The seal of the Office of the Special Inspector General for Iraq Reconstruction is a large, circular emblem in the background. It features an eagle with wings spread, holding an olive branch and arrows. The eagle's chest is covered by a shield with vertical stripes. The seal is surrounded by text in both English and Arabic. The English text reads "INSPECTOR GENERAL" at the top and "RECONSTRUCTION" at the bottom. The Arabic text reads "المفتش العام" at the top and "إعادة إعمار العراق" at the bottom.

**SECURITY FORCES LOGISTICS
CONTRACT EXPERIENCED CERTAIN
COST, OUTCOME, AND OVERSIGHT
PROBLEMS**

**SIGIR-09-014
APRIL 26, 2009**



SIGIR

Special Inspector General for IRAQ Reconstruction

April 26, 2009

SECURITY FORCES LOGISTICS CONTRACT EXPERIENCED CERTAIN COST, OUTCOME, AND OVERSIGHT PROBLEMS

Summary of Report: SIGIR-09-014

Why SIGIR Did This Study

This report discusses one of the largest Department of Defense contracts funded by the Iraq Security Forces Fund. The contract was awarded to AECOM Government Services (AECOM) for Global Maintenance and Supply Services in Iraq (GMASS). This contract supports a Multi-National Security Transition Command-Iraq (MNSTC-I) program to assist the Iraqi Army develop a logistics capability so that it can be self-sufficient. SIGIR reviewed three task orders under the contract; Task Order 3, for the renovation of maintenance facilities, the repair and maintenance of Iraqi Army vehicles and equipment, the purchase of a parts inventory, and on-the-job training; Task Order 5, which incorporated the requirements of Task Order 3, extends its period of performance, and transitions the maintenance and supply operations to Iraqi control; and Task Order 6, for refurbishing up to 8,500 High Mobility Multipurpose Wheeled Vehicles (HMMWVs) and training the Iraqi Army in their maintenance.

The objectives of this report are to determine (1) the cost of the three task orders, (2) the outcome of the three task orders, and (3) the adequacy of contract oversight.

What SIGIR Recommends

SIGIR recommends that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance operations to the Iraqi Army. SIGIR identified a lesson learned on incorporating an assessment of the risks of increased costs and program failure in any similar force development initiatives.

Management Comments

MNSTC-I concurred with SIGIR's recommendation that it should negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army and that the agreement should identify each party's role and responsibilities, and identify a time line for achieving the goal.

What SIGIR Found

The cost to develop a maintenance capability within the Iraqi Army has been substantial. As of January 31, 2009, the value of the three task orders issued under the AECOM contract for this purpose was \$628.2 million, of which \$572.0 million had been disbursed. Task order costs were affected by a number of issues, including:

- The task order scopes of work were poorly defined, and thus the task orders were modified 161 times, adding \$420.5 million to their cost ceiling.
- The Iraqi Ministry of Defense has not accepted responsibility for maintenance and supply operations; as a result MNSTC-I is in the process of extending the period of performance for Task Order 5 at U.S. expense.

SIGIR could not find support in contract documents and other records for all of the costs AECOM charged. SIGIR received financial data on repair parts purchases from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair parts costs to ensure that they are supported and will report separately on them.

The outcome of the task orders provided significant logistics support to the Iraqi Army vehicles; nevertheless, the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This shortfall occurred largely because the Iraqi Army did not provide a sufficient number of soldiers for training. The Iraqi Army currently has some maintenance capability, but it is unclear whether it has sufficient capability to assume all maintenance activities without AECOM support. Additionally, it is unclear if the Iraqi Army is capable of independently operating its supply system. To address these problems, MNSTC-I is developing plans to continue the existing task orders for maintenance and supply system support.

Management and oversight of the task orders began poorly but improved over time. Task Orders 3 and 5 had weaknesses, such as a lack of realistic performance metrics, which made it difficult to successfully manage the contract. MNSTC-I also did not initially assign sufficient numbers of experienced personnel to provide contract oversight. As a result, task order costs and the risk of fraud and waste increased. MNSTC-I's management of Task Order 6, however, greatly improved. Oversight was enhanced by placing more of the contract administration and oversight function closer to where service is being provided. For Task Order 6, the Defense Contract Management Agency also provided an on-site administrative contracting officer, and additional oversight was provided by fulltime, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These individuals provided a quality assurance and quality control element that was not available under Task Orders 3 and 5. Much of this improved oversight was facilitated by the improved security situation in Iraq.



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

April 26, 2009

MEMORANDUM FOR COMMANDING GENERAL, U.S. CENTRAL COMMAND
COMMANDING GENERAL, MULTI-NATIONAL FORCE-IRAQ
COMMANDING GENERAL, MULTI-NATIONAL SECURITY
TRANSITION COMMAND-IRAQ
COMMANDING GENERAL, ARMY CONTRACTING COMMAND

SUBJECT: Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems (SIGIR-09-014)

We are providing this audit report for your information and use. It discusses one of the larger Iraq Security Forces Fund contracts; a Department of Defense contract with AECOM Government Services (AECOM). We examined three task orders for Global Maintenance and Supply Services in Iraq that were part of this contract. We performed the audit in accordance with our statutory duties contained in Public Law 108-106, as amended, which requires that we provide for the independent and objective conduct of audits, as well as leadership and coordination of and recommendations on policies designed to promote economy, efficiency, and effectiveness in the administration of programs and operations and to prevent and detect waste, fraud, and abuse. This review was conducted as SIGIR project 8037.

We considered comments from the Commanding General, Multi-National Security Transition Command-Iraq when preparing the final report. The comments are addressed in the report, where applicable, and a copy is included in the Management Comments section of this report

We appreciate the courtesies extended to the staff. For additional information on this report, please contact Mr. Glenn Furbish (glenn.furbish@sigir.mil / 703-428-1058) or Ms. Nancee Needham at (nancee.needham@iraq.centcom.mil / 240 553-0581, ext. 3793).

Stuart W. Bowen, Jr.
Inspector General

Table of Contents

Executive Summary	i
Introduction	1
Background	1
Objectives	3
Cost of the Task Orders is Substantial	4
Task Order Costs	4
Task Order Costs Have Increased	5
Repair Parts Cost Data Could Not Be Reconciled	5
Task Order Requirements Have Only Partially Been Met	6
Requirements for Maintenance Support Have Been Met	6
Long-Term Requirements for Training and Transition Have Not Been Met	8
Task Order Oversight Has Improved Over Time	11
Numerous Management Weakness Hampered Fulfillment of Task Orders	11
A Shortage of Experienced Personnel Limited Oversight of Task Orders 3 and 5	12
Contract Management and Oversight Improved Over Time	13
Conclusion, Recommendation, and Lesson Learned	15
Conclusions	15
Recommendation	15
Lesson Learned	15
Management Comments and Audit Response	16
Appendices	
A. Scope and Methodology	17
B. Task Orders Issued under the GMASS Contract	20
C. Modifications for Task Orders 3, 5, and 6 under the GMASS Contract	21
D. Iraqi Army Location Commands and Maintenance Facilities	23
E. Management Comments	24
F. Acronyms	25
G. Audit Team Members	26



Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems

SIGIR-09-014

April 26, 2009

Executive Summary

This report examines a Department of Defense contract funded by the Iraq Security Forces Fund. The Department awarded the contract to AECOM Government Services (AECOM) for Global Maintenance and Supply Services (GMASS) in Iraq. The Army Field Support Command's Rock Island Contracting Center awarded the GMASS contract (W52P1J-05-D-0004) to AECOM. (This contracting center is now a part of the Army Contracting Command.) The contract has six task orders to provide logistics support to the U.S. Army, Iraqi Army, and Afghan Army.

This report focuses only on the three task orders that support the Iraqi Army—Task Orders 3, 5, and 6—which are valued at \$628.2 million. The task orders address program requirements of the Multi-National Security Transition Command–Iraq (MNSTC-I) and directly support MNSTC-I's efforts to provide interim equipment maintenance services and develop a logistics maintenance capability within the Iraqi Army. The overall objectives of Task Orders 3 and 5 are to improve existing maintenance facilities, provide day-to-day and complex maintenance on the Iraqi Army's equipment (short of full equipment overhauls), develop the Iraqi Army's capability to maintain its equipment, and develop a repair parts supply system. Task Order 5 also requires AECOM to transfer the facilities and maintenance responsibilities to the Iraqi Army by the end of May 2009. The objective of Task Order 6 is to support MNSTC-I's program to refurbish and transfer up to 8,500 used U.S. armored High Mobility Multipurpose Wheeled Vehicles (HMMWVs) to the Iraqi Army, National Police, and Special Forces by July 6, 2009, and to teach the Iraqi Army how to maintain the vehicles.

This review was conducted to meet the requirements of Public Law 108-106, as amended, which requires the Special Inspector General for Iraq Reconstruction (SIGIR) to prepare a final forensic audit report on amounts appropriated or otherwise made available for the reconstruction of Iraq.¹ The 2008 Defense Authorization Act extended this requirement to other funds, including the Iraq Security Forces Fund.² To fulfill this requirement, SIGIR has undertaken a series of audits examining major Iraq reconstruction contracts to identify vulnerabilities to fraud, waste, and abuse. SIGIR's objectives for this report are to determine: (1) the costs of the three task orders; (2) the outcome of the three task orders; and (3) the adequacy of oversight.

¹ Public Law 108-106, Emergency Supplemental Appropriations Act for Defense for the Reconstruction of Iraq and Afghanistan, 2004.

² Public Law 110-181, National Defense Authorization Act for Fiscal Year 2008, January 28, 2008, extended requirements in P.L. 108-106 to the Iraqi Security Forces Fund, which provides money for the generation, equipping, and training of the Iraqi Security Forces.

Results

The cost to develop a maintenance capability within the Iraqi Army has been substantial. As of January 31, 2009, the value of the three task orders issued under the AECOM contract for this purpose was \$628.2 million, of which \$572.0 million had been disbursed. Task order costs were affected by a number of issues, including:

- The task order scopes of work were poorly defined and the task orders were modified 161 times, adding \$420.5 million to their cost ceiling.
- The Iraqi Ministry of Defense has not accepted responsibility for maintenance and supply operations; as a result MNSTC-I is in the process of extending the period of performance for Task Order 5 at U.S. expense.

SIGIR could not find support in contract documents and other records for all of the costs that AECOM charged. SIGIR received financial data on repair part purchases from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair part costs to ensure that they are supported and will report separately on them.

The outcome of the task orders provided significant logistics support to the Iraqi Army vehicles; nevertheless, the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This shortfall occurred because the Iraqi Army did not provide a sufficient number of soldiers for training. The Iraqi Army currently has some maintenance capability, but it is unclear whether it has sufficient capability to assume all maintenance activities without AECOM support. Additionally, it is unclear if the Iraqi Army is capable of operating its supply system. To address these problems, MNSTC-I is developing plans to continue the existing task orders for maintenance and supply system support.

Management and oversight of the task orders began poorly but improved over time. Task Orders 3 and 5 had weaknesses, such as a lack of realistic performance metrics, which made it difficult to successfully manage the contract. MNSTC-I also did not initially assign sufficient numbers of experienced personnel to provide contract oversight. As a result, task order costs and the risk of fraud and waste increased. MNSTC-I's management of Task Order 6, however, greatly improved. Oversight was enhanced by placing more of the contract administration and oversight function closer to where service is being provided. For Task Order 6, the Defense Contract Management Agency also provided an on-site administrative contracting officer, and additional oversight was provided by fulltime, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These individuals provided a quality assurance and quality control element that was not available under Task Orders 3 and 5. Much of this improved oversight was facilitated by the improved security situation in Iraq.

Recommendation

SIGIR recommends that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army. This agreement should identify each party's role and responsibilities, and identify a time line for achieving the goal.

Lesson Learned

Working closely with host-country government officials is essential in developing reconstruction projects and programs that can be and will be accepted and maintained. When agreements cannot be reached, assessing the risk of increased costs and the failure to achieve objectives should be an integral part of the program management decision-making process in any similar force development initiatives, such as Afghanistan.

Management Comments and Audit Response

MNSTC-I concurred with SIGIR's recommendation that it should negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army and that the agreement should identify each party's role and responsibilities and also identify a time line for achieving the goal. In our draft report, SIGIR recommended that future U.S. investment should be predicated on finalizing such an agreement. However, MNSTC-I noted that "unilateral termination of current projects in execution, or denial of future critical assistance, until receipt of a binding legal agreement is secured would potentially be a strategic error over time." SIGIR agrees with the concerns raised by MNSTC-I and the report's recommendation now only addresses the need to negotiate an agreement. However, SIGIR notes that the absence of an agreement continues the reliance on U.S. funds for maintenance of Iraqi Army equipment and urges that a high priority be placed on completing an agreement.

Introduction

In early 2005, the Multi-National Force–Iraq and its subordinate commands initiated the development of a logistics support concept for the Iraqi Ministry of Defense to enable the Iraqi Army to operate independently. The concept broadly described the desired long-term logistics capabilities of the Iraqi Army across four functional areas: maintenance, supply, transportation, and medical services. In October 2005, the Department of Defense further identified the importance of developing the Iraqi Army’s logistics capabilities and transitioning maintenance responsibility to the Iraqi Army’s control so that it could operate on its own. Since then, establishing maintenance and other logistics capabilities within the Iraqi Army has been a priority of the Multi-National Security Transition Command–Iraq (MNSTC-I), which organizes, trains, equips, and sustains Iraq’s security forces for the Multi-National Force–Iraq.

Background

The Global Maintenance and Supply Services (GMASS) contract supports MNSTC-I’s effort to develop an independent organizational and intermediate level maintenance capability within the Iraqi Army. Organizational and intermediate maintenance provides for the day-to-day maintenance along with more complex repairs of equipment short of complete overhaul. These task orders cover repairs only to vehicles, radios, and night vision goggles. In October 2004, the contract was awarded by the Army Field Support Command’s Rock Island Contracting Center. (This contracting center is now a part of the Army Contracting Command.) The contract has six task orders to provide training and support to the U.S. Army, Iraqi Army, and Afghan Army. This report focuses only on the three task orders that support the Iraqi Army—Task Orders 3, 5, and 6—which are valued at \$628.2 million from the Iraq Security Forces Fund. This contract is one of the larger contracts funded by the Iraq Security Forces Fund.

The specific requirements and periods of performance for the task orders are as follows:

- Task Order 3, commonly known as the National Maintenance Contract, requires AECOM to establish 10 maintenance facilities³ that support specific Iraqi Army divisions by repairing vehicles; to be ready to provide training in maintenance and repair to the Iraqi Army logistics units located at each maintenance facility; and develop a repair parts supply system. The task order cost ceiling was \$353.5 million. The work on this task order began in May 2005 and was completed by June 2007.
- Task Order 5, commonly known as the Iraqi Army Maintenance Program, is the follow-on task order to Task Order 3. It continues the requirements to provide maintenance support for Iraqi Army equipment and vehicles, and training to the Iraqi Army logistic units located at the 10 maintenance facilities to include training on repairing night vision

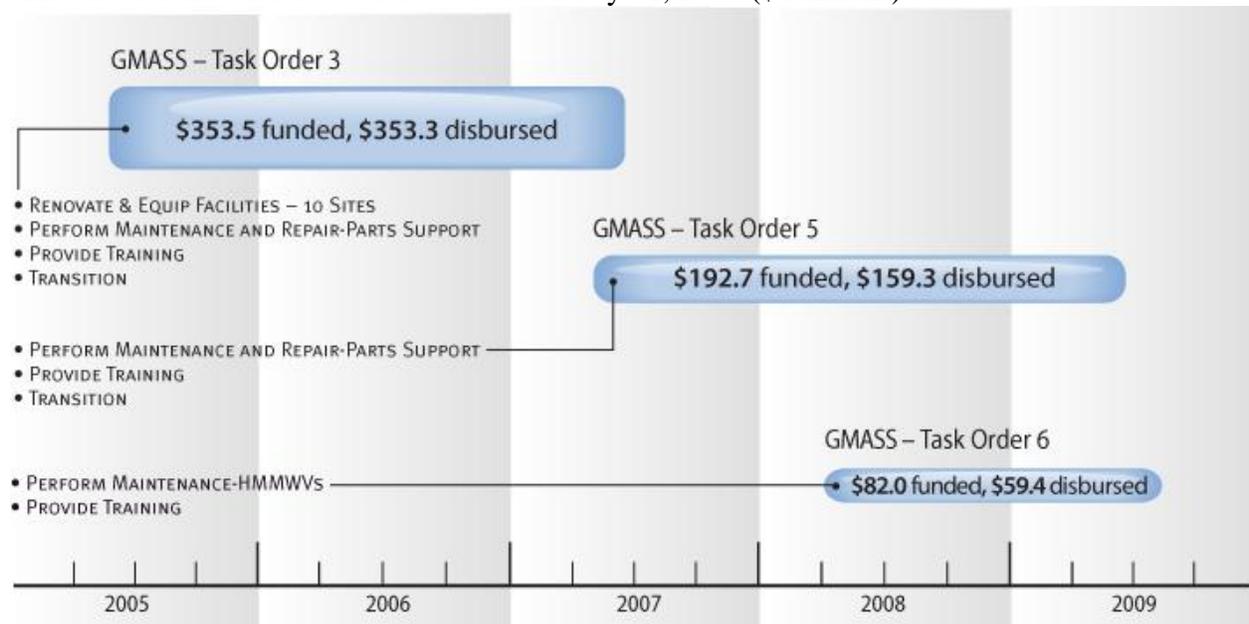
³ Nine of these maintenance facilities would become known as Location Commands, which provide maintenance and other logistics support to Iraqi Army divisions in their geographic areas. The tenth site, BIAP, is not a Location Command but provides maintenance support and is supported under task orders 3 and 5. BIAP is included as one of the ten maintenance facilities referred to as Location Commands in the report and will be included as one of the 10 throughout this report.

devices and radios and on the use of information technology to manage maintenance operations. It also requires transitioning the facilities and maintenance operations to the Iraqi Army's control after training has been completed. The current task order cost ceiling is \$192.7 million and it is due to expire on May 31, 2009.

- Task Order 6 supports MNSTC-I's program to refurbish up to 8,500 used U.S. armored High Mobility Multipurpose Wheeled Vehicles (HMMWVs). After refurbishing, the vehicles are to be transferred to the Iraqi Army, National Police, and Special Forces to provide enhanced protection and mobility. The task order requires AECOM to inspect and repair the vehicles only as necessary (short of complete overhaul) at a facility on the grounds of Taji military base and transfer 400 vehicles a month to the Iraqi Army. AECOM is also required to provide Iraqi Army soldiers training to for repairing HMMWVs. The task order cost ceiling is \$82.0 million with a period of performance from January 7, 2008, through July 6, 2009.

The contract timelines, purposes, and funded and disbursed amounts for the three GMASS task orders are depicted in Figure 1.

Figure 1—AECOM's Maintenance Task Order Timelines, Purposes, Funded and Disbursed Amounts for the GMASS contract as of January 31, 2009 (\$ Millions)



Source: SIGIR analysis of contract data and documentation

Objectives

SIGIR's objectives for this report are to determine: (1) the cost of the three task orders; (2) the outcome of the three task orders; and (3) the adequacy of oversight.

For a discussion of the audit scope and methodology, see Appendix A. For a summary of task orders issued under the GMASS contract, see Appendix B. For a summary of modifications for Task Orders 3, 5, and 6, see Appendix C. For a map of the Iraqi Army's Location Commands and Maintenance Facilities, see Appendix D. For Management Comments, see Appendix E. For a list of acronyms used in this report, see Appendix F. For a list of the audit team members, see Appendix G.

Cost of the Task Orders Is Substantial

The cost to develop a maintenance capability within the Iraqi Army has been substantial. As of January 31, 2009, the value of the three task orders issued under the AECOM contract for this purpose was \$628.2 million, of which \$572.0 million had been disbursed. Task order costs were affected by a number of issues, including:

- The task order scopes of work were poorly defined and the task orders were modified 161 times, adding \$420.5 million to their cost ceiling.
- The Iraqi Ministry of Defense has not accepted responsibility for maintenance and supply operations; as a result MNSTC-I is in the process of extending Task Order 5's period of performance at U.S. expense.

SIGIR could not find support in contract documents and other records for all of the costs that AECOM charged. SIGIR received financial data on repair part purchases from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair part costs to ensure that they are supported and will report separately on them.

Task Order Costs

SIGIR identified four categories of task order costs. These include costs for (1) administration, (2) facilities and equipment, (3) maintenance and repair, (4) and parts and warehousing. The task order disbursements by category are shown in Table 1.

Table 1—Task Order Disbursements, by Category, as of January 31, 2009 (\$ Millions)

GMASS Contract	Admin.^a	Facilities & Equipment^b	Maintenance & Repair^c	Parts & Warehousing^d	Total Disbursed
Task Order 3	\$94.1	\$31.6	\$62.5	\$165.1	\$353.3
Task Order 5	64.3	0.6	43.3	51.1	159.3
Task Order 6	28.2	7.3	23.9	-	59.4
Total	\$186.6	\$39.5	\$129.7	\$216.2	\$572.0

Notes:

^a Includes life support, transportation, fees, other direct costs, and other costs.

^b Includes costs for improving facilities, and for purchase and installation of equipment.

^c Includes labor and supplies.

^d Includes costs to improve warehouse facilities, stocking of parts for maintenance, and repair parts inventory.

Source: SIGIR analysis of cost data

As shown in Table 1, administrative costs of \$186.6 million account for 33% of the total disbursements. Administrative costs consist of (1) life support costs such as food, water, and lodging; (2) transportation costs for moving people and equipment into Iraq; (3) fees; (4) direct costs such as costs associated with a security subcontractor; and (5) other costs.

The other three categories amount to 67% of total costs. Under Task Order 3, \$31.6 million was spent to update facilities and to purchase and install equipment necessary for maintenance and repair activities. An additional \$7.3 million was spent under Task Order 6 to upgrade facilities and to purchase and install equipment at the Taji repair facility. This included electrical and mechanical upgrades to existing buildings at Taji to provide for the various maintenance stations for the refurbishment process such as inspection and cleaning facilities; two maintenance lines for light and heavy repairs; and body, paint, and glass facilities.

Over \$216.2 million was disbursed to buy parts and to construct a parts warehouse to support work under Task Orders 3 and 5. The parts included foreign and discontinued parts that were difficult to obtain. The high cost for parts can be attributed in part to the fact that the Iraqi Army's vehicle fleet includes about 140 different types of vehicles from 29 different countries. Many of these vehicles are outdated, making parts expensive and difficult to find.

Task Order Costs Have Increased

The cost of the task orders increased considerably over time. Each task order was cost-plus fixed-fee and the scope of work was poorly defined. Although it was known that costs would increase as work was more clearly defined, the task orders underwent numerous modifications and cost increases. For example, Task Order 3 had 80 modifications that increased costs from the original \$69.2 million to \$353.5 million. Task Order 5 has 60 modifications that increased its value from \$63.6 million to \$192.7 million. Task Order 6 has 21 modifications that increased its value from \$63 million to \$82.0 million.⁴ SIGIR has identified excessive contract and task order modifications as a major contributor to cost growth.

Disbursements for Task Orders 5 and 6 will continue to increase through 2009. Both task orders have several months left on their current periods of performance, over which time AECOM will incur additional costs. Moreover, MNSTC-I is in the process of extending the period of performance through November 30, 2009 for Task Order 5, and through January 6, 2010, for Task Order 6, further increasing the cost of the task orders. MNSTC-I is extending the time to complete the task orders because it has not reached agreement with the Iraqi Ministry of Defense about transitioning maintenance operations. MNSTC-I estimates that it will cost an additional \$30 million to extend Task Order 5 through November 30, 2009 and another \$30 million to extend Task Order 6 through January 6, 2010.

Repair Parts Cost Data Could Not Be Reconciled

SIGIR could not find support in contract documentation and other records for all of the costs AECOM charged. The Federal Acquisition Regulation and Task Orders 3, 5, and 6 require AECOM to provide reports or maintain records supporting work performed and costs incurred.⁵ SIGIR received financial data on repair part purchases from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair part costs to ensure that they are supported and will report on this issue separately.

⁴ See Appendix C for a list of the modifications.

⁵ Federal Acquisition Regulation 52.215-2: Audit and Records-Negotiation

Task Order Requirements Have Only Partially Been Met

The task orders provided significant logistics support to the Iraqi Army vehicles; nevertheless, the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This shortfall occurred largely because the Iraqi Army did not provide a sufficient number of soldiers for training. The Iraqi Army has some maintenance capability, but it is unclear whether it has sufficient capability to assume the maintenance activities without AECOM support. Additionally, it is unclear if the Iraqi Army is capable of independently operating its supply system. To address these problems, MNSTC-I is developing plans to continue the existing task orders for maintenance and supply system support.

Requirements for Maintenance Support Have Been Met

AECOM has met the requirements of Task Orders 3 and 5 to provide maintenance support to the Iraqi Army according to Army Contracting Command and MNSTC-I officials. To provide maintenance support, AECOM first had to convert or refurbish existing Iraqi maintenance facilities at 10 sites across Iraq—on the grounds of the future Iraqi Army Location Commands—and establish a central supply warehouse at Taji to provide spare parts for the maintenance activities at each site. The establishment of the maintenance sites and the performance of maintenance were accomplished under difficult and dangerous security conditions. Several employees were killed by hostile action during this time period. In spite of the security issues, AECOM established maintenance facilities and performed maintenance at the organizational and intermediate levels.

AECOM staffed operations in Iraq with its own personnel and those of its subcontractors. At the height of its operations under Task Order 3, AECOM had about 1,300 employees at these facilities. That number has been reduced to approximately 255 under Task Order 5 according to AECOM officials. The personnel came from AECOM's subcontractor, ANHAM, which provides maintenance services primarily using vetted local-Iraqi employees. Another subcontractor, Erinys International, provides physical security for AECOM and ANHAM personnel at the maintenance sites and for these employees as they move around Iraq.

A primary objective of Task Order 3, which was extended by Task Order 5, was to maintain the Iraqi Army's fleet of vehicles and some of its equipment such as radios and night vision devices. This included inspecting, servicing, cleaning, calibrating, adjusting, bench testing, and rebuilding some components. For vehicles, maintenance also included repair and/or replacement of transmissions and engines. Vehicle maintenance was particularly difficult because the Iraqi Army's fleet includes about 140 different types of vehicles from 29 different countries. Under Task Order 3, AECOM was to keep 80 percent of the Iraqi Army's vehicles ready for missions at all times, whereas Task Order 5 required AECOM only to report its monthly production rather than report vehicle readiness. Although Army Contracting Command and MNSTC-I officials told SIGIR that AECOM had met the terms of the task orders, neither the contract file nor MNSTC-I's files contained documentation to verify these statements.

AECOM is fulfilling the requirements of Task Order 6 to refurbish U.S. armored HMMWVs and transfer them to the Iraqi Army. Under the terms of this task order, AECOM is to refurbish up to 8,500 used U.S. military armored HMMWVs for transfer to the Iraqi Army, National Police, and Iraqi Special Forces. AECOM was to determine the minimum repairs necessary to restore the vehicles to operational standards and perform repairs short of replacing frames, steering columns, or overhauling engines.⁶ To do this, AECOM employs about 550 people, including 500 Iraqi civilians, at its HMMWV facility at Taji.⁷ After a brief start-up phase, the contractor was to refurbish 400 vehicles per month. With one exception in which government furnished parts became an issue, this metric was enforced and AECOM has met or exceeded this goal every month. As of March 31, 2009, AECOM had refurbished and transferred 4,898 vehicles (almost 58%) to the Iraqi Army (3,917), National Police (720), and the Iraqi Special Forces (261). Figure 2 shows HMMWVs refurbished by AECOM. HMMWVs painted blue and white are intended for the National Police and camouflage-painted vehicles are to be transferred to the Iraqi Army.

⁶ 385 HMMWVs turned in for the transfer program were too badly damaged to be repaired under the terms of Task Order 6. Although these vehicles could be turned over to the depot for repairs, it is not clear whether they will be replaced under the transfer program.

⁷ These civilians are not part of the Iraqi Army but rather work for AECOM's subcontractor, ANHAM. Many of the Iraqis worked for AECOM under Task Order 5 and have experience working on HMMWVs according to AECOM officials.

Figure 3—HMMWVS Refurbished by AECOM Under Task Order 6



Source: SIGIR.

Long-Term Requirements for Training and Transition Have Not Been Met

AECOM was not able to accomplish much of the training required by Task Orders 3, 5, and 6. The training was intended to help the Iraqi Army become self-sufficient in organizational and intermediate maintenance. According to MNSTC-I and AECOM officials, the Iraqi Army did not provide enough, if any, soldiers for training to the Location Commands collocated with AECOM's ten maintenance facilities across Iraq. Although filling combat unit requirements has been a priority of both the Iraqi Army and MNSTC-I, the lack of Iraqi Army personnel at these logistic units has been an ongoing issue since 2005.

At the conclusion of Task Order 3 the Iraqi Army was still incapable of independently maintaining its vehicles and equipment, and required continuing support from AECOM. As a result, Task Order 5 was awarded to AECOM to extend the period of performance

AECOM's ability to provide training under Task Order 5 was also limited, both because a sufficient number of Iraqi soldiers was not provided and because some of the soldiers assigned

lacked the education needed to benefit from the training. To address this, the MNSTC-I Commanding General sent a letter to the Iraqi Minister of Defense on July 22, 2007, requesting his assistance in remedying difficulties that the Iraqi-Coalition team was experiencing regarding the transition of maintenance operations to the Iraqi Army. After this letter, the Iraqi Army did provide some soldiers but only for training in information technology, which is vital for managing and tracking work orders, ordering parts, and maintaining a spare parts inventory. However, most of the soldiers provided for the training had little or no exposure to information technology or could not use AECOM's English language information system. AECOM has since updated its maintenance system and it is now in Arabic.

Given that Iraqi soldiers have not been trained, it is unclear whether the Iraqi Army will be able to maintain its equipment and vehicles over the long term after Task Order 5 expires. The Department of Defense Inspector General reported that as of May 2008 the Iraqi Army was not prepared to assume intermediate and organizational maintenance responsibilities, particularly for vehicles, and recommended that MNSTC-I take steps to address this shortfall.⁸ However, another Department of Defense report stated that the Iraqi Army's maintenance capability has shown signs of improvement as it has assumed greater responsibility from AECOM and has decreased its maintenance work orders backlog. However, the report did not specify the type of maintenance taken over from AECOM or the quality of the Iraqi Army's work.⁹

It also does not appear that the Iraqi Army can operate its supply system. A key factor in maintaining vehicles is a reliable inventory and supply management system. Developing a supply system was a part of both Task Orders 3 and 5, but the Iraqi Army still needs significant assistance in this area. SIGIR's review of the repair parts inventory management system found it was less than reliable. For example, one MNSTC-I official said that he found "shelf-stock levels to be grossly inaccurate, and the repair parts database to be significantly off the 98% accuracy rate required by the contract."

To date, MNSTC-I has transitioned 8 of the 10 Location Commands to Iraqi control, even though the Iraqi Army's ability to conduct maintenance operations and operate a supply system is questionable. According to MNSTC-I officials, they have been unable to get the Ministry of Defense to assume responsibility for the maintenance and supply systems. As a result, MNSTC-I has had to extend Task Order 5 through May 2009 so that AECOM could continue to provide support, and is currently working on plans to further extend Task Order 5 through November, 2009. These extensions are at MNSTC-I's expense.

As with Task Orders 3 and 5, AECOM was unable to provide training under Task Order 6 because soldiers did not report for training. Training is considered an essential element of the task order and "crucial to the health of the Iraqi maintenance system as it will enable the mechanics and supervisors to learn how to fix equipment while understanding proper shop flow. A by-product of this will be the Iraqis working to fix their own equipment. The training will enable the quest for the Iraqi Security Forces to achieve self-reliance." However, Iraqi soldiers

⁸ See Department of Defense Inspector General, *Assessment of Arms, Ammunition, and Explosives Accountability and Control; Security Assistance; and Logistics Sustainment for the Iraq Security Forces* (Report No. SPO2009-002, 12/19/2008).

⁹ See Department of Defense *Measuring Security and Stability in Iraq: September 2008*. Report to the Congress in accordance with Section 9010 of Public Law 109-289 and Section 9204 of Public Law 110-252 (9/26/2008).

only showed up for one 90-day training class, which started in March 2008. According to MNSTC-I officials, the soldiers who reported for training had not been paid for several weeks and most left without completing the training. Although AECOM officials say they are prepared to conduct training, no new soldiers have been assigned for training since the first class.

It could be difficult for the Iraqi Army to maintain the transferred armored HMMWVs over the long term without the training. According to some MNSTC-I officials, the Iraqi Army contends that it is capable of maintaining these vehicles and has been doing some maintenance already. In addition, some vehicle maintenance will occur at the unit level and the vehicles are extremely durable. However, given the importance placed on training in the task order and the Iraqi Army's vehicle maintenance problems reported by the Department of Defense Inspector General, it seems likely that the Iraqi Army will have some difficulty maintaining the vehicles without properly trained mechanics at the Location Commands. This situation underscores the need to obtain Iraqi commitment in advance of implementing logistics support strategies. If the Iraqi Army is unable to maintain these vehicles, the potential for considerable wasted effort and money under this task order is high. Moreover, SIGIR believes that if the Iraqi Army is not able to maintain these vehicles, it will lose the protection and mobility capabilities that these vehicles provide for counterinsurgency operations.

Task Order Oversight Has Improved Over Time

Management and oversight of the task orders began poorly but improved over time. Task Orders 3 and 5 had weaknesses, such as a lack of realistic performance metrics that made it difficult to successfully manage the contract. MNSTC-I also did not initially assign sufficient numbers of experienced personnel to provide oversight. As a result, task order costs and the risk of fraud and waste increased. MNSTC-I's management of Task Order 6, however, is greatly improved. Oversight was enhanced by placing more of the contract administration and oversight function closer to where service is being provided. The Defense Contract Management Agency also provided an on-site administrative contracting officer, and additional oversight was provided by fulltime, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These individuals provided a quality assurance and quality control element that was not available under Task Orders 3 and 5. Much of this was made possible by the improved security situation in Iraq

Numerous Management Weaknesses Hampered Fulfillment of Task Orders

We found the following management weaknesses in the three task orders:

- Task Orders 3 and 5 contained no realistic processes for measuring performance, such as metrics, making it difficult for the Army Contracting Command and MNSTC-I to objectively measure AECOM's performance. For example, task orders include no mechanism to determine how long certain repairs should take. In the U.S. military, the duration of different types of repairs are quantified in technical manuals or maintenance allocation charts in terms of the number of hours it takes to complete a repair. No such measure is used in either task order. Additionally, the contract calls for an 80% vehicle operational rate, but the rate was never enforced. This metric was subsequently dropped from Task Order 5 rather than modified to something realistic, which eliminated the main performance metric from the contract.
- Under Task Order 3, no records document contractor performance and few records document performance under Task Order 5.
- MNSTC-I personnel did not provide a quality assurance surveillance plan for Task Orders 3 or 5, according to a senior contracting official. The Federal Acquisition Regulation states that a quality assurance surveillance plan should be prepared in conjunction with the preparation of a contract's statement of work and should provide metrics to gauge contractor performance in terms of contract requirements. Without this plan, MNSTC-I personnel did not have a uniform process for evaluating AECOM's work.
- Other requirements were not thoroughly planned. Task Order 5 places responsibility for the success of the training program on AECOM and the Ministry of Defense even though the ministry is not a party to the contract and there is no agreement requiring it to participate in the training program.

- Some contract terms gave AECOM's subcontractor ANHAM, an incentive to be inefficient. For example, the task order includes Federal Acquisition Regulation clauses that allow ANHAM to add a 12.5% surcharge to the cost of the repair parts. Thus, ANHAM could make more money if they replaced rather than repaired parts or purchased parts unnecessarily. There was also no mechanism to validate the need for repair parts. As previously noted, SIGIR is continuing to review the support for repair parts purchases.
- Controls over repair part purchases were weak. For example, SIGIR found documentation showing that MNSTC-I officials questioned continued purchases of truck tires when sufficient stocks were on hand. Truck tire purchases are currently being reviewed by SIGIR's Investigation Directorate.

A Shortage of Experienced Personnel Limited Oversight of Task Orders 3 and 5

The Army Contracting Command and MNSTC-I did not have enough experienced personnel to properly oversee Task Orders 3 and 5. To ensure that the terms of the contracts were followed, both the Army Contracting Command and MNSTC-I needed to provide qualified personnel to perform oversight. Moreover, the personnel assigned to oversight roles needed to work together to ensure the AECOM was performing properly. This did not happen for several reasons, and as a result, work and equipment to be provided under the task orders were vulnerable to fraud, waste, and abuse.

The contracting officers for these task orders were located at Rock Island Arsenal, Illinois. None of them visited any of the 10 sites in Iraq where contract performance took place. For example, the initial contracting officer was also assigned to manage contracts in Afghanistan and was stationed there over two tours during the period of performance of Task Order 3, from June 2005 to January 2006, and again from November 2006 to January 2007. During the rest of the task order performance period, he was stationed in Illinois and did not travel to Iraq. One senior contracting official described the challenges of administering this highly complex contract as follows:

“It is difficult to manage large maintenance and supply contracts from half way around the world... The challenge was getting this logistics nightmare up and running, to stand up 10 maintenance facilities scattered throughout Iraq for over 13,000 pieces of equipment from all over the world, developing an authorized stockage list and prescribed load list, locating vendors, moving parts and equipment throughout Iraq, mostly in a hostile environment was the issue....Overall, the contract administration was not great.”

Communication between the contracting officers and the contracting officer's representatives (COR) was poor or nonexistent. The contracting officers' lack of presence in Iraq seemed to hinder their ability to communicate with the CORs. As the program manager, MNSTC-I was responsible for providing CORs to assist the Army Contracting Command with administering the task orders and monitoring AECOM's performance. SIGIR distributed questionnaires to 47 prior and current CORs who provided oversight for MNSTC-I on Task Orders 3 and 5 from 2005 through 2007. Of the 12 CORs that responded to SIGIR questions, several stated that they either

rarely or never spoke directly with the contracting officer or that the level of communication with the contracting officer was insufficient. Two CORs did not know who the contracting officer was.

The MNSTC-I COR's ability to oversee AECOM's performance was limited due to security. For example, at times, a COR could not visit a location command for up to three weeks, making it difficult to physically verify AECOM's work or to properly review invoices prepared by AECOM. Invoice reviews are a critical responsibility of a COR.

COR duties on these task orders were sometimes in addition to regular full-time responsibilities and in some cases comprised as little as 20% of overall duty time.

The CORs were generally not subject matter experts and could not provide technical advice. Generally a subject matter expert is selected to be the contracting officer's technical representative to provide technical advice. However, we were unable to identify any technical experts assigned to oversee Task Orders 3 and 5.

Many CORs reported that their computer-based online training was inadequate for overseeing complex maintenance operations and left them uncomfortable in their oversight roles.

Contract Management and Oversight Improved Over Time

The Army Contracting Command's and MNSTC-I's administration of the GMASS contract has improved. Many of the contract management and oversight problems with Task Order 3 and the early part of Task Order 5 were reported by the Army Contracting Command and MNSTC-I officials during the course of the audit or were observed by SIGIR during a visit to the HMMWV transfer facilities at Taji military base in October 2008. Some of the improvements can be attributed to the improved security situation in Iraq and the fact that AECOM's work on Task Order 6 is performed at one location. However, the Army Contracting Command and MNSTC-I have taken certain actions to improve oversight of Task Order 5 and support the success of the HMMWV transfer program under Task Order 6.

These measures have fostered a unity of effort between officials responsible for oversight. For example, under Task Order 5, MNSTC-I CORs are assigned to oversee AECOM at each of the 10 Location Commands. All of these CORs now all report to a senior COR at MNSTC-I headquarters in Baghdad and provide the senior COR with weekly and monthly reports on AECOM's production and personnel since October 2007 and have signed off on AECOM's work. The senior COR is responsible for communication and coordination with the contracting officer in Rock Island, Illinois, and for ensuring that information flows both ways.

The Army Contracting Command placed more specific performance requirements in Task Order 6. The task order has clearly defined performance metrics and specific contract requirements unlike Task Orders 3 and 5, which did not contain this material. With this specific information, MNSTC-I is better able to judge the quality of the work being performed. As noted, one of the metrics was AECOM's production rate of 400 vehicles per month. Task Order 6 also required AECOM to have a quality control program. From these metrics, the on-site COR was able to improve vehicle inspection procedures, which in turn improved AECOM's maintenance

procedures for refurbishing the armored HMMWVs. These procedures resulted in an increase in the overall performance of the program. AECOM's first time success rate for properly refurbishing HMMWVs increased to a rate of about 80 percent in September and October 2008, up from the 40 to 50 percent previously achieved.

Oversight of the Task Order 6 was also enhanced by placing more of the contract administration and oversight function closer to where the service is provided. The Defense Contract Management Agency assigned an administrative contracting officer to MNSTC-I rather than have this function managed from Rock Island. Additional oversight was provided by fulltime, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These experts provided a quality assurance and quality control element not available under Task Orders 3 and 5. This team conducted joint inspections with the AECOM contractors and provided input to the on-site COR for the inspection checklist that helped improve AECOM's output. This team reports its findings to the senior COR, who coordinates with the contracting officer.

Conclusions, Recommendation, and Lesson Learned

Conclusions

Moving forward with major contracts or task orders when participants' requirements and responsibilities are not clearly defined creates inherent program and cost risks. For these task orders, two major factors appear to contribute to cost growth: (1) The 161 modifications to the task orders seem to imply that MNSTC-I lacked a clear understanding of the Iraqi Army's needs and a strategy for achieving those needs when the task orders were issued. Work under the task orders appears to have evolved rather than planned. (2) The absence of an agreement with the Ministry of Defense on each party's responsibilities for developing an independent logistics system has delayed achievement of the task orders' goals. Soldiers did not report for training as MNSTC-I expected, resulting in a delay in transitioning responsibilities for maintenance and supply to the Iraqi Army and creating additional expense.

In terms of establishing maintenance facilities and providing maintenance services to the Iraqi Army, the task orders can generally be considered successful but with some room for improvement in management. However, providing maintenance services was just part of a larger strategy, which was to use the maintenance to train the Iraqi Army in organizational and intermediate maintenance so that it could operate independently. In terms of meeting this goal, work under the task orders did not achieve the total return on investment envisioned. This placed MNSTC-I in the position of having to make further investments since the Iraqi Army's maintenance capability did not develop as intended. The goal for MNSTC-I remains to assist the Iraqi Army in achieving logistics support independence with the minimal U.S. investment necessary to achieve that goal. Meeting that goal requires the Iraqi Ministry of Defense and MNSTC-I to reach agreement on the actions needed by both parties to accomplish the transition.

Uninterrupted oversight is essential to ensuring value in contingency contracts and task orders. The absence of performance measurement processes and metrics in Task Orders 3 and 5, coupled with insufficient oversight personnel in Iraq, created problems in successfully managing the contract. As MNSTC-I recognized and adapted to these problems throughout the task orders, MNSTC-I's control of Task Orders 5 and 6 significantly improved.

Recommendation

SIGIR recommends that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army. This agreement should identify each party's role and responsibilities, and identify a time line for achieving the goal.

Lesson Learned

Working closely with host-country government officials is essential in developing reconstruction projects and programs that can and will be accepted and maintained. When agreements cannot be reached, assessing the risk of increased costs and the failure to achieve objectives should be

an integral part of the program management decision-making process in any similar force development initiatives, such as Afghanistan.

Management Comments and Audit Response

MNSTC-I concurred with SIGIR's recommendation that it should negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army and that the agreement should identify each party's role and responsibilities, and identify a time line for achieving the goal. In our draft report, SIGIR recommended that future U.S. investment should be predicated on finalizing such an agreement. However, MNSTC-I noted that "unilateral termination of current projects in execution, or denial of future critical assistance, until receipt of a binding legal agreement is secured would potentially be a strategic error over time." SIGIR agrees with the concerns raised by MNSTC-I and the report's recommendation now only addresses the need to negotiate an agreement. However, SIGIR notes that the absence of an agreement continues the reliance on U.S. funds for maintenance of Iraqi Army equipment and urges that a high priority be placed on completing an agreement.

Appendix A—Scope and Methodology

This review was conducted to meet the requirements of Public Law 108-106, as amended, which requires the Special Inspector General for Iraq Reconstruction (SIGIR) to prepare a final forensic audit report on amounts appropriated or otherwise made available for the reconstruction of Iraq.¹⁰ The 2008 Defense Authorization Act extended this requirement to other funds, including the Iraq Security Forces Fund.¹¹ To fulfill this requirement, SIGIR has undertaken a series of audits examining major Iraq reconstruction contracts to identify vulnerabilities to fraud, waste, and abuse. To fulfill this requirement, SIGIR initiated this project in September 2008 (Project 8037) to review Task Orders 3, 5, and 6 under the Global Maintenance and Supply Services (GMASS) contract with AECOM Government Services, Inc. (AECOM). SIGIR's objectives for this report are to determine: (1) the costs of the three task orders, (2) the outcome of the three task orders; and (3) the adequacy of oversight.

To accomplish our objectives, we visited or held discussions with officials, and reviewed documents and data from AECOM, the Army Contracting Command, the Army Materiel Command, the Defense Contract Management Agency, and the Multi-National Security Transition Command-Iraq (MNSTC-I). Officials at these organizations included contracting officers, program managers, contracting officer representatives (CORs), and other personnel involved in the management and oversight of these contracts. We visited a Location Command and the HMMWV refurbishment site at Taji military base in November 2008 and again in March 2009. We also visited the Army Contracting Command's Rock Island Contracting Center in Rock Island, Illinois, in December 2008.

To determine costs we obtained and analyzed relevant contract, financial, and other information from these organizations. This information includes the basic contract, task orders, task order modifications, and invoices submitted by AECOM for work under the task orders. We reviewed and summarized contract obligations and expenditures data received from contracting officials and AECOM. We compared initial cost estimates and periods of performance with actual costs and status of performance.

We did not audit the Army Contracting Command's or MNSTC-I's process for reviewing and approving invoices. However, we gained an understanding of how this is done for Task Order 6 from the Defense Contract Management Agency. We also requested data from AECOM to support renovations to Location Commands, equipment and tools purchased, labor for repairs and maintenance, and parts purchased for Task Orders 3 and 5. The detailed cost data that AECOM provided was significantly less than the amounts billed under these task orders. Therefore, we were limited in our ability to determine the accuracy of the costs AECOM charged for the work it performed. SIGIR is continuing to analyze these costs.

¹⁰ Public Law 108-106, Emergency Supplemental Appropriations Act for Defense for the Reconstruction of Iraq and Afghanistan, 2004.

¹¹ Public Law 110-181, National Defense Authorization Act for Fiscal Year 2008, January 28, 2008, extended requirements in P.L. 108-106 to the Iraqi Security Forces Fund, which provides money for the generation, equipping, and training of the Iraqi Security Forces.

To determine outcomes of the contract, we obtained and analyzed relevant programmatic documents and other information on AECOM's performance. These sources included MNSTC-I and AECOM weekly and monthly progress reports on the work performed, and Department of Defense quarterly reports to the Congress, and prior audit reports relevant to the work being performed. We also observed inspection and repair work of HMMWVs by AECOM for Task Order 6 during visits to Taji military base. Our work on Task Orders 3 and 5 was limited because few records were maintained documenting AECOM's performance and few personnel with historical knowledge of the contract were available due to high turnover of both government and contractor personnel. We were also limited in our ability to observe work being performed at all of AECOM's maintenance sites due to travel difficulties.

To determine the adequacy of contract management and oversight, we obtained and analyzed relevant contract documents and quality assurance reports from contracting officer representatives. Additionally, we reviewed relevant portions of the Federal Acquisition Regulation and government internal control standards applicable to the GMASS contract and the three task orders. To understand MNSTC-I's process for overseeing Task Order 6, we met with officials on site and toured the HMMWV facility during our visit to Taji military base. We identified 47 former MNSTC-I CORs for Task Orders 3 and 5 and queried them about their experiences on these task orders. We received responses from 12 CORs (about 26%) to a questionnaire we provided, which is indicative of the difficulty we had in identifying and contacting personnel with historical knowledge of Task Orders 3 and 5. We were also limited on this objective by a lack of documents and our inability to visit additional sites to observe how MNSTC-I provides oversight of Task Order 5 due to travel difficulties.

We performed our work in Arlington, Virginia, and Baghdad, Iraq. We performed the audit for this report under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended. We conducted this performance audit from September 18, 2008, through April 6, 2009, in accordance with generally accepted government auditing standards. The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our results based on our audit objectives. Based on those objectives, we believe that the evidence obtained provides a reasonable basis for our results.

Internal Controls

In conducting the audit, we assessed certain internal controls pertinent to the audit objectives regarding the administration and oversight of AECOM's contracts. Specifically, we identified and reviewed internal and management control procedures for contract oversight and for monitoring and evaluating AECOM activities in the field. To do this, we relied on available reports in the contract file and discussions with key oversight officials to understand either the Army Contracting Command's or MNSTC-I's internal controls. We also did not examine AECOM's internal management and financial control systems.

Reliability of Data from Computer-Based Systems

We did not use data from computer-based systems to perform this audit. Instead, we used financial data provided by contracting personnel to achieve the audit's objectives. To determine

the reliability of the data provided, we cross-checked the data provided with other documents in the GMASS contract files. SIGIR determined that this data was the best available for purposes of our review.

Compliance with Laws and Regulations

Our review of compliance with laws and regulations was limited to relevant sections of the Federal Acquisition Regulation.

Prior Reports

We reviewed the following applicable audit and oversight reports issued by SIGIR, the U.S. Government Accountability Office, and the Department of Defense:

Special Inspector General for Iraq Reconstruction

Iraqi Security Forces: Review of Plans to Implement Logistics Capabilities (SIGIR-06-032, 10/28/2006).

U.S. Government Accountability Office

Operation Iraqi Freedom: DoD Assessment of Iraqi Security Forces Units as Independent Not Clear Because ISF Support Capabilities Are Not Fully Developed (GAO-08-143R, 11/30/2007).

Department of Defense

Assessment of Arms, Ammunition, and Explosives Accountability and Control; Security Assistance; and Logistics Sustainment for the Iraq Security Forces (Department of Defense Inspector General Report SPO2009-002, 12/19/2008)

Measuring Security and Stability in Iraq: September 2008. Report to the Congress in accordance with Section 9010 of Public Law 109-289 and Section 9204 of Public Law 110-252 (Department of Defense, 9/26/2008).

Appendix B—Task Orders Issued under the GMASS Contract

Six task orders were issued under the GMASS contract. Of these, three were for work in Iraq as described in this report and were funded with the Iraqi Security Forces Funds. The other three task orders were funded through the Department of Defense’s Operations and Maintenance Fund. The six task orders are shown in table 2.

Table 2—Task Orders Issued Under the GMASS Contract with Total Funding as of January 31, 2009

Task Order	Purpose	Award Date	Funding Source	Amount Funded
Task Order 1 ^a	General Maintenance and Supply Services Liaison Support	10/29/2004	Operations & Maintenance	\$850,738
Task Order 2 ^b	Vehicle Maintenance and Support Services at Baghram Air Base, Afghanistan	4/29/2005	Operations & Maintenance	270,881,010
Task Order 3	Renovate Iraqi Army Location Commands, Repairs and Maintenance of Iraqi Vehicles and Equipment, Parts Supply, Training and Transition	5/19/2005	Iraqi Security Forces Fund	353,473,842
Task Order 4 ^c	Build Two U.S. Brigade Combat Team Sets (One at Ft. Riley, Kansas, and one at Fort Hood, Texas)	2/13/2007	Operations & Maintenance	7,161,073
Task Order 5	Repairs and Maintenance of Iraqi Vehicles and Equipment, Parts Supply, Training and Transition	6/1/2007	Iraqi Security Forces Fund	192,718,124
Task Order 6	Facility Upgrades, Inspect and Repair Only as Necessary Up to 8,500 Armored HMMWVs, Parts Supply, and Training	1/7/2008	Iraqi Security Forces Fund	81,999,967
Total				\$907,084,754

Notes:

^a Includes information through modification 8.

^b Includes information through modification BQ.

^c Includes information through modification 7.

Source: SIGIR analysis of contract documents and cost data

Appendix C—Modifications for Task Orders 3, 5, and 6 under the GMASS Contract

Task Orders 3, 5, and 6, were modified many times. Task Order 3 was modified 80 times, Task Order 5 was modified 60 times, and Task Order 6 was modified 21 times. SIGIR identified four types of contract modifications; (1) funding increases for work performed by AECOM, (2) funding increases for extensions of the period of performance, (3) funding decreases for excess funds, and (4) administrative costs such life support and subcontractor billings. The modifications are listed in table 3.

Table 3—Modifications for Task Orders 3, 5, and 6 under the GMASS Contract with Total Obligations as of March 31, 2009 (\$ millions)

Category of Modification	Modification Number	Funding Increase/(Decrease)
Task Order 3		
Increase Funding	Basic Task Order, 1, 2, 5, 8, 10, 13, 14, 18, 19, 21, 25, 26, 31, 42, 52, 56	\$344.75
Increase Funding to Extend Period of Performance	45—One month extension from 12/31/2006 through 1/31/2007 ^b	20.00
	49—Extension from 2/01/2007 through 3/30/2007 ^c	40.00
	56—Extension from 4/1/2007 through 5/31/2007	N/A
	58—Funding for Option Period 3 Extension	11.00
	61—Full Funding for Option Period 3 Extension	10.50
	63—Additional Funds to Cover Maintenance and Supply Costs ^d	4.50
Decrease Funding	6, 11, 12, 16, 41, 80	(77.27)
Administrative	3, 4, 7, 15, 17, 20, 22, 24, 30, 60, 64, 70	N/A
Reallocation of Funds Among contract line items	9, 27-29, 32-40, 43, 44, 46-48, 50, 51, 53-55, 57, 59, 62, 65-69, 71-79, 81 ^e	N/A
Subtotal^a		\$353.48
Task Order 5		
Increase Funding	Basic Task Order, 10, 11, 15, 17, 18, 21	\$73.18
Increase Funding or to Extend Period of Performance	20—Extend from 12/1/07 to 5/31/08	63.62
	37—Extend from 6/1/08 to 11/30/08	32.33
	43—Increase scope and funding	2.39
	47—Increase funding	.02

Category of Modification	Modification Number	Funding Increase/(Decrease)
	50—Increase funding	.01
	53—Extend from 12/1/08 to 5/31/09	6.80
	57—Increase funding	13.42
	58—Increase funding	.95
Administrative	1-8, 12-14, 16, 19, 26, 28, 33, 35, 36, 54	N/A
Reallocation of Funds Among contract line items	9, 22-25, 27, 29-32, 34, 38-42, 44-46, 48, 49, 51, 52, 55, 56, 59, 60	N/A
Subtotal^a		\$192.72
Task Order 6		
Increase Funding	Basic Task Order, 12, 19	\$82.00
Administrative	1, 3, 4, 5, 9, 10, 13, 17, 18, 21	N/A
Reallocation of Funds Among contract line items	2, 6, 8, 11, 14, 16, 20, 7, 15	N/A
Subtotal^a		\$82.00
Total^a		\$628.20

Notes:

N/A = Not applicable

^a Totals may be off due to rounding.

^b Modification 45 provided \$10.50 million for the option period extension; \$9.5 million was to cover invoices from the prior period.

^c Modification 49 provided \$21.00 million for the option period extension; \$19 million was to cover invoices from the prior period.

^d Funds added on Modification 63 were removed on Modification 80.

^e Modification 23 was not used, therefore there are a total of 80 modifications for Task Order 3.

Source: SIGIR analysis of contract documents and cost data.

Appendix D—Iraqi Army Location Commands and Maintenance Facilities

The Iraqi Army’s 9 Location Commands and the maintenance facility at BIAP are currently operated by the Iraqi Army with assistance from AECOM under task order 5 and MNSTC-I advisory personnel (see Figure 3). Additionally, the repair facility for refurbishing HMMWVs is also located at Taji military base.

Figure 3—10 Iraqi Army Location Commands and Maintenance Facilities



Source: SIGIR map of Iraq. MNSTC-I provided data on location commands and maintenance facilities.

Appendix E—Management Comments

SIGIR DRAFT REPORT – DATED April 9, 2009
SIGIR 09-014 / SIGIR Project No. 8037

**“SECURITY FORCES LOGISTICS CONTRACT EXPERIENCED CERTAIN COST,
OUTCOME, AND OVERSIGHT PROBLEMS”**

**MNF-I COMMENTS
TO THE DRAFT REPORT**

RECOMMENDATION (Page 16, SIGIR -09-014, April 9, 2009 [Draft])

SIGIR recommends the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army. This agreement should identify each party's role[s], responsibilities, and identify a time line for achieving the goal. Any continued U.S. investment should be predicated on [the] finalizing such an agreement.

MNF-I RESPONSE:

MNSTC-I partially concurs with the recommendation provided in this report.

We concur that an agreement to formally transition responsibility for the Iraqi maintenance program should be made with the GoI. We also agree that for this proposed agreement to be successful, each party must have a clear understanding of their roles, responsibilities, and requirements, accompanied by an agreed upon time line for implementation and execution.

We non-concur with the recommendation, “U.S. investment should be predicated on finalizing such an agreement.” Unilateral termination of current projects in execution, or denial of future critical assistance, until receipt of a binding legal agreement is secured would potentially be a strategic error over time.

MNSTC-I will continue to work diligently towards transitioning full responsibility for Iraqi Army maintenance activities to the Government of Iraq. MNSTC-I will work with senior leaders of both nations to secure this agreement while balancing existing obligations in the best interest of both nations.

APPROVED BY:
Name: David C. Coburn
Rank, Service: COL, USA
Title: Chief, I-3

PREPARED BY:
Name: Donald L. Haley
Rank, Service: MAJ, AG
Organization, Phone No: J-8, 852-1959

APPROVED BY:
Name: Harry C. Glenn III
Rank, Service: COL, USA
Title: MNSTC-I Chief of Staff

Appendix F—Acronyms

Acronym	Definition
COR	Contracting Officer Representative
GMASS	Global Maintenance and Supply Services contract
HMMWV	High Mobility Multi-purpose Wheeled Vehicle
MNSTC-I	Multi-National Security Transition Command-Iraq
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix G—Audit Team Members

This report was prepared and the review was conducted under the direction of David R. Warren, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the audit and contributed to the report include:

Kenneth J. Bowen

Walter J. Franzen

Paul J. Kennedy

Richard R. Kusman

Nancee K. Needham

Jack A. Van Meter

Jason Venner

<p>SIGIR's Mission</p>	<p>Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:</p> <ul style="list-style-type: none"> • oversight and review through comprehensive audits, inspections, and investigations • advice and recommendations on policies to promote economy, efficiency, and effectiveness • deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse • information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports
<p>Obtaining Copies of SIGIR Reports and Testimonies</p>	<p>To obtain copies of SIGIR documents at no cost, go to SIGIR's Web site (www.sigir.mil).</p>
<p>To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs</p>	<p>Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline:</p> <ul style="list-style-type: none"> • Web: www.sigir.mil/submit_fraud.html • Phone: 703-602-4063 • Toll Free: 866-301-2003
<p>Congressional Affairs</p>	<p>Hillel Weinberg Assistant Inspector General for Congressional Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone: 703-428-1059 Email: hillel.weinberg@sigir.mil</p>
<p>Public Affairs</p>	<p>Daniel Kopp Director of Public Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone: 703-428-1217 Fax: 703-428-0818 Email: PublicAffairs@sigir.mil</p>