Mexican citizens killed in this struggle with the drug cartels, you can certainly reach the conclusion that they are not winning. Would you agree with that?

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00024 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Mr. WECHSLER. By that judgment, there is absolutely no question. You are correct, sir.

Senator MCCAIN. I thank you. Thank you, Madam Chairman.

Senator MCCASKILL. Thank you, Senator McCain.

Mr. Wechsler, in the 10-year period, you say, between 1999 and 2009, the Defense Department spent $5.3 billion in counternarcotics programs, and then, I am quoting, ". . . it is estimated that 18 percent . . . was expended towards contractor support." I am concerned that you have to estimate that figure.

Mr. WECHSLER. Yes.

Senator MCCASKILL. And I am even more concerned that you had to hire a contractor to help you estimate that figure.

Mr. WECHSLER. Yes.

Senator MCCASKILL. So, first, I want to point out that we do not know for sure because you are estimating. That needs to go to the top of the list problem. And walk me through the decisionmaking process. You get a notice from this Subcommittee that we are going to look into contracting in counternarcotics work in this hemisphere, and walk me through the process where somebody says, "Hire a contractor to do it." Is this common? Does the Defense Department hire contractors to prepare them for hearings all the time?

I think you understand the line of questioning. The reason this hearing is important is because, as you candidly admitted in your testimony, as Senator McCain pointed out—and I admire you for your candor—in fact, this hearing helped you realize that you have a problem.

Now, if in fact, people at the Pentagon are hiring contractors to take care of hearings, how do we ever get through to that maze of a bureaucracy that they have a management problem? Should we pass something in the defense authorization this year that says you cannot hire contractors to help you prepare for oversight hearings?

Mr. WECHSLER. Thank you. Thank you very much. Let me get to all your questions because your questions are, of course, critically important to us.

It is an estimate, first and foremost, and the reason why it is an estimate—and I want to be clear about what we have done for you and what we have not done for you yet—is we have not received all of the information. There are some elements—again, we are going back 10 years, 15 acquisition and contracting components, Outside the Continental United States (OCONUS), COCOMs, services, defense agencies, National Guard Bureaus, all their contracting offices, we have done over 2,000 independent actions thus far going across, again, three Administrations. This is in no way to excuse this situation. This is merely an explanation of the scope and what we are doing.

As you know, we went back immediately, when we got your letter, to seek some clarity about narrowing or focusing or trying to understand how we could best help it. You said you wanted the entire thing. We said, great, we will do it. We then went through the process and tried to figure out how we could best go forward and provide this information to you. And, frankly, this gets to your next question. And just from a personal perspective, the last time I was in the Department of Defense was in 1995 when I served directly

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00025 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

for General Shalikashvili. When I came back into the Department of Defense, there were a lot of things that were different, and a lot of things for the better. But, frankly, one of the things that struck me immediately was the increased reliance on contractors compared to what I had seen personally from my previous experience, including in my own office as it was presented to me.

One thing that was presented to me, just for example, was that the person who was responsible for legislative affairs in my office was a contractor. This I thought was entirely inappropriate. That person is no longer with my office. But it is important to understand where we have been and where we are going.

When I arrived over a year ago—and I want to get immediately to your question, but this is——

Senator MCCASKILL. Do it quickly.

Mr. WECHSLER. We recognized the need for a more permanent workforce. What had happened under previous leadership, under the last Administration, and, frankly, under the first half to 6 years of the last Administration, whenever a vacancy had occurred in my office that does oversight over contracts and budgets, the billet was almost always taken and reallocated to other organizations. It was backfilled by detailees and some contractors. This is not an appropriate way to be overseeing these kinds of efforts, and my office has shrunk as a result.

As I said before, we are conducting an oversight review. I have already gotten approval from Under Secretary Flournoy, who shares completely my concerns about this area, about a new process to, as rapidly as possible, build out my office, focusing it first and foremost on my budget program and evaluation area, where the evaluation side of this, as I look back in history, was not done nearly as effectively as I would like, and to build out that staff.

Quite frankly, we are not there yet. I saw when Secretary Gates publicly complained that it took so many four-star reviews before he could send a small team out to somebody. I am on the other side of that, and it takes an awful lot through the Pentagon bureaucracy for me to build out the staff that I need.

But we are pushing as rapidly as possible in doing that and to build up the staff, and I have a new legislative affairs person, and we are working quickly to convert people from contractors to permanent government staff in that regard.

But when we started this in February, we simply did not have the staff.

Senator MCCASKILL. OK.

Mr. WECHSLER. And so that is why we went the direction that we did.

Senator MCCASKILL. Answer this question, if you can. Believe me, we now know you have been there—you were there in 1995—you have to try to not talk quite so long because I have got a lot of questions. You are going to be here a long time if you keep talking so long.

Mr. WECHSLER. Sure, OK.

Senator MCCASKILL. It is just going to prolong the pain, because I am not going anywhere until I get all these questions answered.

Mr. WECHSLER. Senator, I am here as long as you want me to be.

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00026 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Senator MCCASKILL. We do not need to hear again that you were there in 1995 and you are back and things have changed. You can just try to hone in. Let me hone in on the question here.

Is it common—and I have a feeling you are the kind of guy that knows this, and I am asking you for your impression. Is it common for people in the Pentagon to hire contractors to help them prepare for oversight hearings? Is that common?

Mr. WECHSLER. I have never hired a contractor to prepare for oversight hearings before.

Senator MCCASKILL. Are you aware of others that are hiring contractors to——

Mr. WECHSLER. I am not aware myself of anybody doing it, but probably legislative affairs would be helpful for you.

Senator MCCASKILL. Thank you. I am going to try to do one more question before I turn it over to Senator Brown.

Let me ask you about the Alaska Native Corporation (ANC). As you may or may not know, I am focused on ANCs and the ridiculous stature they have in contracting in the Federal Government, the notion they can be as big as they want, they do not have to compete, and they can front is offensive to me. I know that an ANC received over $16 million in contracts from the State Department 2005 to 2008. Olgoonik, an ANC. Let me ask you first—and I think I know the answer to it. I am willing to bet these contracts were not competed.

Mr. JOHNSON. That is correct.

Senator MCCASKILL. OK. And why would it be necessary to not compete these contracts? Were they not competed because you do not have to because they are ANCs or because there was a legitimate reason for them not to be competed?

Mr. JOHNSON. We were looking rapidly for the service to be provided, and we consulted with our acquisitions personnel, and they advised us that this would be an appropriate way to pursue rapidly to acquire these services.

Senator MCCASKILL. And this is the ironic part about this. Last month, the State Department officials told the Subcommittee staff that the Department paid Olgoonik, the Alaska Native corporation, to provide local Colombian employees to various Colombian ministries. So we are hiring an Alaska Native corporation to go to Colombia to identify Colombian employees for the Colombian Government to hire, and for that reason we do not need to compete a contract?

Mr. JOHNSON. We were looking for something that we could rapidly deploy, and this was——

Senator MCCASKILL. What would happen if ANCs did not have this vaunted status of not ever having to compete for a contract?

Could you have legitimized this as a sole-source were it not for the fact that an ANC got the contract?

Mr. JOHNSON. I do not know.

Senator MCCASKILL. I would like to know the answer to that question.

Mr. JOHNSON. I will give you an answer to that. I do not want to speculate.

Senator MCCASKILL. Because I am determined to ferret out every opportunity I can to point out that ANCs are getting non-compete

H605-41331-79W7 with DISTILLER

contracts across the Federal Government for no good reason, and the vast majority of those or the vast majority of people doing the work have nothing to do with the Alaska Native corporation. And so I would appreciate a followup on that.

Senator Brown.

Senator BROWN. Thank you, Madam Chairman.

When you say rapidly deploy, what is the time frame we are talking about?

Mr. JOHNSON. Senator, I would need to get you that data, but in order to carry out a full, fair, and open competition, it is a multi-month process, and we were looking to, I am told, address an issue where we were unable appropriately and rapidly to bring these services on board locally, and this was a vehicle through which we could do it.

Senator BROWN. Right, because I am sharing the Chairman's concern, the failure to compete, and everything is always in a rush around here. We have got to rush, rush, rush. Everyone is an emergency. And then you say, well, you had to rapidly deploy in order to deal with the concern. Well, what is rapidly deploy? Is it a month? Is it 6 months? Is it a year? So I would like to have an idea of what typical scenarios would be about rapid deployment, because it seems that if it is a rapid deployment situation, then we need to go this way versus another way. So if you could zero in on that and get back to us.

Mr. JOHNSON. I shall.

Senator BROWN. And this is for both of you. Beginning in 2000, Congress placed ceilings, as you know, on military and U.S. citizen contractors who can be in Colombia in support of Plan Colombia. I was wondering, does this cap on those contractors in Colombia hinder the performance to achieve your mission objectives, or did it hinder your performance objectives? Flip a coin.

Mr. JOHNSON. Since I have already pressed the button, I will take the coin and be brief.

It is possible. I do not know whether that had an impact in the early period of time, but I know now we are working quickly to nationalize those programs, particularly with the Colombian military, and not with the objective of staying under that ceiling. It has had the collateral benefit of that, but in order to take account of the fact that Colombia has made extraordinary strides and that the continuing level of support that we have provided in the early part of Plan Colombia for the Colombian military is not really needed or appropriate now, and we need to turn those items and those responsibilities over to the Colombians.

Mr. WECHSLER. Yes, I am going to have to defer. I am happy to look into the tactical questions about in 2001 and 2002, whether there was an impact on a tactical basis. I can say from my own personal perspective, from a strategic level, the limits that the Congress put in working with then Under Secretary Tom Pickering collaboratively on our efforts in Colombia I personally think worked out for the better and helped focus the strategic thinking at the initial stages of Plan Colombia. That was the part that I am personally familiar with. I thought it was a positive effort.

Senator BROWN. Do you think the caps will have any effect on the ability to accomplish the objectives in Afghanistan? Either one.

H605-41331-79W7 with DISTILLER

VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00028 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Mr. JOHNSON. It has not affected the work that I am responsible for doing at this point.

Senator BROWN. OK.

Mr. JOHNSON. I think anything into the future is really speculative as the situation there evolves.

Senator BROWN. Yes. As you know, I just got back, and I wanted to see if putting a ceiling would have an effect on that mission.

Let me just shift gears for a minute. As the Chairman mentioned in her opening statement, I was wondering, there is a fundamental question that must be asked by our program managers prior to any decision to initiate a procurement action, is identifying the objectives of the acquisition and the program in determining how to successfully measure the progress towards that objective. I am wondering, what are some key patent reform measures that we in Congress can track towards determining if counternarcotic strategies are being successful? That would be for both of you.

Mr. JOHNSON. For my part, I think it is important to look at the objectives beyond the contract itself. For example, in Colombia, for reasons which I am sure made a great deal of sense at the time, the original objective was focused on the amount of coca under production and cocaine exiting Colombia. Strides have been made in that area, but the original objective which was set, which was cutting it by 50 percent by a year certain, was not met.

On the other hand, if you look at the strategic objective that we had of changing Colombia from a state under threat to one which is an exporter of security, we have done extremely well there. And I think that by any measure the efforts that have been made through these contracting mechanisms have made a fundamental contribution to that, particularly by providing the ability of the Colombian state to reach into areas which it was previously not able to and were ungoverned.

Senator BROWN. Do you have a comment on that at all?

Mr. WECHSLER. Yes, this is a topic very near to my heart. As Ambassador Johnson said, there are strategic-level approaches to this, but on each and every contract and each and every program, we need to have specific program metrics that do not just measure inputs but measure outputs. In some cases these exist, but in many cases these do not.

We have just recently issued standard operating procedures for our new CN performance metric system to our COCOMs, and we are working with each and every COCOM to develop individual metrics, some of which will be global in nature because of their nature, but many of which will be specifically designed for a given program or even for a given country.

Just last week, I had my Program Objectives Memorandum (POM) reviews for the fiscal year 2012 budget process where I worked with every one of the combat-and-commands, and we had a special session exactly on these metrics and how we were going to develop them for each program going forward. So this is a critical question that you raise.

Senator BROWN. Thanks. Did you really spend $50,000 to get ready for this hearing?

H605-41331-79W7 with DISTILLER

VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00029 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

Mr. WECHSLER. I want to be clear about this. It is not to get ready for this hearing. It is to get the information that you asked for.

Senator BROWN. To get ready for the hearing.

Mr. WECHSLER. Yes. I mean, my staff can brief me for the hearing, but to pull over 10 years of data from 15 different Department of Defense agencies across three Administrations with thousands and thousands of different contracts, given the state of the offices I described, we absolutely—I did not have two extra people that could work on this. I had to bring in two extra people. I cannot hire them immediately, so all I could do is hire them in as contractors.

Senator BROWN. So basically 25 grand for a month, so somebody made 25 grand for the month to do this?

Mr. WECHSLER. Two and a half people did.

Senator BROWN. Two and a half people. If I may just ask one more question?

Senator MCCASKILL. Sure.

Senator BROWN. Thanks. Contracting and budgeting as it comes to eradication—in Colombia, there was a lot of work, time, and money spent to help eradicate drugs, cocaine, and everything in Colombia. Is there a plan, a contracting or budgeting plan, Mr. Johnson, regarding the eradication of poppies in Afghanistan? Because I can tell you, I was there, and from here to the Russell Building outside the Forward Operating Base (FOB) there were poppy fields in full bloom. Is there a contracting or budgeting plan for that you are aware of?

Mr. JOHNSON. The critical distinction is that the Colombians welcomed and asked for and facilitated our work to provide an eradication effort, and they thought and continue to think it plays a significant role in their ability to extend the governance over their country.

For historical reasons, we do not have any support in Afghanistan for the use of herbicides delivered in any way, shape, or form, and so we are working toward dealing with this problem through other means, principally through providing alternative livelihoods for individuals who might be there, as well as having a massive interdiction program. The Drug Enforcement Administration has its largest contingent of people anywhere abroad now in Afghanistan.

Senator BROWN. Thank you. Thank you, Madam Chairman.

Senator MCCASKILL. Thank you, Senator Brown.

Let me follow up a little bit on the metrics, and let me follow up with some of the things that you just said, Mr. Johnson, about Colombia. You indicated that the original performance metric of decreasing production by 50 percent at a time certain was not accomplished. In fact, I think that in October 2008, the Government Accountability Office (GAO) found that from 2000 to 2006, Colombian cultivation of coca actually increased during that period of time, and that cocaine production also increased. And I understand that. What you basically said is the rule of law and the strengthening of the Colombia Government as it relates to rule of law has been a success, cocaine production and amount of cocaine production not so much?

H605-41331-79W7 with DISTILLER

Mr. JOHNSON. I think the amount of cocaine and the amount of cocaine production and the area under cultivation and the yields have, in fact, declined, and the decline has been significant. But it has not by any means been what was originally projected or sought as a goal.

It has played, according to our evaluation and according to the Colombians, a significant role in allowing them to extend the rule of law and to deprive the FARC of a means of livelihood and sustenance.

Senator MCCASKILL. OK. As you look at that, have there been ongoing attempts over the last decade since the strengthening of the rule of law has worked well, maybe not as well as the original plans to diminish the amount of production, were resources shifted from eradication and trafficking work to rule of law?

Mr. JOHNSON. I would broaden it beyond "rule of law," and I think it has to do with really the extension of the ability of the Colombian state to govern, to provide governing services, not just——

Senator MCCASKILL. Governance and rule of law.

Mr. JOHNSON. Including rule of law, but I think if you focus exclusively on that, you miss a big part of the issue.

Senator MCCASKILL. Well, I guess I am confused. You think the counternarcotics budget and the amount of money spent on contractors for counternarcotics in Colombia is what strengthened governance and the underlying rule of law?

Mr. JOHNSON. I think it played a major role in providing the space for the other programs to work. I do.

Senator MCCASKILL. OK. And that has worked?

Mr. JOHNSON. We believe that it has substantially worked.

Senator MCCASKILL. So are we going to be dramatically cutting back the amount of money we spend on eradication and production problems down there in the coming years?

Mr. JOHNSON. We have been significantly stepping down over time. I think that we will be devoting more and more of our effort to supporting the Colombians in manual eradication programs. But I think if you look at the geography of Colombia and the transportation routes and the ability of the government under any conceivable scenario to extend its reach over the entire country, there is going to be a continuing role for aerial eradication well into the future.

Senator MCCASKILL. In 2003, as you know, Congress passed a law saying that we should transfer counternarcotics contracts in Colombia away from contractors and to Colombia nationals. According to the reports to Congress that our staff has reviewed, the Department has not fully transferred any of those activities in Colombia. Is that accurate?

Mr. JOHNSON. I think I would like to have an opportunity to go over our documentation with your staff because I think that there are some places where we have, if you will, fully turned over things. But this is an ongoing effort, and it is not one that we slacked away from. We anticipate that, in terms of the support of the funds under my Administration, we would be looking to conclude our support significantly and eventually entirely for the Colombian military. But we look to the Colombian police as a long-term partner that we would work with well into the future. And

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00031 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

our colleagues at the Department of Defense, of course, would continue with their engagement and through the foreign military financing and sales program to continue an engagement with the Colombian military as well.

Senator MCCASKILL. In 2004, Congress limited the number of contractors in Colombia. Has that limitation been helpful or has it been a harmful policy? And is that a way to get at this as somebody who continues to be frustrated, or what Mr. Wechsler talked about, that is that we have just exploded contracting without appropriate oversight or personnel to keep track of it in this government over the last decade? Should we start setting a number on how many contractors are allowed in-country?

Mr. JOHNSON. Well, in the case of Colombia, as I mentioned earlier, we have cut that figure in half, from 1,200 to slightly under 600.

Senator MCCASKILL. But the law required you to do that. The law says that you had to limit the number of contractors allowed in Colombia to 600. I do not think that—I mean, I am assuming you did it because the law told you you had to?

Mr. JOHNSON. Well, we would have done it, whether we thought it was a great idea, because the law told us that we had to. But we have been engaged in that period of time in a program that we refer to a nationalization, which is turn these responsibilities and these programs over to the Colombians during the course of that period of time.

Senator MCCASKILL. Do you think it would be helpful for us to do a number limitation on contractors in other environments around the world?

Mr. JOHNSON. Speaking for myself, I think maintaining some flexibility in that area makes more sense than a rigidity. But I know that will require an active interaction with you and your staff to make sure that we are following the ideas that you think are appropriate in terms of shrinking the contractor footprint worldwide.

We are looking at ways to do that. I read newspapers. I know that this has changed. We are looking at ways to engage more fully with our State and local authorities for the provision of police training, for example, where there might not be a Federal solution, and by so doing, we would be cutting into some things that we have traditionally done through only a contractor solution.

On the other hand, as I look at that as a model, I am still thinking that I am going to certainly need significant contractor support for life support for these individuals in environments which might be quite challenging.

Senator MCCASKILL. Don't misunderstand the view that I hold about contracting. It is not the number of contractors that bothers me. My urgency about reducing contracting is because it has become very clear to me that we do not have adequate contracting oversight in government, and this is an equal opportunity sin. We spend a significant amount of time on Defense and State because you are two of the big ones. But I think Energy is next up, isn't it? The Department of Energy, we will be looking to see if they hire contractors to help them get ready for the hearing we are going to

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00032 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

have about contractors at the Department of Energy. Homeland Security, same thing.

So, either we are going to get the right contracting oversight in place, or we are going to have to reduce the contracting, one or the other, because the current situation I think is untenable.

Let us go back to the metrics for a minute. Office of National Drug Control Policy (ONDCP), is it important? Are the metrics—do you all feel like that there is a coordinated effort with ONDCP at the top? Or do you all feel that it is still a siloed effort?

Mr. JOHNSON. I have an active engagement with Mr. Kerlikowske, and I look to him to provide the type of guidance that I will then implement in the international programs for which I am responsible. The clear shift with a real focus on demand reduction, prevention, and treatment, as he addresses it, is something that we have begun a shift to. We are looking very strongly at that in all of our programs. You will see it in Afghanistan and Mexico and so forth. That is one signal.

We also look at the price/purity statistics that he uses as a measure to gauge in some measure whether the programs that we have, which are aimed at eradication and interdiction, are having an effect on the streets in the United States.

Senator MCCASKILL. And I certainly think those are both great additions to your repertoire, that price/purity is very important, as you all know, I used to know a lot more about that when I was actively prosecuting, but the purity of heroin in this country has just skyrocketed and it has gotten inexpensive because of it. We are seeing more problems in local communities from OxyContin than heroin only because OxyContin has gotten more expensive than heroin in some places.

So getting back to ONDCP, they require agencies to submit performance reports on counternarcotics activities. In 2009, the Defense Department presented 285 performance measures for your counternarcotics activities. However, in a recently released preliminary report from GAO, it states that your performance measures were missing key attributes of successful measures in the database and were otherwise inadequate.

Can you give me an example, Mr. Wechsler, of the unclassified performance measures used by the Defense Department? What would be an example of a performance measure that you all would be looking to to see if you are doing a good job or a bad job?

Mr. WECHSLER. Sure. It depends on the program, but, for instance, one example is on the JIATF-South's efforts to do the aerial and maritime domain awareness and to attack the air bridge system. It is the proportion overall of the tracks that are going in that we believe that are drug-related that were interdicted, and that is a top-line metric that then will have very many submetrics underneath it. But that is a very good metric to be looking at for that line of activity. There are other lines of activity that talk about building partner capacity for which there are different metrics about how capable the individual foreign force that we are trying to train is and very much akin to the way that we train military.

Senator MCCASKILL. I know that you have hired a contractor to help you with revising your guidelines for performance measures. Who is the contractor that was hired for this project?

H605-41331-79W7 with DISTILLER

Mr. WECHSLER. It is Hagerty.

Senator MCCASKILL. Hagerty. The same contractor that is helping you with this hearing?

Mr. WECHSLER. That is right.

Senator MCCASKILL. But there is somebody between them and you, isn't there? Isn't there somebody that you hired, then they sub-hired Hagerty? Isn't it Lockheed?

Mr. WECHSLER. Oh, yes, well, there is—and I am happy to get into this. We do a lot of our contracting through an office called the Narcoterrorism Technology Program Office, and they have five primes, and the primes do subprimes. And that is where not all but a good deal of the contracts go through, particularly when you want to do something quickly. I decided that I could not wait for the personnel system of the Department of Defense to give me the personnel that I needed to work on performance metrics, and we needed to start more rapidly.

Senator MCCASKILL. And this is a constant theme we hear.

Mr. WECHSLER. Absolutely.

Senator MCCASKILL. But why do we need somebody to take a cut? I mean, why is Lockheed getting a cut of this contract that the Hagerty people did, getting data, trying to get data—I do not think we have successfully gotten the data yet for this hearing—and on the performance measures? Are they taking a cut, is Lockheed taking a cut on that, too?

Mr. WECHSLER. Undoubtedly as a prime they would have a management responsibility, and we can get back to you on exactly what that is. The process is set up to provide rapid action when we need rapid action, and so you have the five primes that compete for their position as that. The alternative is to put something out for independent contractors. Of course, it would then take the same amount of time that it would take—or probably sometimes more than it would take for me to hire someone into my office. So that is why we are where we are.

It is this office—and we will certainly—I should have mentioned earlier—get back to what Senator McCain said about all the things that we have done in our office, we will get you all that in writing. But a lot of the things that we have done in our office have been most directly about this office, the CNTPO, which we most have direct oversight and working with, to improve their ability to contract and to oversee contracts, and there has been a great number of steps that we have taken in the last year towards that end, and they are not finished.

Senator MCCASKILL. It is just a weird system that has evolved, that you have got these big companies that essentially are providing inherently government functions by subbing out quickly to other people. It is almost like we created a process to make sure that we are hiring in a way that is fair and open-minded or that we are contracting in a way that is fair and open-minded, and then we have this huge short circuit that all you have got to do is get primes and do tasks. And if you get primes and do tasks, then they get a middleman cut. Can you imagine the amount of money we are spending on the middleman cut in this government? I mean, in the Pentagon alone, it is billions of dollars. It is so frustrating to me. And this would never occur in the private sector. This is

H605-41331-79W7 with DISTILLER

where so much money is being wasted, and it is all just to get around the process.

It is like you said, Mr. Johnson. The ANCs are great because you can get around the cumbersome process that takes so long. And I am aware of this. I do not mean to be yelling at you guys about it, because it is a reality. You want the work done and you need it done quickly. So we have to figure out how we do a better job on the complexity of hiring and the time of contracting because it is costing us much more money than the problem we tried to solve by making it so complex. And we can do it because we print money.

Mr. WECHSLER. If I could say, Senator, I completely agree with your assessment. I just spent the last 8 years in the private sector, and, of course, we did contract in the company that I worked with quite often. And if we wanted to contract, I just contracted something.

Now, you do not want that system, of course, in government because you do not want an individual without any oversight making those kinds of decisions with taxpayer dollars. So there is this balancing effort that has resulted in the system that you are accurately describing, and I very much look forward to working with you, at least in the one area that I have a say on, and help figuring out how to make sure that if we are out of balance, that we can balance it, that we can rebalance it.

Senator MCCASKILL. In the President's national drug control budget for fiscal year 2007, there is a discussion of an improvement underway to establish a comprehensive Performance Reporting System—I do not think we have used enough acronyms in this hearing; it is hard to get through these hearings without a lot of acronyms—a PRS that will track resource allocation, program effectiveness, and provide prompt feedback on the agency's progress within the National Drug Control Strategy.

Now, if you juxtaposition that up with the reality that one of the things we learned in the GAO report is that United States Southern Command (SOUTHCOM) and United States Central Command (CENTCOM) and JIATFs, all components that have operational control over counternarcotics, they say that their personnel does not use the main counternarcotics database. Well, this is a problem. You have got the three different parts of the defense that are supposed to be reporting into a database so we can manage these contracts, and they do not use it.

How can you do performance measures—I do not care how many contractors you hire. How can you do performance measures if you cannot get the commands to even use the database you have? And on top of that, guess what? We are about to create a new database.

Mr. WECHSLER. You are exactly right. This was, again, the topic—this specifically was the topic of the conversation that we had just last week in the context of our annual POM reviews.

In my experience, putting on my management consultant hat, quite often the drivers of situations like this when I have seen it in the past is that the performance—there is a variety of them, but the performance metrics themselves are not useful to manage the programs, and that people will use the database when they themselves find that—first and foremost, when they are told to do it, but also when they themselves find that it is useful for running

H605-41331-79W7 with DISTILLER
VerDate Nov 24 2008 15:23 May 23, 2011 Jkt 057941 PO 00000 Frm 00035 Fmt 6633 Sfmt 6633 P:\DOCS\57941.TXT JOYCE

their own programs that they are responsible for. They see this as an additional task that is separate and devoid from their own responsibilities to manage the program. Then they are going to be lax at using it. And you mentioned before the weaknesses in the previously existing performance metrics system. And so I see these two failings as being intricately links. You get the right performance metrics that measure the right things that help you run the programs in the right way, and then you get the right database to track those particular efforts. Then the people who are running those programs will not only do it because they are told to do it, but will want to use this metric. And then we at a headquarters level can use the individual data and the aggregated data to do the kind of oversight at a policy and programmatic level that we need to do in order to provide the oversight that we are required by Congress.

Senator MCCASKILL. I mean, don't you think it is kind of problematic that we would start, whether a contractor is developing PRS, I assume? Do you know?

Mr. JOHNSON. I do not know. I would have to consult with Mr. Kerlikowske.

Senator MCCASKILL. Well, we will follow up with them. I bet you it is a contractor. What do you bet? I bet it is. And we will check with them about the PRS system, but we have had a hearing on databases, and if there is one thing that we have more of in government than contractors, it is databases. And it is databases that are not being utilized fully. They are not being utilized effectively. They are costing us a lot of money. They are not talking to one another. And at the end of the day, it is going to be like that general in Kuwait told me a long time ago when I was asking him about the complete and abject failure of contracting oversight in Iraq. He said, "I wanted three kinds of ice cream. I wanted it in the mess. I wanted it yesterday, and I did not care how much it cost."

That is out there, and it is particularly out there in your neck of the woods, Mr. Wechsler.

We are buying airplanes—which one said we were buying airplanes? You were buying airplanes, Mr. Johnson.

Mr. JOHNSON. We are in Merida, yes, and we are also acquiring some for both Afghanistan and for Iraq.

Senator MCCASKILL. Are we contracting with people to buy airplanes and they are going to fly them? Or are we actually buying them and hiring contractors to fly them? It was my understanding we were contracting aviation, including the capital requirements of aviation. And now you tell me we are buying airplanes. Can you explain?

Mr. JOHNSON. We are acquiring the air frames, and we are contracting for the flying and for maintaining them.

Senator MCCASKILL. And have we always bought the air frames at the State Department, or have we contracted for someone else to buy the air frames and fly them?

Mr. JOHNSON. We have in limited circumstances done leasing of aircraft. I personally, in the areas where we are operating, do not really prefer that because of the safety issues that it raises. If we can acquire the aircraft and have a contract over which we have very direct oversight provide the maintenance and provide the pi-

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loting for us, I am much more confident of the safety of those aircraft and the safety of the passengers on board them.

Senator MCCASKILL. What percentage of the aircraft that you have in the air doing counternarcotics work are being piloted by contractors?

Mr. WECHSLER. I am going to have to get you that exact number, of course, or as close as we can get to that exact number. I am just thinking, off the top of my head, the programs that I know of. I know of some that are like that, but, frankly, some of the more prominent ones and the ones that we work on like the effort to provide MI–17 helicopters to the Afghan counternarcotics police, those are ones where we buy the helicopters. We have U.S. personnel that are there. We are training up Afghans. There is some contractor assistance to help in the training and to help with the maintenance.

Senator MCCASKILL. Right.

Mr. WECHSLER. But all that is designed to provide Afghan capability. It is not a permanent thing. It is designed as a training function.

Senator MCCASKILL. I understand. Once we get all this data—and let me turn to——

Mr. JOHNSON. Senator, could I correct something I said before?

Senator MCCASKILL. Yes.

Mr. JOHNSON. I think I was focusing on these new acquisitions that we had in Afghanistan and Iraq where the contracting for the pilots and the maintenance is going to take place. Just as Mr. Wechsler was mentioning about transfer of skill in Afghanistan, we have worked very hard, particularly in the case of Colombia, to transfer those training and skills. So all of the helicopters that are operating there, for example, are piloted by Colombian personnel, and much of the maintenance is also provided by them with limited oversight by a contractor that we provide.

On the other hand, in Iraq and Afghanistan, the aircraft that we are operating there are for the most part, I think, exclusively to provide lift for our own personnel, and in that case, we are not engaged in trying to build capacity yet for the Afghans for that type of work.

Senator MCCASKILL. Well, let me focus back on counternarcotics, because I believe you referred to buying airplanes for Merida, right?

Mr. JOHNSON. Yes, ma'am, that is correct.

Senator MCCASKILL. Not Afghanistan and Iraq. The airplanes you bought were for counternarcotics efforts associated with Mexico.

Mr. JOHNSON. Yes ma'am. We are in the process of buying helicopters as well as one fixed-wing aircraft.

Senator MCCASKILL. OK. Once we get all this data—do you all talk to each other about what kind of airplanes you are buying?

Mr. JOHNSON. Absolutely.

Senator MCCASKILL. OK. So is there not a way that we could buy airplanes on existing contracts? I am sure the Defense Department has a much better deal on these aircraft than you are ever going to get at the State Department.

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Mr. JOHNSON. We are buying them through the Army Command, and we are using their contract.

Senator MCCASKILL. All right. So it is going through Army Command.

Mr. JOHNSON. Absolutely.

Senator MCCASKILL. OK. Well, good. See? We got some great news out of this hearing.

OK. So we still have a problem on this data. I am going to try to go as many hearings as I can possibly go without subpoenas. But we still have a problem on the data.

Now, we made a broad request, and we have a little bit of a chicken-and-egg thing going on because we have learned the hard way that if you make a broad request, you may get enough information you can really use. But we are more than happy to make a less broad request if we are actually going to get what we ask for.

So what I would suggest we do is to have your staffs get with the staff of the Subcommittee. Now, we are not going to let you decide what data you can give us, but you know what we want to do. We want to get a handle on whether or not you know and can produce information about the contracts you have, how they were issued, the scope of the work they are doing, the performance measures that are there, and if somebody is looking over the shoulder of these contractors and seeing if we are getting a bang for our buck, if we are getting value. That is the data we need. And we need it not to take 3 months, and we need not to have a situation where you give us information and it is stuff we could have gotten easily ourselves and we have done enough work to know that what you gave us was not even complete, and you did not even admit it was complete until after we confronted you with it. And then you come to the hearing today, and you clearly have a lot more numbers than we have ever heard before, which makes it hard for us to prepare for the hearing to ask the kind of questions that I would like to ask. If I had all those numbers that you had indicated at the beginning of the hearing, Mr. Johnson, if I had that information, I could have done a much better job drilling down on contract oversight today than I was able to do because of the lack of data.

So I suggest we try this one more time. I suggest we get your staffs with our staff, and you give us input as to how quickly you can get us the kind of data that both of you are smart enough to know that we need to do adequate contract oversight, and let us go from there. And we are going to try one more time, and if we are still frustrated at the end of this process, then we will issue subpoenas. Does that seem fair?

Mr. WECHSLER. Absolutely, Senator.

Senator MCCASKILL. Mr. Johnson.

Mr. JOHNSON. We are ready to proceed on that basis.

Senator MCCASKILL. OK. We will try again. And we are not going to go away, even though we have to move on to the Department of Energy and arm wrestle them on contracting oversight. We want to stay with this because I do not want to move from this topic until everyone is aware, especially the contractor community, that there is no place you can be in the Federal Government that we are not going to be trying to look and see what is going on. And

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the people who are managing the contracts in every nook and cranny of the Federal Government are going to have to realize that these kinds of questions are going to be asked on an ongoing and consistent basis because this Subcommittee is not going anywhere. There is way too much work to do. It is amazing to me that there has not been one of these subcommittees much sooner in the process because what happened, we had an explosion of contracting, and everyone was so busy exploding contracting, nobody was paying attention as to whether or not there was adequate oversight, adequate management, and adequate data collection so we could keep track of whether or not they were doing a good job, to say nothing of the problem we have with the middleman. We have some people getting very rich off taxpayers that are just shuffling contracts, and we have to make sure that we can hopefully fix that problem, and that is a long-term goal of this Subcommittee and obviously a work in progress.

I appreciate both of you being here. I appreciate the time and energy you put into preparing. We are not done, but I feel confident that you both understand where we need to go with this, and we will look forward to continuing to work with your staffs in a cooperative fashion, and hopefully in another few months we can come back around and tie this up and be confident that you all know what contracts are out there and that they are fully being managed and that you do not have a situation where there is a far-flung embassy that is doing contracts and you really do not have a handle on it, and you do not have a situation where commanders are saying one thing, the acquisition is doing something else, and nobody has even bothered to manage the contract, which essentially is what you were kind of saying in a very diplomatic way in your opening statement. And believe me, I am not shocked. I see it, we see it time and time again.

So thank you both, and this hearing is adjourned.

[Whereupon, at 12:22 p.m., the Subcommittee was adjourned.]

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APPENDIX

HEARING ON COUNTERNARCOTICS CONTRACTS
IN LATIN AMERICA
May 20, 2009
Subcommittee on Contracting Oversight
Senator McCaskill
Opening Statement

The purpose of this morning's hearing is to examine how the U.S. government is using contractors fight the drug war in Latin America.

The U.S. government has been involved in counternarcotics activities in Latin America for more than 30 years. From 2000 to 2008, the bulk of U.S. counternarcotics assistance to Latin America was through Plan Colombia, a multi-year assistance package targeting Colombia, Peru, and Bolivia. In the last two years, the Mérida Initiative, which focuses on assistance to Mexico, has also increased in importance. Over the last decade, the United States has spent billions of dollars on counternarcotics activities in the region. The President has asked for an additional $6 billion for international counternarcotics and drug interdiction in 2011.

I understand that much of this money is currently being spent under contracts with companies like DynCorp and Lockheed Martin. Contractors help spray the drugs under cultivation, work in government ministries, help support the local Army and police, and maintain the bases where American troops live and work in Latin America.

Their efforts are crucial to the success of the United States' mission in Latin America. But there is almost no transparency into what these contractors are doing or how much we're paying them. And it appears that there has been insufficient oversight of these types of contracts. Oversight is essential to ensure that these contracts are as effective, efficient, and accountable as possible, and that the taxpayers' money isn't being wasted.

Oversight of counternarcotics contracts in Latin America is particularly important now as the United States is ramping up its counternarcotics activities in Afghanistan. The same federal agencies and many of the same contractors are performing the work in both places. We need to ensure that the lessons learned from Latin America are applied in Afghanistan, and that we don't repeat the mistakes of the past.

That is why, at the beginning of this year, the Subcommittee began an investigation into counternarcotics contracts. What we wanted to know was the answers to a few basic questions: What are we spending on contracts? What are contractors doing? And are the taxpayers getting what they paid for? We asked for this information from the State Department and the Defense Department more than three months ago. Despite our repeated requests, neither Department has been able to answer our questions yet.

Instead, the Subcommittee has received information about contracts which appears to contradict the Departments' own regular reports to the Congressional appropriations and foreign relations committees. The State Department appears to have underreported its contracts to the Subcommittee by hundreds of millions of dollars for Colombia alone. And

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the Subcommittee also learned that the Defense Department hired a contractor at a cost of $48K to assemble information which was incomplete and full of errors.

Today, I plan to ask these basic questions of our witnesses. I plan to listen to their testimony and I hope that they will be able to help the Subcommittee conduct its oversight both today and in the future.

What we learn today will inform whether the Subcommittee moves today to authorize a subpoena for this information. I hope that the State Department and Defense Department will be able to provide the information we need. I fear, however, that the Departments will not. And in that event, I want to know whether their failure is because they are incapable of producing this information or whether they're just incompetent.

I do not want to use this compulsory process against the State Department and Defense Departments. I hope that they will not leave me without a choice.

I want to thank our witnesses for being here and I look forward to our discussion today.

Opening Statement by Senator Scott P. Brown

May 20, 2010

Subcommittee on Contracting Oversight

U.S. Senate Homeland Security & Governmental Affairs Committee

"Counternarcotics Contracting in Latin America."

As Ranking Member of this subcommittee, it is again an honor to join with Chairman McCaskill in exploring the important issues of this subcommittee. Issues that go to the core of how our government conducts business. I look forward to finding ways our government can fulfill its missions better, more efficiently, and most importantly with fewer taxpayer dollars.

This is a critical issue for the United States as we are confronted by the effects of the narcotics trade in this country every day -- from the increasing violence perpetrated by Mexican drug trafficking organizations, to the seemingly endless flow of narcotics that enters the U.S. and ruins young lives. The narcotics trade also has profound and devestating effects on the countries that produce or serve as transit points to the United States market. These countries endure escalating violence at the hands of organized criminal gangs. Gangs that destabilize and threaten the rule of law, hampering legitimate economic growth. Unfortunately, I am all too aware of the societal effects of the illicit drug trade. In my own state of Massachusetts, llegal drugs pose a significant threat to the safety and welfare of our citizens. Local treatment providers and law enforcement officers regard cocaine as the most serious drug threat in the state due to its highly addictive nature and its direct link to violent crime. Colombian drug trafficking organizations dominate the heroin and cocaine markets in Massachusetts. Just last month Boston law enforcement authorities concluded a two year investigation and arrested the kingpin of a drug

trafficking syndicate that brought in as much as $100,000 worth of cocaine **per week** from Colombia into the Boston area.

The U.S. has led the "International War on Drugs" for a long time and it certainly has been expensive. From 1980 to 2008 the United States has spent roughly **$13.1 billion** on anti-drug initiatives in Latin America. It is imperative that Congress ask prior to the expenditure of precious taxpayer dollars what the objectives are for the U.S. counternarcotics strategy in Latin America and what performance measures Congress can use to track this spending. These performance measures should be transparent and allow the taxpayers as well as Congress to hold the Government Agencies, contractors and our partner nations accountable.

In the last ten years our two most prominent counternarcotics efforts have been ***Plan Colombia*** and the ***Merida Initiative***. Plan Colombia was designed as a comprehensive strategy to strengthen democratic institutions; combat drug trafficking and terrorism; promote human rights and the rule of law; and foster economic development. While the the Mérida initiative seeks to break the power of criminal organizations and strengthen border control by bolstering anti-drug and anti-crime initiatives in Mexico and Centrail America.

We should give credit where credit is due -- Plan Colombia has achieved some notable success in improving the security conditions in Colombia. It remains to be seen whether the Merida Initiative will achieve the same kinds of results, but with more that $1.5 billion of taxpayer funds on the line Congress will be watching closely.

Our long history in counternarcotics activities in Latin America provides a basis to relate "Lessons Learned" from our success to other key strategic counternarcotics missions like Afghanistan. As the witnesses are aware, despite a reduction over the last two years, Afghanistan cultivated more than 123,000 hectares of poppy last year, supplying 90 percent of

the world's opium. According to the UNODC, the Taliban receive more than $150 million per year from the opium trade -- more than enough money to continue funding their deadly fight against US troops and the Karzai government. My hope is that we can duplicate the successful parts of our Colombia strategy and prevent Afghanistan from becoming a narco-state

The United States is again at a critical juncture in its counternarcotics strategy. Today, Mexican President Calderon will address a joint session of Congress to reaffirm our strong bond and discuss the unprecedented level of drug-fueled violence at our shared border – violence that threatens to spill over into the U.S. I applaud President Calderon's courage in standing up to the drug lords that threaten the very existence of his country. In Afghanistan the challenges are even more daunting. The Afghan heroin trade undermines every aspect of society and remains one of the key obstacles for troop withdrawal.

As a backdrop to these immense challenges around the world and the demand for U.S. assistance we have a growing national debt that is approaching $13 trillion. This is why we must be very clear about what our counternarcotics objectives are and what performance measures we should be holding our government agencies to. Today one of the areas we will examine is what what role should support 'contractors' play in pursuing these objectives. In my short tenure on this subcommittee I have learned that while contractor involvement may be necessary and appropriate in some situations, the government must always be exacting and relentless in its oversight responsibilities to ensure that the taxpayer is getting what was contracted for at a fair price.

I look forward to discussing these critical issues with our witnesses today.

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Senator Mark Pryor
Opening Statement
"Counternarcotics Contracts in Latin America"
Subcommittee on Contracting Oversight
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

I thank you Chairwoman McCaskill and Ranking Member Brown for conducting this important hearing to examine counternarcotics contracts in Latin America.

We have seen recent media coverage about the escalating violence along the US-Mexico border. This violence is attributed to drug trafficking and smuggling led by several of Mexico's most powerful drug cartels. However, we have been working to stop drug trafficking organizations for a number of years, and the federal government has taken several measures to stop the flow of counternarcotics into this country as well as prevent the nexus that can form with terrorist groups, those that wish to smuggle weapons and humans and drug trafficking organizations.

I believe it is important that the federal government work with countries that lack the resources to target these organizations to improve our national security. It is important that any contracts we enter into these have objectives and are effectively working towards these goals.

As this subcommittee reviews the challenges with counternarcotics contracts, I look forward to working with the Chairwoman and Ranking Member to ensure that federal programs are operated efficiently and that tax payer dollars are wisely spent.

Again, I thank Senator McCaskill for conducting this hearing. I look forward to hearing from the witnesses and having the opportunity to ask questions.

Testimony of
Ambassador David T. Johnson, Assistant Secretary of State
for International Narcotics and Law Enforcement Affairs before the
Senate Homeland Security and Governmental Affairs
Ad Hoc Subcommittee on Contracting Oversight
Hearing on "Counternarcotics Contracts for Central and South America"

May 20, 2010

Chairwoman McCaskill, Ranking Member Brown, and other distinguished Senators. Thank you for your invitation to discuss U.S. foreign assistance programs that have and currently do support counternarcotics efforts in Central and South America.

Our Latin American allies have struggled with serious challenges to their security and stability from drug traffickers and other transnational criminal organizations that threaten to undermine good governance and the rule of law throughout the entire region. Although insecurity continues to challenge the region, I can point to our program in Colombia as an example of the kind of success our foreign assistance has achieved in addressing these issues.

Since FY2000, the inception of Plan Colombia, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) has provided approximately $4.2 billion worth of foreign assistance for counternarcotics programs in Colombia.

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Our efforts in Colombia have produced notable results. In 2008, the most recent year for which U.S. Government estimates are available, cultivation was down 29 percent from 2007 and cocaine production declined 39 percent. These numbers reflect just a fraction of the total impact U.S. programs have had supporting Colombians in their efforts to secure and stabilize their country. Colombia and its people have improved security throughout the country, extended the state's presence to areas that were previously ungovernable, disrupted the drug trade, and more effectively administered justice.

Colombia is today working to solidify these successes under President Uribe's "National Consolidation Plan." Under these policies, security, counternarcotics, rule of law and economic development programs are particularly targeting rural and former conflict areas where democracy and adherence to the law has not fully taken hold and which have historically generated narcotics trafficking and violence. This means that, when possible, security responsibilities are being transferred from the military to the civilian police, and eradication is being closely sequenced with alternative development and efforts to establish permanent government institutions. The United States has tailored its comprehensive assistance program to complement the Colombian Government's policy.

Beginning in 2005, the Colombian Government started the phased implementation of an accusatory system of justice that was completed in 2008. U.S. programs supported this transition, providing more than $70 million since 2005 for judicial reform programs administered by our interagency partners. Alongside the Department of Justice, the State Department continues to provide training, equipment and capacity building for Colombian justice sector institution development.

Since the implementation of the new judicial system, Colombian cases are being resolved in a matter of months instead of years, and conviction rates have risen from around three percent to approximately 60 percent. More than 50,000 investigators, prosecutors, judges and forensic personnel have been trained on the new criminal procedure codes, and justice is slowly expanding to rural and former conflict regions.

An additional benefit of our program in Colombia is that we have a strong partner in the region, who is working closely with us to help it share its experiences with other countries in the Western Hemisphere, including Mexico. In 2008, President Calderon signed a constitutional amendment approved by the Mexican Congress and the majority of states that paved the way to transition from its old inquisitorial judicial system to an accusatory system, much like the system

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now in Colombia. And since 2007, Colombia has trained approximately 5,800 Mexican police and justice officials, both in Mexico and Colombia.

Since late 2006, the Mexican Government has begun aggressively to confront drug trafficking organizations and the corruption they have fueled. The Calderon Administration has spent between $3 and $6 billion each year on security, including the justice sector. The government has arrested scores of criminals, including some top members of notorious criminal organizations.

In order to tackle pervasive corruption, the Government of Mexico began systematically removing from duty thousands of corrupt law enforcement officials, customs officials, and prosecutors, including those in key positions. The Public Security Secretariat (SSP) which incorporates the Federal Police is now hiring college graduates who have gone through background checks and passed drug and polygraph tests. The SSP has already hired and trained 4,000 new recruits and plans to augment the force by another 6,000 in the coming year. Mexican Customs is undertaking a similar restructuring to root out corruption and institute new hiring and training practices. To prevent corrupt police from being hired in multiple states or municipalities, the government has developed a National Police Registry, which will include sophisticated biometric technology, to maintain records of all law enforcement officers. In the Attorney General's office, or PGR, the Government of Mexico has developed a modern, computerized case management

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system with sophisticated checks and balances to make it much more difficult for prosecutors to purposely lose case files, or improperly influence a case. The system is to be online and operational across most parts of the country in 2011, with country-wide operability in 2012.

The strategy that we are pursuing with the Government of Mexico is an effective long-term program, not a temporary "quick-fix". Since the advent of the Merida Initiative in 2007, the U.S.-Mexican relationship has developed, matured and evolved both positively and constructively for both countries. We have shifted our foreign assistance focus from providing heavy equipment, such as aircraft, and have moved more deeply into institution and capacity building.

With our support, the Government of Mexico is now targeting entire criminal organizations, from "mules" to financiers, and hit men to middle-managers. The joint U.S. /Government of Mexico High Value Target List is still an important element, but is not the only focus. U.S. assistance is providing critical air capability to ensure the rapid deployment of the police and military forces to sites and locations where the Government of Mexico determines they are needed. The United States is supporting Mexico's specialized units with training, equipment, and technical advice. We are working on complex money laundering investigations, asset forfeiture issues and weapons trafficking. We are building

mechanisms to share information vital to the investigation and arrest of Mexican criminals.

The United States is supporting Mexico's reform of its criminal justice sector – from the police, to prosecutors, customs, corrections and the judiciary. Merida funding has enabled U.S. Federal, State, and local law enforcement officers to train over 4,300 new Federal Police investigators in investigative techniques, including securing a crime scene, interviewing suspects and witnesses, surveillance, evidence collection, and testifying in oral trials. We are providing expertise and funding for prosecutorial training in all 31 Mexican states and the federal district this year, focusing on the new judicial reforms. Colombian prosecutors have played a key role in training their Mexican counterparts. We are currently working with Mexican Customs to provide assistance for their new academy, and we have provided training for law enforcement canine programs and their handlers.

The Department of State is also committed to helping Mexico improve and develop its border security capabilities, improving and modernizing their inspection efforts in line with 21st century practices. The U.S. and Mexican governments have launched a range of initiatives that challenge the traditional view and are developing a framework for a new vision of 21st century border management. In the short term, U.S. assistance is contributing non-intrusive

inspection equipment and canine programs to detect drugs and other contraband moving north, and guns and cash moving south. We are working to help build new capabilities within Mexico's border forces, as well as enhancing our information sharing and better coordinating our operations on the U.S. side of the border. The results of this should make America's Southern Border safer on both sides.

Finally, we are working to build strong and resilient communities in Mexico. We know that communities are key to deterring the influence of criminal organizations, whether through anonymous tips, socio-economic alternatives, and educational opportunities.

Professional integrity projects are a key component of every Merida Initiative institution-building project. These projects are a critical piece of the strategy, and the foundation for strong, effective, transparent institutions which will detect corruption and deter it over the long-term. The programs vary with each institution, but generally consist of vetting at the recruitment phase, with background checks, financial disclosures, drug testing, and polygraphs. The programs then also build systems within each organization to continue to vet personnel throughout their careers, provide a secure system and transparent procedures for reporting corruption, and develop operations to ensure the personnel are not engaging in corrupt activities. These programs are not quick fixes: they take sustained effort, commitment, refinement, and persistence. But they are a

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very solid start towards further developing a Mexican criminal justice sector committed to the rule of law and professional integrity.

INL's counternarcotics programs elsewhere in the region work to target drug production directly at the source. In Bolivia, the world's third largest coca cultivator and cocaine producer, our counternarcotics program seeks to reduce coca cultivation and to strengthen the capacity of law enforcement to interdict drugs and precursor chemicals. We also support systematic criminal justice reform through the training of police, prosecutors and judges in investigative techniques, forensic sciences, human rights and trafficking in persons. The current Bolivian Government, however, is a matter of concern for us with respect to its counternarcotics policies and actions, which have demonstrated diminished program results. The U.S. is committed to having a cooperative relationship with Bolivia that achieves concrete counternarcotics and justice sector results and Bolivian and U.S. officials still meet regularly to implement programs and activities and to resolve issues.

Ecuador, in contrast to its Andean neighbors, is a major transit country for illicit drugs rather than a major producing country. To address the trafficking of an estimated 200 metric tons of cocaine annually through the country, INL's counternarcotics programs aim to improve the professionalism and integrity of Ecuador's police, military, and judicial institutions to more effectively investigate

and prosecute the criminal organizations involved. A key priority has been to support Ecuadorian police and military presence along the northern border with Colombia.

In Peru, the second largest cocaine producing country in the world and a major exporter of cocaine and cocaine base, the INL program's eradication and interdiction efforts have succeeded in reducing coca cultivation in particular in the notorious Upper Huallaga Valley where coca production has declined 72 percent in the last three years. The decline can be directly linked to eradication programs working in tandem with alternative development aid to improve roads, provide potable water and schools, as well as cash crops such as cacao and coffee for farmers. This has served as a model of what we consider to be a balanced "hard side – soft side" approach to counternarcotics foreign assistance efforts. We plan to replicate this approach in other areas as we press the Peruvian Government to assume greater responsibility for the effort to free up funds for port security and judicial sector reform.

And since 2004, our primary objective in Haiti has been to transform the Haitian National Police to a law enforcement institution capable of providing security for Haitians and maintaining the rule of law. We have approximately 50 civilian police (CIVPOL) advisors supporting MINUSTAH, the UN Mission in Haiti, which is leading the international effort to train and expand the Haitian

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National Police. We have directly supported the HNP efforts to recruit and train police at its academy by providing uniforms, vehicles, and other equipment as well as instruction for specialized units within the HNP such as forensics, SWAT and traffic. We have also supported the counterdrug, anti-money laundering and Coast Guard units of the HNP to enhance their capacity to interdict drugs and take down trafficking organizations,

The January 12 earthquake in Haiti is obviously a devastating event and the level of destruction it caused is such that Haiti must now rebuild its institutions. However, an encouraging development that emerged from the crisis was the performance of the HNP. Within a few days of the earthquake, the HNP were patrolling the streets and attempting to protect their communities from the thousands who had escaped from prison. Even more significant was the change in attitude of ordinary Haitians toward the HNP who no longer view the police as corrupt and predatory. The HNP remains a long way from being capable of ensuring public safety throughout Haiti and the earthquake is a major setback to U.S. and international efforts to rebuild and reform the HNP. However, I think we can say that the foundation has been laid on which to build the effective law enforcement institution the Haitian people so desperately need.

Finally, I would like to conclude with our approach to administering the funds entrusted to the State Department to make these efforts possible. As

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stewards of these funds, our business approach toward implementation is to seek the most effective and efficient implementer to achieve our program goals. As a matter of business practice, we chose implementation vehicles after conducting analysis of the program type, past performance of potential implementers, cost, availability, and the political and security environment in which we operate. The implementing mechanisms include contracts with companies of all sizes, program agreements with interagency partners, grants to non-governmental organizations and educational institutions, and contribution letters to multilateral organizations. We work hard to identify the best mechanism to get the job done effectively and efficiently, taking into account the unique requirements established by our host nation partners.

For each of these implementing vehicles, the Department of State requires, and INL takes steps to provide project managers and program officers with appropriate training to effectively manage, implement, and oversee programs.

For example, in the Western Hemisphere, INL employs over 100 Foreign Service officers, U.S. personal services contractors (USPSC), and Locally Engaged Staff (LES) who have been trained in federal acquisition regulations and proper contract oversight procedures.

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INL's approach to program management allows the State Department to plan for effective transitions and build up and draw down program management and oversight staff as circumstances require. In our build up for the Merida Initiative, INL's staff in Mexico and Central America has almost doubled from 64 individuals to 112, over 30 of which are trained as certified Contracting Officer's Representative (COR). In Colombia, the nationalization of our programs, due to programmatic success, has resulted in a reduction of contract personnel from almost 1,200 in 2006, to 598 in 2010.

In country, the Narcotics Affairs Section (NAS), in conjunction with host nation representatives, take a leading role to determine program requirements. Procurements to support our programs are made by the American Embassies contracting officers, the Department's Regional Procurement Support Office in Ft. Lauderdale, Florida, the Department's Office of Acquisition, or by INL directly. Factors such as the complexity, type of acquisition, scope of work, the involvement of other agencies, or requirements such as "Required Sources of Supply" and whether other agencies have existing contract vehicles (e.g., Government-wide Acquisitions Contracts, etc.) are considered among other factors in the analysis of the procurement.

Once procured, a variety of management controls are essential to monitoring and oversight. All U.S. government procured commodities and construction are

subject to INL's annual end-use monitoring and reporting to track their use and consistency with agreed foreign assistance use.

The Department of State remains committed to building and maintaining the necessary capacity to address citizen safety, rule of law, and transnational crime in the Western Hemisphere for two compelling reasons: first to assist our international partners in their efforts to build this capacity for their own security and safety, and second to diminish the impact transnational crime may have on America's citizens.

As stewards of substantial taxpayer dollars for critical national security and foreign policy objectives, we consistently review, adapt, and improve our programmatic contract management, and oversight requirements. We recognize this critical objective and have increased our financial oversight staffing, auditing capacity, and contract administration. Enhancing this capacity is a critical objective of mine, that, with your support, I fully aim to achieve.

Thank you for your time and I look forward to responding to your questions.

TESTIMONY

WILLIAM F. WECHSLER

DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR

COUNTERNARCOTICS AND GLOBAL THREATS

BEFORE THE SUBCOMMITTEE ON CONTRACTING OVERSIGHT

SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS

Counternarcotics Contracts in Central and South America

FY 1999 – FY 2009

May 20, 2010

Chairman McCaskill, Senator Brown, and other distinguished Members of the Committee: thank you for the opportunity to appear today with my Department of State colleagues to discuss the Department of Defense's (DoD) use of counternarcotics (CN) contracts in Central and South America. Before describing the contract support we employ in this region, I'd like to present a brief overview of the DoD's CN Program, and what I consider to be a significant return on our investment of appropriated CN funds by the demonstrable progress being made in this region in disrupting illicit narcotics trafficking.

Counternarcotics Program Overview

The transnational illicit drug trade is a multi-faceted national security concern for the United States. The drug trade is a powerful corrosive force that weakens the rule of law in affected countries, preventing governments from effectively reducing or containing other transnational threats, such as terrorism, insurgency, organized crime, weapons trafficking, money laundering, human trafficking, and piracy. The global and regional terrorists who threaten interests of the United States finance their activities with the proceeds from narcotics trafficking.

The National Strategy for Homeland Security establishes the security of our borders as a top national priority. Terrorists associated with Islamic Radical Groups (IRGs), as well as narco-terrorist groups such as the Revolutionary Armed Forces of Colombia (FARC), operate sophisticated networks designed to move not only weapons, drugs, and other materials, but people as well. A wealth of intelligence reporting has linked many IRG members to both drug trafficking and alien smuggling. The DoD, through extensively coordinated projects with Federal law enforcement agencies, has developed collaborative and effective methods for detecting, and monitoring, the movement of illegal drugs. Such trafficking, in which terrorists with transnational reach commonly engage, is a present and growing danger to the security of the United States, our forces abroad, and our allies.

The DoD's CN program continues to adapt to evolving trafficking trends. Most of these trafficking trends involve either networks of interconnected criminal groups sharing expertise,

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skills, and resources in joint ventures, or powerful, well-organized crime syndicates seeking to legitimize their image. The inability of many nations to police themselves effectively and to work with their neighbors to ensure regional security represents a challenge to global security. Extremists and international criminal networks frequently exploit local geographical, political, or social conditions to establish safe havens from which they can operate with impunity. Ungoverned, under-governed, misgoverned, and contested areas offer fertile ground for such groups to exploit gaps in governance capacity to undermine local, state, and regional security. The DoD's CN program addresses these threats by building partnerships and developing the capacity of international partners to counter transnational drug organizations effectively.

The DoD uses its CN resources and authorities as effectively and efficiently as possible to achieve national and DoD CN priorities. These efforts focus on two primary missions:

1. Helping local, State, Federal, and foreign agencies address the drug trade and narco-terrorism by:
    a. Detecting and monitoring drug trafficking.
    b. Sharing information.
    c. Helping countries build their capacity and control their ungoverned spaces.
2. Maintaining DoD readiness through drug demand reduction programs.

Through its Combatant Commands, the Military Departments, and the Defense Agencies, the DoD provides unique military platforms, personnel, systems, and capabilities that support federal law enforcement agencies and foreign security forces involved in CN missions, including activities that aid, benefit from, or are related to narcotics trafficking. The DoD CN mission targets those terrorist groups worldwide that use narcotics trafficking to support terrorist activities by deploying CN assets in regions where terrorists benefit from illicit drug revenue or use drug smuggling systems.

The DoD develops, coordinates, and implements a focused CN program with an enabling role that supports interdiction, enforcement, and border control operational roles by authorized domestic and international agencies. DoD facilitates interdiction operations through providing

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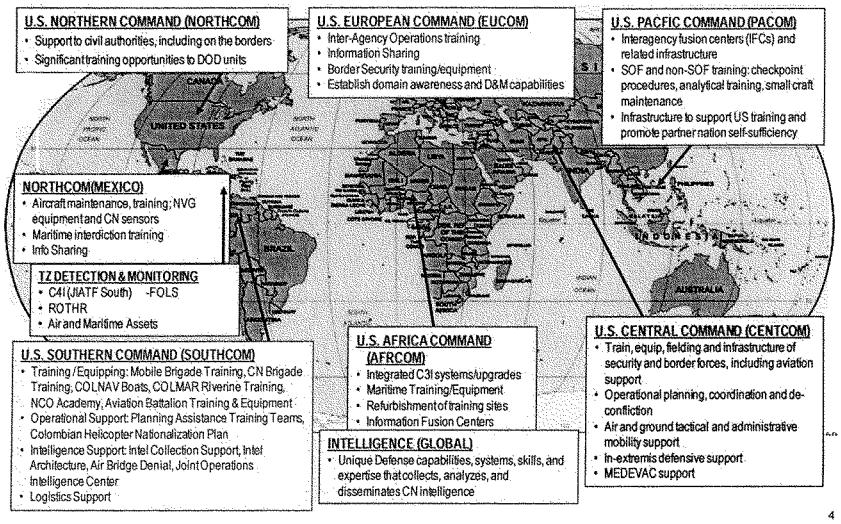
situational awareness, command and control systems, actionable intelligence, and equipping and training partner nation CN forces. Overseas capacity building efforts yield a significant impact by strengthening partner nation law enforcement and CN forces to disrupt trafficking at the source of production or transit origin.

DoD CN Efforts are Worldwide



The Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats (DASD-CN & GT), with oversight from the Assistant Secretary of Defense for Special Operations/Low-Intensity Conflict and Interdependent Capabilities and the Under Secretary of Defense for Policy, is the single focal point for the DoD's CN activities, and ensuring that DoD develops and implements a focused CN program with clear priorities and measured results. Consistent with applicable laws, authorities, regulations, and funding/resources, the DoD ensures that sufficient forces and resources are allocated to the CN mission to achieve high-impact results.

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Counternarcotics Central Transfer Account

The DoD Counternarcotics Central Transfer Account is a single budget line item, funding all CN requirements with the exception of Active Duty military pay and Service operations tempo ("OPTEMPO"). The CTA was established by the FY 1988 National Defense Authorization Act. The Congress appropriates funds directly into the CTA. The funds are then reprogrammed by my office to Military Departments and Defense Agency accounts. The funds may be used to address emerging CN requirements using the DoD's internal reprogramming process. With this flexibility, the Defense CN program can accommodate ever-changing patterns in the narcotrafficking threats by shifting counterdrug resources where they will be most effectively used.

Progress Towards CN Goal: Central and South America Illicit Narcotics Trafficking

According to the 2008 Interagency Assessment of Cocaine Movement (IACM), the demand for illicit drugs in the United States remains strong and creates incentives for illegal activities. The Andean Ridge Countries in South America produce nearly all of the world's cocaine, and of the approximately 955 metric tons of export quality cocaine shipped from the region in 2008, approximately 60 percent of that came to the United States. The remainder went to new and expanding markets in Europe, the Middle East, and Asia.

Disrupting the drug market at its source is at the core of the layered CN strategy. By working with the governments of producing countries, we can eliminate illegal drug crops before they move to final production and interdict drug shipments before they are broken down into smaller loads, thereby removing the greatest amount of narcotics from the market. In so doing, we assist partner nations in strengthening public security and democratic institutions, and strike powerful blows against terrorist groups and international organized crime by denying those criminal groups access to the profits from drug production at the beginning of the trafficking chain.

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Colombia. The pressure placed on drug trafficking organizations by increased transit zone seizures has been amplified by dramatic decreases in production in the Andes since 2001. The Government of Colombia has expanded its presence throughout the country, reducing levels of violence, attacking coca and poppy cultivation and illicit drug trafficking, dismantling drug trafficking organizations, and disrupting the transportation networks of the drug trafficking organizations.

U.S. Government estimates indicate that seizures of cocaine and coca base inside Colombia have grown from about 38 metric tons in 2001 to about 93 metric tons as of early December 2008. Destruction of cocaine hydrochloride laboratories increased from 83 in 2003 to 240 in 2007 and reached 301 as of December 2008, according to Government of Colombia figures. Colombia continues to face challenges, however, including increasingly porous borders with its neighbors, particularly Venezuela, where there is almost no control of cocaine flow from Colombia and no cooperation with the United States or other allies to pursue cocaine movement through its territory.

Colombia extradited 789 narcotics traffickers and other criminals to the United States for trial since 2002, of which 208 were extradited in 2008, significantly more than the 164 in 2007. These extraditions included 15 former paramilitary leaders who are accused of continuing to conduct drug trafficking from prison in Colombia and the leader of the North Valley Cartel.

The U.S. Government coca crop estimate for Colombia highlights for the first time the results of scientific studies showing how eradication pressure is diminishing the productivity of existing coca fields. New productivity data show that Colombia's maximum potential production dropped to 295 metric tons of pure cocaine in 2008. Based on recent scientific field studies by DEA on the impact of eradication, we can now calculate that Colombia's maximum potential production of pure cocaine has fallen a full 58 percent since its high point in 2001 (from 700 metric tons to 295 metric tons). This success is directly attributable to the will of the Government of Colombia to attack trafficking at its source

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through eradication, increased Government of Colombia presence, improved security, and development programs to provide alternatives to coca cultivation—all of which will need reinforcement to preclude backsliding and losing gains made over the past seven years. The declines in maximum potential production, combined with other effective law enforcement efforts, have contributed to the decline in cocaine purity and increase in cocaine prices in the United States.

Joint Interagency Task Force-South (JIATF-South). A model for regional engagement and international and interagency coordination is JIATF-South located in Key West, Florida. JIATF-South exists to spearhead the effort to fight one of the most pressing challenges facing the region—illicit trafficking—with an acknowledged potential nexus with narco-terrorism. This interagency task force, which celebrated twenty years of excellence last year, is led by a U.S. Coast Guard Rear Admiral and is comprised of talented individuals from all four Military Services, 14 different executive branch agencies, and 13 partner nations.

JIATF-South continues to make demonstrable headway, producing extraordinary results every year. JIATF-South's joint operating area covers nearly 42 million square miles, which is almost 21 percent of the earth's surface. In the 20 years it has been conducting operations in this region, 2,500 metric tons of cocaine have been seized, 705,000 pounds of marijuana interdicted, 4,600 traffickers arrested, 1,100 vessels captured, and a grand total of approximately $195 billion removed from the profits of the drug cartels. JIATF-South has accomplished these results while possessing zero assets of its own—every aircraft and vessel involved with detection, monitoring, interdiction, and apprehension is allocated through the DoD Global Force Management process, Department of Homeland Security Statement of Intent, and international contributions that place the assets under the tactical control of JIATF-South.

DoD Counter-Narcoterrorism Technology Program Office

The mission of the Counter-Narcoterrorism Technology Program Office (CNTPO) is to provide technology to the DoD, other Federal agencies, partner nations, and State and local

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authorities engaged in counterdrug and counter narcoterrorism operations. This mission is accomplished by working within the DoD and interagency environment to determine common mission requirements. Using a systems engineering approach, technologies are tested for compatibility in the operational environment and integrated into operational processes. Training and sustainment are also included with the systems. Protocols to deploy these technologies have been developed, and multiple systems are in use with operational forces in the United States and partner nations.

In addition to technology development and support, CNTPO acquires and provides commercial-off-the-shelf and Government-off-the-shelf products and services to support ongoing counter narcoterrorism missions being conducted by the DoD, other Federal agencies, partner nations, and State and local authorities.

CNTPO provides technical and program acquisition support to my office (the DASD-CN & GT) and to Combatant Commanders, other Defense Agencies, other Federal agencies, and State and local authorities for counterdrug and counter narcoterrorism missions. CNTPO supports the DoD CN mission with infrastructure, analytical tools, tactical equipment, and contracted surveillance assets. CNTPO routinely acquires goods and services that cross traditional DoD acquisition and contracting scopes. Goods and services required are typically small compared to traditional DoD contracts for major weapon systems or Department-level logistics support. An example includes the contracted CN Airborne Surveillance Aircraft in the U.S. Southern Command Area of Responsibility.

In response to audits and reviews of CNTPO oversight of contracting activities, CNTPO has launched a comprehensive contract oversight system. Five levels of contracting personnel are designated with specific oversight duties. All contracts now incorporate a Performance Requirements Summary that depicts performance standards and corresponding indicators to assess the quality of service performed. CNTPO has increased its staffing and instituted mandatory training for Contracting Officer's Representatives and Contracting Officer Technical Representatives.

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Counternarcotics Contracts in Central and South America

For the period of FY 1999 – FY 2009, approximately $5.3 billion CTA-funded CN programs were allocated to the Central and South America Area of Operations. Of this amount, it is estimated that 18 percent ($977 million) was expended towards contractor support. Consistent with the DoD CN Strategy, contractor support was employed for (1): detection and monitoring activities and equipment, such as radar and imaging systems, sensors, and geographic information system mapping; (2) information-sharing services and equipment, such as translation assistance and information technology equipment, systems, and maintenance; and (3) host-country capacity building, such as aircraft training and maintenance, equipment such as boats and night vision goggles, and operational and logistic support, such as helicopter transport and aerial surveillance.

Contactor support has been primarily used in Colombia and the Forward Operating Locations at Comalapa, El Salvador; Aruba and Curacao; and Manta, Ecuador (closed as of September 2009).

In the Central and South America area of responsibility, CNTPO has issued 18 Task Order actions under the Army Space and Missile Defense Command (SMDC) multiple award, indefinite-delivery, indefinite- quantity (IDIQ) contract totaling $85 million for intelligence and operational support and equipment.

On behalf of CNTPO, the Army Communications-Electronics Command (CECOM) issued multiple award Rapid Response (R2) IDIQ contracts. Within the Central and South America AOR, Lockheed Martin and its subcontractors have been issued 25 Task Order actions aggregating $87 million to provide intelligence and operational support, aircraft maintenance, IT system support, and public relations and communications support services.

In addition to the SMDC and R2 IDIQ's, CNTPO has issued 20 other procurement actions in the Central and South America AOR totaling $43 million for intelligence support and aircraft maintenance.

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The following table provides other CN procurement actions for the Central and South America region for the period of FY 1999-FY 2009.

Contracting Authority	AOR Procurement Actions and Total Contract Value	Contractors	Scope of Services / Goods
Army Contracting Command (ACC)	907 procurement actions. TCV = $444 M	U.S. and foreign national businesses	Logistics and operations
Naval Inventory Control Point (NAVICP)	737 procurement actions. TCV = $11.4 M	Various	Intelligence support, equipment
U.S. Air Force (USAF)	200 procurement actions. TCV = $537 M	Northrop Grumman, ACS Defense, ITT Systems, Cambridge Communications, ARINC	Detection and monitoring, intelligence and operational support, and equipment
Army Corps of Engineers (ACOE)	168 procurement actions. TCV = $94.4 M	J&J Worldwide Services, Baskerville Donavan, Inc., foreign national businesses	Logistics
National Geospatial-Intelligence Agency (NGA)	56 procurement actions. TCV = N/A	Foreign national mapping institutes	GIS mapping data
Central America Forward Operating Locations (CENTAM FOL)	3 procurement actions. TCV = $2.9 M	PAE, DynCorp, U.S. Falcon, Inc.	Detection and monitoring
Naval Facilities Engineering Command Atlantic Division (NAVFAC LANT)	3 procurement actions. TCV = $2.4 M	Foreign national businesses	Logistics and capacity-building
U.S. Marine Corps (USMC)	1 procurement action. TCV = $1.2 M	ACS Defense, Inc.	Operational support

Note: TCV = Total Contract Value

All of the documentation supporting these procurement actions has been provided to the Subcommittee staff on or before April 20, 2010.

Contract Oversight Issues / Way Forward

In compiling the information requested by the Subcommittee for this hearing, my office found inconsistent records management among the various contracting entities, found that the volume of procurement actions overwhelms staff capacity in some instances, and found that many of the acquisition steps are manual processes that are both time-consuming and error prone.

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What has become clearer to me is that our Combatant Commands, such as U.S. Southern Command, define and drive the mission support requirements, and the Military Departments provide the acquisition vehicles, which lead to ambiguous and inconsistent roles and responsibilities in monitoring contract performance. On the other hand, virtually all contracts require monthly contractor status reports that provide contemporaneous insight into progress and problems.

Moving forward in FY 2010, we are in the process of initiating a comprehensive management review of CNTPO to ascertain whether its original charter is still relevant to today's emerging CN threats, and to the goals and objectives of the updated National Drug Control Strategy and our revised Defense CN Strategy.

Monitoring Progress Towards CN Strategic Goals

My office maintains the Counternarcotics Performance Metric System that tracks and collects annual data from the Military Departments and Combatant Commands with authorized CTA-funded projects. In FY 2009, we collected data on 285 performance metrics (222 unclassified and 63 classified) that align with the CN program's three strategic objectives for detection and monitoring, information sharing, and partner nation capacity building. During the last six months, we have been developing new Standard Operating Procedures to create a more informative performance metric architecture and better align Military Department and Combatant Command CN objectives and performance measures with the Department's CN strategy. Attached at Appendix B is an excerpt from our FY 2009 Performance Summary Report that was submitted to the Office National Drug Control Strategy in February 2010.

Madame Chairman, this concludes my prepared testimony, and I look forward to addressing any questions that that you or other Members of the Subcommittee may have.

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Appendix A – U.S. Department of Defense Counternarcotics Authorities

Section 1004 of the National Defense Authorization Act for Fiscal Year 1991, as amended, extended, and restated provides the Secretary of Defense may provide support for the counter-drug activities of any other department or agency of the Federal Government or of any State, local, or foreign law enforcement agency for any of the purposes [listed in statute] if such support is requested.

Section 1033 of the National Defense Authorization Act for Fiscal Year 1998, as amended, provides that the Secretary of Defense may provide any of the foreign governments named [in the statute] with support, such as equipment, maintenance and repair of equipment, for the counter-drug activities of that government.

Section 1022 of the National Defense Authorization Act for Fiscal Year 2004, as amended, extended, and restated provides that a joint task force of the Department of Defense that provides support to law enforcement agencies conducting counter-drug activities may also provide support to law enforcement agencies conducting counter-terrorism activities.

Section 1021 of the National Defense Authorization Act for Fiscal Year 2005, as amended, provides that DoD may provide assistance to the Government of Colombia to support a unified campaign by the Government of Colombia against narcotics trafficking and against activities by organizations designated as terrorist organizations.

Section 112 of United States Code Title 32 provides that the Secretary of Defense may provide funds to the Governor of a State for state drug interdiction and counter-drug activities, including drug demand reduction activities.

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Appendix B – FY 2009 Performance Summary Report Excerpt

Fiscal Year 2009 Summary Results

In FY 2009, the Department of Defense continued to provide significant support to domestic and partner nation drug efforts in the areas of detection and monitoring, information sharing, and building U.S. and partner nation capacity. In addition, the Department continues to utilize a Drug Demand Reduction Program to ensure the constant readiness of DoD forces. The following descriptions and data summarize the key programs and corresponding performance metrics funded by the two Drug Control Decision Units within the Department: the Central Transfer Account and the Overseas Contingency Operations.

Detection and Monitoring

Geographic Combatant Commands and Defense Agencies employ an array of fixed and mobile systems to provide persistent air and maritime surveillance to detect and monitor worldwide illicit drug trafficking. These assets create situational awareness and contribute to the early identification of drug trafficking patterns. Monitoring information is shared with law enforcement resources to target suspicious cargo, interdict confirmed illegal shipments, and disrupt narco-terrorist organizations.

The United States Air Force maintains the Mobile Air Surveillance System (MASS), a global focused ground based radar system that provides geographic Combatant Commands with persistent low-level, precision surveillance and communications capabilities to detect and monitor potential narcotics shipments. The MASS program is integrated into the Joint Interagency Task Force-South (JIATF-S) facility located at Key West, FL. This integration point provides a consolidated ability to monitor the geographic areas of U.S. Northern Command and U.S. Southern Command ranging from Canada to South America. The benefits realized from the MASS cannot be realized without confidence in the availability of the system. Therefore, the annual performance of MASS is directly related to the system's uptime availability.

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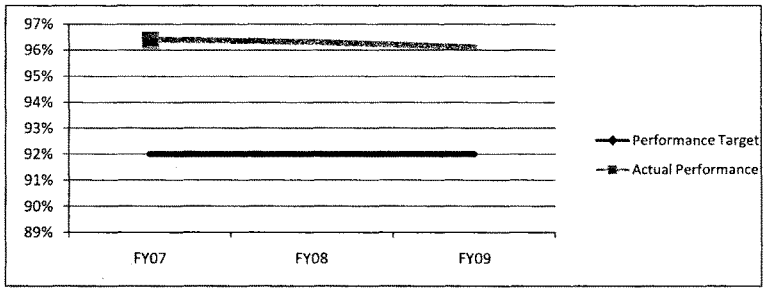
Project Code 4208 Mobile Air Surveillance Systems (MASS)		
Performance Measure	**Strategic Performance Targets**	**Annual Performance**
Percent of system availability and mission capability rates of the Mobile Air Surveillance System.	FY07: 92% FY08: 92% FY09: 92%	FY07: 96.4% FY08: 96.3% FY09: 96.10%

Project Code 4208 Multi-Year Trending



Information Sharing

Gathering information and synthesizing it into actionable intelligence is critical for successful counternarcotics (CN) interdictions. Through multiple data collection systems, field based analysts, and fusion centers, DoD provides intelligence and technology support to domestic and partner nation forces to dismantle narcotics trafficking and international terrorist organizations engaging in the drug trade.

All Combatant Commands, service lines, and defense agencies contribute to the sharing of CN information. The Department's CN activities provide real-time analytical support to U.S. host country teams that support U.S and partner nation law enforcement agencies. For example, Combatant Commands encourage and promote collaboration between the United States and partner nations to identify, assess, and combat emerging transnational threats that cross international borders and threaten the interests of the United States. The Department's activities also provide analytical support to other federal agencies, such as the Drug Enforcement Agency, that are located throughout the globe.

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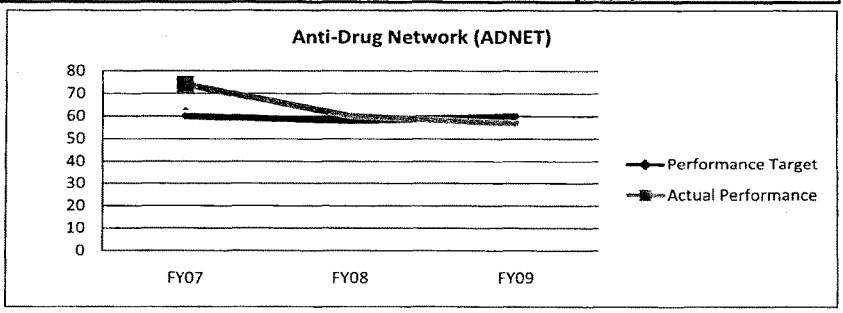
To facilitate communication between partner agencies, the Department supports the Anti-Drug Network (ADNET). The Defense Information Systems Agency (DISA) maintains the ADNET to allow multiple autonomous systems to communicate and share secret and sensitive-but-unclassified information. By creating "communities of interest," ADNET facilitates command, control, communication, and intelligence capabilities to help defense and civil agencies share mission critical CN information. ADNET is the primary secure link among the Department of Defense, Office of National Drug Control Policy, the Federal Communications Commission, the US Coast Guard, the Intelligence Community, the Department of Justice, and the Department of Treasury.

The Anti-Drug Network (ADNET)Program was recognized as both a Laureate and Finalist at the esteemed Computerworld Honors Program Gala on June 1, 2009 in Washington, DC. The 2009 edition of the Laureate celebrates the contributions people and organizations have made to the betterment of society through exceptional—if not heroic—use of information technology. This Honors Program identifies organizations from around the world whose use of information technology has been especially noteworthy for originality of conception, breadth of vision and significance to society. ADNET was one of 159 Laureates selected amongst the top technology innovators in various fields, and one of the top 50 international organizations to receive the high honor of "Finalist." ADNET was recognized for its implementation of web services in support of the counter-narcoterrorism mission.

Project Code 1102 Anti-Drug Network (ADNET)		
Performance Measure	**Strategic Performance Targets**	**Annual Performance**
Number of Communities of Interest (COIs) supported.	FY07: 60 FY08: 58 FY09: 60	FY07: 74 FY08: 60 FY09: 57



The Department of Defense is focused on the synchronization of information and the fusion of intelligence. To promote that effort, the Department continues to facilitate information

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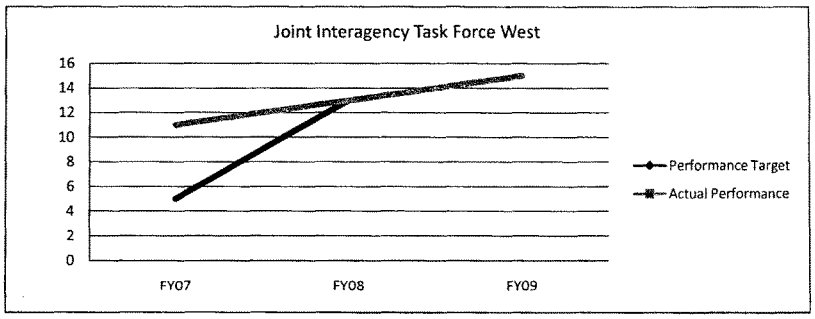
synchronization through the creation of interagency fusion centers. These centers give the U.S. interagency and partner nations the ability to share secure, near real-time transnational threat and counterdrug information.

The United States Navy supports the intelligence operations of the Joint Interagency Task force West (JIATF-West). In cooperation with U.S. interagency and foreign partners, JIATF-West provides CN intelligence and analytical support at various locations throughout the world. By increasing the number of Southeast Asian law enforcement agencies participating in fusion center intelligence development, illicit drug crops and chemical precursors can be disrupted at the source of origin.

Project Code 3309 Joint Interagency Task Force West		
Performance Measure	**Strategic Performance Targets**	**Annual Performance**
Number of partner nation law enforcement agencies engaged.	FY07: 5 FY08: 13 FY09: 15	FY07: 11 FY08: 13 FY09: 15



Building U.S. and Partner Nation Capacity

The Department has recognized that combating international drug trafficking and narcoterrorism requires the continual and combined efforts among domestic law enforcement agencies and international CN forces. The Department seeks to increase the capability and capacity of U.S. and partner nation resources to conduct and sustain operations against narcotics

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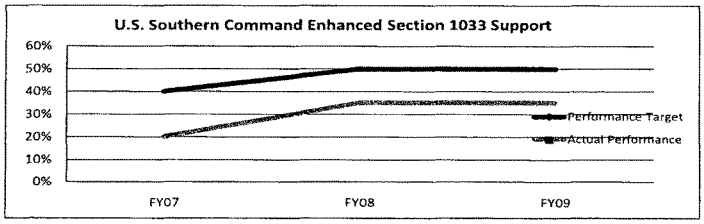
traffickers and international terrorist organizations. The Department's efforts primarily focus on readiness training and enhancing the capabilities of interdiction forces as well as the control of international borders that are the pathways for illicit drug shipments.

Section 1033 of the NDAA authorizes the Secretary of Defense to provide select foreign governments with support for the counter-drug activities of that government. Progress towards these efforts can be viewed in terms of the independent abilities displayed by partner nation forces in the CN efforts. For example, one project provides patrol boats and other equipment along with requisite training to partner forces in the Colombia. In FY 2009, U.S. Southern Command tracked the number of rivers along the border between Colombia and Ecuador that are patrolled by Ecuadorian Marine Corps as an indicator of partner nation capability resulting from U.S. training and equipment. Targets were not reached in FYs 2008-2009 due to delays in boat delivery.

Project Code 9494 U.S. Southern Command Enhanced Section 1033 Support		
Performance Measure	**Strategic Performance Targets**	**Annual Performance**
Percent of rivers/estuaries along the northern border with Colombia that are patrolled by Ecuadorian Marine Corps/Naval forces.	FY07: 40% FY08: 50% FY09: 50%	FY07: 20% FY08: 35% FY09: 35%



The U.S. Southern Command's CN efforts provide partner nation CN forces with both training and equipment. The CN training is focused on the sustainment of partner nation capabilities. SOUTHCOM's primary focus is building and sustaining the capabilities of CN forces in Colombia. For example, the mountainous and jungle terrains of Colombia require air

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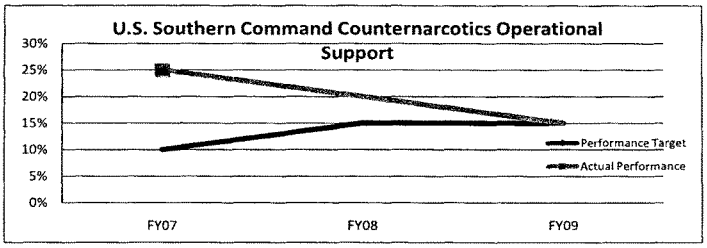
assault capabilities to dismantle narcoterrorist operations. The Colombia Mobile Brigades are increasingly proficient at conducting these operations.

Project Code 9201 U.S. Southern Command Counternarcotics Operational Support		
Performance Measure	Strategic Performance Targets	Annual Performance
Percent of Colombian Mobile Brigades	FY07: 10% FY08: 15% FY09: 15%	FY07: 25% FY08: 20% FY09: 15%



Drug Demand Reduction Program (DDRP)

Drug use is incompatible with the US military and public service. The abuse of illicit drugs can impair performance, and negatively impact on the hazardous conditions that are unique to the military work environment. Illicit drug abuse also has the potential to affect the safety and security of sensitive civilian positions. The DoD DDRP is aligned with DoD policies that pertain to health and readiness within the Office of the Under Secretary of Defense for Personnel and Readiness. The Program components include compulsory random drug testing with punitive consequences, anti-drug education, and drug treatment.

Project Code 8060 Demand Reduction - Testing		
Performance Measure	Strategic Performance Targets	Annual Performance
Percentage of military personnel testing positive though urinalysis for illicit drugs.	FY07: 2% FY08: 2% FY09: 2%	FY07: 0.70% FY08: 1.19% FY09: 0.99%

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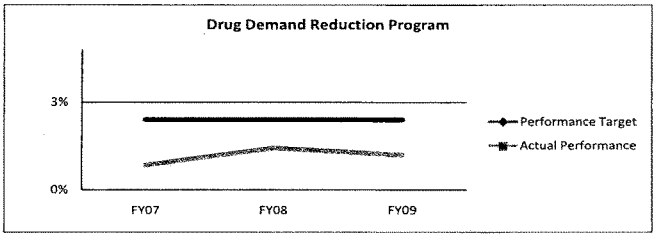

Conclusion

With the overall objective of providing the support necessary for the successful operation of the Department's CN program, the Department met all program management benchmark (i.e. funds execution, strategic guidance, contract support, etc.) targets, to provide robust, efficient, and effective support to the President's National Drug Control Strategy.

In FY 2010, the Department will continue to improve upon its CN performance management system. Standard operating procedures are currently under development that will sharpen the focus of Services and Defense Agencies when constructing measures for the CN program and will implement a new methodology for the Department's CN performance metrics system.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#1)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Regarding the sole source contract with Olgoonik, please explain the Department's justification for the use of a sole-source contract and provide further information about the work being performed by Olgoonik. In addition, please provide the names of any subcontractor(s) working under the Olgoonik contract in Colombia.

Answer:

In coordination with the Department's Office of Acquisitions and Office of Small and Disadvantaged Business Utilization, the Bureau of International Narcotics and Law Enforcement Affairs (INL) analyzes requirements that it receives for contract support from INL's various offices domestically and overseas at U.S. embassies. This analysis takes into account the government's emphasis on streamlined procurement procedures as well as the complexity of any given requirement, the availability of Department resources, and the timeframe required to conduct the entire procurement process. The requirement for personnel support services in Colombia underwent this analysis and as a result the Department awarded the contract for personnel support services under the provisions of Section 8(a) of the Small Business Act (15 U.S.C. 637(a)) and P.L. 100-656 to Olgoonik Management Services, LLC in compliance with the government's initiative for streamlined 8(a)

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contracting. The contract provides for personnel support services in the form of administrative and clerical support as well as drivers, fuel technicians, facility maintenance technicians, vehicle mechanics, and program assistants. The contractor employs local Colombian nationals to fill these positions directly; there are no subcontractors on this contract.

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#2)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Is a contractor developing the Performance Reporting System (PRS)? If so, please state the name of the contractor, the names of any primary subcontractors, the contract ceiling, the total amount expended to date, and whether the contract was competed. Is the information that will be included in this System already required elsewhere, and if so, is it being reported?

Answer:

The White House Office of National Drug Control Policy (ONDCP) has been tasked with creating a whole of government Performance Reporting System (PRS) to track implementation and performance against the new National Drug Control Strategy. INL is supporting ONDCP and the rest of the interagency counter-narcotics community to ensure that the information provided through the PRS is synchronized with the information that the Department collects for its annual performance documents and the International Narcotics Control and Strategy Report.

The Department respectfully defers to the White House for information about its initiative.

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#3)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Please provide the number of aircraft being flown for Department of State counternarcotics missions. If any of these aircraft are flown by contractors, please provide the name of the contractor(s) and the number of aircraft flown by each contractor.

Answer:

INL works with our host nation partners to support their counternarcotics missions by providing resources, technical expertise, and capacity building. INL has 148 active aircraft supporting Latin American counternarcotics missions, as explained below:

- Colombia: 95 active aircraft are flown for counternarcotics missions:
  - AT-802 – (11)
  - C-208 – (2)
  - DC-3 – (4)
  - C-26 – (3)
  - Bell 212 – (4)
  - Huey-II – (48)
  - UH-1N (title transfer pending) – (5)

- UH-60 – (18)

As to aircraft flown by contractors – with the exception of the AT-802 airplanes (used to conduct aerial eradication missions) contractors do not fly operational missions, which are flown by host government pilots. Pilots for the AT-802 are provided by DynCorp.

- Peru: 25 active aircraft are flown for counternarcotics missions:
  - Huey-II – (23)
  - C-208 – (1)
  - B-1900 – (1)

As to aircraft flown by contractors – aircraft are flown by host government pilots for operational counternarcotics missions. Contractor pilots fly on some training, logistics, maintenance and administrative support missions: DynCorp provides pilots for training, logistics, maintenance, and administrative support purposes for the Huey-II. A locally contracted pilot and a Personal Services Contractor pilot are engaged for the C-208 and B-1900 training, logistics, maintenance, and administrative support.

- Bolivia: 9 UH-1H helicopters are flown on counternarcotics missions. Contractors do not fly on operational missions. Contractor pilots, provided by DynCorp, are only involved in training and maintenance flights. INL also provides logistical

support for two C-130 aircraft owned, operated, and flown by the Bolivian Air Force.

- Guatemala: 4 Huey-II helicopters are flown on counternarcotics missions. Contractors do not fly on operational missions. Contractor pilots, provided by DynCorp, are only involved in training and maintenance flights. The host government pilots fly operational missions.

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#4)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Please provide the amounts spent on contracts for counternarcotics assistance for each of the past ten years by country in Latin America, including those referenced in your testimony.

Answer:

Congress appropriated $6.7 billion of International Narcotics Control and Law Enforcement (INCLE), Andean Counterdrug Initiative (ACI), and Andean Counterdrug Program (ACP) funds to support counternarcotics efforts in Colombia, Bolivia, Peru, Ecuador, Guatemala, Mexico, Haiti, and the Dominican Republic. Of the $6.7 billion, approximately $2.8 billion was implemented by numerous contractors with an additional one-third, approximately, of these funds being executed via small (under $100,000) contracts. From FY 2000 to FY 2009, INL spent approximately $2.3 billion in Colombia, $137.5 million in Bolivia, $130.3 million in Peru, $200.3 million in Mexico, $36.5 million in Ecuador, $3.4 million in Haiti, and $169 thousand in the Dominican Republic using major (over $100,000) and DoD-executed contracts.

(Note: These numbers correct the record. The variance between these and those provided in testimony is attributable to methodology. The methodology used for

the hearing was a deductive analysis to determine approximations for amounts spent on contracts by country in Latin America in time for the hearing. By comparison, the data included here represents an extensive analysis involving in-depth data collection and scrubbing of duplicative information.)

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#5)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Please provide the total number of contractor personnel by country performing counternarcotics-related work for the State Department in Latin America.

Answer:

Country	Contractor Employees
Bolivia	31
Colombia	598
Dominican Republic	0
Ecuador	0
Guatemala	0
Haiti	*64*
Mexico	8
Peru	25
INL/A-Aviation Office (PAFB/DC)	5
INL/LP-Latin America Programs Office (DC)	0
Grand Total	**731**

Information based on May 2010 data.)

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#6)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Please describe in detail the metrics, "steps", and "variety of management controls" referenced in your testimony that INL uses to manage and oversee its contracts for counternarcotics activities in Latin America.

Answer:

Management controls for procuring commodities include: the separation of responsibility for identifying requirements, purchasing items, and receiving and transferring custody to the host nation. Narcotics Affairs Sections (NAS), in conjunction with host nation representatives, determine requirements for procurements. Depending on the complexity, either the embassy, Regional Procurement Support Office (RPSO) in Ft. Lauderdale, Florida, the United States Army Communications and Electronics Command (Ft. Monmouth, New Jersey), the Department of Defense's Counter-Narcoterrorism Technology Program Office (CNTPO) (Dahlgren, Virginia), the Bureau for INL's Office of Resource Management (INL/RM) or the Department's Office of Acquisition Management (AQM) (both in Washington), procures the commodities.

A receiving officer or clerk at each embassy is responsible for receiving goods overseas. The Department's Despatch Agency in Florida receives goods in the U.S.

Once accepted by the embassy, the items are transferred to the NAS for provision to the host nation. Documentation of the transfer of assets to the host nation is done via a form of hand receipt and the items are entered into the NAS's End Use Monitoring program. This separation of responsibilities is key to effective management controls and is reviewed during INL's Management Assistance Visits (MAV).

Typically, for each INL services contract, the Department's Office of Acquisitions Management (AQM), via the Contracting Officer, designates a Contracting Officer's Representative (COR). The US Army's Communications and Electronics Command (CECOM) designates "Government Task Leaders" (GTL) for INL-financed contract actions. The COR/GTL has specific responsibilities for contract administration (e.g., determining that the services are being provided in accordance with the terms of the contract, reviewing and approving invoices, providing technical direction to the contractor when required, coordinating necessary contract modifications, initiating corrective action notices to the contractor, etc.). Where necessary, additional personnel who serve as technical advisors to the COR may also be formally designated as Government Technical Monitors (GTM) or Quality Assurance Evaluators (QAE). Every GTM/GTL/QAE must take the COR training offered by the Department. INL supplements that training with its own course and periodically reviews the work of its CORs.

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INL utilizes a variety of general management controls to oversee contract management, consisting of the following:

- INL has a bureau-specific guidance: the "Procurement Policies and Procedures Manual," the "Aviation Policies and Procedures Handbook," and the "Financial Management Handbook."
- INL aviation support utilizes a performance-based contract with prescribed performance measures for annual trimester evaluations.
- INL technical staff in the Office of Aviation conduct annual Aviation Resource Management Surveys (ARMS) that evaluate contractor technical performance in each functional area of the contract.
- INL conducts annual worldwide end-use monitoring with each embassy implementing a monitoring and oversight plan, which includes annual reporting requirements for all government-purchased property and construction.
- INL empowers its program officers at each embassy to review contract performance and gains further oversight through Management Assistance Visits that provide systematic and cyclical program reviews and assess program management and all aspects of contract administration.

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- INL is expanding its internal audit capacity by establishing an internal audit unit to verify whether INL's management controls effectively mitigate risks of fraud, waste, and abuse. The Merida Initiative Program, for example, from its inception has had a dedicated internal auditor.
- INL also complies all annual inventory requirements, such as the Department's annual property and reconciliation process (ILMS) and GSA's federal aircraft inventory (FAIRS).
- INL has dedicated voucher examiners to increase monitoring of contractor invoicing and ensure compliance with the Prompt Payment Act.
- INL provides Congressional notification for certain acquisitions, such as the construction of certain law enforcement facilities or any construction exceeding $750,000, in addition to detailed spending plans sent to Congress related to oversight and approval of INL programs.
- INL complies with the Department's management controls for acquisitions, which are based in the Foreign Affairs Manual (FAM) and the Foreign Affairs Handbook (FAH) and ensure the separation of duties at post.
- INL complies with OIG inspections and audits.
- AQM conducts cost/price audits and other monitoring of high-risk contracts and oversees the Department's utilization of DCAA reviews on a contractor by contractor basis.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#7)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

What audits, reviews, or other actions has INL performed to ensure that misconduct, overbilling, or other improper actions are not occurring on contracts for counternarcotics activities in Latin America? Has any contractor been suspended or debarred for these contracts?

Answer:

INL regularly reviews CORs' work to verify activities, performance, and costs.

INL's Controller oversees the management control program for the bureau and the Management Assistance Visit program to regularly review posts' administrative functions. INL has routinely conducted evaluations of its air wing contracts that resulted in monthly and trimester performance reports. DCAA has also conducted 20 audits related to INL aviation support contract number S-OPRAQ-98-C-0051. INL did not suspend or debar any contractors as a result of these reviews.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#8)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Has INL ever questioned any payments to contractors on any of its contracts for counternarcotics activities in Latin America? Please list all payments that have been questioned, withheld, or recovered under these contracts and whether award fees were issued on those contracts.

Answer:

INL program officers at each embassy conduct regular reviews of contractors' invoices and challenges improper and/or unallowable costs, which leads to costs being rejected and/or credited against subsequent invoices. INL does not, however, maintain discrete records of such occurrences since these challenges routinely occur at the embassies and are resolved before INL submits the invoice for vouchering. Through oversight, and program and contractor reviews, INL has identified and addressed questionable performance from a few service contracts:

Intelligence, Surveillance, and Reconnaissance Aircraft Program (ISRAP) Contract with ARINC: In an effort to improve aviation oversight, INL centralized contract management for aviation programs in 2008. This shift enabled management to identify potential cost overruns where modifications to the ISRAP contract had no

supporting details and had gone over-budget. INL followed up with a review and audit of the contract and concluded there was no malfeasance, but rather the program officer failed to perform appropriate contract administration. INL relieved the program officer of his duties, and the prime contractor replaced the non-performing subcontractor. INL also re-priced the task order to a firm-fixed price to avoid future budget overruns.

Marsh Aviation was debarred by the Department of Defense, which resulted in the premature discontinuance of INL's OV-10 upgrade program. Given the highly specialized nature of the aircraft, the replacement vendor had great difficulty meeting INL's performance specifications. As a result, INL canceled the program.

INL's aviation performance-based contract with DynCorp: In 2003-4, INL restructured its aviation support requirements for the re-compete of the worldwide aviation contract and moved from a cost-plus award fee model to a performance-based model. Under the award term provisions, INL/A prepares a trimester report on DynCorp's performance utilizing the quality assurance surveillance software program SEESOR to monitor the contract's 86 performance-based metrics. Government Quality Assurance Evaluators (QAEs) are responsible for monitoring contractor performance and for data input into SEESOR. A final report is issued at the end of each contract year and the contractor either earns or loses one of nine possible contract option years depending on whether the contractor has obtained an overall score of 85 on the performance metrics. At the end of option year one, DynCorp failed to reach a score of 85.

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#9)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

According to reports to Congress submitted by the Department of State, DynCorp has received over $643 million in payments by the State Department between fiscal year 2005 and 2008. Has the State Department performed, or requested DCAA to perform, any audits of DynCorp's work in Latin America in the past 10 years?

Answer:

INL is committed to utilizing DCAA services as a contract oversight mechanism. Since late in 2003, DCAA has conducted 20 audits related to INL aviation support contract number S-OPRAQ-98-C-0051, a major contract held by DynCorp with a contract ceiling of $2.7 billion. All issues identified by those audits have been resolved. INL has yet to initiate audit action on the "new" contract (S-AQMPD-05-C-1105) since the Department has placed a higher priority on requested DCAA audits for Afghanistan.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#10)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Please provide the Subcommittee with a copy of the Department of State's April 2010 Report to Congress on certain counternarcotics activities in Colombia (FY09) pursuant to Pub. L. 107-228, § 694(b), *The Foreign Relations Authorization Act, Fiscal Year 2003* (Sept. 30, 2002), which was required to be Submitted to Congress by April 1, 2010.

Pursuant to P.L. 107-228, the Department provided the report required under Section 694(b) to the requesting committees which include the Senate Foreign Relations Committee and the House Foreign Affairs Committee. The Department stands ready to assist the Subcommittee upon approval of the report's release from those Committees.

Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#11)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Are contractors in Colombia, Mexico, and other countries in Latin America immune from prosecution in those countries for crimes alleged to have been committed in those countries? Are those contractors subject to prosecution under U.S. law?

Answer:

As a general principle, the Department does not seek any privileges or immunities for employees of firms operating abroad under one of its foreign assistance contracts. Exceptions to this practice arise (1) where the contract anticipates that the contractor employee will be engaged in high-risk activities and where use of force in self defense may be anticipated, or (2) where the international organization to which the contract employee will be performing unilaterally extends privileges and immunities to the contract employees.

An example of the former situation is Colombia, where pilots under contract support the aerial eradication of coca program. The pilots are accorded equivalent Administrative and Technical (A & T) status by the Colombian government pursuant to the Letters of Agreement between Colombia and the U.S. An example of the latter situation is CIVPOL contract employees who are assigned to support

UN missions, such as the United Nations Stabilization Mission in Haiti (MINUSTAH). Pursuant to agreement between Haiti and the UN, this category of personnel enjoys the same privileges and immunities enjoyed by other UN administrative personnel.

Within South and Central America and the Caribbean, currently only the contract pilots in Colombia and the civilian police in Haiti are accorded any immunities by the host country. In both cases, the immunity may be waived by the United States Government. When immunities are waived at the request of the U.S. or UN, local prosecution may proceed.

Privileges and immunities accorded by the host country have no impact on the exercise of the United States' criminal jurisdiction over those individuals. To the extent that U.S. law applies to the conduct of an American citizen outside U.S. territory, it would also apply to contractor personnel implementing foreign assistance programs abroad under a contract with the State Department. Additionally, the contract itself may have provisions permitting disciplinary measures independent of criminal penalties.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#12)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

The document submissions provided to the Subcommittee by INL indicate that over the last ten years, the Department of State spent approximately $177 million in Colombia and $360 million in contracts related to counternarcotics activities in eight countries (Mexico, Colombia, Peru, Bolivia, Ecuador, Haiti, Guatemala, and the Dominican Republic) combined. In your testimony to the Subcommittee during the hearing, however, you stated that the Department has spent $3.89 billion in Colombia, $726 million in Bolivia, and $830 million in Peru for contracts for counternarcotics activities during this period.

When did you realize that the information originally provided to the Subcommittee was inaccurate? Do the numbers in your testimony represent the complete and accurate totals of contracting in the named countries? If they are not complete and accurate, please provide that information. How were the revised numbers calculated?

Answer:

The Department submitted the information to the Subcommittee in segments as each data set became available and was analyzed. The first submission consisted of information most readily available from the Federal Procurement Data System (FPDS). INL judged the FPDS information to be reliable but not complete and submitted it as quickly as possible with the stated intent to follow up with additional data as it became available. As mentioned in the note for question four, INL conducted a deductive analysis to determine approximations for amounts

spent on contracts in Latin America in time for the hearing. Subsequent to the hearing, the information was further refined based on the FPDS data by comparing it to information from the various financial management databases (both domestically and for each overseas embassy) to determine any variance between the information in the procurement database and that in the financial management databases related to interagency agreements, grants, embassy financial transactions, and domestic financial transactions. Once that variance was determined, INL sent guidance to each embassy requesting information for contract task orders that were greater than $100,000 for use in reconciliation and data intake against the financial records. Based on the information available, INL compared the data from the embassies and INL's air wing with other databases for inter-agency agreements, grants, administrative costs, and unobligated balances. Per agreement with subcommittee staff, INL has yet to collect information on small contracts under $100,000 due to focusing limited resources first on larger ticket items. INL relied on information from other databases and used the variance from the total amount obligated to determine approximately how much funding was implemented via contracts under $100,000.

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Questions for the Record Submitted to
Ambassador David T. Johnson by
Senator Claire McCaskill (#13)
Senate Committee on Homeland Security and Governmental Affairs
May 20, 2010

Question:

Does INL have a system for tracking the amount of money appropriated for its mission in Latin America and the amount of money spent on contracting these activities?

Answer:

INL relies on the Department's official financial systems for contract tracking but must augment these systems with bureau-specific accounting. INL established new procedures for project accounting in FY 2008, which makes it difficult to account by project prior to FY 2007. INL anticipates the new system will be able to prepare various standardized and ad-hoc reports to control contract allotments and their subsequent execution. Until this system becomes fully functional later this year, INL must manually develop reports from the Department's Global Financial Management System, the Regional Financial Management System, and post financial records. The new system, along with the changes made with the accounting sub-object class code, will improve our ability to track money spent on contracting activities.

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Post-Hearing Questions for the Record
Submitted to
Mr. William F. Wechsler
From Senator McCaskill

"COUNTERNARCOTICS CONTRACTS IN LATIN AMERICA"

Thursday, May 20, 2010, 10:30 A.M.
United States Senate, Subcommittee on Contracting Oversight,
Committee on Homeland Security and Governmental Affairs

1) What amount has Lockheed Martin been paid under the Department's contract for the work performed by Hagerty Consulting in connection with this hearing?

Answer. Lockheed Martin was awarded a task order under the U.S. Army's Communications-Electronics Command (CECOM) Rapid Response contract for work associated with the Subcommittee's information request of February 12, 2010, and for assistance in preparation for the related Subcommittee hearing of May 20, 2010. The total amount obligated for the period of performance of March 8 through May 31, 2010, was $54,266.98. This total included funding for two full-time and one part-time contract analysts.

2) Please provide the number of aircraft being flown for Department of Defense counternarcotics missions. If any of these aircraft are flown by contractors, please provide the name of the contractor(s) and the number of aircraft flown by each contractor.

Answer. A total of 203 aircraft are currently being flown in direct support of DoD counternarcotics missions – 185 in the U.S. Northern Command (USNORTHCOM) and U.S. Southern Command (USSOUTHCOM) areas of responsibility (AORs) and 18 in the U.S. Central Command (USCENTCOM) AOR.

In the USNORTHCOM/USSOUTHCOM AORs, the majority of counternarcotics missions are in support of local, state, and federal law enforcement activities (such as surveillance and controlled deliveries). Aircraft such as the P-3, E-2, and AWACS, support detection and monitoring (D&M) of drug shipments bound for the United States. These aircraft are predominantly flown by U.S. military crews. Of the 185 aircraft performing missions in the USNORTHCOM/USSOUTHCOM AORs, only two Beechcraft 200T aircraft are flown by contractor crews. These two aircraft are owned and operated by Lockheed Martin and support D&M in the Transit Zone.

Of the 18 aircraft conducting DoD-funded counternarcotics missions in the USCENTCOM AOR, 11 are flown by contract pilots. DoD is supporting 15 Mi-17 helicopters for the Afghan Ministry of Interior (MoI) Air Interdiction Unit (AIU) based at Kabul International Airport. Two of these aircraft are owned by the Government of Afghanistan. The pilots, crewmembers, and staff of the AIU are mentored by a U.S. contractor team headed by

Northrop Grumman. Eight of the AIU Mi-17s are flown by contractors when they are either training Afghan pilots and crewmembers or conducting operational law enforcement counternarcotics missions.

DoD also manages a contractor-operated DeHavilland Dash 8 from Kabul International Airport to provide passenger transportation in support of Department of Defense and partner counternarcotics activities. The prime contractor operating the Dash 8 is Northrop Grumman. Lockheed Martin also provides DoD up to 60 hours per month of Mi-8 helicopter support and 18 hours per month of J32 Jetstream fixed-wing support.

3) In your testimony, you state that in the 10 year period from 1999 to 2009, the Defense Department spent $5.3 billion in counternarcotics programs in Latin America. You estimate that 18% ($977 million) was expended towards contractor support. The Defense Department previously told the Subcommittee that the Department estimated that 24% of DoD spending, or over $1.2 billion, was spent on contracts during this same period. What is the exact amount, by country and year, spent on contracting during this period?

Answer. *Note: Following the May 20 hearing, the Subcommittee agreed to limit the scope of its inquiry to only the past five (5) fiscal years. Because we have only gathered complete data for FYs 2005-2010, this response will only cover those years reported to the Subcommittee.*

The figures of 18% and 24% are estimates based on the contract information we have obtained to date. For FYs 2005-2010, the total validated dollar amount obligated for counternarcotics contracts was approximately $789 million (or 30%) of the approximately $2.64 billion appropriated to the counternarcotics Central Transfer Account (CTA) for the region during that period. Certain indirect support, however, cannot be tied to a particular country or countries. Examples of indirect support include Continental U.S. expenditures such as information technology, intelligence, facilities operation and maintenance, and support to the relocatable over-the-horizon radar (ROTHR). If we include the total contracted for indirect support, the total contracted increases to approximately $1.35 billion (or 51%) of the total appropriated under the CTA. The attached table breaks out funding for FYs 2005-2010 by country or countries supported by each contract action. Expenditures that cannot be associated with a particular country are listed as "indirect support."

4) In briefings to Subcommittee staff, Defense Department officials indicated that one of the major successes in this region has been the police training conducted by U.S. Special Forces. This training has focused on creating the culture, discipline, training and other skills necessary for host countries to have a strong and sustainable police force. Why isn't the Department using the military instead of contractors to train police in Afghanistan?

Answer. Improving the operational capability of the Afghan National Police (ANP) is critical to transitioning the responsibility of security to host nation forces and requires professional training. NATO Training Mission - Afghanistan (NTM-A) / Combined Security Transition Command – Afghanistan (CSTC-A) employs both military and contractor personnel to train the ANP. Contractors are used to provide specific law enforcement skills that are not

abundantly available in the military. NTMA/CSTC-A also works with international organizations to provide specialized police training. In these instances, contractors are needed to make up for NATO police trainer shortfalls. U.S. military personnel are embedded at the ministerial, provincial and district levels to mentor and advise the ANP in order to develop a strong and sustainable force. DoD also works with the Drug Enforcement Administration to provide training and mentoring for specialized Afghan counternarcotics law enforcement units.

5) Please provide the total number of contractors by country performing counternarcotics-related work for the Defense Department in Latin America.

Answer. In FY 2010, the Department of Defense has funded 249 civilian contractors for counternarcotics-related work in Latin America through the counternarcotics Central Transfer Account. The bulk of contracting support is in Colombia, where contractors perform a wide variety of tasks including administrative and logistics support, security, training (primarily at the Colombian helicopter flight training center in Melgar), and information operations. The 43 contractors in El Salvador are involved in maintenance and base operations support at Forward Operating Location, Comalapa. Contractors in Mexico, the Bahamas, Ecuador, and Curacao are involved in training, logistics, and other base support activities.

Country	Number of Contractors
USNORTHCOM AOR	
MEXICO	4
BAHAMAS	3
USSOUTHCOM AOR	
EL SALVADOR	43
COLOMBIA	188
ECUADOR	8
CURACAO	3
TOTAL	**249**