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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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May 30, 2014

The Honorable Chuck Hagel
Secretary of Defense
Department of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Mr. Secretary:

As part of the Subcommittee's ongoing oversight of Department of Defense contracts, I am writing to request information regarding the Department's counternarcotics contracts. According to a recent report by the Department of Defense Inspector General, one counternarcotics contractor, Northrop Grumman, improperly charged the U.S. government more than \$100 million over nearly six years.¹

The Department's Counter Narco-terrorism Technology Program Office (CNTPO) provides mission support, technology and "acquisition solutions" to the Department and other agencies engaged in counterdrug operations. Under several task orders of contract number W9113M-07-D-0007 issued by the U.S. Army Contracting Command for CNTPO, contractor Northrop Grumman and subcontractor DynCorp provided spare parts, maintenance and training for Afghan counternarcotics operations. The contract specified particular labor categories and qualifications for performing the work.²

However, for almost six years, Northrop Grumman did not properly charge labor rates under the contract. At least 360 of 460 Dyncorp employees did not meet the labor qualifications required by the contract. Additionally, Northrop Grumman charged 215,298 labor hours in excess of 8 hours per day from October 2007 through March 2013. For example, one employee billed 1,208 hours during a 12-day period—more than 100 hours per day—resulting in overpayments totaling \$176,900. This overbilling resulted in part because Army Contracting Command contracting officials did not review invoices before approving labor charges.³

¹ Department of Defense Office of Inspector General, *Northrop Grumman Improperly Charged Labor for the Counter Narco-terrorism Technology Program*, (Report No. DODIG-2014-073) (May 13, 2014).

² *Id.*

³ *Id.*

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As you may know, the Department's counternarcotics contracts have been of interest to this Subcommittee for several years.⁴ To assist the Subcommittee with its continuing oversight of this area, I request that your office provide a briefing to the Subcommittee staff to explain how this overbilling occurred and how the Department will recover the charges.

I request that you provide this briefing as soon as possible, but no later than **Friday, June 20, 2014**.

I appreciate your assistance. Please contact Jackson Eaton with the Subcommittee at (202) 224-6579 with any questions. Please send any official correspondence relating to this request to Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Financial and Contracting
Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and Contracting Oversight

⁴ Senate Homeland Security and Governmental Affairs Committee Subcommittee on Contracting Oversight, *Staff Report: New Information about Counternarcotics Contracts in Latin America* (June 11, 2011); Senate Ad Hoc Subcommittee on Contracting Oversight, *Hearing on Counternarcotics Contracts in Latin America*, 111th Cong. (May 20, 2010).