

Acquisition Advisory Panel (SARA 1423)
Statement for Workforce Working Group
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Reference: Washington Post 10/24/05
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In addition to recent front page articles chronicling the contracting problems at FEMA and the TSA, many stemming from inadequate oversight/administration, there is an article in the front of the Business Section of referenced Post describing “Bearing Point Explanation of Errors”. They are manually recreating financial data for nearly 6,500 contracts and data is being re-entered one transaction at a time due to poor training for implementing a new accounting system.

The article goes on to say that “Given the company advertises itself as an expert on building (financial/management) systems (or potentially any “system”), it was troublesome...when officials announced invoices had been counted twice...and over \$90 Million in assets had been misclassified”. Every accounting entry for 2004 in the +\$3 Billion company (former segment of KPMG) had to be rechecked, forcing most of their 17,000 employees to retrace and verify the hours they worked on every project. Within 9 months, ¼ of their workers left the company.

These are just a couple of articles within the past week. There are numerous recurring articles in the same vein concerning federal contracting, particularly in the years since the Reforms of the nineties. These included an increased emphasis on contracting out extending to white collar professional services, which has mushroomed into more than half of all services and which together compose over half the nearly \$300 Billion Annual expenditures in federal contracting (over \$1 Billion/working day). This includes white collar contracting functions, following massive acquisition workforce downsizing during those Reforms, that has subsequently been widely acknowledged to be excessive, harmful, and without adequate initial impact analysis.

This is not to deny the many good firms and good employees doing good work in the private sector, sometimes in trying circumstances notwithstanding continuing structural challenges in volatile competitive markets. But a virtual “ideological” drive toward contracting out must be revisited in the area of white-collar professional services for complex long-term work, not just inherently governmental work.

Greater emphasis must be placed on FAR Part 9 for Contractor Qualifications, particularly the Pre-Award Survey at 9.106, past performance notwithstanding. Any investment brochure carries a Standard Qualification that “past performance is not a guarantee of future performance”. This is compounded by the familiar phenomena of job-hopping and massive mergers with their inevitable restructurings and downsizing which undermines corporate memory and institutional loyalty.