

STATEMENT BY
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BEFORE THE
COMMISSION ON WARTIME CONTRACTING
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I. Introduction

Chairman Thibault, Chairman Shays, and Members of the Commission: thank you for the opportunity to testify. My name is Perry Dalby (Major General, U.S. Army, Retired) and I am the General Manager of Tamimi Global Company, Ltd., a part of the Tamimi Group.

A. The Tamimi Group and Tamimi Global Company, Ltd.

Tamimi Global Company, Ltd. (Tamimi Global) is one entity of the Tamimi Group. The Tamimi Group is based in Saudi Arabia and has been in operation for nearly 60 years. The Tamimi Group is made up of 37 companies. It was established in 1953 by its late founder and Chairman, Sheikh Ali A. Tamimi, to perform construction and commercial contracting. During the intervening years, the Tamimi Group has expanded into many other fields of operation. Today, its activities include real estate, hotel operations, catering and life support, operation and maintenance, and construction. The Tamimi Group employs over 24,000 people of more than 28 different nationalities. The Tamimi Group operates not only in Iraq but also in the Kingdom of Saudi Arabia, Bahrain, Qatar, Kuwait and the United Arab Emirates.

Other Tamimi Group divisions have established commercial relationships with major U.S. companies. The Tamimi Group takes great pride in its partnerships both with American companies and with the U. S. Government. To that end, the Tamimi Group and its subsidiaries - including Tamimi Global - seek to comply fully with U.S. Government regulations.

B. Tamimi Global's Commitment to the United States

Tamimi Global is especially proud of its nearly 20 year partnership with the U.S. Armed Forces. During this time, we have provided more than 600 million meals to U.S. service members, Coalition forces, U.S. Government personnel, other contractors, and Iraqi service members. With great pride, we have served U.S. troops during Operation Desert Shield, Operation Desert Storm, Operation Desert Farewell, Operation Vigilant Warrior, Operation Desert Thunder, Operation Desert Fox, and Operation Iraqi Freedom/Operation New Dawn.

Tamimi Global is uniquely qualified to support rapid U.S. military mobilization, because we are a regional company with the capability and experience to provide life support services on a large scale. In 1991, we set up fully functional food service operations for U.S. troops in the field with only 72 hours' notice. More recently, during the height of Operation Iraqi Freedom, Tamimi Global was able to provide the U.S. military with more than 1 million meals per day. These mass mobilizations of meals would not have been possible without Tamimi Global's considerable regional logistical capacities, depth of experience in the field of catering and life support, financial commitment, and dedicated, hardworking employees.

Tamimi Global has repeatedly and reliably supported the U.S. mission in Iraq, even in the face of adversity. Our commitment has remained strong, even though our

company has been threatened by terrorists because of our affiliation with the U.S. military. We provided food service to U.S. troops in and around Fallujah when other contractors did not. Since July 2003, seven of our employees have lost their lives in Iraq. Nine other Tamimi Global employees have suffered extensive injuries in the field as the result of insurgent actions.

C. Tamimi's Compliance Efforts

We are proud of our compliance efforts. The foundation of the Tamimi Group's work is its commitment to ethics and compliance. This is true of both its commercial partnerships with U.S. companies and its support of the U.S. military. Tamimi Global is particularly proud of its comprehensive Code of Business Ethics and Conduct. Our Code is based on the Federal Acquisition Regulation, and it is administered and supported by our skilled management team. Tamimi Global has established an Ethics and Compliance Committee. I serve as Committee Director. Tamimi Global has established a compliance hotline for employees to report possible violations. We also have retained an outside specialist in U.S. Government procurement and corporate compliance to evaluate and monitor our compliance program.

Tamimi Global's commitment to compliance is much more than mere words. Tamimi Global has worked diligently to modernize, strengthen and enforce its administrative and operational procedures. The U.S. Government has recognized Tamimi Global's responsibility with the award of each new contract. We have consistently met contract performance expectations during our 20 year relationship with the U.S. Government.

It is my understanding that the Commission is interested in Tamimi Global's experience as a subcontractor in a contingency environment.

II. Common Challenges: Business System Requirements, the Contingency Environment, and Recommendations

A. Business System Requirements

We at Tamimi Global understand that effective business systems are central to the efficient and ethical completion of contract and subcontract work for the U.S.

Government. Tamimi Global would not have grown to become the company it is without sound and effective business systems and practices. We also understand that, as subcontractors, it is incumbent upon us to act diligently and proactively to improve and implement good business systems. Tamimi Global has developed and implemented business systems that include accounting and finance policies, practices, and internal controls. These are all designed to promote transparency and efficiency in Tamimi Global's contracts and subcontracts.

Tamimi Global's contracts and subcontracts in the region are fixed price contracts generally awarded based on competition with other companies, thereby assuring that the prices are fair and reasonable. In other cases, the U.S. Government or prime contractor often conducts price analysis to verify the reasonableness of prices. Government price analysts compare these proposed prices to similar market prices and price lists. The Government also reviews previously proposed prices and analyzes prices obtained through market research. In some instances, the Government has established its own estimate of the services being provided. Prime contractors, similarly, may be charged with reviewing subcontractor pricing. Tamimi Global appreciates the vital importance of full cooperation with the U.S. Government and with prime contractors in this work.

Tamimi Global notes that problems can arise when either the U.S. Government or the prime contractor conducts a review or audit based on an inconsistent approach, or

what we would respectfully suggest is an improper interpretation of the generally accepted Government auditing standards. For example, in most cases, a prime contractor's own business systems may apply primarily to cost reimbursement contracts. By contrast, like many subcontractors, Tamimi Global's accounting and financial systems are designed for products or services that are fixed price in nature, with different record keeping and accounting requirements.

B. The Contingency Environment

As this Commission is well aware, the wartime environment presents unique challenges. Tamimi Global is almost always called upon to provide support 24 hours a day, 7 days a week, including holidays, with minimal advance notice as to changes in the U.S. Government's requirements.

Subcontractors sometimes receive conflicting or no guidance from prime contractors and U.S. Government representatives. Additionally, the ability of local military commanders to utilize their chain of command is sometimes complicated by communication problems between Government representatives and prime contractors, and between prime contractors and their subcontractors.

C. Recommendations

Some of the problems referred to above are inevitable consequences of the contingency environment. Others are problems that we believe can be remedied if the U.S. Government, prime contractors and subcontractors cooperate to resolve them. We make the following recommendations.

First, there must be frequent and open communication between the U.S. Government and prime contractors, and between prime contractors and their subcontractors. Government employees responsible for interfacing in the field with

prime and subcontractors should be available to promptly resolve the inevitable questions about detailed contract requirements and contract administration issues. Similarly, representatives of prime contractors and subcontractors should be available to one another and to the U.S. Government. Communication is key. In a high-risk environment, circumstances often make it impossible to schedule meetings in advance. Circumstances may change repeatedly, even hourly. The availability of individual employees to answer quick questions and provide constructive guidance is central to success.

Second, the transportation of equipment, supplies and personnel is complicated when we are not provided with appropriate security. If provided with better security along transportation routes, both the risk to subcontractors and the cost of their subcontracts would be reduced.

Third, funding for the prime contract often is delayed while the Government and the prime contractors are definitizing task orders. Meanwhile the subcontractor has to continue to perform. In many cases this lag in funding requires Tamimi Global to finance the Government procurement and perform for 3 - 6 months without being paid. We face enormous financial risk with fixed price subcontracts in a contingency environment. This reality often is not fully appreciated from the perspective of a cost-reimbursable prime contractor or the U.S. Government.

Fourth, there should be standardized pre-qualifications for subcontractors. The Government's goal of promoting competition for contracts in order to obtain the best prices is understandable. However, the Government and prime contracts have sometimes awarded work to companies that have little or no past experience in the food

service industry. At a minimum, pre-qualification should be required to ensure that standard of quality and performance will be met.

Finally, when contracting and subcontracting procedures are well-understood and all parties approach them in good faith, the potential for misapplication of relevant rules at the subcontractor level is reduced. We support the efforts of U.S. Government contracting personnel and auditors to carry out their mission. It is important that the Government promote consistent interpretations of the rules for its personnel and contractors to use.

While it is impossible to plan for every contingency, recommendations such as these can help make the process of subcontracting in this environment simpler and more transparent.

III. Promoting Responsibility: Our Compliance, Ethics, Safety and Anti-Trafficking Programs

A. Tamimi Global's Compliance and Ethics Programs

Tamimi Global has established a robust compliance program. We have a strong code of conduct, and a team dedicated to the effort. We also have implemented training programs with the objective of preventing misconduct.

One of my responsibilities is to oversee Tamimi Global's contracts in this region and to ensure that the company is taking the steps necessary to be fully compliant with all applicable laws and regulations. In addition to my other duties, I serve as Director of Tamimi Global's Ethics and Compliance Committee, which is responsible for the Company's compliance with U.S. Government laws and regulations and Tamimi Global's performance of contracts and subcontracts.

The Committee is composed of program, legal, contracting and accounting personnel who have oversight of U.S. Government contracts and subcontracts. It reports directly to the Vice President and Managing Director of the Company. Its members include me, a Corporate Office Representative, an Ethics Ombudsman, a Contract Compliance Advisor, a Finance and Accounts Advisor, and a Legal Adviser.

B. Our Human Rights and Anti-Trafficking Programs

Tamimi Global has implemented a comprehensive policy prohibiting trafficking in persons and ensuring that treatment of Tamimi Global employees by their superiors complies with international human rights standards. Our “zero tolerance” policy towards trafficking in humans is reinforced by our implementation of appropriate semi-annual training at all levels. We support efforts to raise awareness of trafficking issues, and we take steps to ensure that our personnel comply fully with our anti-trafficking policies.

IV. Conclusion

Tamimi Global would like to express its continuing support and appreciation for the Commission’s ongoing work. Tamimi Global is committed to continuing its service to the United States. As recently as this past week, we served more than a hundred thousand meals to U.S. troops at Dining Facilities (DFACs) across Iraq. We urge you to consider some of the suggestions that we have made, and we thank you for the opportunity to submit this testimony.