



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

SEP 24 2014

Senator Claire McCaskill
United States Senate
Washington, DC 20510

Dear Senator McCaskill:

Thank you for your July 21, 2014, letter to the Secretary of Defense regarding increased accountability and transparency in the costs associated with contracting for services. On August 4, 2014, Acting Assistant Secretary of Defense for Readiness and Force Management Stephanie Barna wrote you advising that we were gathering the information necessary to provide you with a comprehensive response to each of the eight questions you posed in your letter. More recently, on August 28, 2014, the Principal Deputy Under Secretary of Defense for Personnel and Readiness wrote on my behalf that we were continuing to coordinate an accurate and up-to-date response to your original query.

As the Secretary's senior advisor on all matters related to Total Force Management, which includes our military and government civilian personnel, as well as services provided by private sector contractor personnel, I assure you the Department shares your commitment to improving visibility into, and accountability for, contracted services. Although the Department's processes for the Inventory of Contracted Services (ICS), and subsequent reviews thereof, have shown marked improvement since the inception of the requirement in 2008, much additional work remains to be done.

Prompted, in major part, by a lack of specific factual information required to respond to seven of the eight questions you posed in your letter, Ms. Barna has appointed Mr. Lernes Hebert, a member of the Department's Senior Executive Service, as a Strategic Review and Planning Officer (Enclosure 1). In this capacity, Mr. Hebert has been charged to identify and develop appropriate enterprise solutions to facilitate the execution of responsibilities assigned to me, related to data collection requirements in furtherance of the ICS, as prescribed by title 10, U.S.C., section 2330a, and the use of the ICS mandated by title 10, U.S.C., section 235.

Mr. Hebert's review will identify, develop, and consider all reasonable options, in both the short and long terms. The review is expected to culminate no later than December 1, 2014, with Mr. Hebert's proposal of appropriate courses of action. Once a course of action is approved, Mr. Hebert will generate a detailed plan to implement that course of action and to communicate the results of his strategic review and planning effort to Congress.

I apologize for the continued delay in responding to your letter. I hope that you will agree that your letter addresses topics that are very complex, increasingly dynamic, and involve

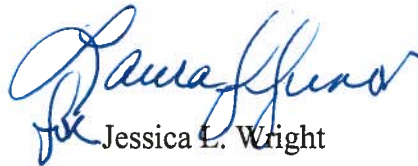
multiple stakeholders across the Department. Only our response to the first of the eight questions you posed will not be affected by Mr. Hebert's strategic review. Accordingly, I have responded to your first question at Enclosure 2.

Of necessity, Mr. Hebert's strategic review will address the issues raised in questions two through eight of your letter, including matters related to a common system for the reporting of data related to the ICS, the financial resources associated with such a system, the challenges associated with implementing a common ICS data reporting application, and the status, structure, authorities, and Service relationships that may be associated with the establishment of a Total Force Management Support Office.

The Department is committed to further improvement in our ICS submissions going forward and to addressing the concerns documented in your letter. Mr. Hebert would be pleased to meet with you or your staff to discuss any input you may wish to offer. Further, once a decision is made on the courses of action reviewed by Mr. Hebert, we would be pleased offer a briefing to you and your staff on the way forward.

Thank you again for your continued support of the Department of Defense and interest in this critical area of our operations. The Department values your continued engagement with our efforts to ensure that we arrive together at the best possible short and long terms solution for the taxpayers, the Military Services, and the Department as a whole.

Sincerely,



Jessica L. Wright

Enclosures:
As stated



READINESS AND FORCE
MANAGEMENT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

SEP 17 2014

**MEMORANDUM FOR LERNES HEBERT, PRINCIPAL DIRECTOR, MILITARY
PERSONNEL POLICY**

SUBJECT: Appointment as Strategic Review and Planning Officer

You are hereby appointed as a Strategic Review and Planning Officer to identify and develop appropriate enterprise solutions to facilitate the execution of responsibilities assigned to the Under Secretary of Defense for Personnel and Readiness, related to data collection requirements in furtherance of the Inventory of Contracts for Services (ICS) prescribed by Title 10, U.S. Code, Section 2330a and the use of the ICS mandated by Title 10, U.S. Code, Section 235. Your review will identify, develop, and consider all reasonable options, in both the short- and long-terms, and propose appropriate courses of action for decision by senior leaders of the Office of the Under Secretary of Defense for Personnel and Readiness. Once a course of action is approved, you will generate a detailed plan to implement that course of action and to communicate the results of the review and planning effort to Congress.

Ensure that all potential courses of action presented for senior leader decision take into account and comply with law, directive, regulation, and applicable policy. Should you determine that the execution of a particular course of action would require a change in policy, detail the change required, the means of securing that change, and the benefit to the Department of Defense.

In your capacity as Strategic Review and Planning Officer, you will report directly to me. Given the imperative of improving the Department's performance in regard to the ICS, the significant high-level interest in these matters, and the ongoing Business Systems Process Review under the auspices of the Deputy Chief Management Officer, time is of the essence. Although not a limitation on your authority to act as required to effect the purpose of your review and planning, it is my expectation that, absent extraordinary circumstances, we will consult frequently. Plan to brief proposed appropriate courses of action for decision by senior leaders of the Office of the Under Secretary of Defense for Personnel and Readiness no later than December 1, 2014.

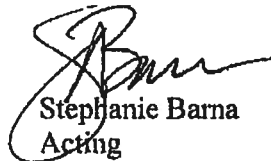
If, at any time during the course of your review, you discover facts or circumstances that, in your professional judgment and experience, may warrant the expansion, restriction or termination of the review, or would otherwise require the modification of any instruction in this memorandum, immediately report this matter to me. Include in your report to me your recommendation as to the action I should take in response to such matters.

You are authorized unlimited access to all Office of the Assistant Secretary of Defense for Readiness and Force Management activities, personnel, locations, organizations, and documents as may be necessary to facilitate the completion of your review. Coordinate requests

Enclosure 1

for access to Defense Human Resources Activity (DHRA) activities, personnel, locations, organizations and documents through the Director, DHRA. Submit requests for access and support from the Departments of the Army, Navy and Air Force through the executive points of contact listed in the copy furnished section of this memorandum. Should you require the assistance of any other Department of Defense organization or personnel—including the production of documents, administrative support, or consultation with functional experts regarding any matter associated with your review—this appointment memorandum will serve to evidence the official nature and importance of your request for same.

The duties and responsibilities associated with this appointment are in addition to your regularly assigned duties as Principal Director, Military Personnel Policy.



Stephanie Barna
Acting

Cc:

Principal Deputy Under Secretary of Defense for Personnel and Readiness
Chief of Staff, OUSD(P&R)

Director, Defense Human Resources Agency

Director, Total Force Planning & Requirements

Ms. Gwen DiFilippi, Department of the Army

Mr. Dennis Biddick, Department of the Navy

Mr. Jeffrey Mayo, Department of the Air Force

ENCLOSURE 2

The following is provided in response to your specific question, as follows:

(1) What components of the Department are currently not reporting contractor data, and what specific progress have those components made toward implementation? If no progress has been made, why not?

To some degree, all Components of the Department are reporting data in the annually submitted Inventory of Contracts for Services (ICS) based on assigned authority and reporting capability. For instance, a single organization reports for the Office of the Secretary of Defense, instead of each Under Secretary reporting separately.

The Department's recently submitted Fiscal Year (FY) 2013 ICS was retrospective and reported on contracts executed/performed during FY 2013. All DoD Components reported data on contracted services as part of this submission. However, Departmental guidance to Components that directed the inclusion of the reporting requirements in performance work statements and statements of work for contractors to use the Enterprise-wide Contractor Manpower Reporting Application (ECMRA) to capture direct labor hours and associated costs, was signed in November 2012, after FY 2013 began. Because the guidance for inclusion of these contract reporting requirements was directed to be on a bilateral and prospective basis, many of the Department's contracts were not subjected to the ECMRA reporting requirement during FY 2013.

In compiling their respective FY 2013 ICS submissions, approximately half of the Components relied, in part and to varying degrees, on data collected directly from contractors via ECMRA in reporting contracted services. For those Components that did not rely on data collected from ECMRA for the FY 2013 ICS, it does not mean that they did not submit inventory data nor does it mean that ECMRA was not being utilized.

Additionally, Components have taken steps to establish mechanisms for ensuring the annual reviews required by law (to preclude, among other things, performing inherently governmental functions under contract) are used.