



PERSONNEL AND
READINESS

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

MAY - 9 2014

The Honorable Kelly A. Ayotte
United States Senate
Washington, DC 20510

Dear Senator Ayotte:

Thank you for your letter of April 2, 2014 regarding the Department's efforts to comply with existing laws related to providing Congress information about contracted services. As Mr. Vollrath stated in our interim response on April 10, the Department is committed and fully cooperating with the Government Accountability Office (GAO) and the Department of Defense (DoD) Inspector General (IG) during their ongoing engagements. We have taken actions, delineated below, to implement GAO's previous recommendations.

As you noted, the GAO recommended in its review of the Fiscal Year (FY) 2011 Inventory of Contracts for Services (ICS) that the Secretary provide additional guidance related to the oversight of contracts that are closely associated with inherently governmental work. Accordingly, while working with GAO during that review, we modified our Guidance for the Submission and Review of the FY 2012 ICS to require Components identify their inventory review findings by functional/work-type categories such as: inherently governmental, closely associated with inherently governmental, critical, authorized/unauthorized personal services, and commercial. Components also reported planned actions as a result of their findings such as: continue contract, modify contract, in-source contracted functions, or divest (i.e., cancel the contract). Components provided input to us on these categories with their review certification memoranda. We provided additional guidance to the Components in May and June 2013 based on GAO's final report recommendations.

The Department has one of the largest workforce ("total force") in the world, comprised of active duty and reserve military members, government civilians, and contracted services performed by private sector employees. Contracted services currently make up the largest portion of the total force in total budget execution. Since the Department delivered its plan to improve visibility into, and governance of, contracted services in November 2011, we have made significant progress in this area. The Department adopted the reporting tool and successful processes that the Army has used for the past several years with its centralized Contractor Manpower Reporting Application (CMRA). The cornerstone of these improvements is the software we made available for all Components based on the Army's CMRA; we call it the "Enterprise-wide Contractor Manpower Reporting Application (ECMRA)". All DoD Components (Military Departments, Combatant Commands, Defense Agencies and DoD Field Activities) and the private sector firms providing contracted services are now beginning to report into this system. This is a milestone, and our accountability for contracted services will continue to improve.

I am also pleased to share with you that in FY 2015 the Department will have additional dedicated resources in this area. We are currently establishing a Total Force Management Support Office to comprehensively implement ECMRA across the Department. This will ensure a consistent review and analysis process related to the performance of functions under contract. This analytical feature of the ECMRA business processes complements policy formulation, oversight of reporting, and consequent actions for all Defense Components. This office, in coordination with the Comptroller's office, will leverage the Army's established processes to ensure that the contract component of the Total Force is incorporated into the Department's Planning, Programming, Budgeting and Execution process in order to fully implement the statutory mandates within section title 10, U.S.C., section 235.

The establishment of ECMRA and institutionalization of associated processes is a core milestone in meeting the Department's commitments to the Congress, industry, and the Office of Management and Budget as delineated in the Department's Paperwork Reduction Act filing: blending policy with data management, analysis, and support functions to improve data quality, reduce the burdens of industry reporting, and make the system responsive to needed changes to accommodate its myriad of users.

I appreciate your interest in this important area and your continued support. If you, or your staff, are interested in receiving a briefing on our progress to date, my team would be happy to provide more information. Thank you again for the opportunity to share our progress.

Sincerely,


Jessica L. Wright
Acting