

STATEMENT OF
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BEFORE THE
COMMISSION ON WARTIME CONTRACTING
IN IRAQ AND AFGHANISTAN

JULY 26, 2010

INTRODUCTION

Chairman Thibault, Chairman Shays, and distinguished Members of the Commission; thank you for allowing me the opportunity to represent McNeil Technologies (McNeil) and present testimony to the Commission on Wartime Contracting. By way of introduction, I am Mark Kleckner, Chief Operating Officer of McNeil, and in this role I am responsible for, and direct the day-to-day operations of the company. I am an engineering graduate of the Colorado School of Mines, and I have spent my entire 26-year career in both operations and management of Federal services contracts as a contractor.

On behalf of McNeil, I appreciate this opportunity to support the Commission in its invaluable work to oversee and improve the visibility into, and the performance of, contingency prime and subcontracting practices in Iraq and Afghanistan. Through this testimony and the answers I provide to any subsequent questions, I look forward to providing the information you seek regarding proper prime contractor oversight and management of contingency subcontractors, including the internal controls required to successfully utilize foreign subcontractors, from both a prime and subcontracting perspective.

MCNEIL TECHNOLOGIES

McNeil Technologies is a premier provider of intelligence and language services, enterprise information technology support, and global mission solutions exclusively to the Federal Government. Our organization is made up of over 1,800 dedicated professionals working at the forefront of U.S. national security and domestic policy priorities. McNeil has been in business for over 25 years, and we have grown to over \$290 million in annual revenue with over 85% of that revenue derived from prime contracts. As an organization, our purpose is provide innovative, world-class solutions in support of our customers' mission needs, and to deliver these services and solutions with integrity, efficiency, and value.

ITEMS FOR DISCUSSION

In conjunction with the gracious invitation that the Commission on Wartime Contracting extend to McNeil, I will provide our responses to the Commission’s stated areas of interest and discussion points.

For fiscal year 2010, McNeil projects to generate \$92M of revenue that is associated with contracts principally located in Iraq and Afghanistan, making up 32% of our business base. *Figure 1. below depicts the breakout of McNeil’s five largest prime and subcontracts.*

CONTRACT	CUSTOMER	CONTRACT TYPE	PRIME CONTRACTOR	2010 VALUE	TOTAL VALUE
Classified	Classified	FP&CPAF	McNeil	\$96M	\$486M
Information Operations Advisory Task Force (Afghanistan) (IOATF-A)	US Army/USFOR-A	T&M	McNeil	\$30M	\$32M
Atmospheric, Advisory and Analysis Services Contract - Iraq (A3S2)	US Army/USF-I	T&M	McNeil	\$21M	\$38M
Passenger and Baggage Screening Services	TSA/Rochester	FP	McNeil	\$11M	\$50M
561 st Network Operations Support Services	USAF/AFSPC	FFP, T&M	McNeil	\$5M	\$5M
LOGCAP IV – Air Operations 1	US Army	FFP	DynCorp International	\$15M	\$15M
LOGCAP IV – Air Operations 2	US Army	FFP	DynCorp International	\$13M	\$13M
National Media Exploitation Center (NMCEC) OCONUS	DIA	T&M	SAIC	\$10M	\$25M
Office of the Under Sec. Def. (Policy) BPA	DOD	T&M	Analytical Services, Inc.	\$6M	\$30M
Worldwide Language Program	US Army/INSCOM	CP	Global Linguistic Solutions	\$3M	\$23M

Over its 25-year history, McNeil has supported and continues to operate in contingency environments where we utilize subcontractors, and we have developed mature business systems and associated processes to successfully and compliantly support these efforts. Our established, integrated business system environment contains a centralized database of information, including all the tools, processes,

and procedures that are accessed by our personnel to assure their conduct of business as it relates to contracting is performed in a manner that is both timely and consistent, while maintaining full compliance with the Federal Acquisition Regulations (FAR). We avoid and discourage the use of lower tier subcontractors for reasons of efficiency and control. Because of our prime contracting experience, we understand what a prime needs from a subcontractor, so it is straightforward for us to provide the responsive services and deliverables to meet a prime's business systems requirements when we are in a subcontracting role. As with our Government customers, we have found that establishing ongoing, direct lines of communication with full and appropriate visibility into our operations maximizes our probability for success and helps to address challenges tied to changing requirements and differing business practices. Given McNeil's core competency in language and cultural services, we possess an inherent advantage when dealing with issues of that nature. On our large prime contracts such as IOATF in Afghanistan or A3S2 in Iraq where the focus is on the collection and dissemination of atmospheric data, the skill sets that are applied through our services on those contracts can be leveraged to address any language and cultural challenges when operating in contingency environments as a prime or subcontractor.

McNeil's operations are founded on absolute compliance with the FAR and all Federal policies including those associated human trafficking and the Foreign Corrupt Practices Act (FCPA). All of our employees are in-briefed, trained, and certified on an annual basis that they are in full compliance with these Federal regulations as well as thoroughly understanding and complying with our own extensive internal ethics policies. McNeil possesses a state-of-the-practice ethics training and certification program that leverages web-based training, seminars and role playing, and testing to insure ongoing compliance. Our program has been specifically tailored for employees preparing to deploy to contingency environments, and this training and certification is conducted prior to their transition through the CONUS Replacement Center (CRC) at Ft. Benning, GA. We also conduct in-theater refresher and annual recertification training

to meet the unique staffing requirements on specific contracts. We maintain a zero tolerance policy for non-compliance of both Federal and company rules and regulations; notification and remediation is immediate and comprehensive to a prime contractor or to a Federal customer depending on the circumstances.

Related to our hiring practices for contingency environments, McNeil employs no third country nationals. We do recruit and hire local nationals in Afghanistan and Iraq. For those cases, the personal information of the prospective local national is collected by McNeil and passed to our US Army counterparts for counterintelligence screening and vetting. Once we receive authorization from US Army personnel, we then are able to employ the candidate.

Going forward, and in context of this hearing, some of the principal challenges facing subcontractors in a contingency include hiring personnel in a very competitive employment environment. Qualified, cleared personnel are at a premium, and subcontractors must often work with rate structures that are at a disadvantage to prime contractors when attempting to hire these sought after resources. In addition, prime contractors often force down their own operating parameters to a subcontractor and minor issues such as differing accounting schedules and leave policies can be exacerbated during contingency operations, where contract employees are often half a world away from corporate headquarters and the corporate services that are required to address these types of issues. Finally, based on my own experience with a number of organizations, extra effort must often be made to assure the subcontracts are given the same level of importance and support that is applied to prime contracts within a company's portfolio.

By its very nature, work performed in contingency environments can be dangerous and challenging. McNeil is extremely proud of the work our employees are doing in support of our national security and foreign policy objectives, given the risk and personal sacrifice that is inherent in supporting these efforts.

Thank you again for allowing me the opportunity to participate in this hearing. I look forward to and stand ready to answer any questions of interest directed to me by the Commission.