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**THE USE OF SERVICE CONTRACTS IN SUPPORT  
OF WARTIME OPERATIONS AND OTHER CONTINGENCIES**

**BEFORE  
THE COMMISSION ON WARTIME CONTRACTING  
APRIL 19, 2010**

## INTRODUCTION

Chairman Thibault, Chairman Shays, distinguished members of the Commission: I am honored to have the opportunity to represent AECOM Government Services before the Commission and discuss our experience with contingency contracts in support of the U.S. government in Iraq and Afghanistan. AECOM takes its responsibilities as a U.S. government contractor very seriously. AECOM and its predecessor companies have over 60 years' of experience supporting the missions and policies of the U.S. government in times of peace and war at the direction of civilian agencies, theater commanders and contracting officers.

Our contractual roles in Iraq and Afghanistan have centered on institution strengthening, capacity building and infrastructure development for the people of those countries. As a major government contractor, AECOM strives in its work to transfer the knowledge, expertise and best practices it has acquired as a world leader in professional technical and management support services in key end markets including facilities, transportation, environmental, energy, water and government. AECOM is committed: (1) to excellence by producing outstanding results in the face of war zone challenges and (2) to accountability if our efforts fall short of our standards or those of our customers.

AECOM Technology Corporation, the parent of AECOM Government Services, is a global provider of professional technical and management support services in key end markets including facilities, transportation, environmental, energy, water, and government. Industry rankings of architectural, engineering and program management firms consistently rank the company as number one or two in a broad range of end markets and technical disciplines.

This testimony today provides an overview of AECOM, its government operations, our experiences in Iraq and Afghanistan and some of the key issues challenging both contractors and their customers in their efforts to support the U.S. government's mission and policies.

### **AECOM Technology Corporation**

AECOM provides a blend of global reach, local knowledge, innovation, and technical excellence in delivering solutions that enhance and sustain the world's built, natural, and social environments. A *Fortune 500* company, AECOM serves clients in more than 100 countries and had revenue of \$6.1 billion during the 12-month period that end December 31, 2009. Approximately 27 percent of AECOM's current revenues are derived from services to the U.S. federal government with the remainder of revenues from commercial and non-U.S. federal government projects. A list of AECOM's major U.S. government contracts in Iraq and Afghanistan is attached as Appendix A.

More than half of AECOM's employees are located outside the United States. Thanks to this global presence with approximately 45,000 employees in over 100 countries, AECOM provides its customers access to exemplary processes and business practices derived from striving for global excellence.

### **AECOM Government Services**

AECOM Government Services (AGS) is headquartered in Ft. Worth, Texas and performs the contingency support service contracts under review by the Commission. AGS has revenue of approximately \$1 billion and has performed contracts in Iraq and Afghanistan since 2005.

AGS is part of the AECOM Federal Services Group (FSG) which manages AECOM's U.S. federal government client accounts by providing strategic oversight to ensure AECOM meets the performance expectations and compliance requirements of its federal clients. AECOM's work on behalf of federal clients is centralized in the Federal Services Group which has established specific processes and procedures through its Federal Contracts and Procurement staff (FCAP) and other contracting professionals to track major federal bids and pursuits to ensure compliance with relevant laws and regulations.

A key component of this system is review for organizational conflicts of interest (OCI) issues to identify, disclose, avoid, neutralize and mitigate possible perceived or actual OCIs, and AECOM has developed a comprehensive OCI Mitigation Plan that may be adopted and modified to address specific issues and projects.

Similarly, FSG processes help ensure compliance with TINA, FAR, export control and other regulatory requirements. Moreover, the AECOM Federal Services Group recently circulated guidance relating to the Office of Management and Budget's (OMB) draft policy on inherently governmental functions and will update this guidance when OMB finalizes it.

AGS supports the Department of Defense and other government agencies with program management, operations and maintenance, logistics, contingency operations, and a broad spectrum of technical services for their missions at home and abroad. AGS has brought AECOM's expertise to bear on key contracts in theater in both Afghanistan and Iraq. AGS currently manages over 250 people in Iraq after significant downsizing and nearly 2,300 in Afghanistan.

This work in particular illustrates several key AECOM values—agility, excellence and innovation. In times of conflict, the missions and field tactics of military commanders and their supporting contracting officers require flexibility and agility to ensure that the U.S. military's critical missions are fully supported. AGS and AECOM are committed to excellence by producing outstanding results in the face of war zone challenges and

changing battlefield needs, and AECOM has been accountable whenever our efforts fall short of our standards or those of our customers.

## **IRAQ FOOTPRINT**

The AGS business footprint in Iraq is markedly different than many of its competitors. While we have operated in Iraq on US government contracts, the majority of our work has been performed primarily in support of the Iraqi people on either military or civilian Iraqi facilities rather than US government installations. We consider much of our work as knowledge transfer to the Iraqi people in that we predominately employ Iraqi citizens to perform traditional logistics, operations and maintenance programs as well as institutional strengthening, benefiting peacekeeping and quality of life within Iraq.

The most significant contingency contracts AECOM has performed in Iraq include the following:

- **National Maintenance Contract/IAMP.** On a competitively awarded contract, we have developed the vehicle maintenance capability for the Iraqi Armed Forces (IAF) on a series of competitively bid contracts since 2005 and have gradually turned over operations to the IAF as it built its capacity to transition to self-sustainment. At its peak, this contract employed more than 1,000 Iraqi staff.
- **Taji National Depot Integrator Contract .** AECOM is completing a competitively awarded prime contract to establish the Taji National Maintenance Depot where we acquired and installed the equipment to establish the depot. We also established the Taji Vocational Institute where we have trained over 800 Iraqi soldiers in depot maintenance and management as the program moves to limited low rate depot production entirely staffed by Iraqi soldiers.
- **M1114 Transfer Program.** Another premier program for AECOM is the M-1114 project that refurbished US- owned Humvees that were turned in by US soldiers as the MRAP was fielded. AECOM refurbished the HMMWVs to serviceable condition for issue to the IAF and the MOI forces to give them a superior fighting vehicle. We completed this contract and produced over 7500 vehicles on time and on budget, utilizing over 500 Iraqi staff managed by a small expat contingent of 46 personnel.

On all of these projects, we had Shia, Sunni, and Kurds cooperatively working together without incident. We properly vetted them, paid them a fair wage, provided them with safe working and living conditions and transferred AECOM's knowledge and expertise.

## **AFGHANISTAN FOOTPRINT**

In Afghanistan, AGS has performed maintenance and supply operations since 2005 starting with a small workforce supporting the Army Sustainment Command at

Bagram with 200 personnel. The most significant contingency contract for AECOM was competitively awarded in 2005 and again on re-compete in 2010. This contract has surged with the increase in U.S. forces and AECOM was recently awarded a follow-on competitively awarded contract that now numbers in excess of 2,000 personnel, including expats, TCNs and local nationals with main operations at Bagram and Kandahar and 27 forward operating bases.

AECOM's international development group is a prime contractor to USAID in Afghanistan working on civil service reforms, local government enhancement and alternative economic opportunities. Again, our work has focused on building local capacity and transferring AECOM's knowledge and expertise to the Afghans. Our international development business, our capabilities and our mission are closely aligned with the Obama administration's focus on the use of smart power as a key component of U.S. foreign policy and national security. We are proud to serve our country and believe our work and conduct must always reflect the trust and confidence placed in us by our customers.

#### **AECOM CORE VALUES**

AECOM's service to our customers is driven by AECOM's core values and Code of Conduct. AECOM's primary core value is integrity. We are committed to excellence and integrity along with our other core values in everything that we do. A key component of such effort is to learn from our mistakes, hold ourselves accountable, and thus improve our processes continuously.

We have grown rapidly and responded to our customers' needs. While one mistake is too many, we are trying to drive to a performance standard during wartime that is rightfully demanded by our customers of a world-class company. We have always partnered with our customers, primarily the Rock Island Contracting Center (RICC), to address issues proactively. As noted in a Special Inspector General Iraq Reconstruction (SIGIR) report, prior to their investigation, we credited the contract to correct billing mistakes that we found two years before SIGIR. More specifically, AECOM self-identified potential overbillings and brought them to the attention of RICC. AECOM and RICC then successfully worked as a team to re-audit the invoices on a line by line basis. Based upon an extensive cooperative review, a full credit of all overpayments was made to the government in June 2007 more than two years before the SIGIR audit in resolution of absolutely every issue raised by the SIGIR Report. The SIGIR report has not identified any potential recovery other than that which was credited by AECOM over two years ago.

As stated above, AGS and AECOM are committed to accountability and excellence by producing outstanding results in the face of war zone challenges, changing battlefield needs and priorities. We have proactively developed management performance metrics such as production, health and safety and other management indicators, that we

openly share with our customers to ensure that we are tracking and monitoring the objectives that are most important to them.

On the M-1114 project, we achieved a 97% first time pass rate on vehicles presented for final acceptance. In Afghanistan, we self-report productive time for our workforce and set goals for maintaining a high level of productivity, in spite of the many natural impediments that occur in a wartime operational environment. We actively promote Lean Six Sigma initiatives on our projects to improve efficiency and reduce costs and we have had some tangible success. In Afghanistan we have documented in excess of \$11 million in cost savings and cost avoidance by partnering with our customer to increase productivity and efficiency on the supply and maintenance support contract with the Army Sustainment Command.

We recognize our contractual obligations in every respect and openly share information with RICC, DCMA, DCAA, and our end user, the war fighter. AECOM maintains a toll-free hotline available world-wide to all employees with multiple language capability. In addition, AECOM Ethics and Compliance and Internal Audit conduct regular reviews of business operations.

## **AECOM ETHICS & COMPLIANCE**

AECOM's core values and Code of Conduct guide our culture and actions while our internal systems provide the framework to perform successfully for our customers and to enable good governance and compliance. AECOM has a strong and comprehensive ethics and compliance program that applies without exception to its approximately 45,000 employees operating in over 100 countries.

AECOM's Code of Conduct (the Code) addresses the professional, ethical, financial, and social values of AECOM and represents the commitment of AECOM and its employees to our clients, shareholders, partners, and the communities in which AECOM employees live and work. AECOM requires its employees, officers and directors to read and understand the Code and its application to the performance of his or her business responsibilities. The Code is available currently in nine languages with others being added to accommodate AECOM's international activities. As part of AECOM's enhanced performance management process, employees will be required to certify their understanding and compliance with the Code as part of their annual performance review.

As expressly noted in the Code, AECOM employees must personally abide by the Code, not assist others in violating the Code and report any perceived violation and/or request that might constitute a violation, utilizing the procedures outlined in the Code and myAECOM, the company intranet. Our employees are required to complete training on the Code, and other subjects as notified, in a timely manner. Conflicts of interest are specifically addressed in the Code and in a detailed OCI policy applicable to company operations, including mergers and acquisitions. Foreign Corrupt Practices

Act compliance is specifically addressed in AECOM's Global Ethical Business Conduct policy.

AECOM expects its consultants and subcontractors to adhere to similar ethical standards as described in the Code. If any employee becomes aware of any activity involving the conduct of consultants or subcontractors that violates the principles of the Code, the Code obliges them to disclose such activity. In keeping with AECOM's commitment to excellence and accountability, in cases in which employees have exercised poor judgment and deviated from the conduct set forth in the Code or the policies adopted by AECOM, rapid and decisive action was taken, including discharge and referral to appropriate government authorities when appropriate.

### **PERSPECTIVES ON GOVERNMENT PROGRAM MANAGEMENT IMPROVEMENT**

We believe that our customers are also fully committed to excellence and accountability and are striving to support our war fighters and deliver good value to taxpayers. One suggestion is for further improvement of mechanisms for oversight of service contracts, including greater integration across various contracting commands and auditing agencies. We have also, on occasion, encountered oversight staff that may be limited in experience and subject to high turnover which could impact the government's development of performance work statements as well as subsequent oversight. We hope that the Commission's work can have a direct impact on easing this burden by increasing funding for training and recruitment in this key area.

We recognize that our primary customer, Rock Island Contracting Center (RICC) has added additional staff and created a productive office environment to meet the challenges of ongoing mission support for LOGCAP, ASC requirements, plus the Reachback Division for JCC-I/A and Kuwait. This enhanced capability will provide greater continuity than in the past. For example, our Taji National Maintenance Depot contract, which is managed solely by JCC-I/A, has had six PCOs, six PMOs, five ACOs and seven CORs on a complex contract with many issues within two years.

We also encourage the government to increase the detail and specificity in work scope requirements and performance expectations as defined within the contract. While we recognize the pace of wartime requirements and the very nature of contingency contracting, we believe that particular focus on these elements will provide a solid foundation for contract management and performance auditing. Again, we hope that the Commission's work can be the basis for additional training and recruitment of qualified technical writers and contracting personnel.

## CONCLUSION

Thank you again for the opportunity to participate in this hearing. I look forward to your questions, comments and insights on how service contractors support the U.S. government in Iraq and Afghanistan. AECOM is committed to the transfer of its experience, knowledge and practices to its worldwide customers, government and commercial, and to excellence and accountability in all of its activities.

### Appendices:

- Appendix A: Major AECOM Iraq & Afghanistan contracts
- Appendix B: Jay Ward Bio