AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

WHERE IS THE PEACE DIVIDEND? EXAMINING THE FINAL REPORT TO CONGRESS OF THE COMMISSION ON WARTIME CONTRACTING

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

OCTOBER 4, 2011

Serial No. 112–85

Printed for the use of the Committee on Oversight and Government Reform

Available via the World Wide Web: http://www.fdsys.gov
http://www.house.gov/reform

U.S. GOVERNMENT PRINTING OFFICE

71–983 PDF WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

DARRELL E. ISSA, California, *Chairman*

DAN BURTON, Indiana
JOHN L. MICA, Florida
TODD RUSSELL PLATTS, Pennsylvania
MICHAEL R. TURNER, Ohio
PATRICK T. MCHENRY, North Carolina
JIM JORDAN, Ohio
JASON CHAFFETZ, Utah
CONNIE MACK, Florida
TIM WALBERG, Michigan
JAMES LANKFORD, Oklahoma
JUSTIN AMASH, Michigan
ANN MARIE BUERKLE, New York
PAUL A. GOSAR, Arizona
RAÚL R. LABRADOR, Idaho
PATRICK MEEHAN, Pennsylvania
SCOTT DESJARLAIS, Tennessee
JOE WALSH, Illinois
TREY GOWDY, South Carolina
DENNIS A. ROSS, Florida
FRANK C. GUINTA, New Hampshire
BLAKE FARENTHOLD, Texas
MIKE KELLY, Pennsylvania

ELIJAH E. CUMMINGS, Maryland, *Ranking Minority Member*
EDOLPHUS TOWNS, New York
CAROLYN B. MALONEY, New York
ELEANOR HOLMES NORTON, District of Columbia
DENNIS J. KUCINICH, Ohio
JOHN F. TIERNEY, Massachusetts
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
JIM COOPER, Tennessee
GERALD E. CONNOLLY, Virginia
MIKE QUIGLEY, Illinois
DANNY K. DAVIS, Illinois
BRUCE L. BRALEY, Iowa
PETER WELCH, Vermont
JOHN A. YARMUTH, Kentucky
CHRISTOPHER S. MURPHY, Connecticut
JACKIE SPEIER, California

LAWRENCE J. BRADY, *Staff Director*
JOHN D. CUADERES, *Deputy Staff Director*
ROBERT BORDEN, *General Counsel*
LINDA A. GOOD, *Chief Clerk*
DAVID RAPALLO, *Minority Staff Director*

CONTENTS

	Page
Hearing held on October 4, 2011	1
Statement of:	
Henke, Commissioner Robert J., Commission on Wartime Contracting, accompanied by Commissioner Clark Ervin, Commission on Wartime Contracting; Commissioner Katherine Schinasi, Commission on Wartime Contracting; Commissioner Christopher Shays, co-chair, Commission on Wartime Contracting; Commissioner Charles Tiefer, Commission on Wartime Contracting; and Commissioner Dov S. Zakheim, Commission on Wartime Contracting	9
Letters, statements, etc., submitted for the record by:	
Henke, Commissioner Robert J., Commission on Wartime Contracting, prepared statement of	13

WHERE IS THE PEACE DIVIDEND? EXAMINING THE FINAL REPORT TO CONGRESS OF THE COMMISSION ON WARTIME CONTRACTING

TUESDAY, OCTOBER 4, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room 2154, Rayburn House Office Building, Hon. Darrell E. Issa (chairman of the committee) presiding.

Present: Representatives Issa, Burton, Chaffetz, Walberg, Lankford, Amash, Labrador, Meehan, DesJarlais, Guinta, Farenthold, Cummings, Towns, Maloney, Kucinich, Tierney, Clay, Cooper, Connolly, Quigley, Davis, Welch, Yarmuth, Murphy, and Speier.

Staff present: Thomas A. Alexander, senior counsel; Michael R. Bebeau, assistant clerk; Richard A. Beutel, senior counsel; Robert Borden, general counsel; Molly Boyl, parliamentarian; Lawrence J. Brady, staff director; John Cuaderes, deputy staff director; Adam P. Fromm, director of Member liaison and floor operations; Linda Good, chief clerk; Frederick Hill, director of communications; Justin LoFranco, press assistant; Mark D. Marin, senior professional staff member; Beverly Britton Fraser, Scott Lindsay, and Carlos Uriarte, minority counsels; Kevin Corbin, minority deputy clerk; Ashley Etienne, minority director of communications; Carla Hultberg, minority chief clerk; Lucinda Lessley, minority policy director; Dave Rapallo, minority staff director; and Suzanne Sachsman Grooms, minority chief counsel.

Chairman ISSA. The committee will come to order, please.

The Oversight Committee exists to secure two fundamental principles: first, Americans have a right to know the money Washington takes from them is well spent and, second, Americans deserve an efficient, I repeat, efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn obligation is to hold government accountable to taxpayers, because taxpayers have the right to know what they get from their government. We will work tirelessly in partnership with citizen watchdog groups to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

Today, more than ever, our opening statement that we do at the beginning rings true with the panel of witnesses we have here, and I will say led from the middle by Congressman Chris Shays, former

member of this committee, and, I guess I will include, who would be sitting in my chair had he not gone on to these other pursuits. Welcome, Chris.

And the other members of the Commission on Wartime Contracting, who, in August, released a final report with alarming findings about waste and abuse that has occurred in Afghanistan and Iraq. Over the course of 2 years, the Commission has conducted 25 hearings, which for Chris Shays is only about average, issued five special reports and two interim reports. Its final report presents a sobering view of waste and fraud in the war on terror.

An estimated $1.25 trillion has been spent on operations in Iraq and Afghanistan. The report estimates that since 2002, important, since 2002, early on in the Bush administration, the Defense Department has spent $206 billion of their contract obligations in support of the wars in Iraq and Afghanistan. At least $31 billion, and possibly as much as $60 billion, has been lost to contract waste and fraud in America's contingency operations in Iraq and Afghanistan.

It is appropriate for the Commission and Congress to assess these costs and the reasons so much taxpayer money has been squandered to waste and fraud. The waste and fraud associated with these expenditures is mind-numbing.

With the coming transition of operations from DOD to State Department in Iraq, as well as the continued surge in Afghanistan that includes civilian and Federal work force, costs associated with contractors are likely to increase. For example, the State Department will increase its manpower from 8,000 to 17,000. The great majority of those will be contractors for security, medical maintenance, aviation, and other functions.

The State Department is building a virtual private army of private security contractors in Iraq. Some have estimated that as many as 5,500 new contractors will be necessary to protect and operate the U.S. embassy and its facilities and functions throughout Iraq.

In Afghanistan, the number of civilian employees drawn from Departments such as State, Treasury, Justice, and Agriculture, has tripled since 2009. That is the number of civilian employees has tripled since 2009, rising from just over 300 to over 1,000 as of June 2011. Supporting and protecting this growth in additional staff will require continued use of private contractors under the current plan.

We have reached a point where we are now forced to treat contractors as the default option. This is because Federal agencies can't complete mission-critical functions, nor can they manage an overseas large contractor force of unprecedented size that at times has outnumbered troops in the field.

When President Obama took office, he pledged to eliminate waste, fraud, and abuse in these areas. And I might comment so has virtually every president. Instead, we are growing more and more reliant on contractors. New and increasing problems have come at a time when President Obama has failed to fill key leadership positions that ensure effective oversight is unbroken. He has failed to implement essential measures to combat the waste and fraud. The record of waste and fraud will continue unless the ad-

ministration takes concrete actions to protect precious taxpayer dollars.

The United States has not achieved peace, and will not get a peace dividend unless we, in fact, are able to stem waste, both created within our Government and by our partners in Iraq and Afghanistan.

Today we will examine these difficult challenges and explore the conclusions and recommendations offered by the Commission on Wartime Contracting. But before we do, I want to make one thing very clear: operations in Afghanistan and Iraq have levied a heavy human toll: 7,520 Americans and coalition soldiers have been lost. Our brave men and women serving on the front lines continue to do an outstanding job fighting our enemies and securing freedom for those who terrorized or would terrorize us and oppress other nations.

Nothing in this hearing, nor the recommendations the Wartime Contracting Commission, is intended to question their efforts or their commitment. Congress must recognize we are not there in harm's way, and those who are there in harm's way are doing the best they can. Rather, it is for this committee to evaluate the systems and the recommendations of this Commission to recognize this is not a problem that began on this President's watch; this is not a problem that will end, no matter what we do. But we do have an obligation to do everything we can to assist the administration by systems and support to reduce waste and fraud, to reduce inefficiency, and to provide our best advice, both through this Commission and through our own efforts to an administration who has in fact countless thousands of men and women in harm's way.

With that, I will recognize the distinguished ranking member for his opening statement.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

First, let me say that I understand Mr. Mike Thibault will not be able to be with us this morning. I understand that you will be putting his full statement in the record, which we would appreciate and would join you in. Mr. Thibault worked with our committee closely in the past and we sincerely appreciate his career of public service and his expertise.

Chairman Shays, it is great to have you back again before the committee which you served on so many years.

And thank you to all the Commissioners for being with us today.

Over the past decade, the United States has grown increasingly reliant on contractors to provide support services to the military, the State Department and USAID. In Iraq and in Afghanistan, contractors outnumber service members and they perform essential tasks such as shipping supplies through hostile territory and providing security to bases and personnel. Since 2001, we have spent more than $200 billion on these contracts.

After an extensive bipartisan investigation, the Commission on Wartime Contracting estimated that as much as $60 billion may have been lost to waste and fraud due to a lack of effective competition, oversight and enforcement in contingency contracting. Although the scope of this contracting problem is daunting, it is not new to this committee. Under Chairman Henry Waxman's leadership, the committee examined problems with the military's

LOGCAP contract for logistical support, the Government's multiple contracts with Blackwater USA for security services, and the State Department's bloated billion dollar contract to build the U.S. embassy in Baghdad.

Chairman Towns continued this work by examining the systems used by the executive branch to track contractors waste in USAID's reconstruction contracts. And under Representative Tierney's leadership, the National Security's Subcommittee uncovered evidence that the U.S. trucking contractors and their private security providers were involved in a massive protection racket that sent U.S. taxpayer dollars into the hands of warlords, power brokers, and the Taliban.

Our committee's oversight efforts have resulted in significant changes. In Iraq, the State Department has dramatically increased its management of private security contractors and the number of use of force incidents has plummeted. In Afghanistan, General Petraeus responded to Chairman Tierney's investigation by issuing new contracting guidelines and charging two task forces with tracking U.S. contracting dollars to reduce corruption.

But despite these worthy investigations to root out waste, fraud, and abuse after it happens, more must be done to prevent waste from occurring in the first place. In its final report, the Commission has given us a roadmap, and a very good one at that, for reform that includes 32 recommendations for both Congress and the executive branch. These reforms require increasing competition, oversight, and enforcement. If we cannot put in place the personnel to oversee contractors in war zones, then we need to rethink the mission, rather than blindly pressing forward with poorly designed contracts.

Finally, to the Commissioners, let me thank you for 3 years of dedication and hard work. You pursued your mandate in a very vigorous, fair, and bipartisan manner in the best tradition of the Truman committee. You have accomplished your mission by providing us with a historical account of the mistakes that were made and a guidebook to the reforms necessary to prevent them in the future. Now it is up to us, the Congress, to implement your recommendations.

Mr. Tierney has taken the lead in introducing a bill to implement one of the Commission's principle recommendations, establishing a permanent inspector general for the contingency operations. I urge my colleagues to support that legislation and I hope that the chairman will work with me and Representative Tierney and others on the outside to focus more of our committee's resources on this issue. I agree with the chairman, this is indeed a bipartisan effort. We must address this in a bipartisan way, just as the Commission has set a wonderful example for us. And we do appreciate you.

So I am looking forward to hearing the testimony and with that, Mr. Chairman, I yield back.

Chairman ISSA. I thank the gentleman.

We will now recognize the chairman of the Subcommittee on National Security, Mr. Chaffetz, for his opening statement.

Mr. CHAFFETZ. Thank you, Mr. Chairman.

And thank you to all of you who have poured years of talent and expertise and effort into producing such a quality document. Thank

you for your time and effort. I only hope that we look toward it and we implement it and we make positive changes. So, again, thank you.

The American people are faced with the prospect that their Government has wasted somewhere between $31 and $60 billion on contracting since 2002. From your report, in Chapter 3, I will read, "The Commission estimates that at mid-range, waste and fraud during contingency operations in Iraq and Afghanistan averaged about $12 million every day for the past 10 years."

According to the Commission, this is due to ill-conceived projects, poor planning and oversight, poor performance by contractors, criminal behavior, and just good old fashioned, blatant corruption. This is unforgivable. While some may agree or disagree with our engagements in Iraq and Afghanistan, it is universally unacceptable to waste taxpayer money. According to the Commission, "Unless changes are made, continued waste and fraud will undercut the effectiveness of money spent in future operations."

These observations aren't new, however. Many, including this committee, have highlighted the waste, fraud, and abuse since the wars began, and I compliment Mr. Tierney and others who have spent a lot of time highlighting this.

Unfortunately, oversight has not improved, necessarily, during this administration. As it doubles down on foreign policy agenda, this administration intends to dramatically increase the use of contractors before first addressing the lack of oversight.

I would like to read from the Executive Summary, page 2 here. It says, "The number of Defense Department, Department of State, and U.S. Agency for International Development, USAID, contractor employees in Iraq and Afghanistan has varied, but exceeded 260,000 in 2010. The contractor employee count has at times surpassed the number of U.S. military personnel in the two countries. Most contractor employees are third-country nationals and local nationals. U.S. nationals totaled more than 46,000, a minority of those employed," something that we obviously need to look at.

In Iraq, for example, the State Department's footprint will increase to nearly 17,000 after the Department of Defense withdraws on December 31, 2011. Many of these will be private contractors. To that end, the President and the Secretary of State will hire an additional 5,500 private security contractors to compensate for the troop withdrawal. This private army will fill the gap left by our troops. In other words, the President will remove the troops, but increase the level of private security contractors.

At the same time, the President is doing little to strengthen the oversight. According to the Commission's report, the State Department "is struggling to resolve budget issues and prepare requirements for awarding large number of contracts, along with mobilizing the many U.S. Government civilians needed to effectively manage these contracts."

Thousands of contractors operating without proper oversight is an unacceptable scenario. It will lead to the same type of waste, fraud, and abuse that is at issue here today.

There are solutions, however. As a first step, President Obama and the Senate should fill critical vacancies within the Federal Government. Currently, the State Department and the SIGIR are

leaderless. USAID IG is retiring at the end of this month. These are basic steps in very critical components and personnel that we need in place in order to make sure that the proper oversight is in place.

I again look forward to hearing from the panel. I appreciate the work of the Members that have done here before, but thank you again for your good work, and I look forward to a candid discussion today.

Yield back.

Chairman ISSA. Thank you.

We now recognize the subcommittee ranking member, the gentleman from Massachusetts, Mr. Tierney, for his opening statement.

Mr. TIERNEY. Thank you, Mr. Chairman, and thank you for calling this hearing today. I want to thank all the commissioners for their great work over the past 3 years. I think it is a great example of public service. Your previous public service meant that none of us were surprised by the effort and the expertise that you brought to it, but I certainly want you to know that we can't express our gratitude probably loud enough and clear enough, and I hope the American people understand the sacrifice that you put into doing this job. You had many other things you could have been doing with your time and effort, so your citizenship is greatly appreciated.

And I was pleased to have Jim Leach, my Republican counterpart, cosponsor the legislation that became the Commission on Wartime Contracting, so I take special pride in the success that you have had and the fact that you did a good job. And with the leadership of Mike Thibault and my friend, Chris Shays, who just left one hat and put on the other hat and went about doing the same thing he had always been doing, which was good, thorough oversight work, and we appreciate that.

And if it hadn't been for Senators Webb and McCaskill and others in the Senate who picked up the cudgel there and moved forward, it may never have become legislation. So we think it is a great bicameral, bipartisan effort on that which was important.

We fashioned this after the so-called Truman Commission, and we did that on the notion that people would know that it was not going to be partisan and the idea was not to be attacking any executive or administration in particular, but the notion that whenever we get into a contingency operation, there will be those who try to take advantage of the situation in some circumstances and, without any purposeful bad acts, lend themselves to mismanagement or abuse on that. So the Commission was authorized and charged with identifying the scope of the wasteful contingency contracting and recommending reforms, and you did just that.

But the results of your work are sobering, as many have already mentioned. Billions of dollars wasted by agencies that had little capacity to manage the contractors or to even hold them accountable, and billions of dollars more have been dedicated to projects that were poorly conceived and probably unsustainable by the host government. So these findings are consistent with the committee's own oversight of private security contractors in Iraq and Afghanistan.

I think we have already mentioned here that last year I led a 6-month subcommittee investigation of the $2 billion Department of Defense trucking contract in Afghanistan. Our investigation found that the trucking contract had spawned a vast protection racket in which warlords, criminals, and insurgents extorted contractors for protection payments to obtain safe passage. Our investigation further showed that senior officials within the U.S. military contracting chain of command had been aware of that problem but had done little to address it. Two weeks ago, the National Security Subcommittee had a followup hearing with three Defense Department witnesses to address those issues.

I asked General Townsend, the Director of the Pakistan-Afghanistan Coordination Cell of the Joint Staff whether contractor protection payments to warlords, power brokers, and insurgents were necessary for safe passage in Afghanistan. He said they were, and in many cases they don't have a choice, in his exact words. I then asked Gary Motsek, the head of the Contingency Contracting at the Department of Defense, whether such payments are legal under U.S. law. He stated that they absolutely were not legal.

So, in other words, the Department of Defense designed a critical contract to which it was necessary, in their terms, for the contractors to make illegal protection payments that in many cases were used against the very forces to attack our troops. It is just unheard of, I think, in other situations.

So my fear is that the committee's and your investigations, the Commission's investigations are only the tip of the iceberg, and I think your work has shown that as well.

Much of the Afghan economy now centers around the United States and international military presence. Many of the Afghan elite have their own logistics contracts with the United States, and a significant portion of these funds seem to end up supporting the Dubai real estate market, rather than jobs in Afghanistan.

Today, the business of Afghanistan is war. How can we ever hope to extricate ourselves from that war when so many Afghans benefit from the insecurity that is used to justify our continued presence? To my mind, we have crossed the tipping point in which the size of our military footprint inadvertently fosters further instability. Every additional soldier and every additional supply convoy that we send to Afghanistan further fuels the cycle of dependence, corruption, and endless war.

Simply stated, we cannot afford to fail at getting a handle on contingency contracting waste, fraud, and abuse in Iraq and Afghanistan. Not only does this squander precious taxpayer resources; it can seriously undermine the mission and even fund those who attack our brave men and women in uniform. In that vein, I have introduced legislation to establish a special inspector general for overseas contingency operations.

The efforts of the Commission, along with the special inspector general for Iraq and the special inspector general for Afghanistan have shown the critical importance of realtime oversight in our overseas operations. We need to preserve the unique capabilities of these three entities in a single, permanent inspector general with a flexible deployable cadre of oversight specialists. I urge my colleagues to join me in this legislation.

Finally, I am also working to tackle many of the Commission's other legislative reform recommendations, which were excellent and on point. It is a challenging task, but with your great work that will serve as a blueprint for our efforts that go forward. I want to thank you again for your service and your testimony here today. I look forward to our discussion.

And I want to thank you again, Mr. Chairman, and Mr. Chaffetz as well, for keeping this a nonpartisan, bipartisan effort that is all about oversight and making sure that this institution of Congress does its job with respect to any administration that might be in at any particular time. Thank you.

Chairman ISSA. I thank the gentleman.

All Members will have 7 days to submit opening statements and extraneous material for the record. Additionally, the Commissioners here who will not be giving opening statements, there will be just one, I believe, your opening statements or other prepared remarks or extraneous material will be placed in the record, including Mr. Thibault, who unfortunately was diverted, his plane was literally diverted or he would be with you. Without objection, that is so ordered.

We now recognize the panel. The previously mentioned Honorable Chris Shays is the Republican co-chair of the Commission on Wartime Contracting. Congressman Shays represented Connecticut's 4th Congressional District from 1987 until 2009, and he is sorely missed. Commissioner Clark Kent Ervin was Inspector General of the Department of Homeland Security from 2003 to 2005; Commissioner Robert J. Henke was the Assistant Secretary for Management at the Department of Veterans Affairs from 2005 to 2009; Commissioner Katherine Schinasi was the Managing Director for Acquisition and Sourcing Management at the Government Accountability Office, our wing that we trust so much for the work that we must do; Commissioner Charles Tiefer is a Professor of Law at the University of Baltimore Law School; Commissioner Dov S. Zakheim was the Controller for the Department of Defense from 2001 to 2004.

Lady and gentlemen, pursuant to the committee rules, I would ask you all to rise to take a sworn oath. Please raise your right hands.

[Witnesses sworn.]

Chairman ISSA. Let the record indicate that all witnesses answered in the affirmative. Please be seated.

My prepared statement says in order to allow sufficient time, look at the light. It is going to be different this time. I understand only one Commissioner will be speaking, within any amount of reasonable time you may have time to deliver your entire prepared statement and such remarks as you may want to have represent all of the Commissioners.

With that, Mr. Henke, you are recognized.

STATEMENT OF COMMISSIONER ROBERT J. HENKE, COMMISSION ON WARTIME CONTRACTING, ACCOMPANIED BY COMMISSIONER CLARK ERVIN, COMMISSION ON WARTIME CONTRACTING; COMMISSIONER KATHERINE SCHINASI, COMMISSION ON WARTIME CONTRACTING; COMMISSIONER CHRISTOPHER SHAYS, CO-CHAIR, COMMISSION ON WARTIME CONTRACTING; COMMISSIONER CHARLES TIEFER, COMMISSION ON WARTIME CONTRACTING; AND COMMISSIONER DOV S. ZAKHEIM, COMMISSION ON WARTIME CONTRACTING

Mr. HENKE. Thank you, Mr. Chairman. Chairman Issa, Ranking Member Cummings, members of the committee, good morning and thank you for inviting us here today.

I am Robert Henke, a member of the Commission on Wartime Contracting in Iraq and Afghanistan, which completed its official work last Friday. Previously, I served as the Assistant Secretary for Management at the Department of Veterans Affairs and as Principal Deputy Comptroller at DOD.

I am presenting this statement on behalf of Commission co-chairs Christopher Shays and Mike Thibault, and my fellow Commissioners Clark Kent Ervin, Katherine Schinasi, Charles Tiefer, and Dov Zakheim, who are here, and Grant Green, who could not be with us today.

I respectfully request that our full written statement be a part of the record, as well as a copy of our report, Transforming Wartime Contracting.

Chairman ISSA. Without objection, so ordered.

Mr. HENKE. We very much appreciate the opportunity to appear before this committee, the Committee on Oversight and Government Reform. Our eight reports to Congress are a direct match with this committee's central mandate: the need for vigorous oversight and fundamental reforms.

The Commissioners would emphasize that we have operated not only as a bipartisan body, but truly as a non-partisan body. Our reports have no dissenting views. We are unanimous both in our findings and in our recommendations.

We unanimously conclude that the need for change, whether through laws, policies, practices, and, ultimately, organizational culture, is urgent, is urgent for five reasons.

First, reforms can still save money in Iraq and Afghanistan, avoid unintended consequences, and improve our foreign policy outcomes there.

Second, the dollars wasted and the dollars still at risk are significant. The Commission estimates that at least $31 billion, and possibly as much as $60 billion, of the $206 billion spent on contracts and grants in Iraq and Afghanistan has been lost to waste and fraud. We have also warned that many billions more, possibly even exceeding the billions already lost, may turn into waste if the host governments cannot or will not sustain U.S.-funded programs and projects.

Third, although U.S. policy has for more than 20 years considered contractors to be part of the "total force", we went into Afghanistan and Iraq unprepared to manage and oversee the thousands of contracts and contractors used there. Think about that for a minute. We went into Iraq and Afghanistan, we went into war

unprepared. Some improvements have been made, yes, but after a decade of war, the Government remains unable to ensure that taxpayers and warfighters and diplomats are getting good value for contract dollars spent.

Fourth, new contingencies, whatever form they take, will occur. And, strikingly, Federal agencies have acknowledged that they cannot perform large operations without contractor support. They are very candid in that regard.

Fifth, and finally, reform is urgent because failure to enact powerful reforms will guarantee that new cycles of waste and fraud will accompany the response to that next contingency.

Our work in Iraq and Afghanistan found problems similar, or even identical, to those in peacetime contracting, including poor planning, limited or no competition, weak management of performance, and insufficient recovery of over-billings and unsupported costs.

Of course, the wartime environment brings tremendous additional complications. The dollar volumes swell dramatically and the urgency of dynamic operations and hostile threats directly impact contracting decisions, execution, and oversight.

Now, despite those tremendous challenges, we are clear, as a Commission, that contracting and contractors have provided vital and, for the most part, highly effective support for U.S. contingency operations.

However, the bottom line is this: we rely on contractors too heavily, we manage them too loosely, and we pay them too much for what we get. The wasteful contract outcomes in Iraq and Afghanistan demonstrate that Federal agencies' dependence on contractors, while acknowledged, is not thought to be important enough to warrant the thorough planning and superb execution that a contingency, that wartime, demands. The Commission has concluded that the problems need to be attacked on several levels.

The first is holding contractors accountable. Federal statutes and regulations provide ways to protect the Government against bad contractors and to impose accountability on them. Unfortunately, we found that these mechanisms are often not vigorously applied and enforced. And incentives to constrain waste are often not in place.

The Commission's research has shown, for example, that some contractors have been billing the Government for years using inadequate accounting systems that don't pass muster. Recommendations for suspension and debarment go unimplemented with no documentation for the decision. Past performance data on how a contractor performs is very often unrecorded and even less likely to be used for the next contract award. Staffing shortages have led to a Defense Contract Audit Agency backlog of nearly $600 billion in unaudited work, delaying recovery of possible overpayments.

The Government has also been remiss in promoting one of the most effective of all disciplines: competition.

We recommend better application of existing tools to ensure accountability, and strengthening those tools. Our report contains recommendations to bolster competition, improve the recording and use of past-performance data, expanding U.S. civil jurisdiction as

part of contract awards, and requiring official approval of significant subcontracting overseas.

The second level is holding the Government itself more accountable for the decision to use contractors and the subsequent results. Taking a harder look at what projects and programs to undertake with contractors must also include thinking more carefully about whether to use contractors in foreign policy situations. Our report recommends careful consideration of the risks created by contracting, and phasing out the use of private security contractors for some functions.

Another part of the Government's problem is resources. As this committee knows well, both the military force structure and the Federal acquisition work force were downsized during the 1990's. This ensured that if a large and prolonged contingency should develop, the military would greatly increase its reliance on contractors while, at the very same time, its ability to manage and oversee those contractors had been significantly reduced.

Now, even when the Government has good policies in place, effective practices, which are often different, ranging from planning and requirements definition to providing adequate oversight of performance and coordinating interagency activities, are lacking.

We have recommended steps that would improve the Government's handling of contingency contracting. They include developing deployable acquisition cadres and professionals, elevating the positions and the importance of agencies' senior acquisition officers and the importance of acquisition as a core competency, and creating a "J10" contingency-contracting directorate at the Pentagon's Joint Staff, where the broad range of contracting activities is still treated as a minor subset of logistics.

Considering this committee's broad and cross-agency mandate, I would also call special attention to two recommendations with a whole-of-government approach.

The first is to establish a dual-hatted position for an official who would serve both at the Office of Management and Budget and simultaneously on the National Security Council. Such a dual-hatted person would promote better visibility, coordination, budget guidance, and strategic direction. They would link foreign policy goals with budget resources.

The second is to create a permanent IG organization for use during contingencies. The special IGs for Iraq and Afghanistan reconstruction have performed valuable service, but they will go away, leaving the need to reinvent them and suffer delays in deploying IG staff when the next contingency does emerge. The work of SIGIR and SIGAR have shown the drawbacks of creating organizations that that are limited in functional authority, geographic location, and time. A permanent contingency IG with a small but deployable and expandable staff, trained in the unique circumstances of a contingency operation, can provide cross-agency oversight from day one of a contingency.

More details on these recommendations appear in our final report, 240 page, Transforming Wartime Contracting.

Now, in compliance with its authorizing statute, our Commission has closed its doors. But the problems we have diagnosed remain very much alive. Corrective action, in some cases requiring limited

financial investments, are essential on both the Government and the contractor side of the equation to reform contingency contracting.

Your sustained attention during and after the reform process will be essential to ensure that reforms are institutionalized and that ultimately cultures are changed.

In summary, Mr. Chairman, Ranking Member Cummings, wartime contracting reform is an essential, not a luxury good. Whatever form it takes, there will be a next contingency, and the responses to that contingency will all but certainly require contractor support. The Government would be foolish to ignore the lessons of the past decade and refuse to prepare and refuse to prepare for better use of contracting resources. Once the wars in Afghanistan and Iraq fade into the past, it will be all too easy to put off taking action. Your committee is in a superb position to prevent exactly that from happening.

Mr. Chairman and members of the committee, this concludes our formal statement. We very much appreciate this opportunity to be here with you today in a dialog, and we would be happy to answer any questions you may have.

[The prepared statement of Mr. Henke follows:]

Joint Statement of
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:

'Examining the Final Report to Congress of the Commission on Wartime Contracting'

Before the Committee on Oversight and Government Reform,
U.S. House of Representatives
2154 Rayburn House Office Building, Washington, DC
10:00 AM., Tuesday, October 4, 2011

[As prepared for delivery.]

Chairman Issa, Ranking Member Cummings, Members of the Committee, good morning. Thank you for inviting us to testify.

I am Robert Henke, a member of the Commission on Wartime Contracting in Iraq and Afghanistan, which completed its official work last Friday. I have also served as Assistant Secretary for Management at the Department of Veterans Affairs (Chief Financial Officer and Chief Acquisition Officer), and as Principal Deputy Under Secretary of Defense (Comptroller).

I am presenting this statement on behalf of Commission co-chairs Christopher Shays, who is sitting with me and Michael Thibault, and my fellow Commissioners Clark Kent Ervin, Katherine Schinasi, Charles Tiefer, and Dov Zakheim, who are here, and Grant Green, who could not be with us today.

I respectfully request that our full written statement and a copy of *Transforming Wartime Contracting*, our final report to Congress, be included in the official record of this hearing.

The Commissioners appreciate the opportunity to appear before the Committee on Oversight and Government Reform. This Committee has consistently and

forcefully demanded that government work better, and deliver better result for taxpayers. Our eight reports to Congress are a direct match with this Committee's mandate: the need for better oversight and fundamental reforms.

For their part, the Commissioners would emphasize that we have operated not only as a *bi*partisan body, with four Democrat and four Republican appointees, but also as a *non*-partisan body. Our reports have no dissenting or alternative views. We are *unanimous* in our findings and in our recommendations.

We unanimously conclude that the need for change—change in laws, policies, practices, and organizational culture—is urgent, for five reasons.

1. First, reforms can still save money in Iraq and Afghanistan, avoid unintended consequences, and improve foreign policy outcomes there. For example, as the U.S. draws down its troops in Iraq, the State Department is hiring thousands of new contractors for security and other functions.

2. Second, the dollars wasted and at risk are significant. The Commission estimates that at least $31 billion, and possibly as much as $60 billion, of the $206 billion spent on contracts and grants in Iraq and Afghanistan has been lost to waste and fraud. We have also warned that many billions—possibly exceeding the billions already lost to waste and fraud—more may turn into waste if host governments cannot or will not *sustain* U.S.-funded programs and projects. Reforms can reduce adding to the waste

3. Third, although U.S. policy has for more than 20 years considered contractors to be part of the "total force" for contingency operations, the federal government went into Afghanistan and Iraq unprepared to manage and oversee the thousands of contracts and contractors used there. Some improvements have been made, but after a decade of war, the government remains unable to ensure that taxpayers and warfighters are getting good value for contract dollars spent. The government also remains unable to

provide fully effective interagency planning, coordination, management, and oversight of contingency contracting.

4. Fourth, new contingencies, whatever form they take, *will* occur. This year's rapid emergence of civil war in Libya and U.S. involvement there show that it would be very unwise to assume that we are done with contingency operations, or that they will give us ample warning to prepare. Moreover, federal agencies have acknowledged that they cannot mount and sustain large operations without contract support.

5. And finally, failure to enact powerful reforms will guarantee that new cycles of waste and fraud will accompany the response to the next contingency.

Our work in Iraq and Afghanistan found problems similar, or even identical, to those in peacetime contracting, including poor planning, limited or no competition, weak management of performance, and insufficient recovery of over-billings or unsupported costs.

The wartime environment brings tremendous additional complications, which we address in our recommendations. The dollar volumes swell: more than $206 billion has been spent on contingency contracts and grants in Iraq and Afghanistan since Fiscal Year 2002. The urgency of dynamic operations and ever present hostile threats directly impact contracting decisions, execution, and oversight. And the overseas place of performance entails limited legal jurisdiction over foreign contractors, supporting documentation in foreign languages if available at all, and limited deployability of federal-civilian oversight personnel to theater.

We are clear that contracting has provided vital and for the most part highly effective support for U.S. contingency operations.

However, the bottom line is: we rely on contractors too heavily, manage them too loosely, and pay them too much. The wasteful contract outcomes in Iraq and Afghanistan demonstrate that federal agencies dependence on contractors is just

not thought to be important enough to warrant thorough the planning and effective execution that a contingency – that wartime – requires. The Commission has concluded that the problems are multi-faceted and need to be attacked on several levels.

The first is holding contractors accountable. Federal statutes and regulations provide ways to protect the government against bad contractors and to impose accountability on them, including suspension and debarment from obtaining future contracts, as well as civil and criminal penalties for misconduct. Unfortunately, we found that these mechanisms are often not vigorously applied and enforced. And incentives to constrain waste are often not in place.

The Commission's research has shown, for example, that some contractors have been billing the government for years using inadequate business systems that create extra work for federal oversight personnel and auditors. Compelling cases for charging fraud may go unprosecuted because other, possibly more headline-grabbing, cases are given priority. Recommendations for suspension and debarment go unimplemented with no documentation for the decision. Data that would be important for past-performance reviews often go unrecorded. Staffing shortages have led to a Defense Contract Audit Agency backlog of nearly $600 billion, delaying recovery of possible overpayments.

The government has also been remiss in promoting one of the most effective of all disciplines: competition. It is perfectly reasonable to say that exigent, wartime circumstances may require sole-source or limited-competition awards in the early phases of a contingency operation. It is not at all reasonable that a decade into an operation, multi-billion-dollar tasks orders are still being written with no break-out or recompetition of the base contract.

We recommend better application of existing tools to ensure accountability, and strengthening those tools. Our report contains recommendations to bolster competition, improve recording and use of past-performance data, expand U.S. civil

jurisdiction as part of contract awards, require official approval of significant subcontracting overseas, and provide incentives for contractors to take active steps against human trafficking by subcontractors and labor brokers.

These and other recommendations will go a long way toward reducing waste, fraud, and abuse among contractors.

The second level is holding the government itself more accountable for the decision to use contractors and the subsequent results. Taking a harder look at what projects and programs to undertake with contractors must also include thinking more carefully about *whether* to use contractors. Our report recommends careful consideration of risks created by contracting, and phasing out the use of private security contractors for some functions.

We support the recent policy guidance from the Office of Management and Budget regarding inherently governmental functions, which incorporates a risk-sensitive approach to determining which functions could or should be reserved for government performance. As our report explains, the inherently governmental test is a necessary, but not a sufficient condition, for making contingency-contracting decisions. The policy also calls out the provision of security in a combat zone as a function that requires careful, thoughtful and strategic attention. This, likewise, is an area we call out in our report.

Another part of the problem is resources. As you know, both the military and the federal acquisition workforce were downsized during the 1990s. This reaction to the end of a 55-year Cold War was understandable. But it ensured that if a large and prolonged contingency should develop, the military would greatly increase its reliance on contractors while, at the very same time, its ability to manage and oversee those contractors had been significantly reduced.

Even when the government has sufficient policies in place, effective practices, ranging from planning and requirements definition, to providing adequate oversight

of performance and coordinating interagency activities, are lacking. The principal agencies involved in contingency operations—Defense, State, and USAID—have all made improvements in these and other areas. But opportunities for improvement exist and much work remains to be done.

We have recommended steps that would improve the government's handling of contingency contracting. They include developing deployable acquisition cadres, elevating the positions of agencies' senior acquisition officers, and creating a "J10" contingency-contracting directorate at the Pentagon's Joint Staff, where the broad range of contracting activities is treated as a subset of logistics.

Another critical recommendation is that agencies pay much more attention to the matter of sustainability before committing taxpayer dollars to projects and programs intended to support military, political, or development objectives in contingency zones. Our recommendation includes agency evaluations of sustainability and rejecting or cancelling projects that have no credible prospect of survival without long-term U.S. funding.

Considering this Committee's broad and inter-departmental mandate, I would also call special attention to two recommendations embodying a whole-of-government approach that will improve efficiency and effectiveness in contracting.

The first is to establish a dual-hatted position for an official who would serve at the Office of Management and Budget, and participate in National Security Council meetings. Such a dual-hatted position would promote better visibility, coordination, budget guidance, and strategic direction for contingency contracting.

The second is to create a permanent inspector-general organization for use during contingencies and for providing standards and training between contingencies. The work of the special inspectors general for Iraq and Afghanistan reconstruction have shown the drawbacks of creating organizations limited in functional authority, geographic location, and time. SIGIR and SIGAR have

performed valuable service for the country, but they will go away, leaving the need to reinvent them with attendant accept delays in deploying IG staff when the next contingency emerges. A permanent contingency IG with a small but deployable and expandable staff, trained in the special circumstances of a contingency operation, can provide interdepartmental oversight from the outset of a contingency.

More details on these and other recommendations appear in our final report, *Transforming Wartime Contracting*.

In compliance with its authorizing statute, our Commission has closed its doors. But the problems we have diagnosed remain very much alive. Corrective action, in some cases requiring financial investments, are essential on both the government and the contractor side of the equation to reform contingency contracting and prevent or reduce new outbreaks of waste, fraud, and abuse.

Further, sustained attention during and after the reform process will be essential to ensure that compliance extends to institutionalizing reforms and changing organizational cultures. That is why our recommendations include requiring periodic, independent progress reports on the pace and the results of reform initiatives. Without such a requirement, agencies can all too easily succumb to complacency, forget the lessons learned in Iraq and Afghanistan, and reassure Congressional committees that they "agree with the substance" of our reform recommendations and are already addressing them—even if nothing ever comes of the effort.

Contracting reform is an essential, not a luxury good. Whatever form it takes, there *will* be a next contingency.

Perhaps we can avoid hostilities related to unfriendly regimes in east Asia, the Horn of Africa, the Mediterranean, the Balkans, and Latin America. Perhaps we will not be called upon to mount vast humanitarian interventions overseas. Even if we are lucky enough to avoid those contingencies, we remain vulnerable to catastrophic

floods, earthquakes, storms, fires, and mass-casualty terror attacks here at home. And the responses will all but certainly require contractor support.

The government would be foolish to ignore the lessons of the past decade and refuse to prepare for better use of contracting resources. But once the wars in Iraq and Afghanistan recede into the past, it will be all too easy to put off taking action. Your Committee is in a good position to prevent exactly that from happening.

Members of Congress will also be obliged to make hard choices about the federal budget. In that context, we would re-emphasize Recommendation 14 from our final report to Congress. It says,

> Congress should provide or reallocate resources for contingency contracting reform to cure or mitigate the numerous defects described by the Commission.

With reduced budgets, agency officials will naturally be inclined to preserve as much core capability as possible by concentrating personnel cuts in what they perceive to be "support functions". But acquisition is far more than a support function; it is how agencies get much of their mission done. Accordingly, we would caution against any major cuts to the acquisition workforce.

We have been down that road before. As it did in the 1990s, that road can only lead to greater reliance on contractors—as well as reduced management and oversight capability—when the next contingency develops. That is a recipe for more waste, fraud, and abuse.

Sustaining and improving the acquisition workforce is essential. Agencies involved in contingency operations should seek savings through better planning and requirements definition, increased use of competition, more effective management and oversight, and better coordination of procurement and contracting functions.

We urge the Members of this Committee to take care that economy drives are conducted with a balanced view of *all* requirements for contingency operations, and today that includes the acquisition workforce.

Mister Chairman, this concludes our formal statement. We appreciate this opportunity to speak with you, and will be happy to answer any questions you may have.

# # #

Chairman ISSA. Thank you. With that, I will recognize myself for a first round of questions.

Commissioner Schinasi, there have been a number of suggestions coming out of the Commission, obviously your colleague just mentioned a permanent IG to oversee contingencies. If we do not have the IGs that are already authorized in place on a consistent basis, are we fairly, in your opinion, seeing how much would be done, how much waste would be reduced, or are we asking for yet another IG, while in fact, if that position remains unfilled, we would be at least in as much trouble as far as if we have a new IG and that one has no leader? So I would like your thoughts on that.

Ms. SCHINASI. Mr. Chairman, as you might expect, I am a supporter of the IG community, coming out of the accountability community after many years.

Chairman ISSA. It wasn't an accident I called on you.

Ms. SCHINASI. But this also was a unanimous recommendation.

Chairman ISSA. And I understand the recommendation for yet another IG. But, I would like and with your experience, when you have a vacancy and you have a series of Actings, or even sometimes the Acting is gone for a while, what does that do to the effectiveness of an IG organization?

Ms. SCHINASI. I think what you see in the example of the Special Inspector General for Afghani Reconstruction is a perfect example of that. It took a long, long time to set that organization up; it took longer to staff it. It was difficult to find a leader. That leader, as you know, left the organization and it is now without a leader. It is clearly not as effective an organization as it needs to be.

That said, what we are trying to do with this recommendation is to avoid that from happening in the future.

Chairman ISSA. But that begs the same question. If there is no contingency going on at a given time, isn't it likely—and, by the way, I am supportive of the basic recommendation, but I still have to ask if we don't think we have a contingency at some time, isn't it likely that that position will stay open so that instead of being shovel-ready, they will be scrambling to regrow a hollowed-out position at the very moment that the fit hits the shan?

Ms. SCHINASI. And I appreciate that question. I think one of the things that surprised me was just how involved we have been in contingencies. You can define that in different ways.

Chairman ISSA. I would make the point that we are always in contingencies and that once we have this position it will always have something to do.

Let me go on to a couple more questions. Commissioner Shays, for you I have the question isn't it true from history that the Truman Commission was actually put together, to a great extent, because they wanted to have a friendly person looking after FDR's spending in the war and they hoped that he would be kinder and gentler, but, in fact, because he was early in a war, and ongoing, and held hundreds of hearings, traveled extensively along with the other Members of what was effectively a wartime-standing committee, not really a commission, but really a committee of a senator, that you had vigorous oversight? Isn't the history of that that committees like ours, or some committee of Congress, needs to be

charged from the beginning of the war with an ongoing oversight of the conduct and expenditure of that war, similar to Truman?

Mr. SHAYS. The answer is yes, and this committee is a great example, because you don't just look at DOD, you look at State, you look at USAID. You aren't stove-piped. And I will tell you what happens when you start looking at waste, fraud, and abuse is you get really angry, because what is happening is treasonous action is taking place. The people who commit fraud are basically committing, in my judgment, treason. So I imagine that Senator Truman at the time just got pissed off.

Chairman ISSA. Commissioner Henke, because you haven't served on this side of the dais, this may be more appropriate to ask you. One of the problems that your Commission report has seen is that we are about to go to a large standing army of contractors very similar to Blackwater. How would you view that we should intercede in a policy decision that has been made, that will in fact cause a large amount of contractors to be there under State Department, who are doing what I think on both sides of the dais we would call an inherently governmental task of being effectively quasi-military supporters of the State Department's agenda in Iraq?

Mr. HENKE. Mr. Chairman, a couple of weeks ago OMB published a new guidance letter on defining what inherently governmental is, and, long story short, on that list for the first time they included security in a combat zone. Those aren't the precise words, but that is the meaning. We strongly think that is the right answer; that OMB took a risk-based approach to that.

Now, the challenge with doing anything different in the short term for the State Department is it takes years to grow diplomatic security agents or security specialists. It would be difficult, if not impossible, for the State Department to grow 5,500 or 7,000. So right now they are in that situation that we described and that you used in your opening statement: they have no choice; they got there by default. They don't have the organic capacity to be expeditionary, to be in a combat zone for very long, and State is facing a very dynamic situation in Iraq and they have no choice but to go out and contract for the security that they need.

Mr. ZAKHEIM. Mr. Chairman, if I could add.

Chairman ISSA. Yes, please.

Mr. ZAKHEIM. First of all, it is my understanding, and it is worth this committee to explore, whether State actually considers that it is limited by the OMB circular. My understanding is that it doesn't think so; it thinks it is only applying to DOD, and that is a major issue right there.

Second, one possibility, one possible way around the dilemma that Bob Henke just laid out before you, which is a very real dilemma, is to have better oversight. If you are stuck with contractors, at least have people that oversee them. And if you cannot get people from within the State Department, get them from other Federal agencies.

I don't know that there is a law that prevents that; people are secunded to other agencies all the time. So there are ways of dealing with it if the Government wanted to. The problem all along has been implementation and will.

Chairman ISSA. Thank you.

With that, I recognize the ranking member for his questions.

Mr. CUMMINGS. Just to follow up on what you just said, Commissioner. We are better than this, aren't we? In other words, we, as a country, are better than what we are doing right now. It sounds like if there was a will, we would find a way. And there has to be a will. I can't hear you. I want this on the record. You can respond.

Mr. ZAKHEIM. No, I couldn't agree more, sir. I have served in the executive branch twice, at pretty senior levels, and that is exactly the case. When there is no will, there are millions of reasons why you can't do anything. And when you want to do something, it is amazing how quickly it can get done. So I fully agree with what you are saying, it comes down to the will of the executive branch to implement what this committee and the Congress are concerned about.

Mr. CUMMINGS. Commissioner Shays, the final report estimated up to $60 billion may have been lost to contracting waste and fraud in Afghanistan and Iraq. In other words, up to 30 cents of every dollar may have gone down the drain. I was watching you, Commissioner Shays, when you were talking about treason just a few moments ago, and I could see it really upsets you, as it would upset all of us, particularly when we are scrapping for dollars and we got this Super Committee meeting about trying to figure out where we save money. And then for people to see money going down the tubes like this, its got to be aggravating.

But it does something else: it causes citizens, if they are watching this, to say, you know what? They don't get it. So they lose confidence in government. And that is something that we have been tackling here, trying to address.

So, Commissioner Shays, what is the single-most important thing we can do to tackle this waste, fraud, and abuse in contingency contracting? I was just telling staff it sounds like this stuff is so big that we need to take it chunk by chunk, and I am trying to figure out what is the first chunk we take.

Mr. SHAYS. Could you ask other Members as well?

Mr. CUMMINGS. Sure.

Mr. SHAYS. I would say, if I am only given one, we are trying to do too much. We are just trying to do too much and, as a result, we are not thinking the projects out well, we are not overseeing them well, and we are not even really evaluating do we really need it. Do we really need to do as much as we are doing? If you are only giving me one choice, that is my choice.

Mr. CUMMINGS. Commissioner Tiefer, if you don't mind, since you are from my neighborhood. The University of Baltimore is literally within 5 minutes of my house.

Mr. SHAYS. Sir, don't talk about the University of Baltimore; he will keep you here all day talking about it. [Laughter.]

Mr. CUMMINGS. Welcome.

Mr. TIEFER. It is a fine neighborhood, Baltimore.

Mr. CUMMINGS. Yes. Thank you.

Mr. TIEFER. My particular interest in the Commission was in chapter 3, which was about lack of competition and serious waste and so forth, and I would say the number one thing that I personally think we could do better and we are not doing well enough is

compete these contracts. It would be so easy to set a level of competition and say that the Defense Department must meet it for its contingency contracts.

Mr. CUMMINGS. But Professor, you hear all the time, when you see these 60 Minutes shows and shows like that and they say there are only a few companies, and I am talking about sometimes they say two or three, that can do certain things, that can provide certain types of security. Have you all found that to be true? And how does that affect competition?

Mr. TIEFER. The answer is no. And I will take a precise point. In Afghanistan, we have a contractor that handles north Afghanistan for logistics and a contractor that handles south Afghanistan for logistics, and when new work comes in, as in connection with the big surge that we had, it automatically, without competition, goes to one or the other. We don't compete it at all, even though there are obviously two contractors in place, at least, who could do the work.

Mr. CUMMINGS. And I would imagine that if people see that early on, we keep hearing that when companies cannot see the future, that they don't hire and whatever. I guess if they know that the game is already rigged before they even get in the game, they are definitely not going to be hiring people because they figure they are not going to get the job.

Mr. ERVIN. May I add to that, Mr. Cummings?

Mr. CUMMINGS. Yes.

Mr. ERVIN. I completely agree with what Professor Tiefer said about the importance of competition among contractors, but I think the missing piece that we haven't talked about a lot today in the hearing is the importance of having an alternative to contractors. The reason there is no option, largely, but to use contractors, whatever the state of competition is among contractors, is that there is not sufficient organic capacity within Government itself to perform these core missions, to do logistics, to do reconstruction, to do security.

So at the same time that we promote more vigorous oversight, at the same time we promote more competition among contractors, we have to, even in these tight budgetary times—and I would argue especially because of these tight budgetary times—regrow organic capacity within Government so that we have an alternative to contracting.

Mr. CUMMINGS. You know, you make a good point. When I was chairman of the Coast Guard Subcommittee, one of the things that we discovered when we were doing Deepwater was that we didn't have in the Coast Guard the acquisitions people. So when they put together a contract, they put a contractor together that was controlled by the contractors. They decided when performance was done, when bonuses were done, everything.

So now we had to go backward because we were buying boats that didn't float, so we had to go backward and then get the Coast Guard to grow in-house the things that they needed, and now they are doing pretty good; very good, as a matter of fact. So you make a good point.

Again, I want to thank all of you for being here. I have to be over in another hearing with Fed Chair Bernanke, but thank you all for

what you are doing, and we are going to do everything in our power to bring life to what you all have done. We really do appreciate it. Thank you.

Mr. CHAFFETZ [presiding]. Thank you.

I will now recognize myself for 5 minutes.

And, again, I can't thank you enough for the great work that you have done. I want to explore a little bit this recommendation number 9, creating a permanent office of Inspector General for contingency operations, which, as I read and I look at it, seems to me to be really a very negative consequence of what is happening at State, Department of Defense, and USAID, primarily, in that they are failing.

As you point out on page 17 of your report, the United States has engaged in 56 ventures abroad for other than normal peacetime purposes since 1962. In other words, this isn't brand new. These contingencies, as you point out also on this, for the past 12 years, the United States has always and simultaneously been engaged in two or more overseas.

So the question that really begs to me is that you are recommending that we create another IG, and yet I look at the IGs and they are failing. Three of the five IGs that we are supposed to have in place have not been either recommended by the President or confirmed by the U.S. Senate. So we have three openings out of the five, and yet you want to have a sixth.

Mr. ERVIN. May I start there, Mr. Chaffetz?

Mr. CHAFFETZ. Yes.

Mr. ERVIN. As you know, I as the Inspector General, the first Inspector General, in fact, of the Department of Homeland Security, and before that I was the Inspector General of the State Department, so I am very focused on the inspector general community. I really agree, largely, with the premise of your question, and the chairman raised this issue as well.

It troubles me that we have the vacancies in the inspector general community that we have, and I am especially troubled by the longstanding, I think it has been 3 years or so, vacancy at the State Department. There is an impending retirement that you are referencing at AID IG and there has been this vacancy in SIGAR.

Having said all that, and I urge the administration to fill those vacancies very, very quickly, and the Senate to confirm whomever is selected by the administration, but at the same time I think it is important that our recommendation also be implemented, and let me explain the distinction.

Even if there were, and there should be, as I say, even if there were confirmed inspectors general in those three agencies, DOD, State, AID, it is still important to have a special inspector general for the following reasons. First of all, each of those statutory inspectors general is limited jurisdictionalized only to that particular agency, point one. The special inspector general would have jurisdiction over the range of agencies that relate to contingencies, all three of them. And, further, there would be the opportunity, because of that interagency oversight, to ensure that the whole range of issues is fully vetted.

Mr. CHAFFETZ. One of the questions that I hope the committee continues to explore is what in the world is wrong over at the De-

partment of Defense. I want to read here from page 162, and this has to do with the Defense Contracting Audit Agency, which seems aptly named. It says, and you mentioned this in your opening statement, The current unaudited backlog stands at $558 billion, having risen sharply from $406 billion in only 9 months. At current staffing levels, DCAA has reported that the backlog will continue to go virtually unchecked and will exceed $1 trillion by 2016.

Mr. ZAKHEIM. Can I try to deal with that?

Mr. CHAFFETZ. Yes, please. Try to tackle that one. That would be great.

Mr. ZAKHEIM. Absolutely. When I was Undersecretary of Defense Comptroller, DCAA was under me. DCAA simply doesn't have enough people.

Mr. CHAFFETZ. How many people are there?

Mr. ZAKHEIM. When I was there, it was about 4,000. They have added, I think, about another 1,000. It is nothing compared to the level of contracting that is going on, and to the number of contracts that are going on. These are very, very professional folks. Most of them now have CPAs. Many of them come from the outside and then come into government, much as lawyers do nowadays. But we just don't have enough of them.

And this goes to the point that was made earlier by Commissioner Henke and some of my other colleagues, and we all believe this very strongly, that even in this time of cutting budgets and deficits, there has to be some spending to save money, and it is a matter of being penny wise and pound foolish. If we don't get these people in, we are going to wind up hurting both the Government and industry; the Government because there might be money that could be recovered, and industry because they are not getting paid when they should get paid. If the audit isn't completed, they have a problem too.

Mr. SHAYS. I am going to change the word might to will, because it is just a proven fact that if you had these audits, you are going to discover bills that were submitted that were either fraudulently submitted or, frankly, just mistakes, and they were paid more than they should be paid.

The outrage is that all these companies have to keep these records on file for 2, 3, 4, 5, 6, 7 years. And guess who pays for their having to do that? The Government pays for their keeping the records.

So this $500 billion that we are talking about is going to just accelerate if you don't reverse it.

Mr. CHAFFETZ. Well, I guess, to my colleagues, what I would highlight here is also that the GAO just recently released a report in September 2011 documenting that there are at least 58,000 contracts awarded between fiscal year 2003 and 2010 that must still be reviewed and closed out. But I agree with you, the numbers are absolutely staggering. I would call upon the White House, please prioritize these IGs, get them nominated and get the Senate over there to do their jobs. We have three of the five that are unfilled, and that is just inexcusable in my opinion.

I yield back.

We now recognize Mr. Towns, I believe, for 5 minutes.

Mr. TOWNS. Thank you very much, Mr. Chairman. Let me begin by saying it is very good to see my former colleague back and see that he is doing well, and also to thank members of the Commission for the outstanding work that you are doing.

You know, there are people that will say that even though the recommendation of the IG is made, the problem in terms of getting it funded, which will probably be around $21 million, that would just not happen. But when I look and I read the extent of fraud and abuse, and one stunning example, an inspector general found that the U.S. Government paid $900 for a control switch that was worth only $7. In other cases, contractors were found over-billing the Government with markups ranging from 2,300 percent to 12,000 percent for goods and services.

This is a course of action that cannot and must not continue. And I hope that this Congress, led by this committee, can accept the Commission's recommendations and put measures in place that are necessary to show Americans that the Government can be better stewards of taxpayers.

How do we make the case with those folks that are saying now here you go again, you want to spend additional resources, you want to spend additional money? What do we say to them?

Mr. ZAKHEIM. Well, we say to them you will save a lot more than you will spend. You just mentioned it yourself, sir. We are talking about not just $900 items, we are talking about fraud with payments to protection payments and protection rackets in Afghanistan that some estimates put over $350 million. Our report documents case after case of projects that are in the millions, sometimes in the billions. If you weigh on the one hand the small amounts of money you are talking about, say the $21 million you mentioned, against these huge amounts, it is kind of a no-brainer.

Mr. SHAYS. Congressman Towns, Commissioner Tiefer spent a lot of time on chapter 3. Chapter 3 deals with the inattention to contingency contracting leads to massive waste, fraud, and abuse. Our problem with Mr. Tiefer was that this book would have been three times as thick if we let him put in everything he wanted to put in. So we limited him to 40 cases, but it could have been many more.

You read that and you don't go through the argument that you are presenting.

Mr. TOWNS. Yes, Commissioner.

Ms. SCHINASI. Yes. If I could just add to that too. This is a perfect time to be making these sorts of investments because as we are looking at, particularly in the Department of Defense, but also the State Department and USAID, how they can best position themselves for the future with fewer resources, this is the perfect time to say we can make investments, we can reallocate some of our resources to try and prevent this waste, to try and get a better return on the investment we make and the taxpayer dollars we spend. So I would argue this is the time to be making these sorts of resource allocation decisions.

Mr. TIEFER. Congressman Towns, I thank the chairman for his kind remarks and I assure him that his editing improved the product, that the good stuff is in our report. But let me give you an example of where, if we had the personnel, if we had a limited amount of money for more personnel, we could save a lot of money.

We have giant contracts that come to an end and we should compete them right then. We had a food service contract that came to an end, and because we didn't have the personnel to move fast enough to compete now, that got extended on a sole-source basis, a $4 billion extension on a sole-source basis because the agency just wasn't ready to compete it at that point.

Mr. TOWNS. Thank you very much, Mr. Chairman. I see my time has expired.

Mr. CHAFFETZ. The gentleman yields back.

We will now recognize the gentleman from Oklahoma, Mr. Lankford, for 5 minutes.

Mr. LANKFORD. Thank you, all of you, for the long work and the tedious work that I am sure you have done through a lot of wonderful conversations. There is a section you have in chapter 7 that is very interesting to me dealing with the complexity of suspensions and debarment. I don't know who was the one that focused in on that information, but I would like to get a chance to talk about that and how we can resolve that.

A couple questions I had initially on it is when you are dealing with the complexity of suspension and debarment, are you dealing specifically with foreign contractors, U.S. contractors, or both on it?

Mr. TIEFER. We are dealing with both, but we did not deal with domestic non-war contractors. We wanted strong reforms, but for overseas contracting. Techniques that reduce the amount of procedure, but we were not trying to impose them on domestic, non-wartime contractors.

Mr. LANKFORD. Did you come up with recommendations out of this? Obviously, reading through this brief report that goes through that section on suspension and debarment, recommendations on how to be able to resolve that, because obviously that is not just an issue we deal with in contingency operations; that is something we deal with governmentwide, is the suspension and debarment issues that we have, on how often they are used, the complexity, the process. Are there recommendations that are coming out of this as well?

Mr. TIEFER. There are. There are several. I will name one, which was that in appropriate cases it should be possible to suspend and debar on a documentary record without holding sort of a mini trial, as is required domestically. We have seen instances where it is almost impossible to pull together witnesses from Afghanistan to do a suspension trial.

Mr. SHAYS. If I could just elaborate a speck on that. With your permission, sir?

Mr. TIEFER. Yes. Absolutely.

Mr. SHAYS. When I served on this committee, I was stunned by the rights that we give contractors when they work with the Government, and even when we overpay, it may take us a year to adjust it to pay them what they should be paid. If a private business wants to engage a contractor, they are limited by the contract, but they don't have any privileges before then. We give privileges before a contract, we give privileges during a contract, we give privileges after a contract.

This committee needs to examine, in times of war, should we be giving contractors so many rights and privileges that can drag out

the decision for a year? So what the Government agencies decide to do is say it is not worth waiting a year to resolve it, we will just keep them.

Mr. LANKFORD. Did you run into situations where it was a sole-source and you would see a need for a suspension or debarment, but instead of actually debarring them, they would say they are essential, we can't function without them, so we know they are a bad actor, but we don't have any other folks that can help us?

Mr. SHAYS. Countless times.

Mr. LANKFORD. Okay. How do we get around that? It that a matter of we don't have enough competition in those areas, we are not raising up, or is that something inherently governmental that we are trying to outsource into contracting and now running into problems?

Mr. ERVIN. Can I start there?

Mr. LANKFORD. Absolutely.

Mr. ERVIN. I think it is all those things. It is, as I said earlier, the lack of organic capacity so that we don't have any alternative but to use contractors; two, there is limited competition among contractors; three, there is very limited oversight capacity on the part of the Government, DCAA, GAO, the inspectors general, etc. So that is why these recommendations in our report are all of a piece; it is a package. It is important to put all these things together in order to solve the problem, it seems to us.

Mr. LANKFORD. Other comments on that, because I have one other issue? Go ahead.

Mr. HENKE. One comment, Mr. Lankford. You remember, perhaps, the September 2009 incident at the Kabul Embassy, with the contractors partying, drinking, having a great time and embarrassing the Nation. They were providing security at the embassy. That contractor, because State didn't have the option of saying go home tomorrow, we are bringing in our own people to provide security, that contractor stayed there for, I think, more than 18 months after that incident, still in place, still billing the Government, still operating; and that is unacceptable.

Mr. LANKFORD. But have they been disbarred since then? That becomes a different issue. They are fulfilling the rest of that contract, which has a whole different set of issues. But was there a process in place to say, yes, we are debarring them and there is no future contract?

Mr. HENKE. I do not believe State pursued that and, in fact, I believe the contractor—this was a low-bid contract because State is required, strangely enough, by law, to have low-bid contracts for security at embassies. That doesn't make any sense.

Mr. LANKFORD. Let me make one other quick comment. You have an extensive section here on foreign contractors using human trafficking. Obviously, that is a very stark comment, that some of the work that is happening in Iraq and Afghanistan is basically done with slave labor or people compelled to be able to work in this for whatever amount that is done. How extensive do you think that is?

Mr. ZAKHEIM. What we understand is that it is really quite extensive, because what they do is they bring people in, hold on to their passports and essentially lock them up as prisoners. It is virtually slave labor.

Mr. LANKFORD. And we are aware of that. You are saying the U.S. Government, the people on the ground are aware of that either after the fact, after it is over, or during the process.

Mr. ZAKHEIM. At a minimum, everybody is aware of it now after our report, and, of course, a lot of people were aware of it before our report. And, again, to get to the point about suspension and debarment, what are we going to do, bring witnesses in from these companies? What we have to do is use the rules that are available to us, modify them slightly, and suspend these people. They are not even Americans, for God's sake.

Mr. LANKFORD. Thank you.

With that, I yield back.

Mr. SHAYS. I would just say that if we had had more time, I think we would have gotten into the trafficking issue, because I think there is a lot more to this story than any of us have confronted.

Mr. CHAFFETZ. Now recognize the gentleman from Massachusetts, Mr. Tierney, for 5 minutes.

Mr. TIERNEY. Thank you, Mr. Chairman.

We could be here the rest of the day or the week on this. You did a great job, and that is what we asked you to do. I want to make a number of points here and then ask some questions as well.

But first and foremost, Mr. Ervin, thank you for continuing the argument on the special inspector general for contingency operations, because I am trying to convince my friend, the chairman here, that his name would be of value as a sponsor on that bill, and I wanted to add to the point. Besides the matter that this person would be able to cross different agencies, and they do overlap, and that is essential, the other thing, I think, is lessons learned. We failed to learn the lessons of Iraq. When we set up a whole different body over in Afghanistan, they had to start from scratch. They took nothing of the lessons learned from Iraq over. A contingency inspector general would be able, at the outset, to go in there with that knowledge of those lessons learned, would have, in fact, a whole repository of them maintained and be able to go in from the outset, and I think that is important, don't you?

Mr. ERVIN. I completely agree with that. I completely agree with that, sir. That person would be in place right at the outset, needless to say.

Mr. TIERNEY. And I think if somebody that was going in there were smart, they would use them for the advice on how to set up, not just wait for them to start overseeing immediately on that.

Second point, Mr. Henke, you make a great point about the organizational restructuring that needs to happen within the Department of Defense, State, and all those, and I think part of that means giving value to those positions. People go into those departments thinking, geez, it is bookkeeping, it is accounting, it is overseeing. We have to find a way for those agencies to give it value to be in that position, because if they are going to save us the kind of money they are, it has value in more sense than just the dollar, it is an important position to have. So we are going to be looking to your work on that to try to see how we can work with the departments and change that factor.

Overriding on that is if we try to do too much, as Congressman Shays said, and if we can't man enough people there to man it, and we don't have enough resources even to manage or oversee it, maybe we ought to rethink the mission. And I think that is a lot of what is going on here, whether we should be there or not, or be there in the way that we are ought to somehow be dictated on what our capacity is, and to do it well and to do it right.

The accountability aspect on it, we ran into this, Mr. Lankford, on the Waton Risk Management that Mr. Chaffetz and I were dealing with just the other day. We recommended debarment as a result of our investigation; the Department of Defense told us they were going to do that and off they went. Then we find out only at the second hearing Mr. Chaffetz had, well, not to much. They basically let Waton off with a slap of the wrist by saying they couldn't do trucking contracts. Well, they weren't doing them anymore anyway. And Rohullah, who is the warlord, he just got off on some flimsy notion that he didn't understand what people were talking about when the investigation went on. But the Department never went in and held its own investigation.

So we have a lot of work to do in that area to make sure that there is accountability and competition, the whole notion of the food and oil and lack of competition there; and the problem with contracting itself, the idea that we haven't done a good job legally of getting contracts that are meaningful. When you can have a situation as we did in the trucking matter, where there was no insight, no vision into the subcontracting, they basically contracted to a bunch of middlemen who didn't even own trucks or security agents, and left it up to them to subcontract the contractors and security, and we didn't retain the right to look at those subcontractors and to get any information with respect to them. That is a notion that you were very helpful in pointing out and going on that. So thank you and kudos for all of those different areas.

My question to you is on sustainability. What does Congress have to do to make sure that we don't invest in projects in contingency areas that can't be sustained by the host government?

Ms. SCHINASI. I will start on that, Congressman, because it relates to your point on the mission; if we can't do it, maybe we shouldn't be doing it. And sustainability was important enough to us, it is a chapter in this report, but we also have an entirely separate special report on that. In that, we make a recommendation that you should be canceling projects that are not going to be sustainable.

That is something that can happen right now. We have recommended that you go in and you evaluate the projects that we are putting money into now, and that you cancel those that you cannot guaranty sustainability for. That is a short-term, immediate dollar value task, I think, that the agencies can take on.

Mr. ZAKHEIM. We also recommended, and this is, I think, very essential to your concerns, annual reports about the whole contingency contracting area, and that would give you a vehicle for double-checking on sustainability. In other words, if, for some reason, a project got started and it slipped passed, you could catch them; you have an opportunity every single year to catch them.

Mr. TIERNEY. Thank you.

Mr. SHAYS. Congressman Tierney, what is stunning to us is that the number of wastes that we have determined, $30 to $60 billion, and many think it is closer to $60 billion, we do think the non-sustainability question will clearly equal the $30 billion-plus. And it is just a whole other amount that you would need to add to our waste figure, and it is a very real figure.

Could I just respond to the special IG effort that you are making?

Mr. TIERNEY. Sure.

Mr. SHAYS. In support of the Chaffetz Special IG Act of 2011, Mr. Chairman, you are in the best position to see this because you know sometimes the Armed Services Committee, because of the relationship they have with the military, isn't looking at things they need to look at. You know sometimes the Foreign Affairs Committee of Congress sometimes isn't going to get at something you know you need to look at because of the relation they have.

The IGs that work in the departments develop relationships. There are certain things they are willing to do and there are certain things they are not willing to do, unless you are someone like Mr. Ervin, who didn't care what they thought. But a lot of them it is a club. A lot of them don't want to offend the department they are in. And that is why you sometimes need the competition.

And I will just end by making this point. I remember when I was chairing this committee we didn't look at something I wanted to look at. My staff didn't want to look at it and then the Armed Services looked at it and it was a huge issue, and thank goodness they looked at it. And sometimes we looked at issues they didn't look at. So I just think that the chairman is in the best position to see the value of this.

Mr. TIERNEY. And they are all pretty busy, let's face it. The Department of Defense Inspector General, the State Inspector General, USAID Inspector General, they have a full plate without even contingency operations. They just have a full plate all the time with the amount of money that they are in charge of. You put in contingency operations, it is like a whole different ball game.

Mr. SHAYS. It is an add-on.

Mr. HENKE. Mr. Tierney, can I chime in on that?

Mr. TIERNEY. Sure.

Mr. HENKE. One of the things we learned in our work, State Department set up, I think in 2005 or 2006, a Middle East Regional Office, MERO they called it, to do audit work overseas. They had such a demand for it. So they set it up late and 2 or 3 years later they did a review to see how their audit quality was, and it wasn't good and they had to stand it down. So they don't flex well to new, unique circumstances.

Mr. TIERNEY. Mr. Chairman, your indulgence has been great. I have just one last comment to make on that issue, besides my undying gratitude for the work that the Commissioners have done.

This committee perhaps ought to consider, and our subcommittee in particular, using our Members well. Each one will want to tackle some of the recommendations, one or more of the recommendations, to see if we need to translate that into legislation and how we do that, and if we need to just do follow-up with the agencies and how we do that, so that this is not one product that just sits on the shelf. I think it is too valuable and I think the work was too good

for us, and fits so squarely in the overarching part of this and it gives us all something as a non-partisan that we can work on together, that I think it would be a great notion and a great example for Congress. So I just ask that you entertain that thought and, again, thank you all.

Mr. CHAFFETZ. Very good. Thank you.

We will now recognize the gentleman from Michigan, Mr. Walberg, for 5 minutes.

Mr. WALBERG. Thank you, Mr. Chairman, and thanks as well to the Commission for the grim work you were asked to do and that you did do. We trust that it will indeed have beneficial outcomes as we tackle it.

Along with the costs and the problems with the contracts while they are in operation, the GAO just released a report in September documenting that at least 58,000 contracts awarded between fiscal year 2003 and 2010 still need to be reviewed and closed out. Delays in the contract closeouts potentially waste, in fact, not potentially, but they do waste millions of dollars as improper payments, waste, fraud, etc., become difficult or almost impossible to detect and recoup. This is because files are lost, memories fade, and contractors disappear in the contingency zone.

Let me ask this question, Commissioner Zakheim. How important are timely contract closeouts to prevent waste, fraud, and abuse?

Mr. ZAKHEIM. Well, obviously, they are extremely important. If you don't close out a contract, for a start, you can still, in theory at least, and in practice for most of the time, spend money, and that money probably should not be spent. It is taxpayer money and it is probably going in the wrong way to the wrong people. And we have seen cases, for example, where contractors are using their people maybe one-fifth of the time and being paid full-time, again, because it takes so long to close out. So when you look at thousands upon thousands of contracts that have not been closed out, which means they haven't been properly audited, by the way——

Mr. WALBERG. So no oversight or anything is going on.

Mr. ZAKHEIM. Well, that is exactly right, and that is what Commissioner Shays said a little bit earlier. If you are not auditing a contract for years and the Government is actually paying for the time in between the audit actually having to take place, the taxpayer is being hit with a double whammy: in the first place, they may have been overcharged and, in the second place, they are then paying for the time that is not being covered because the audit hasn't been done. That is just ridiculous.

Mr. WALBERG. Congressman Shays, based on that—and good to see you again.

Mr. SHAYS. Nice to see you. Thank you.

Mr. WALBERG [continuing]. What steps should DCAA and DOD be taking to accelerate this process?

Mr. SHAYS. I may not be the best one on the Commission to answer that question, but let me just say, first, honesty. Just look at the numbers. And also I need to say that Congress needs to share in this burden. This isn't just the administration; Congress needs to be advocating that these positions be filled.

Mr. WALBERG. Who would you suggest would be the best one to answer this?

Mr. ZAKHEIM. I will take that one on, again, because DCAA was under me, sir. I would just emphasize the need to hire more DCAA people, more auditors. If you don't have auditors, you don't do audits. It is as simple as that.

Mr. HENKE. Sir, if I may contribute to that as well.

Mr. WALBERG. Yes.

Mr. HENKE. We are not talking about thousands of people. DCAA is scrapping to get 100 auditors added next year and then 100 auditors added in 2013 to attack this backlog of work. Maybe one of the things the committee could look at is making that entity funded on a fee basis, instead of discretionary appropriations, so that they are able to scale up and perform the work that they are being asked to do.

Mr. TIEFER. Congressman Walberg, let me add, and it is Commissioner Thibault, who was deputy at DCAA, worked very hard on the specifics of the personnel and the shortfall of the personnel and the scale of the unaudited contracts. What we found was that DCAA was responding to necessary priorities. They are short on personnel and they had a choice between auditing the backlog or handling their real-time responsibilities, such as when a new billion dollar or multi-billion dollar contract is awarded, they are supposed to audit the proposals to see that the contract that is issued is right. So they, in effect, sacrificed letting the backlog grow and grow, and that is how it grew and grew; they met their current, but not their old needs.

Mr. WALBERG. Thank you. Let me ask one final question.

Representative Shays, is the Obama administration aware of this problem?

Mr. SHAYS. Oh, I think so. And I hope Congress is as well.

Mr. WALBERG. Thank you.

Mr. CHAFFETZ. Thank you.

We are now going to recognize the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman.

One of the things I find interesting in this whole discussion is that Congress almost never takes responsibility for our contribution to the problem.

Mr. Shays, when you were in Congress, we had leadership, especially in the Armed Services Committee at the time, that actually pooh-poohed the idea of the need for more expertise in hiring of contract managers, procurement and acquisition expertise. And, as a result, we quadrupled outside contracting, but increased contracting personnel by only 3 percent at the Federal Government. And now we are surprised that we can't account for all of the dollars we have appropriated.

Anyone disagree? But I think I heard unanimity that one of the answers was we need more capability at DCAA and in auditing functions to be able to account for those dollars we are appropriating. Anyone disagree with that?

Mr. SHAYS. No. But I think one reason why this Commission was able to be so bipartisan is we realized the fault lay with both parties and all the branches.

Mr. CONNOLLY. Because we have had a rather mindless dialog sometimes here in this Congress about the need to shrink the size of Federal Government, and we never talk about the need to invest, actually, for a substantial payoff down the road. Obviously, if we could have saved the $31 billion to $60 billion you estimate has been wasted, either due to fraud or loss, somehow, whatever we invested in additional personnel would have been more than returned back. And I assume that is in part your testimony as well, that those relatively modest investments up front would have big payoff in helping to deter what your report so ably documents, sadly, in both Iraq and Afghanistan.

Mr. Zakheim.

Mr. ZAKHEIM. Well, I can't disagree with you. Part of the problem is that we are going to have to play catch-up ball. As Commissioner Shays, the blame lies everywhere. It started in the 1990's, when we were having a so-called peace dividend, and it turned out that a chunk of that dividend was to cut the very people you are just talking about. So there is some blame there. There is blame later on, in the early part of this decade, when large contracts were let and were not definitized properly. And one could go on and on.

I think the point of our Commission report, and I think where we all agree, regardless of our politics, is that there is something that needs to be done; it needs to be done now; it needs to be done in the interest of this country and its taxpayers; and politics don't enter into it.

Mr. CONNOLLY. Well, of course, politics actually do enter into it when you decide on a budget and what investments you will or will not make. I wish politics didn't enter into it, but they very much do. I would be glad to bring you to the floor of the House and you could watch some of our debates, where often we seem to know the cost of everything and the value of nothing around here.

Let me ask. The estimate of loss is $31 billion to $60 billion. That is a pretty wide array. Why such a wide array in your report? And second point, and then I will shut up, how much would you attribute that to lost money indigenously, where you are hiring local trucking companies and convoys, and they just off with the cargo or lose the fuel, or whatever it may be?

Mr. ZAKHEIM. I think that one might fall to me. First of all, we applied a very broad definition of waste, really to look at opportunity cost; how much money you could have spent on other things. And we include in our definition excessive requirements that weren't adjusted afterwards; we include rework that was required on poorly done jobs; we include poor projects that didn't fit the local cultures or the local politics; we include unanticipated security costs.

In other words, you have a contract and all of a sudden you discover you have to hire security because it is a dangerous area. We include questionable payments to contractors and we include poor oversight. And as was mentioned earlier, we don't include sustainment costs.

Now, why such a wide range? Well, you can't really do a bottom-up study of this because we simply don't have enough information on all these contracts. Look, you heard 58,000 of them haven't even been finalized yet. So we just don't have enough information to

build a bottom-up number, although, as was mentioned and Commissioner Tiefer led on this, we sure found an awful lot of examples that are in chapter 3.

A top-down estimate is insufficient. If you really want to do a proper parametric estimate—and our number really is kind of; we say 10 to 20 percent of that $206 billion—but if you really wanted to have all the parameters, you simply couldn't do it, again, because that would not capture the individual projects. So top-down doesn't do it, bottom-up doesn't do it.

And fraud, that part, which is based on another estimate by the certified fraud examiners, which is for the civilian side, that is 7 percent, we assume 5 to 9 percent, that one doesn't work either precisely because of the point you made: we don't know how much has been siphoned off by all these crooks. It is just hard to get to.

And it goes to something that the Commission is very concerned about: visibility over subcontracts. Those are the guys who are actually paying these crooks off. And you probably saw on page, I think it is, 73 of our report we actually show a bill that Commissioner Shays and I were given a copy of when we were in Afghanistan, and these are a bunch of crooks, insurgents, saying, well, if you want protection, here is the number to call. I mean, it is something like out of HBO.

Mr. TIEFER. If I can add briefly. One of the things that extended the array of waste was the change from Iraq to Afghanistan. In 2008, when you set us up and sent us out, Iraq was the big contracting problem. Now Afghanistan. Well, the problems are quite different. You have payoffs protection to insurgents in Afghanistan. Mr. Tierney and Mr. Chaffetz have been looking at that; they led the way. That wasn't a problem back there in Iraq. You have a country that is so poor in Afghanistan that it has very little absorption capability, which means they can't sustain what we are building when we are gone. Iraq wasn't poor in the way Afghanistan is poor. So we have a whole new set of problems.

Mr. CHAFFETZ. Thank you.

We now recognize the gentleman from Idaho, Mr. Labrador, for 5 minutes.

Mr. LABRADOR. Thank you, Mr. Chairman.

Congressman Shays, I found your comment to be fascinating and I want to explore it a little bit, that we are doing too much. You said that the one recommendation you have is that we are doing too much. Could you elaborate on that a little bit?

Mr. SHAYS. Well, the genesis is really a dialog that took place among the Members. At first we thought we just have to manage these contractors better, and if we manage them better we won't have waste. And then we realized that it was more than that, that if we couldn't manage them better, maybe we shouldn't do as much because we can't manage them. And then we began to realize, my gosh, even if you can manage them, we began to just see so many things happening.

I mean, when you have a wonderful contract in Afghanistan that costs $18 million fitting their culture, doing agricultural work, and all of a sudden the Federal Government decides they are going to increase the program to $350 million, instead of $18 or whatever it was, but much less than the $350, and then they have to finish

it by the fiscal year to start to spend, that is crazy; and we just saw it time and time again.

We simply think we just got beyond our capability to manage and, frankly, we even went farther than that.

Mr. LABRADOR. Because I agree with you. I had the opportunity to be in Iraq and Afghanistan earlier this year, I am a freshman Member, and it was eye-opening to see what we are doing, what we are trying to accomplish there, and just all the money we are wasting. It was sad.

And I can see why you are angry, and I assume every member of this panel is angry, because this is not just we are mismanaging; this is that we are wasting the money of the American people. And I am frustrated and I get frustrated when I hear, especially from some Members on my side of the aisle, that we can't do anything about fraud, waste, and abuse in the military. We should look at all of the other areas, but we can't do it in the military. It just blows my mind.

So any of the recommendations that you gave in this report, do they address this particular issue? Because I think that is what I am more concerned about, because I read these 25 recommendations and what I see is better management. And I don't think we can manage because, I agree with you, we are doing too much. Which of the specific recommendations do you think hits at the heart of your concern?

Mr. SHAYS. Well, I will answer it this way. One of the answers—in a sense, everybody takes the blame. The problem is if everybody takes the blame, nobody is responsible. We have tried, in our report, to start to have people accountable, so the dual-hatted person that would actually have to be approved by the Senate but would have a right to make decisions in the NSC and also at OMB, that person, right at the top, would have to answer about the waste and all the money being spent.

Having a J10, somebody within the Joint Chiefs that is focused on all the contracting; and when contracting doesn't turn out right, they are going to go right to that J10. Having the key management positions that we advocate in State and in Defense and USAID, that person in charge of this, then they are going to feel a little responsible for saying, you know what, I think we are doing too much, I think we are wasting money, and it is going to fall on my desk and I am going to have to take the hit. I think they are going to start to force some accountability.

Mr. LABRADOR. So your hope is that these people say we are doing too much. But it seems like we are doing nothing, at least on our side, and I mean both Republicans and Democrats. We are doing nothing to tell maybe the military or other agencies that we are doing too much in these areas. Do you have any specific recommendations?

Mr. SHAYS. Well, one of the values of this committee, again, is that I think this committee is a little more willing to look at DOD in a fresh way and say, you know, you are also part of the mix. So not quite addressing the answer, but I see that my colleague, Mr. Ervin——

Mr. ERVIN. If I could just add one thing to this that I think might be helpful, sir. I think our present fiscal situation is actually,

as dire as it is, helpful in this regard. The fiscal situation the country finds itself in today is, needless to say, very different from the way it was 10 years ago. We simply cannot afford to undertake the range of missions now that we could 10 years ago. So I think this kind of question, whether we should engage in it at all, whether it is contractors or organically, oversight or not, will be preceded necessarily so by a question of whether we should undertake it at all given the state of our finances now.

Mr. LABRADOR. You know, and I agree with you, and thank you for your answers. Thank you for your work; thank you for being here. I just wish I would see that more in Members of this Congress. I still see too many Members of this Congress saying that we need to give the military a pass, when we get reports like yours and I can see how we can actually make a huge difference by making very small changes. Thank you very much.

Mr. CHAFFETZ. Thank you. The gentleman yields back.

We will now recognize the gentleman from Vermont, Mr. Welch, for 5 minutes.

Mr. WELCH. Thank you very much, Mr. Chairman. Thanks for your good work on this, and I really appreciate the cooperation that you and Mr. Tierney, your predecessor, have shown on this and the remarks of my colleagues.

And, of course, Mr. Shays, welcome to you and to all the contractors. Two things. You have done a great job, and it is so refreshing to have content that we can put our arms around and find common ground to hopefully get something done, because most of us would prefer to get something constructive done, and you have really established a platform.

I just want to make one general comment and then ask a few specific questions. The general comment, I think, is that if we assign this huge job, like the war in Iraq or war in Afghanistan, to the military and they have limited resources, contracting allows the illusion that there is a capacity that doesn't exist, because all we have to do is throw money at the problem; and, obviously, it doesn't work.

So the real discipline has to be on what it is we expect—what assignment we impose on the military. And if we are unwilling to address the capacity question that you have identified, then it is going to result in failure no matter how much oversight we have.

In the Tierney work that he did, on getting that bottle of water from here up through Pakistan, through Afghanistan, journeys that you have taken many times, Mr. Shays, to that forward operating base or that bullet, whatever has to be done by the military to get that bullet, to get that bottle of water to our soldier on that forward operating base, they are going to do, and they will deal with all the chaos and all of the mismanagement and all the wasted money afterwards. Understandable, but that is our problem. So thank you so much for focusing on that.

But on a couple of specific questions coming up, as you know, we are going to be transitioning, we are transitioning in Iraq, and among the tasks that we are going to be asking the State Department now to do are activities traditionally done by the military, and certainly seen, I think, by most of us traditionally as govern-

mental functions. They will be serving as a quick reaction force to rescue hostages or to respond to attacks on the road.

I will ask you, Mr. Henke. Does the OMB guidance apply to the State Department and its contractors?

Mr. HENKE. Yes, sir, it does. The devil, of course, is in the details of how they interpret the words in the OMB guidance. The short answer is the question now becomes what do agencies do with that guidance. They have now put security in a combat zone on the list. Now, State will perhaps argue to you, A, we don't do combat and, B, we don't support DOD, who does combat; we are a separate agency. That is all well and good, but I think that leads to the conclusion that State would offer, that the embassy in Kabul is like any other embassy anywhere and can be guarded by contractors. Yes, it is more high-risk, but it is still appropriate. OMB guidance would disagree with them.

Mr. WELCH. What about like a hostage rescue team? Would that be an activity that is inherently a governmental function?

Mr. HENKE. If you are going to rescue people who are engaged in combat, yes, sir, that is correct.

Mr. WELCH. And then what about convoy security through insurgent controlled territory in Afghanistan, would that be appropriate for contractors under the new OMB guidance?

Mr. HENKE. Well, the words in the guidance are this: security operations—this is on the list of inherently governmental—security operations performed in direct support of combat as part of a larger integrated armed force. So those convoys that are providing military articles and military goods, it seems to me they are in direct support of combat operations.

Mr. WELCH. Well, I want to thank each and every one of you——

Mr. SHAYS. Could I just——

Mr. WELCH. Sure, Mr. Shays. Yes, go ahead.

Mr. SHAYS. Because one thing is getting lost that we don't want to get lost. Inherently governmental means the government should do it. If it is not inherently governmental, it doesn't mean the government shouldn't do it. And our whole point in our chapter is that we look at risk, and if the risk is high, even if it is not "inherently governmental" but the risk is high, we would be leaning toward suggesting that the government do it.

What is very disconcerting about Ambassador Kennedy's response, basically, DOD is leaving Iraq. They are transferring their responsibilities to State and State is now saying we are doing it, but it is not inherently governmental. They are literally saying that. We fear that they are saying it because they don't want to appear like they are not abiding by the law.

Mr. WELCH. Thank you very much. Thank all of you.

Mr. Chairman, I look forward to being a lieutenant for you and the ranking member. I think we have a good issue here, good committee to work on it. Thank you.

Mr. CHAFFETZ. Thank you, Mr. Welch. Appreciate it.

We will now recognize the former chairman of this committee, the gentleman from Indiana, Mr. Burton, for 5 minutes.

Mr. BURTON. Chris, good seeing you again, buddy.

Mr. SHAYS. Great to see you.

Mr. BURTON. Wish you were back.

I just have one question, and any one of you can answer it. And I don't want to be redundant; you may have answered this before, and I was in a Foreign Affairs Committee meeting, so I apologize. You said that there ought to be some kind of a commissioner to oversee these issues, and it seems to me, and I know Mr. Tierney has a bill dealing with that, it seems to me that just seems like another layer of bureaucracy that we would have to deal with.

If the people who are supposed to review these contracts and watch over waste, fraud, and abuse, if there is a buddy-buddy relationship, as you say there is, it seems to me that we ought to get rid of them and replace them with somebody that is not biased in any way. But to come up with another layer of bureaucracy to oversee the ones who may be buddy-buddy with the contractors just doesn't make sense, especially at a time when we have these fiscal problems. I know we are not talking about a lot of money, but these things have a way of mushrooming.

So I would just like to get your comment on that. And our committee on Government Reform and Oversight, if we had commissioners like you that talked about specific problems with an agency, where they are not policing it properly, we could make the request that that person be replaced so that there wouldn't be the buddy-buddy relationship that you are talking about. But I would just like to get your comments once more on whether or not we ought to have this new layer of bureaucracy or new commissioner to oversee all this.

Ms. SCHINASI. Congressman Burton, I will take a shot at that, if I may.

Mr. BURTON. Sure.

Ms. SCHINASI. I think what Commissioner Shays was referring to were the individual IGs in the agencies as getting too close, sometimes, to the management of those agencies.

Mr. BURTON. No, I understand that.

Ms. SCHINASI. What we are talking about, what we saw in the contingency operations is really their multi-agency flavor. It is not just one agency that is spending money; all across the Government, I think there are 17 agencies who are spending money in Afghanistan right now. So what we are looking for in the special inspector general is not another layer as much as an individual who has the authority to look across the different agencies. So we would replace the special inspector general for Iraq, we would replace the special inspector general for Afghanistan. Those offices have done some good work that the individual agencies were not able to do——

Mr. BURTON. Okay.

Ms. SCHINASI [continuing]. Because they didn't have the authority. So it really is meant to be sort of an efficient way to look at the money that the U.S. Government as a whole is spending in these contingencies.

Mr. BURTON. Mr. Chairman, that is the only question I had. Thank you very much.

Mr. CHAFFETZ. Thank you.

We will now recognize the gentleman from Illinois, Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Congressman Shays, it is always good to see you, and it is good to know that you are still involved in public interests and public service activity. I want to thank you and all of the other members of the Commission for the tremendous work I think you have done.

Looking at this report sort of affirms for me a lot of things that I had thought, but didn't necessarily have the information or the data to go on. I mean, I thought it, and then when I read it I am saying, yeah, that is kind of the way it is, that is how difficult it is. As a matter of fact, I thought of in some societies, in some communities, in some neighborhoods in different places throughout the world there is a saying that if you find a sucker, bump his head. That is just sort of the way the culture evolves. And it seems to me that there are a lot of people in these countries who become involved, in one way or the other, who kind of see this is an opportunity to feed from the trough; and if there is an opportunity, they just can't resist, they just can't not do it.

So my question sort of becomes I guess whether or not this is almost seen as policy, that we hire especially if we are in different countries and we have war taking place. Do we hire all of these contractors as a way of kind of mollifying, to some degree, some of the elements that might be there, that just makes it possible or more possible that we can function and operate?

Mr. ZAKHEIM. Well, we do have policies as you describe them, they are called Iraqi First and Afghanistan First, and you want to hire locals. The problem is twofold. The first is it is one thing to hire locals, it is another thing to flood a country with money; and my colleague, Commissioner Tiefer, mentioned that. When you are putting as much money into Afghanistan, or virtually as much as its entire gross domestic product, and six times as much as its budget, then you have a problem. There is money coming off of trees, as far as the Afghans are concerned. So lesson number one is maybe you should look much more carefully at how much a country can absorb before you start pouring the money in.

Lesson number two is if you are going to have local contractors and you are going to have them because you have a policy that you want to at least have people not alienated by your presence, then, for God's sake, supervise them, and that is what we have recommended in our Commission report, that in whatever the circumstances in the United States or elsewhere in peacetime, when you are involved in a contingency and you are using local subcontractors, the U.S. Government should be able to look at their books; and if their books aren't clean, we throw them out.

Mr. TIEFER. Mr. Davis, what Commissioner Zakheim said was exactly right about the Afghan contractors and the Iraqi contractors. I would say you will find in our report recommendations to have stronger controls over foreign contractors in part because the Kuwaiti contractors, we depended upon them for the Iraq war and they took us to the cleaners. It should have been American businesses.

If someone was going to grow in wartime, at least it could have been an American business. Relatively small Kuwaiti businesses grew to large size. Public Warehouse Inc., which currently has an indictment where the press has estimated to settle that case would cost them $750 million. First Kuwaiti, which built the Baghdad

embassy, which has an unpaid bill, according to the inspector general, of $124 million. The Kuwaitis took us to the cleaners.

Mr. ZAKHEIM. Yes. And our report, to augment that, I would say we want the ability to look at all foreign subcontracts, not just the ones in theater, which is what you were referring to, but Kuwaitis or anybody else. Anybody who is doing business with the United States ought to be auditable.

Mr. DAVIS. Tough job. I thank you very much.

And thank you, Mr. Chairman. I yield back.

Mr. CHAFFETZ. Thank you.

We will now recognize Mr. Murphy from Connecticut for 5 minutes.

Mr. MURPHY. Thank you very much, Mr. Chairman.

Let me add my thanks to Congressman Shays, one, for your long service to our State of Connecticut, but also for your great work on this committee. I know how seriously you took this work, and I think we are all incredibly pleased, as Mr. Welch said, to see some real concrete proposals before us. It is not often that this committee gets to see this kind of volume of good forward-looking work.

I want to build on Representative Tierney's questions about sustainability, because I think this is key. And I am so glad that you focused in on this issue. But your suggestion in some ways is a pretty radical suggestion because your first bullet point says essentially what you have already repeated, that we should examine completed and current projects for a risk of sustainment failure and take appropriate action to cancel or redesign these programs.

Now, a couple pages earlier you point out that just in the next year we are going to spend $13 billion on building up security forces alone, and the total revenue coming in to the Afghan revenue today is $2 billion, not enough to even cover one-sixth of the expense of the security investment alone. And though I think there is a lot of hope for some long-term new revenue sources related to mineral production, that is a real long-term pie-in-the-sky prognosis.

So I guess my question is what are you really recommending here? Because a suggestion that you cut off all programs that can't sustain themselves is perhaps a recommendation to stop funding the buildup of the Afghan national security forces. It is a prescription to essentially end support for a lot of the main core missions that we have been doing here. You note that the other side of this is to just admit that the American taxpayer is on the hook for a lot longer than we are, and that is the other side of this, is that maybe we just have to have a clear understanding that we are going to be in to paying for particularly the security forces much longer than the American public may understand.

But I guess I am trying to get my hands wrapped around how radical a recommendation is the idea that we should end projects that aren't sustainable.

Mr. ERVIN. Why don't I start? I think your analysis is spot on, sir. There is no question but that a lot of these projects, you talked about the security forces in particular, cannot be sustained absent continued American investment, and I think we have to be honest about that. We have a choice: either the U.S. Government continues to undertake these projects if we ultimately conclude that,

notwithstanding our fiscal situation, they are critical to the national security of the United States or we determine that they are not critical to the U.S. Government's national security and we can't afford it and, therefore, we have to stand down.

Mr. ZAKHEIM. General Caldwell has already said that he is planning to ratchet back the cost of training the Afghan forces. That tells me, again, when the Government wants to respond, it can respond. Now, as Commissioner Ervin says, it is still going to cost us money, we might as well be honest about it. But at least if we focus much more carefully on these projects and we decide that we do need them, as we need to train the Afghan forces, then we can cut these projects down to size, and that is exactly what General Caldwell is doing.

Mr. SHAYS. I want to add my voice. It is a tremendously insightful question and I think really what we are saying is obviously we can't just eliminate everything that we think they can't sustain, but we have to reduce the amount or the size of projects to fit our capability to sustain them in the future.

Mr. MURPHY. Let me just drill down, in my remaining time, to one specific issue you raised, which is with the SURP funds. When I was in Afghanistan last, it was a particular point made by our commanders in the field, how important these SURP funds were to them in terms of building out their support amongst the community. But I think you raise a very important point that there is a very different analysis in whether it is important for the hear and now of building local support and whether it can be sustained in the long run.

Recommendations or ideas on how we better control the usage of SURP funds? Because this is going to be a major debate here, and I would be interested to see if there are specific recommendations to make sure that sustainability is part of the commanders' decisionmaking process or part of the approval process.

Mr. HENKE. Sir, briefly, I would say I would recognize SURP for what it is, and I think it is an adaptation, it is DOD's willingness to say we can do that, just give us the resources to do it, even if it is not their core mission. When SURP was originally brought about, it was on the order of $150, $180 million with seized Iraqi assets. No one thought that it would grow to be a $2 billion program where we are buying a generator complex in Kandahar for $240 million.

So, number one, look at the capacity of the agencies who should be doing those things, diplomacy and development missions. They have the mission; they don't have the money. State has the money, DOD has the money and the ability to send forces to go do that. So, number one, look at the existing agency who might be doing that mission if they were more fully staffed, and don't let things like SURP get out of control. No one thought that it would be used to be basically a defacto development program. A long way from $100 for a door, $300 for a new well to let's build a quarter billion dollar power plant in Kandahar.

Ms. SCHINASI. And if I might add to that, we spent a lot of time during one of our hearings pursuing just this question and we asked the question of the different agencies, have you all come together to talk about the military time line is today, today, today;

the development time line that they are trying to work on is much longer. The projects are totally out of sync. And we got no answer back from the agencies are you all working together to bring the knowledge to the resources, as Mr. Henke just said, that we need to to get done the mission. But SURP is clearly something that we found was one of those missions where you just throw more money at it and it will be fixed, when that is clearly not the case.

Mr. MURPHY. Thank you very much, Mr. Chairman.

Mr. CHAFFETZ. Thank you.

We now recognize the gentlewoman from New York, Mrs. Maloney, for 5 minutes.

Mrs. MALONEY. Thank you very much, and I want to thank all of the members of the panel who served on the Commission on Wartime Contracting, especially my good friend and former colleague, Christopher Shays. Just yesterday the bill we worked on went into effect for the victims compensation fund for the 9/11 workers. I appreciate your tremendous leadership. Thank you for your service in so many areas.

And I compliment you on this report, and you make a number of recommendations which I think are important. So many reports come back to us and then they never say what you should do, but you were clear in your recommendations to increase competition. And in your written testimony you decry the fact that even after 8 years in Iraq there are still multi-billion dollar contracts that have never been effectively re-competed, and you state that you believe that there is $30 to $60 billion lost in contract waste, fraud, and abuse.

So it seems like some of these contractors are being treated like they are too big to fail. Well, in the Financial Services Committee, on which Chris and I both served, we passed legislation to end too big to fail. We can't afford it in this country. We cannot afford bailouts. And in your report it almost sounds like a bailout or a gift to give a sole-source huge contract for items that are easy to produce and get to the troops, such as food, fuel, logistical support. This isn't high-tech, highly difficult things; these are things that I think many of my constituents in New York and probably yours, Christopher, former ones in Connecticut, would like the opportunity to bid on the opportunity to provide these services.

So my question is you have some recommendations. Mr. Chairman, let's start implementing. Let's rebid some of these contracts and see if we can lower the cost for the American taxpayer.

In the city of New York we found in our studies that there were sole-source contracts, and when we bid them competitively to the lowest responsible bidder—you had to have a record, you have to be doing it well—it saved literally hundreds of billions of dollars in the city of New York. So I think that in the Federal Government, where it says that you are spending $200 billion in contracts alone in logistics, that we could save a lot of money; and this is within the jurisdiction of this committee.

And my question to you, Mr. Shays, is there any understanding of how much this would save in taxpayers' money if we were able to competitively bid them, bid them now and when they expire, for food, for fuel? How difficult is it? We have people moving food and fuel all over the country. Why not let the taxpayers, other tax-

payers have a chance to bid and see if they can provide it at a lower price, probably more efficiently and effectively?

And I agree with your report that it is ridiculous to give these sole-source contracts. Once you get it, you have it for life. That is not the American way. And particularly in Afghanistan and Iraq we should be watching every dollar. I agree with Commissioner Tiefer, who said these contracts should be going to American companies, they should be providing these services and growing American jobs, but let's put some competition in the system.

So my question, Commissioner Shays, have you done any studies on what would happen if we competitively bid, oh, say, the delivery of fuel? It would probably bring down the cost by billions.

Mr. SHAYS. Being the wise man that I am, I am going to ask the expert on this issue to respond to the question, Mr. Tiefer, who will, I think, give you a good answer.

Mr. TIEFER. Thank you.

Mr. SHAYS. It better be a good answer.

Mr. TIEFER. I will start by saying there is a great bipartisan tradition about competition on this committee. This is the committee that wrote the Competition in Contracting Act itself, which is still the loadstar, the central principle for competition.

Mrs. MALONEY. But they didn't use it in Iraq and Afghanistan.

Mr. TIEFER. No, they found exceptions and they have gotten around it.

Mrs. MALONEY. I can see when you are going in in an emergency, but now, when we are looking to save dollars, there is absolutely no reason why we can't rebid all of these contracts and save taxpayers money.

Mr. TIEFER. We used the figure of 11 percent as the amount of money that would be saved because the Army had used that in its decision, which, unfortunately, went the wrong way, about whether to give a sole-source extension to the LOGCAP contract in Iraq for its last year.

Among the particular things that concerned us, which are loopholes, in effect, in the Competition in Contracting Act is that the logistics contract in Afghanistan, the one that is held by only two companies, they have a 5-year-long contract.

Mrs. MALONEY. When you say logistics, does that include fuel and food when you say logistics? What is logistics?

Mr. TIEFER. It is not bulk commodities, but it is the dining halls, which is the preparation of the food, the providing of the food to the troops and the civilians.

Mrs. MALONEY. So that is just providing the food What about importing the food or buying the food, is that part of it?

Mr. TIEFER. That is separate. There have been scandals in the supplying of the bulk food. That is where the $750 million indictment of Public Warehousing was. There have been scandals in providing the fuel. That is the Kurgistan scandal about how we made payoffs to the family of the corrupt ruler. But the particular of the logistics contract, which is the single biggest contract, is that it won't be competed for an entire 5 years because the agency says it doesn't have the personnel to compete it in 3 years, which is absurd.

Mrs. MALONEY. Well, I agree it is absurd. And if they don't have the personnel to compete it, then I think this committee could direct that personnel be shifted over there so that we could compete it. But are there other contracts that we could compete and see if there are savings? It is ridiculous to give a sole-source in this situation.

Mr. SHAYS. Just to add a perspective, what was most disconcerting for us was when you start the process, you are going to want to deal with one contractor and you are not going to want to let out a lot of bids. But after you are into the second and third year, then we wanted to see a lot more competition. So we have evolved where there is a lot more competition. The sole-source is not the rule, it is the exception, but it seems to be the exception on the bigger dollar items, which then causes us concern. Just to provide the perspective.

Mrs. MALONEY. But why don't we change that, Commissioner Shays? We can change that. This Commission could direct to competitively bid the larger contracts. I believe you would save money by the billions. I really do believe that. And we are in a financial crisis now.

Mr. SHAYS. Well, we were concerned that they didn't go to LOGCAP IV soon enough, that they allowed it to continue in Iraq. We voiced our concern. We don't have the clout that you all have, and you all can continue this, looking at what we have done, looking at what we recommended, looking at what we argued for, looking at where we have had success, seeing where we haven't yet.

Mrs. MALONEY. Well, who stops it? Who stops it when you try to make these changes?

Mr. SHAYS. Well, it is DOD or State that basically says, you know, they are comfortable with this contract, and that is the bottom line, and we are at war and so be it.

Mr. CHAFFETZ. Thank you.

We are going to start a second round. If you want to come back, I will recognize you again, but I would like to recognize myself here for just a couple of follow-ups, and then I think we will be pretty well close to the end here.

There is something dramatically wrong, particularly, it strikes me, at the Department of Defense. We have been doing this for a long time. We talked about don't want to offend people, and they get too cozy in the relationships. I just want to go a little bit deeper. And having done this, Commissioner Ervin, maybe you can start.

What specifically do we need to do to get them to work? And I don't buy the answer that it is always just more money. They have hundreds of billions of dollars at the Department of Defense. Perhaps they are not prioritizing that properly, but the numbers are absolutely staggering. And I know you have a whole report here, but for this hearing, what else can we do to get these IGs to actually do what they are already charged to do?

Mr. ERVIN. Right. Well, I guess it is a number of things. First of all, we need to fill the vacancies that exist with regard to the statutory IGs, as we discussed earlier, at the State Department; and there will soon be a retirement, I understand, at AID, so we need to fill that.

Second, we need to make sure that those three statutory IGs are effectively resourced, that they have the necessary resources, money, so that they can hire not just the numbers of people, auditors, investigators, inspectors, but also the people with the requisite expertise. And I think this is another example where our present parlous economic state is actually helpful, because there are lots of people out there who used to be employed by the private sector, that aren't employed now, that would do terrifically good jobs, it seems to me, in these positions.

All that having been said, I still, we all still believe that it is critical that there also be, complimentarily, a special inspector general position for a number of reasons, as we said before. That person would have interagency jurisdiction, which the statutory inspectors general do not. Unlike the statutory inspectors general, that special inspector general would focus specifically and exclusively on contingency operations. So, as I have said before in other contexts, all these recommendations are of a piece, in other words, a complete package, so I think we need to do all of this at the same time. And we would save the Government money, ultimately, if we were to do it.

Ms. SCHINASI. I would just like to add a different perspective, a little modification of that. We clearly support, as my colleague just said, the need for the oversight, but I would also argue that better management would help a lot. And you wouldn't need as much oversight if you could get the better management. And because of that we have recommended new positions be created in the executive branch to realize that managing contractors and managing contracts and deciding whether or not to actually use a contractor work force to carry out the mission of the Government is something that is part and parcel of a core mission for the Government. It is not the back office administrative business who cares, let them take care of it; it needs to also be incorporated into management.

Mr. CHAFFETZ. Well, the Obama administration is about to see a major surge in contractors there in Iraq, 17,000 contractors, 5,500 private security contractors as the military goes away. Aren't we just playing a little bit of a shell game here and are they prepared to deal with what is going to happen in less than 90 days from now?

Ms. SCHINASI. Our recommendations were that they needed to pay more attention to getting those contractors in place and then overseeing their operations.

Mr. ZAKHEIM. We have been following this closely, obviously, for some time, and I think it is fair to say that we are very, very worried. And as you heard earlier, we think that there needs to be oversight.

Mr. CHAFFETZ. Well, what are those worries? What are you worried about?

Mr. ZAKHEIM. The worries are very simple. I can give you the worst case. The worst case is you have another Niger Square thing, which is to say, as happened in Iraq, some contractors go after somebody they think is shooting at them, there is a mob scene, the contractors are killed, everything spins out of control. I mean, it is a nightmare. And when you have 17,000 of them, as you say, you

are asking for trouble, and without oversight. They can't hire these people, they can't train them; you have heard that.

Mr. CHAFFETZ. So if you are a contractor in Iraq, you are 1 of these 5,500, who is your commander in chief? Who do they report to?

Mr. ZAKHEIM. Well, in theory they are reporting to the embassy. But, you know, the Deputy Chief of Mission and the Ambassador is not going to be managing operations with security contractors; you have to have people accompanying them, government civilians, who will keep an eye on them and ensure that nothing untoward happens; and without that we are simply asking for trouble. It is going to happen.

Mr. CHAFFETZ. I think Commissioner Shays said earlier when everybody takes blame, nobody is responsible. Did I get that quote right?

So let's talk about these 5,500 security contractors. Who is ultimately responsible for those people? Who do we hold responsible for that? The Secretary of State?

Mr. ZAKHEIM. In theory, it is the Ambassador and, through the Ambassador, the Secretary of State. Good luck.

Mr. TIEFER. If I could mention a legal point here. There is a giant loophole as far as legal accountability, as far as prosecutability of security people for doing something like Niger Square. The current statute clearly covers the military who are outside the United States. The contracting industry has taken the position though that the statute, it is called the Military Extraterritorial Jurisdiction Act, doesn't apply to State Department contractors.

So we recommended that—we are not the first, this is a recommendation that goes back to 2007—we recommended to just extend the military act to cover State Department civilians. Well, you are going to have a private army in Iraq which, in theory, the people there cannot be criminally prosecuted even if they committed homicide.

Mr. SHAYS. One of the things that the State Department did that made a lot of sense, a few years ago we just had contractors providing all security for State, and we had problems. So the State then put in charge a DS agent, one of their own agents in charge of every convoy and so on if the State was involved. The amount of incidences were reduced significantly. But they can't do this to the extent now. In fairness to State, they are being asked to do something that I don't know how they are going to do it. They are being asked to basically do what the military did.

My complaint with what State is doing is that they are not acknowledging that it is something that the Government should do. And by not acknowledging it, you all aren't getting the information you need to say, my gosh, we have a very serious problem here. They are saying, no, none of this is inherently governmental. That is simply wrong; it is inherently governmental. They are asking people to do something they shouldn't be doing.

Mr. CHAFFETZ. Well, to the rest of my committee members here, this is one of the big concerns that we have. We can see it coming, we know it is about to happen. We are playing a little bit of a shell game, drawing down the military but bringing back up the security

forces through contractors, and I truly do worry about it. We do have an upcoming hearing about the transition that will continue to provide some more insight.

I would like to recognize the gentlewoman from New York if she has some additional questions; otherwise, I think we will——

Mrs. MALONEY. I do have questions, because I feel that if we are in these countries—personally, I think we should bring our men and women home, but given the point that you say that in the contract they don't adjust for the ability to competitively bid in the future, should the impact on future competition be factored into decisions about how to design the initial contract, Mr. Shays.

Should we do a contract from the beginning that requires competitive bidding in another year? Would that help particularly in areas that are less complicated than troops, such as food, fuel, and logistics? How hard is that? I could even run the food. I could run the logistics.

Mr. SHAYS. I think it should be the rule, but there will be some exceptions in the beginning of an operation.

Mrs. MALONEY. In the beginning, but you could put a timeframe on it. And in your testimony you argue that the wartime environment brings tremendous additional complications, just what you were saying. Yet, the same basic rules apply whether an agency is contracting for laundry services or ball bearings in Kansas, it is the same basic rules. So do these additional complications suggest the need for special contracting regulations tailored to the wartime environment?

Mr. SHAYS. Yes.

Mrs. MALONEY. You believe so. And do you see any reason why we couldn't take—take, for example, a food contract. Why can't we take the food contract and competitively bid it?

Mr. TIEFER. We support that very much. In terms of length of time, there is a specific nuance in our chapter 3 I want to bring out here, which is that the current practice has not only been that the contractor gets whatever the term is in the contract and virtually automatically gets option years. We found no serious review of decisions whether to give the fourth year or the fifth year out of a 3-year plus two option year contract.

But at the end the extension contract, and we had three billion dollar level examples, is sole-sourced to the contractor who has had it for the previous 5 years. To take the translator contractor, which hasn't been mentioned, although the food service one works the same way, the food one works the same way, the translator contract was extended in two five $500 million slices, sole-sourced to the contractor who had held it previously. We could very well put a contract strategy in place that would not let that happen.

Mrs. MALONEY. Well, let's go over what the contract strategy would be. First of all, it would be to make a list, advertise and make a list of, say, 10 qualified bidders. These are people that are providing services in the United States, they are successful, they have financial resources. So you have a qualified list. Then let the qualified list bid on the contract, and the lowest bidder would win. And I would bet my right arm we would save billions of dollars under that scenario. Is there any way you would improve that roadmap?

Mr. SHAYS. I just would say that they are providing, in the case of the cafeteria, they may be providing food, but they are providing it in an area where the logistics requires them to have some unique capabilities. And we wouldn't always advocate the lowest bidder, we would want the low bid.

Mrs. MALONEY. Lowest responsible bidder.

Mr. SHAYS. Yes, exactly. So I just make a point that I would feel terrible leaving and ending this Commission and acting like, well, providing food in Afghanistan and Iraq is the same as providing it somewhere else. It isn't.

Mrs. MALONEY. But, Mr. Commissioner, in the RFP or in the request for proposal you could put the specific requirements in. Do you believe that other American companies aren't capable of providing translation, logistics, fuel——

Mr. SHAYS. Congresswoman Maloney, you and I do not have a basic disagreement. I just wanted to qualify your comments to make sure we realize that there are some unique parts to this. Otherwise, I think the Commission would look foolish in making an assumption like it is just like doing it in New York City or somewhere else.

Mrs. MALONEY. What I think we should do, because I like to do things and not just talk, could we see if the Commission could take one area of these three billion dollar contracts that they are giving out sole-source, one area, probably the simplest with the less complications and go forward and see if we can competitively bid it?

Mr. SHAYS. We no longer exist. We ended our work this September and now we are on to new things.

Mrs. MALONEY. Congratulations on your report.

Mr. SHAYS. Thank you.

Mr. CHAFFETZ. Now recognize the chairman of the committee, Mr. Issa, from California.

Chairman ISSA. I thank the chairman. And I want to follow up on what I heard while I was in a meeting in the back.

Professor Tiefer, Commissioner, SIGAR, obviously there is bipartisan support for reform, but isn't there a bigger problem that when Americans or, in some cases, non-Americans, but under the American umbrella, operate overseas, we don't have a uniform standard today, period? Our military men and women have one standard; our State Department covered employees have another; our contractors have yet another; and we could go into a couple other derivatives. In any reform we do, not just closing the loophole, not just assuring that a contractor who violates law overseas can be held accountable in the United States, but shouldn't we also try to have a uniform presentation of what an American or agent of America would expect in a foreign nation while doing the bidding of the American people?

Mr. TIEFER. Well, on the main aspect of what you are saying, that is exactly right; it is currently a patchwork system. It has been moved this way at one time, a different direction another time, another direction a third time. So, yes, there is no uniformity and consistency as if it had been thought out.

Chairman ISSA. It was a rhetorical question to get you to go further.

Mr. TIEFER. Okay. Thank you. Why would we want to put a patch on a particular hole right now? Because right now there is no immunity from Iraqi justice for the security personnel that we have in Iraq. Now, while we had military people doing that, Iraqis had this attitude as elsewhere, well, they will be controlled, they will be prosecuted, they are under American law, they can even be court-martialed under American law. That is fine with us.

Chairman ISSA. Heck, they can be court-martialed for not paying their just debts. We have a pretty strong UCMJ.

Mr. TIEFER. If given a choice, I would much rather be in civil court than in court-martial. But what is going to happen if there are incidents involving these civilian security contractors for the State Department is that we are going to have this choice: we can either let Iraqi justice proceed—and my sympathy is for the contractors faced in that situation—or we can hustle them out of the country before the Iraqis get to them, which will not aid in our relations with the Iraqis.

Chairman ISSA. Good point. I want to follow up on one last question, and I think this probably goes to Commissioner Henke and to Commissioner Zakheim, and I will start with you, Commissioner.

You made the point of secunding those people from DOD to State if that allows us to have this inherently governmental job be done by trained, experienced, prepared government people who understand rules of engagement and can make such adjustments. If you could elaborate a little bit on—let's assume for a moment that that is a model not just in one country where we agree to remove our uniformed armed forces, but taken to all other hot spots in which the State Department today is using alternatives to, if you will, their own forces. How could we do that in a way that protected that status of forces, if you will, that normally the uniformed military has when they are secunded to the State Department?

Mr. HENKE. Well, as you just heard from my colleague, Commissioner Tiefer, it is just much too complicated when you are dealing with civilians. I mean, our whole approach to civilians is so outdated. Now, I am speaking personally. I know the Commission is over, but we have been speaking as a Commission. I am just speaking as an individual.

Chairman ISSA. Once a Commission, always a Commission.

Mr. HENKE. Well, that is right.

Chairman ISSA. You just can't make recommendations the way you could if you were——

Mr. HENKE. We are still living with living with the 1883 Civil Service Act, with Chester Arthur Allen's Act. It is crazy. And one of the problems we face is that we simply have not updated the role of civilians in the 21st century. So your concern is part of that. We ought to be able to secund civilians. We ought to be able to have some uniform code of civilian justice, to give it a name, that applies to all civilians, wherever they are serving, whoever they are serving. Once you do that, it becomes a lot easier to augment the State Department, or any other agency, for that matter, in a variety of contingency situations. We simply don't have that. We have, as Commissioner Tiefer said, a patchwork and nothing more.

Chairman ISSA. I think I will end with Commissioner Henke. You have seen DOD in your two roles. I was taking Commissioner

Zakheim at a different point, which was these are active duty military personnel who would, like a military liaison officer, work for an ambassador, would in fact run a garrison, if you will, potentially out of uniform but still active duty military. That is the only instant fix we would have that I can see for replacing DOD uniformed people in our current situation of 5,500 promised and needed, but promised not to be uniformed military.

Do you see any way for us to, if you will, dot the I or turn a circle into a box? Because I am very concerned, and I think both sides of the aisle should be concerned, that another square somewhere in Iraq could turn into a real problem for the State Department with some of those 5,500 people, and then the question is are these military or at least Federal employees who have the full faith and it is somebody in the chain of command's mistake, or is it "you hired a bad contractor and now we have to deal with it."

And it goes beyond the question of who tries it; it is a question of we are going to be responsible for those people, even if they are contractors. How are we going to ensure that all the way through the Secretary of State and the President there is some accountability for an army that is larger than most units I served in in the Army myself?

Mr. HENKE. Mr. Chairman, I think there has to be a way to figure out along the continuum of embassies that State has. There are some that are low threat, low risk, some that are medium, some that evolve into a high risk; and as long as the management controls are in place for contracted security, and they are vetted contractors and they are trained and certified contractors, there is this idea out there about a third party certification, like an ISO 9000 certification for private security. That makes a lot of sense.

Another idea is don't require in law the State Department to choose, that they must choose low price, low bid, technically acceptable contracts for security; give them the ability to say I want to do best value security in that high risk circumstance. When it gets beyond high risk and it gets into combat, that is the province of the military, and State and DOD have to be able to figure out, without subordinating State to DOD and making it an arm of DOD. Nobody wants that.

But there needs to be a way to operate as separate agencies but recognize the gate guards at the Kabul embassy who were attacked on September 13th, OMB issues this policy guidance on September 12th that says, look, security in combat is inherently governmental; here is a list of other ideas. The day after the Kabul embassy was under attack for 4 or 5, 6 hours and several people were killed. If that is not combat, I don't know what is. And State and DOD have to be able to figure out a way to operate more seamlessly for us to have an effective foreign policy apparatus.

Chairman ISSA. Any other guidance you could give us on something we may legislate from any of the Commissioners?

Ms. SCHINASI. I would just add something on this question that is beyond what we looked at while we were operating, but there are an awful lot of other trained security forces throughout the civilian side of the U.S. Government, and one of the things that we saw in looking at Iraq and Afghanistan is that really the rest of the civil-

ian government was not participating in a way that we thought was useful for what is a common U.S. policy.

Chairman ISSA. Thank you.

Thank you, Mr. Chairman.

Mrs. MALONEY. Would the gentleman yield?

Chairman ISSA. Of course.

Mrs. MALONEY. In line with the gentleman's question, and I think the Commissioner, you raised a lot of good points. Combat is very, very different. I am not questioning the standards, but what happens when we have a multi-million dollar contractor that is an exclusive provider of an essential service that is needed? Say there is some serious abuses that were alleged against some of the providers, that they were very, very serious abuses, and we have had hearings on them, specifically Blackwater. But what happens when the contract is let appropriately, it is professional people, but there are some serious abuses? Then who is accountable in that type of situation?

Mr. HENKE. Contractually?

Mrs. MALONEY. Yes. Say you have a contractor providing an essential service and then there are serious abuses that become almost international outcries. Who is responsible then, the contractor or how do you handle it? You know, in certain cases they said we are private contractors and no one was accountable. So I just wonder what your answer is.

Mr. HENKE. In the example of the Kabul embassy, where we had the guards who were drinking and partying and cavorting off duty, the contractor was responsible, the government overseers were responsible. But you know, ultimately, they besmirched the reputation of the United States, and that is why, to me, that is the very definition of high risk and where we don't want to have a foreign policy outcome at risk because of the way a low bid contractor performs in a combat zone.

Chairman ISSA. Thank you.

Thank you, Mr. Chairman.

Mr. CHAFFETZ. Thank you.

Again, on behalf of the committee and the U.S. Congress, thank you for your great work, an awful lot of time and effort and talent going into this. We do appreciate it.

I would like to give you an opportunity for any other final comments that you would like to share with us.

Mr. SHAYS. Thank you, Mr. Chairman. I would love to jump in just for a second and say, first, the Congress and the general public wanted the military to be the tip of the spear, so we have put all our resources to say, you know, you fight the fight; and that, I think, makes sense. It does mean that you can't go to war without contractors.

So this Commission is not besmirching the fact that we have to depend on contractors; that was by design. What is of concern is that the QDR, the Quadrennial Review of the Military, hardly makes mention of the fact that we depend on contractors, we need to integrate them in a way that is effective. We are saying that we think we are over-dependent on contractors. That is another issue. But we clearly understand that we have them and we need them.

My colleague, Ms. Schinasi, made this reference to the fact of a concern about the number of civilians, and the fact is we have a huge number of military, a huge number of contractors, and I was really stunned by the low level of civilian Government employees, who are actually in theater. There is such a difference. And then I became even more stunned by, and stunned is the word, we have to entice civilians, civil servants, I mean, to go there by doubling their salary, giving them hardship pay, oversea pay, overtime; and it is amazing the number of employees who make twice-plus what they made here. And that is an issue I think we didn't really fully address, but what do we do to get more civil servants taking a role in that area.

And then if I could add and if I could get the attention of Mr. Issa, I would love it. Mr. Chairman, I just want to say to you, in closing——

Chairman ISSA. Yes, Mr. Commissioner.

Mr. SHAYS. I just want to thank you for your opening words, how gracious they were. I want to thank you for your concern about this very issue that you have worked with others on both sides of the aisle to get at waste, fraud, and abuse on a bipartisan way. I appreciate, and the Commission appreciates the work that you have done.

We also want to thank Mr. Tierney years ago reaching out to the Republican side to establish this Commission, which then leads me to my final comments that I will make as a Commissioner.

Michael Thibault, my co-chairman, did a terrific job. He encountered a huge serious illness in his family that caused him to pay great attention to that. He lost family members. He has missed both hearings because of being with family at a time of some great grievance. So he didn't have the opportunity to present at the Senate or here. I just want to be on record as saying how much we valued his work. And then to say that I have never had such an easy job being a co-chairman, because I worked with such extraordinary people.

So, in conclusion, I just thank Congress for giving me this opportunity, the speaker for giving me the opportunity and Mitch McConnell for allowing me to be the co-chairman as well, and thank you for allowing me to put that on the record.

Chairman ISSA. Thank you. But I did note that you were saying you got an upgrade in your colleagues after leaving Congress.

Mr. SHAYS. You know, I found myself going there and I thought I better back off. But, Mr. Chairman, I should also say we do have one criticism of this committee. We had a very fine counsel named Rich Beutel, who was working, and the next thing we knew, he decided to raise the status of his position and work for this committee. But we missed him.

Chairman ISSA. Well, you know, we don't pay a lot, but we offer long-term employment, something your Commission couldn't. Thank you. [Laughter.]

Mr. CHAFFETZ. Thank you again, all. We appreciate it.

The committee stands adjourned.

[Whereupon, at 12:36 p.m., the committee was adjourned.]

[Additional information submitted for the hearing record follows:]

FINAL REPORT TO CONGRESS | AUGUST 2011

Transforming Wartime Contracting

Controlling costs, reducing risks

COMMISSION ON WARTIME CONTRACTING
IN IRAQ AND AFGHANISTAN

WWW.WARTIMECONTRACTING.GOV

○