



Marketplace Morning Report Transcript

Army pays KBR for contracts not yet worked out

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KAI RYSSDAL, anchor:

The Army says the pace of work in Iraq is so fast that not every contract can have all its details nailed down before the work actually has to start.

When that happens, the government is allowed to hold onto 15 percent of the total payment of the deal, but just until all the I's are dotted and the T's are crossed--unless you're Halliburton, that is. MARKETPLACE's Hilary Wicai reports.

HILARY WICAI reporting:

Halliburton subsidiary KBR builds bases, cooks soldiers' meals and is contracted to provide other support services in Iraq. Even though their contracts on all of those jobs aren't finalized, the Department of Defense announced it will pay KBR 100 percent. Linda Theis is with the US Field Support Command.

Ms. LINDA THEIS (US Field Support Command): The main focus of the Army Field Support Command is to assure there are no adverse impacts on the troops that we support.

WICAI: Halliburton had told the Army delays in payment could interrupt services. But given the controversy surrounding other work done by KBR, watchdogs can't understand why the government is paying in full. Scott Amey is with the Project on Government Oversight.

Mr. SCOTT AMEY (Project on Government Oversight): And there have been two different government audits that have actually asked the government to start withholding the 15 percent.

WICAI: Amey says the government is ignoring its own cries. In Washington, I'm Hilary Wicai for MARKETPLACE.