

**Opening Statement
Lieutenant General William N. Phillips
Principal Military Deputy
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**Subcommittee on National Security and Foreign Affairs
Committee on Oversight and Government Reform
United States House of Representatives
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Chairman Tierney – Congressman Flake – Distinguished Members of the Subcommittee on National Security and Foreign Affairs. Thank you for this opportunity to discuss the role of the United States Army in the Department of Defense's Management and Oversight of the Host Nation Trucking Contract in Afghanistan. I am pleased to represent Army leadership, the more than 40,000 members of the Army Acquisition and Contracting Workforce, and the more than one million Soldiers who have deployed to combat over the last eight and a half years and who have trusted us to provide them with materiel, supplies, and services in the right place, at the right time.

Mr. Chairman, I had the privilege of serving as the Commanding General of the Joint Contracting Command-Iraq/Afghanistan just prior to taking on my present duties and responsibilities. Although my office was in Baghdad, I traveled frequently throughout Iraq and Afghanistan. Let me state at the outset that the Host Nation Trucking contract is absolutely vital to the sustainment of our forces in Afghanistan. Contracting for, obtaining, and overseeing services in an austere environment, in a fragile economy with a poor financial system, limited rule of law, and during hostilities is a dangerous and difficult task that is being performed daily throughout Afghanistan in spite of these immense challenges.

Through the Host Nation Trucking contract, more than 90 percent of our forces in Afghanistan receive food and water, fuel, ammunition, construction materials, equipment, and other badly needed supplies. In the last year (since May 2009), there have been more than 50,000 trucking missions. Each mission is an efficient and effective means to meet the needs of our warfighters, whose numbers will increase to 90,000 when the surge is complete.

Mr. Chairman, in all Army contracting operations worldwide, we strive to be responsive to our warfighters while ensuring proper fiscal stewardship of taxpayer dollars. Our progress in these areas has been steady even though expeditionary military operations have placed extraordinary demands on the contracting system and our contracting professionals. Upholding the highest ethical standards and discipline in contracting is of paramount importance. And, even though we have confidence in the talent and professionalism of the Army's contracting workforce, we remain vigilant at all times. We are working continually throughout the Army – and actively engaged with the Department of Defense – to eliminate areas of vulnerability in contracting.

During my time with the Joint Contracting Command-Iraq/Afghanistan, I was deeply committed to maintaining high standards of ethics and discipline in all contracting operations. My team and I conducted 11 internal Procurement Management Reviews to assess strengths and weaknesses among our contracting workforce and our overall contracting operations. Through these reviews, we identified “trend forming” deficiencies and institutionalized process improvements; we provided on-site training and shared lessons learned; and we documented the results and continually improved our operations. These reviews also enabled our Principal Assistants Responsible for Contracting to allocate resources in the right places to fix areas of identified shortcomings. In addition, I conducted bi-weekly meetings with the Procurement Fraud Task Force, including representatives from the Army's Criminal Investigative Division; the Federal Bureau of Investigation; sometimes the Special Inspector General for Iraq Reconstruction; and the Defense Contract Management Agency.

Last March, another comprehensive Procurement Management Review was undertaken in Afghanistan. The final report is nearly completed, and the findings indicate strongly that contracting officers continue to maintain high ethical standards and discipline in their daily work. These positive findings are attributed, in part, to a five element training and education program that all contracting officers must complete. With your permission, Mr. Chairman, I would like to briefly outline the five elements:

- (1) Defense Acquisition University ethics training must be completed prior to arriving in theater;
- (2) All personnel, upon arrival, must attend a newcomer's ethics briefing;
- (3) All personnel must complete the Department of Defense Standards of Conduct Office annual online ethics training program;
- (4) Judge Advocates provide live ethics training twice annually at each Regional Contracting Center during Procurement Management Reviews; and
- (5) The Principal Assistant Responsible for Contracting-Afghanistan sets aside a portion of every weekly meeting with Regional Contracting Center Chiefs to address ethical issues arising in theater.

Mr. Chairman, we are working constantly to improve our contracting operations and the education, training, ethics, and discipline of our contracting workforce. Our progress is significant. The Host Nation Trucking contract is a prime example. We adhered to all statutes under the Federal Acquisition Regulation for open and fair competition, while ensuring that our warfighters received badly needed materiel and supplies.

Thank you for your continued support of the outstanding men and women of the United States Army and their families. Your deep and abiding commitment to Soldiers is widely recognized throughout our ranks.

This concludes my opening remarks, Mr. Chairman. I look forward to your questions.