

INFLUENCE

What we don't know about federal contracts can prove costly

BY SCOTT AMEY

The recent news that Halliburton could not account for \$1.8 billion on a military support contract has left the public scratching its head. Where did the money go? What goods or services did the public receive? Unfortunately, answering those and many more questions has become increasingly difficult.

In recent years, contractors have launched a multipronged assault on the public's right to know about government check-writing to large corporations. This assault has been fueled by campaign contributions, a spawning industry of lobbyists plying their political influence and growing coziness with federal officials.

Given the increased government buying fueled by the war on terrorism in Afghanistan and the war in Iraq, there is a need for transparency. Early unofficial estimates have federal contractors taking home a total approaching \$400 billion in 2004, up from \$250 billion in 2002. Last year alone, Halliburton saw its Pentagon contracts rise from \$468 million to \$3.92 billion, elevating it to seventh-largest defense contractor from 37th.

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But increasingly, the public is being kept in the dark about the government's spending. For example, after a series of critical news articles, the government released its 2003 report on government buying; the report was just eight pages long, compared to a 191-page report in 2002. An introduction to the new report put an Orwellian spin on the 183-page difference, saying that because of "enhanced reporting capability," the report "does not include all of the various versions of data views published in prior years."

Among the types of information inexplicably left out was data showing how many contracts were awarded without full and open competition, a point of contention in the Iraq reconstruction awards.

With less transparency, contractors have less incentive to keep costs as low as they would in a truly competitive and open marketplace. To solve this problem, contracts — as well as task and delivery orders (smaller contracts that, when pieced together, make super-size contracts) — should be posted on public Web sites if they exceed \$25,000. Currently, information about billions of dollars in government spending is kept from the public and industry, a departure from long-standing and sound procurement principles.

Additional resources also must be provided for government oversight, which saves the taxpayer far more money than it costs and helps policymakers identify problems in the contracting arena that would otherwise go unnoticed. "Reforms," however, have cut oversight staff by up to 35 percent and budgets by up to 41 percent in some offices.

Finally, the federal government continues to conduct business with companies that repeatedly break laws and regulations — like Halliburton — despite rules specifying that contractors should have a satisfactory record of "integrity and business ethics." The government does so, in part, because it does not keep track of contractor misconduct or report it to the public.

Like many problems in Washington, the status quo will prevail until the public voices its concerns. Secrecy is justified in cases of legitimate national security, but shrouding contracts in a veil of secrecy neither protects taxpayer interests nor the public's confidence in government.