

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, perched on a shield with vertical stripes. Above the eagle's head is a sunburst with stars. The seal is surrounded by text in both English and Arabic. The English text reads "SPECIAL INSPECTOR GENERAL" at the top and "OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION" at the bottom. The Arabic text reads "مفتش العام" at the top and "مكتب المفتش العام لإعادة إعمار العراق" at the bottom.

**CONTROL WEAKNESSES REMAIN IN
OVERSIGHT OF THEATER-WIDE
INTERNAL SECURITY SERVICES
CONTRACTS**

**SIGIR 11-018
JULY 28, 2011**



SIGIR

Special Inspector General for IRAQ Reconstruction

July 28, 2011

CONTROL WEAKNESSES REMAIN IN OVERSIGHT OF THEATER-WIDE INTERNAL SECURITY SERVICES CONTRACTS

Summary of Report: SIGIR 11-018

Why SIGIR Did This Study

Private security contractors play an important role in Iraq by protecting U.S. personnel, facilities, and property. In August 2009, the Department of Defense (DoD) awarded five Theater-wide Internal Security Services (TWISS) contracts for site security in Iraq. The five contracts have a combined not-to-exceed value of \$485 million.

Base commanders, under U.S. Forces–Iraq, nominate contracting officer’s representatives (CORs), who are responsible for verifying the U.S. government receives what it pays for. The Defense Contract Management Agency (DCMA) appoints and trains CORs and manages their activities. DCMA uses Quality Assurance Representatives (QARs) to monitor the CORs’ and contractors’ performance.

SIGIR is reporting on the U.S. government’s (1) oversight of the TWISS contracts, and (2) process for adjusting those contracts as U.S. forces withdraw.

What SIGIR Recommends

SIGIR recommends the Director, DCMA, direct actions to (1) provide regular feedback on CORs’ performance, (2) train and appoint alternate CORs, (3) verify that all COR and QAR reviews are conducted, and (4) provide COR nominating officials information about CORs’ time and duty requirements.

SIGIR also recommends the Commander, U.S. Forces–Iraq, direct actions to (1) assess and rebalance the workload of TWISS CORs, and (2) enforce existing policy that rating officials evaluate COR performance during assessments.

Lessons Learned

The issues SIGIR identifies in this report and the recommendations SIGIR makes could be applicable to a broad array of U.S. government contracts utilizing CORs, although they appear most applicable to contracts in contingency environments.

Management Comments and Audit Response

DCMA concurred with two recommendations and non-concurred with two. USF-I concurred with SIGIR’s recommendations.

What SIGIR Found

Although COR duties are critical to the U.S. government’s oversight of the TWISS contracts, SIGIR found issues that could adversely impact their ability to perform those duties, leaving the U.S. government at risk of contractor fraud, waste, and abuse. Specifically, almost 40% of the CORs we surveyed said the training they received did not prepare them for their duties and 25% said they lack sufficient time to conduct effective oversight. SIGIR found similar issues the last time it looked at the TWISS contracts in 2009. After that report, DCMA increased training requirements but recognized in an April 2011 internal review that not all training was being conducted and documented. Regarding the lack of time, DCMA said only the CORs’ commanders can rebalance workloads and that during the process to nominate CORs, nominating officials are affirming CORs have the time and resources to perform their duties. While this may be true, SIGIR believes DCMA should better inform the CORs’ nominating officials of the time required to perform their duties. USF-I, for its part, needs to assess the CORs’ workloads and identify actions to rebalance those workloads.

SIGIR also found that CORs are not completing, or DCMA is not maintaining, all monthly review checklists, which DCMA developed to help CORs review contractor compliance with task order requirements. Even when completed, SIGIR noted most reviews appeared to be of questionable value or provided little assurance that CORs’ oversight was adequate, a fact DCMA officials acknowledge. These reviews are important to DCMA’s ability to perform its contract administration and oversight responsibilities.

Despite DCMA’s concerns about the performance of some CORs, it did not provide the CORs or their rating officials with regular feedback on performance. At the same time, the CORs’ rating officials did not request COR performance information from DCMA. SIGIR believes regular, written feedback would (1) alert the CORs to areas where they need improvement, (2) alert rating officials to the CORs’ weaknesses and the possible need for additional training or relief from other duties, and (3) provide rating officials with the information they need to comply with the Deputy Secretary of Defense’s policy memorandum requiring that raters evaluate CORs’ performance during assessments.

SIGIR also notes that many locations lacked trained backup CORs when the primary COR was unavailable. CORs may not always be available to perform their oversight duties because of vacations, sickness, emergencies, and duty rotations. Trained backups would ensure continuity in contractor oversight during these times.

Finally, the process to terminate TWISS task orders as U.S. troops withdraw and the U.S. military closes or transfers bases to the Iraqis appears to be working well.



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

July 28, 2011

MEMORANDUM FOR COMMANDING GENERAL, U.S. FORCES-IRAQ
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: Control Weaknesses Remain in Oversight of Theater-wide Internal Security Services Contracts (SIGIR 11-018)

We are providing this audit report for your information and use. The report discusses control weaknesses associated with oversight of the Theater-wide Internal Security Services contracts. We performed this audit in accordance with our statutory responsibilities contained in Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. This law provides for independent and objective audits of programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq, and for recommendations on related policies designed to promote economy, efficiency and effectiveness and to prevent and detect fraud, waste, and abuse. This audit was conducted as SIGIR Project 1008.

We considered comments from U.S. Forces-Iraq, U.S. Central Command Joint Theater Support Contracting Command, and the Defense Contract Management Agency when preparing this final report. The comments are addressed in the report, as appropriate.

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact Glenn D. Furbish, Assistant Inspector General for Audits (Washington, DC), (703) 604-1388/ glenn.furbish@sigir.mil or Jason Venner, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 607-1346/ jason.venner@sigir.mil.

Stuart W. Bowen, Jr.
Inspector General

cc: U.S. Secretary of State
U.S. Ambassador to Iraq
U.S. Secretary of Defense
Commander, U.S. Central Command

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Control Weaknesses Remain in Oversight of Theater-wide Internal Security Services Contracts

SIGIR 11-018

July 28, 2011

Introduction

Private security contractors (PSCs) play an important role in Iraq by protecting U.S. personnel, facilities, and property related to reconstruction efforts. The Department of Defense (DoD) relies on PSCs to provide static, or site, security throughout Iraq by guarding and protecting fixed locations, such as forward operating bases.¹ In September 2007, DoD awarded five Theater-wide Internal Security Services (TWISS) contracts to PSCs for static security at various bases in Iraq.² In April 2009, the Special Inspector General for Iraq Reconstruction (SIGIR) reported on the cost, requirements, and oversight of these contracts, noting that contracting officer's representatives (CORs) sometimes had insufficient experience, training, and time to perform their oversight roles.³ In August 2009, DoD awarded another five TWISS contracts. The combined not-to-exceed value of the five current contracts is \$485 million, about \$258 million of which has been disbursed as of June 9, 2011.

This report focuses on the five current TWISS contracts and responds to the mandate in Section 842 of the National Defense Authorization Act for 2008, Public Law 110-181, that requires audits of the performance of security functions to address the manner in which DoD exercised control over the contractors' performance.

Background

In August 2009, the U.S. Central Command's (CENTCOM) Joint Theater Support Contracting Command⁴ awarded five TWISS contracts on behalf of United States Forces–Iraq⁵ (USF-I) to EOD Technology, Inc.; Torres Advanced Enterprise Solutions, LLC; Special Operations Consulting–Security Management Group; Triple Canopy, Inc.; and Protection Strategies Inc. The TWISS contracts were created to streamline the contracting process for static security in anticipation of an increased need for these services in Iraq. Requirements for the contracts were based on the need to replace U.S. troops performing static security with private security contractors, leaving more troops available for combat operations.

¹ A forward operating base is an area used to support tactical operations without establishing full support facilities.

² The five PSCs were: Aegis Defense Services, Limited; EOD Technology, Inc.; Sabre International Security; Special Operations Consulting–Security Management Group; and Triple Canopy, Inc.

³ *Need To Enhance Oversight of the Theater-wide Internal Security Services Contracts*, SIGIR 09-017, 4/24/2009.

⁴ At the time these contracts were awarded, CENTCOM Joint Theater Support Contracting Command's portfolio was handled by the Joint Contracting Command–Iraq/Afghanistan. In April 2010, this command transitioned into CENTCOM Contracting Command, which later changed its name to CENTCOM Joint Theater Support Contracting Command.

⁵ At the time these contracts were awarded, the requesting organization was called Multi-National Force–Iraq, which was replaced by the United States Forces–Iraq on January 1, 2010.

The five contractors can bid on task orders for the protection of installations in Iraq. Each installation is covered by a task order and each task order has a twelve-month period of performance and two option periods not to exceed six months each. Each current contract has a \$25 thousand minimum value, and all five contracts have a combined not-to-exceed value of \$485 million. As of June 9, 2011, about \$258 million had been disbursed under the contracts.

CENTCOM Joint Theater Support Contracting Command has awarded a total of 53 TWISS task orders under the current contracts, 29 of which are still active. USF-I plans to close the 29 remaining bases in 2011 as follows: nine in September, twelve in October, two in November, and the remaining six in December. See Table 1 for task orders and disbursements by contractor.

Table 1—Task Orders and Disbursements by Contractor (\$ in millions)

Contractor	Awarded Task Orders	Active Task Orders	Disbursements
Special Operations Consulting-Security Management Group	16	13	\$153.6
Torres Advanced Enterprise Solutions, LLC	14	6	46.8
Triple Canopy, Inc.	11	7	44.6
EOD Technology, Inc.	10	3	10.1
Protection Strategies Inc.	2	0	2.6
Total	53	29	\$257.8

Notes:

Disbursements do not add due to rounding.

Source: Disbursements from the Defense Finance and Accounting Services as of June 9, 2011; Task Orders from CENTCOM Joint Theater Support Contracting Command, as of July 1, 2011.

CENTCOM Joint Theater Support Contracting Command is the contracting office on the TWISS contracts. It delegated contract administration and oversight to the Defense Contract Management Agency (DCMA). DCMA appoints and relies on CORs for day-to-day oversight of the contractors’ performance and compliance with contract requirements. All 29 active task orders have at least one COR, all of whom are U.S. military members. Some task orders also have one or more alternate CORs. As a result, there are currently 43 total CORs on the TWISS contracts—32 primary and 11 alternate. Alternate CORs perform their duties when the primary CORs cannot. All TWISS CORs are located on site where the TWISS contractors provide their services. DCMA also employs Quality Assurance Representatives (QARs) to periodically instruct and inspect the CORs’ performance and inspect the contractors’ performance and compliance with requirements. This includes providing the CORs’ on-site orientation and baseline performance reviews, reviewing the CORs’ records, mentoring the CORs, and conducting their own monthly contractor reviews. DCMA assigns a QAR to each TWISS task order.

SIGIR’s April 2009 report identified certain vulnerabilities in the government’s oversight. Generally, the TWISS CORs had limited experience and training, and insufficient time to devote to oversight. This hampered their ability to perform their oversight responsibilities. For example, of the 27 CORs that responded to SIGIR’s questions in April 2009, only 4 CORs said

they had previous COR experience, 11 said their training was insufficient to meet their job requirements, and 6 said other duties prevented them from conducting adequate oversight. As a result, SIGIR recommended DCMA, USF-I, and Joint Contracting Command–Iraq/Afghanistan,

- Provide additional training to CORs on their TWISS contract oversight responsibilities, and
- Assess the CORs’ workload to identify actions that can be taken to balance workload and provide the CORs with sufficient time to perform their contract oversight responsibilities.

We considered the findings and recommendations in SIGIR’s prior report in developing our methodology for this audit, leading us to focus on the CORs’ activities and oversight.

Objectives

SIGIR is reporting on the U.S. government’s oversight of services provided and charges billed under TWISS contracts, as well as the U.S. government’s process for adjusting those contract requirements as the U.S. military withdraws from Iraq. With regards to our oversight objective, SIGIR focused primarily on the roles and responsibilities of the CORs since these individuals are critical to the government’s oversight.

To accomplish our objectives, SIGIR attempted to survey all 43 TWISS CORs to obtain information about their prior experience, training received, and responsibilities, among other things. While SIGIR requested responses from all 43 CORs, we received only 28 responses. This response rate was at least partly the result of the time it took using the process USF-I required us to use to obtain this data. Specifically, we obtained the CORs’ names, locations, and contact information from DCMA, for whom the CORs perform their oversight. Because the CORs are directly assigned to USF-I commanders, the USF-I Inspector General would not allow us to contact the CORs directly but required the USF-I Inspector General to send our questionnaire out as a formal order, addressed to the CORs’ commanders. The USF-I Inspector General also required that all responses be returned to the Inspector General, who forwarded them to SIGIR. To expedite the process, a representative from the USF-I Inspector General’s office spent many hours identifying the CORs’ commanders. However, between the time we gave the list of CORs to the Inspector General and when we received the CORs’ responses, a total of 30 days had elapsed, and 10 CORs had left Iraq.⁶ Since that process took so long and we would have had to use the same process to contact the replacement CORs, we were unable to follow up with the replacement CORs and still meet our reporting timelines. Had SIGIR been able to contact the CORs directly, we believe two to three weeks would have been eliminated from the process, thus allowing time to contact the replacement CORs and follow up on non-responses. SIGIR considers the restrictions imposed on contacting CORs directly to be an external impairment to our independence that interferes with our ability to form independent and objective opinions, findings, and conclusions. For a further discussion of this impairment, see Appendix A. SIGIR is working with USF-I to address this problem.

⁶ Of the other five non-responses, one was on emergency leave, one had his base closed, and three did not respond to our request.

For a discussion of the audit scope and methodology and a summary of prior coverage, see Appendix A. For a list of acronyms used, see Appendix B. For a list of audit team members, see Appendix C. For comments from CENTCOM Joint Theater Support Contracting Command, see Appendix D. For comments from the USF-I Inspector General, see Appendix E. For comments from the Defense Contract Management Agency, see Appendix F. For a copy of SIGIR's COR survey, see Appendix G. For the SIGIR mission and contact information, see Appendix H.

Control Weaknesses Remain with COR Oversight of the TWISS Contracts

Although CORs are responsible for verifying the U.S. government receives what it pays for, SIGIR found control weaknesses associated with their oversight of the TWISS contracts that leave the government at risk of contractor fraud, waste, and abuse. Specifically, 11 of 28 CORs from whom we received completed surveys stated the training they received did not prepare them for their COR duties, and 7 stated they lack sufficient time to conduct effective oversight on the task orders for which they are responsible. These are similar issues to those uncovered during our prior TWISS report in April 2009. We also found that DCMA did not have copies of all monthly reviews required of the CORs and could not determine whether they were not prepared or not in the files. Of the monthly reviews we sampled, many indicate weak oversight—a fact that DCMA officials acknowledged. Moreover, despite DCMA’s concerns that some CORs may not be performing their oversight functions effectively, we found that DCMA—and QARs in particular—were not providing the CORs or their rating officials with feedback on the CORs’ performance. While DCMA’s policy guidance does not require that CORs or their rating officials be provided regular performance feedback, SIGIR believes this does not relieve DCMA of the responsibility to correct these identified problems.

CORs and QARs Perform Key Roles in TWISS Oversight

CORs and QARs perform key oversight roles on the TWISS contracts. CORs are to verify that the U.S. government receives all services for which it pays and that the contractors’ charges are allowable. QARs are to help train and mentor CORs and perform their own reviews of the contractors’ performance.

Roles and Responsibilities of CORs

CORs are the primary oversight personnel on the TWISS contracts. They are nominated by their base commanders or “Requiring Activity Commanders,” and fall under the USF-I chain of command. The CORs’ performance evaluations are to be provided by an individual in the USF-I chain of command, although the CORs are appointed and trained for their contract responsibilities by DCMA, to which they provide reports. Eighteen of 28 CORs surveyed stated they have non-COR duties assigned by their base commander or others in their chain of command. On the TWISS contracts, COR responsibilities include verifying the contractor performs all contract and task order requirements; performing necessary inspections; accepting government services performed under the contract and rejecting those that do not meet the contract’s requirements; monitoring the contractor’s performance; and notifying the contractor, QAR, and contracting officer of deficiencies observed during surveillance.

CORs are also responsible for reviewing and verifying the contractor’s invoices for payment. Since CORs are the only government oversight officials located on-site with the contractors’ personnel, their invoice reviews are critical for verifying that TWISS contractor invoices accurately reflect the services provided. This is particularly important for the TWISS contracts since, on average, 42 of 45 contract requirements relate to personnel. In order for CORs to

verify the contractors' invoices, they—or someone under their direction—must physically observe that the contractor provided the number and type of personnel required.

To aid CORs in conducting oversight, DCMA's QARs developed checklists based on the task orders. These checklists are intended to help CORs review the contractors' compliance with various aspects of the task order, including the Performance Work Statement, fuel consumption, human trafficking,⁷ and arming requirements. CORs are required to use these checklists to conduct monthly contractor reviews. According to DCMA officials, COR checklists are a tool used to record and report to DCMA incidents of faulty or non-conforming work, delays, or other problems. They also help DCMA ensure the contractors comply with directions to remedy non-conforming work. Thus, DCMA's ability to appropriately perform its contract administration and oversight responsibility is contingent on the CORs performing their oversight responsibilities and completing the checklists.

Roles and Responsibilities of QARs

QARs also play an important role in overseeing the TWISS contracts. They are appointed by DCMA and are responsible for providing the CORs' on-site orientation, performing a baseline review of the CORs' performance, reviewing the CORs' records, and mentoring the CORs. QAR's should perform an initial evaluation and baseline review of each COR within the first 30 days of the COR's appointment. This evaluation and review includes instruction on the monthly reviews each COR will be required to perform. It is intended to ensure the COR is fully capable of performing contractor surveillance and also has the requisite technical skills. During this initial visit, DCMA requires the QAR to complete and document an assessment of how well the COR performed during their meeting. The QAR is also responsible for reviewing COR audits each month and documenting if the audit is not received. The QAR is also required to perform a final COR evaluation at the completion of the COR's assignment.

In addition to evaluating and mentoring CORs, QARs are required to visit each base every month to conduct their contractor reviews. When conducting these reviews, QARs are to use the same checklists the CORs use for their monthly reviews. According to DCMA officials, if a QAR cannot travel to a given base one month because of travel restrictions, the QAR can receive permission from the Commander to conduct an "alternative surveillance strategy," which could include verifying contract surveillance information from the COR or auditing documentation provided by the contractor. While the QARs' reviews help provide contractor oversight, they cannot substitute for the CORs' day-to-day quality assurance oversight, since QARs are often not located on the bases where the contract work is performed.

Some TWISS CORs Lack Sufficient Training and Time To Conduct Effective Oversight

DCMA has augmented its COR training since SIGIR last reported on the TWISS contracts; however, 11 of 28 CORs we surveyed stated their training did not prepare them to perform COR

⁷ All contractors (both prime and sub-contractors) are required to comply with the prohibition contained in Title 18, U.S. Code, Section 1592, against destroying, confiscating, or possessing any actual purported passport, or immigration document to prevent or restrict, without lawful authority, a person's liberty or travel, in order to maintain the labor or services of that person.

duties on the TWISS contracts. In addition, 7 of 28 TWISS CORs stated they do not have enough time to perform the oversight they believe is necessary given their other assigned duties.

DCMA Has Augmented Its COR Training, but Some CORs Still Not Adequately Prepared

In April 2009, SIGIR reported that 11 of 27 CORs surveyed stated their COR training did not fully prepare them to oversee the TWISS contractors. At that time, SIGIR recommended CORs receive additional instructions on their oversight responsibilities. Since that report, DCMA has instituted additional in-person COR training requirements. Current requirements now include general and contract-specific COR training.

- DCMA's general COR training includes two online courses on common COR duties, one online course on ethics, and one online course on human trafficking. DCMA's Administrative Contracting Officer should then provide each COR in-person training on general COR duties. Upon completion of these requirements, DCMA awards the COR a certificate and an official appointment letter for the TWISS contracts.
- DCMA's contract-specific COR training should include two additional sessions of in-person instruction. The first is with the Administrative Contracting Officer regarding the specific task order each COR will oversee. The second occurs once they reach their base, when a QAR instructs each COR how to conduct their monthly checklist reviews of the contractor, and provides the COR with feedback on their performance.

Despite this augmented training requirement, 11 of 28 current CORs responded to SIGIR's June 2011 survey by stating their training did not adequately prepare them to perform COR duties on the TWISS contracts.⁸ On a separate survey question, 17 of 28 CORs stated they did not receive their in-person training with the Administrative Contracting Officer on the task order for which they were responsible.⁹ DCMA officials stated they are aware of this deficiency and are taking steps to ensure that new TWISS CORs receive all required training.

In addition, SIGIR's review of DCMA's files showed DCMA lacked documentation that 39 of 43 CORs received their in-person QAR instruction on how to conduct monthly checklist reviews. DCMA was also missing 10 of 43 general COR training certificates and appointment letters. During our audit, SIGIR learned that a DCMA internal review in April 2011 identified similar deficiencies.¹⁰ As a result of that review, DCMA began taking steps to conduct in-person QAR training for all CORs and to track training and appointment documentation. However, as of July 10, 2011, DCMA was able to provide documentation that they had conducted in-person QAR training for only 16 of 43 CORs.

Without adequate training, CORs may not be conducting sufficient oversight of the TWISS contractors' services and invoice payments. This training is particularly important since 24 of 28 CORs we surveyed stated they had no previous COR experience. Some common suggestions CORs made to improve training included adding more instruction on the specific contract they

⁸ Of those CORs who provided supplementary comments in response to this question, only one noted a lack of training regarding oversight of a security contract. All others noted a lack of training in general contracting duties.

⁹ Of the 17 who did not receive in-person training, 8 did not think their training prepared them to perform COR duties on the TWISS contracts.

¹⁰ In April 2011, DCMA conducted a Management Internal Control Review.

would oversee, as well as more on-the-job training. Most suggestions highlighted the importance of DCMA's in-person, contract-specific training as well as additional QAR feedback to the CORs.

Some TWISS CORs Lack Sufficient Time To Conduct Effective Oversight

Some TWISS CORs lack sufficient time to effectively oversee their task order. In April 2009, SIGIR reported that 6 of 27 TWISS CORs had other duties that prevented them from conducting adequate oversight. At that time, SIGIR recommended USF-I and DCMA assess and rebalance the workload for TWISS CORs. Both agencies agreed with this recommendation. However, in SIGIR's June 2011 COR survey, 7 of 28 TWISS CORs stated they do not have enough time to perform the oversight they believe is necessary given their other assigned duties. One COR, for example, stated "this should be a job for someone with no other assigned duties."

Current DCMA officials agreed that some CORs do not have enough time to perform all assigned duties. However, these officials stated that DCMA cannot rebalance the CORs' workload because CORs do not fall under their chain of command. Instead, only the CORs' USF-I commanders can rebalance the CORs workload, and, by nominating a COR, these officials affirm the COR has all necessary time and resources to perform their duties. While this may be true, SIGIR believes DCMA better understands what roles, responsibilities, and time commitments CORs will be required to assume. Nominating officials, on the other hand, do not. SIGIR asked DCMA what information it provides nominating officials prior to a COR's nomination about CORs' duties and time requirements. DCMA did not respond to this question. Absent this information, SIGIR has no evidence the CORs' chains of command receive sufficient information to nominate the appropriate individuals. Because nominating officials may not have a clear understanding of the roles, responsibilities, and time commitments CORs will assume, it is difficult, if not impossible, for them to nominate the appropriate individuals for the job and balance their workloads. Moreover, without CORs having sufficient time to oversee all aspects of contractor operations, the U.S. government risks contractors billing for more services than they provided or not fulfilling all contract requirements.

DCMA Does Not Have Documentation of All Monthly Reviews

SIGIR's review of DCMA's files showed DCMA does not have documentation of all monthly reviews required of the CORs and QARs. As discussed above, DCMA requires CORs and QARs to conduct TWISS contractor reviews every month based on QAR-developed checklists. According to DCMA officials, the Performance Work Statement checklists are particularly important because they mirror contract requirements. These checklists are intended to help CORs and QARs verify the contractor is providing all contracted services, like whether the contractor is providing all required guards at each post. SIGIR requested DCMA provide three months of COR and QAR Performance Work Statement reviews from February through April 2011 for all open task orders. The COR and QAR reviews should have totaled 114 each.¹¹ DCMA, however, could provide only 81 (71%) of the COR reviews and 98 (86%) of the QAR reviews requested. DCMA did not know if the other reviews were ever prepared or they simply

¹¹ Victory Base falls under one task order even though it contains seven separate sub-bases, each of which requires its own checklist. Thus, while there are 29 open task orders, there are actually 35 separate TWISS bases and sub-bases that require monthly reviews.

did not have them in the files. Because of this lack of documentation, SIGIR could not determine if CORs and QARs conducted all required oversight on the TWISS contracts.

According to DCMA officials, some COR reviews could be missing because CORs were not available to complete them. For example, some bases do not have alternate CORs to conduct the reviews and perform other COR responsibilities if the primary COR leaves for vacation, transfers out, or is absent for other purposes. In addition, DCMA officials stated that when the primary COR leaves and there is no alternate COR or an immediate replacement, gaps may occur. DCMA officials added that oversight is improved when an alternate COR is assigned on a task order in addition to the primary COR. DCMA, however, only assigns an alternate COR when the primary COR requests one, according to a DCMA official. With respect to QAR audits, DCMA officials stated that personnel turnover, combined with multiple storage media, have contributed to reviews not being conducted or being misplaced. Without a trained TWISS COR on site at all times, and without QARs conducting and carefully maintaining all required reviews, there can be gaps in critical oversight, which could leave the U.S. government vulnerable to contractor fraud, waste, and abuse. In particular, the U.S. government risks contractors billing for more services than provided, or not fulfilling all contract requirements.

DCMA Has Not Provided Performance Feedback on Poorly Performing CORs

Some CORs provide weak oversight, and while DCMA cannot compel CORs to improve, it has not provided TWISS CORs or their rating officials with regular feedback to otherwise improve COR performance. At the same time, CORs' rating officials have not requested information on the TWISS CORs' performance from DCMA. Although DCMA's policy guidance does not require it to provide regular feedback to CORs or their rating officials, SIGIR believes this does not relieve DCMA of the responsibility of providing feedback when warranted. In fact, a 2008 memorandum from the Deputy Secretary of Defense requires rating officials evaluate the performance of COR duties as part of their performance assessments throughout the contract. This same memo encourages COR supervisors to solicit input on COR performance from the contracting officer. Regular feedback would allow rating officials to comply with the memorandum's requirements.

According to DCMA officials, some TWISS CORs provide excellent oversight and others provide weak oversight. To verify this statement, SIGIR examined the 81 COR Performance Work Statement reviews available from February through April 2011. SIGIR's examination noted that five appeared comprehensive in nature, 21 appeared adequate, and the remaining 55 appeared of questionable value.¹² In the auditors' judgment, reviews of "questionable value" provided no reasonable assurance the COR's oversight was sufficient to guarantee the U.S. government received all services for which it paid. Common problems included reviews with few written comments, or ones that repeated all comments exactly from the previous month. On the other hand, comprehensive reviews contained many informative, specific comments, all of which changed from month to month. In discussions, DCMA officials agreed that some CORs' monthly reviews appeared to have been completed very quickly and with little effort.

¹² By comparison, SIGIR judged only one of 95 QAR reviews to be of questionable value.

Despite some CORs providing weak oversight, DCMA has taken few steps to improve COR performance. DCMA officials stated they cannot compel CORs to improve because CORs are under USF-I's chain of command, and not under DCMA's. While true, DCMA has not provided CORs with regular performance feedback, which would alert them to areas for improvement. DCMA's QARs are required to evaluate CORs during their initial and final meetings together, and although feedback during the initial meeting could prove helpful, any information CORs receive in their final meeting comes too late to help on the TWISS contracts. Thus, CORs currently receive no feedback on how to correct persistent, weak oversight. In addition, while DCMA policy guidance identifies only two specific instances where QARs should provide CORs feedback, SIGIR considers this a minimum requirement, and does not believe it relieves DCMA of the responsibility to seek corrective actions for ongoing problems. DCMA officials noted that they have terminated two TWISS CORs for unsatisfactory performance. However, without a requirement for DCMA to provide TWISS CORs with regular performance feedback, weak oversight could go uncorrected, as indicated by the condition of COR reviews noted above.

In addition, DCMA has not provided, and COR rating officials have not requested, information on the CORs' performance. DCMA guidance states that the Administrative Contracting Officer should provide feedback to the CORs' chains of command "as necessary." Yet, a 2008 policy memorandum from the Deputy Secretary of Defense states that, "Raters will evaluate the performance of COR duties as part of their performance assessments *throughout the period of the contract.*"¹³ [Emphasis added.] The memorandum also states "COR supervisors are encouraged to solicit input on performance of COR duties from the contracting officer." SIGIR requested DCMA provide documentation of regular feedback to the TWISS CORs' chains of command or rating officials, but DCMA officials stated they have not provided any. DCMA officials also stated they have no record of COR supervisors soliciting input on the performance of their CORs. This form of feedback is crucial since DCMA has visibility over elements of COR performance that the CORs' chains of command do not—for example the monthly contractor reviews and invoice reviews.

Currently, five of the CORs we surveyed stated that their COR performance is not included in their evaluations, and 14 did not know if it was included. Without CORs' chains of command or rating officials receiving performance feedback from DCMA and utilizing this in the CORs' performance evaluations, poorly performing CORs have little incentive or opportunity to improve. Alternatively, excellent CORs may not be properly rewarded for their efforts. In addition, without this feedback, the CORs' chains of command may not be aware if a COR has insufficient training or time to perform their COR duties in conjunction with other assigned tasks. These circumstances fail to optimize U.S. oversight assets and leave the U.S. government at greater risk than would be the case otherwise.

¹³ August 22, 2008, "Subject: Monitoring Contract Performance in Contracts for Services."

Contracting Office Has A Process To Close TWISS Task Orders as Troops Withdraw

CENTCOM Joint Theater Support Contracting Command (CJTSCC) and DCMA have a process to terminate TWISS task orders as U.S. troops withdraw and the U.S. military closes or transfers bases to the Government of Iraq. As the contracting office, CJTSCC is responsible for managing the termination of TWISS task orders. USF-I tracks base closures and informs CJTSCC and DCMA when a base is scheduled for closure or transfer to the Iraqis. To confirm these schedules, CJTSCC and DCMA coordinate with the CORs who communicate with their base commanders. With this information, CJTSCC adjusts the end date of each task order to align with the scheduled base closure or transfer date.

To allow for timely base closures or transfers, the TWISS task orders each have two six-month option periods. These option periods can be exercised in full, or in smaller increments of time, to align with the exact base closure or transfer date. For example, according to CJTSCC and DCMA officials, the contracting office could exercise a three-month extension on a task order. Later, if circumstances required, the contracting officer could exercise another three-month extension to total the allowable six months. Alternately, the TWISS contracts allow CJTSCC to terminate a task order for the U.S. government's convenience, at any time. This occurred in April 2011 with the termination of two TWISS task orders. A CJTSCC official stated the termination clause in the TWISS contracts provide necessary flexibility to manage base closures and transfers in an uncertain environment.

DCMA handles each base closure or transfer on a case-by-case basis. According to a contracting office official, DCMA gives contractors a base closure notice 180 days prior to the scheduled base closure date. The TWISS task orders then require the contractor to submit a demobilization plan to DCMA no less than 60 days before the end of the task order's performance period or when requested by the contracting officer. To keep the contractor on schedule, the demobilization plans should include, among other things, an exit plan from Iraq, an accounting of prime and subcontractor personnel and procedures for transferring contractor-controlled facilities and government-furnished equipment. CJTSCC and DCMA officials stated that planned timeframes are sometimes difficult to manage given the environment. However, the government reserves the right to withhold payment from a contractor who is not in compliance with the demobilization plan. In addition, QARs support base closure activities by providing increased surveillance when requested. Demobilization planning is applicable to all active task orders issued on the TWISS contracts.

CJTSCC and DCMA officials are not aware of any instances where contracting officials had to reduce or increase the requirements on a TWISS task order. Instead, TWISS task orders are either extended or terminated in full.

Conclusions, Recommendations, and Lessons Learned

Conclusions

Although COR duties are critical to the U.S. government's oversight of the TWISS contracts, SIGIR found issues that could adversely impact their ability to perform those duties, leaving the U.S. government at risk of contractor fraud, waste, and abuse. Specifically, almost 40% of the CORs we surveyed said the training they received did not prepare them for their duties and 25% said they lack sufficient time to conduct effective oversight. SIGIR found similar issues the last time it looked at the TWISS contracts in 2009. After that report, DCMA increased training requirements, but recognized in an April 2011 internal review that not all training was being conducted and documented. Regarding the lack of sufficient time, DCMA said only the CORs' commanders can rebalance workloads, and that during the process to nominate CORs, nominating officials are affirming CORs have the time and resources to perform their duties. While this may be true, SIGIR believes DCMA should better inform the CORs' nominating officials of the time required by CORs to perform their duties. USF-I, for its part, needs to assess the CORs' workloads and identify actions to rebalance those workloads.

SIGIR also found that CORs are not completing, or DCMA is not maintaining, all monthly review checklists, which DCMA developed to help CORs review contractor compliance with task order requirements. Even when completed, SIGIR found most reviews appeared to be of questionable value or provided little assurance that CORs' oversight was adequate, a fact DCMA officials acknowledge. These reviews are important to DCMA's ability to perform its contract administration and oversight responsibilities.

Despite DCMA's concerns about the performance of some CORs, it had not provided the CORs or their rating officials with regular feedback on performance. At the same time, the CORs' rating officials had not requested COR performance information from DCMA. SIGIR believes regular, written feedback would (1) alert the CORs to areas where they need improvement, (2) alert rating officials to the CORs' weaknesses and the possible need for additional training or relief from other duties, and (3) provide rating officials with the information they need to comply with the Deputy Secretary of Defense's policy memorandum requiring raters evaluate CORs' performance during assessments.

SIGIR also notes that many locations lacked trained back-up CORs when the primary COR was unavailable. CORs may not always be available to perform their oversight duties because of vacations, sickness, emergencies, and duty rotations. Trained backups would ensure continuity in contractor oversight during these times.

Finally, the process to terminate TWISS task orders as U.S. troops withdraw and the U.S. military closes or transfers bases to the Iraqis appears to be working well.

Recommendations

SIGIR recommends the Director, Defense Contract Management Agency direct the following actions be taken as they relate to DCMA's responsibilities under the TWISS contracts:

1. Change DCMA policy guidance to require regular, documented feedback on CORs' performance to the CORs and their chains of command.
2. Train and appoint alternate CORs for every TWISS task order that does not have one. Concentrate efforts on the installations that are scheduled to close last.
3. Verify that all CORs and QARs are conducting monthly reviews.
4. Prior to nomination, verify CORs' nominating officials have sufficient information about CORs' time and duty requirements upon which to make nomination decisions.

SIGIR also recommends that the Commanding General, U.S. Forces-Iraq, direct the following actions be taken:

5. Assess the workload of TWISS CORs to identify actions that can be taken to balance workloads so sufficient time can be given to contract oversight responsibilities.
6. Enforce the Deputy Secretary of Defense's August 2008 policy memorandum directing rating officials to evaluate the performance of CORs' duties as part of their performance assessments throughout the period of the contract.

Lessons Learned

The issues identified in this report and the recommendations SIGIR makes could be applicable to a broad array of U.S. government contracts utilizing CORs, although they appear most applicable to contracts in contingency environments.

Management Comments and Audit Response

SIGIR received management comments from CENTCOM Joint Theater Support Contracting Command, USF-I, and DCMA. CENTCOM Joint Theater Support Contracting Command and USF-I concurred with the recommendations. The Contracting Command provided technical comments that we have addressed, as appropriate. The USF-I Inspector General provided a response for SIGIR's consideration. The Inspector General stated:

USF-I enjoys a strong and mutually supportive relationship with SIGIR. A significant amount of time and effort is dedicated to ensure SIGIR's requests are supported expeditiously. Auditors working with the Command have access to all personnel assigned, including those at the subordinate level.

USF-I staff work within the Command and its subordinate units through the RFI [Request for Information] and FRAGO [Fragmentary Order] systems which enable proper staffing and follow through on all requests. The RFI and FRAGO processes ensure consistency in staffing, timeliness, and accuracy of all requests. Thus all audit agencies receive timely and precise information as a result of this process.

SIGIR agrees that it enjoys a strong and mutually supportive relationship with USF-I and that USF-I personnel spend significant time and effort to support SIGIR's requests for information. SIGIR is very appreciative of USF-I's support. Despite that support, SIGIR has not consistently had direct access to USF-I personnel who are responsible for the programs and issues SIGIR is auditing. Moreover, although the intent of the RFI and FRAGO systems may be to ensure that audit agencies receive timely and precise information, SIGIR believes the systems did not work as intended on this audit. It is for these reasons that SIGIR will work with USF-I to try to resolve issues that adversely impact and impair SIGIR's independence and cause unnecessary delays to SIGIR's audits.

DCMA concurred with our recommendations that it (1) train and appoint alternate CORs for every TWISS task order that does not have one and (2) verify all CORs and QARs are conducting monthly reviews. It did not concur with our recommendations that it (1) change its policy guidance to require regular, documented feedback on CORs' performance to the CORs and their chains of command and (2) verify CORs' nominating officials have sufficient information about CORs' time and duty requirements upon which to make nomination decisions.

With regards to documented feedback on CORs' performance, DCMA stated it does not exercise administrative, operational or tactical control of the CORs, and therefore does not routinely provide performance feedback to the nominating officials. DCMA added that it provides feedback to the CORs' chains of command "as necessary," for example, if a COR has overstepped their authority. SIGIR disagrees with DCMA's position. As stated in the report, SIGIR believes DCMA's regular feedback to the CORs' chains of command is crucial since DCMA has visibility over elements of COR performance that the CORs' chains of command do not—for example the monthly contractor reviews and invoice reviews. In addition, although DCMA's policy guidance does not require it to provide regular feedback to CORs or their rating officials, SIGIR does not believe it relieves DCMA of the responsibility to seek corrective

actions for ongoing problems, as evidenced by 55 of 81 COR reviews that appear to be of questionable value. In addition, without regular, documented feedback to CORs' rating officials, poorly performing CORs have little incentive to improve, and excellent CORs may not be properly rewarded. DCMA was silent on its rationale for not providing feedback to the CORs themselves; however, SIGIR continues to believe that without poorly performing CORs receiving feedback on their performance they have no opportunity to improve.

With regards to providing CORs' nominating officials with sufficient information about CORs' time and duty requirements, DCMA stated it is not in a position to judge the capabilities of each individual COR or the time requirements necessary to do their jobs. SIGIR is not recommending DCMA assess the capabilities of individual CORs prior to nomination. Rather, SIGIR is recommending DCMA provide nominating officials with sufficient information about COR duty requirements, so that the nominating officials themselves can make informed decisions about who to nominate. As noted in the report, DCMA appoints, trains, reviews, coordinates and mentors the CORs. In this capacity DCMA understands what roles, responsibilities, and time commitments CORs will be required to assume. Nominating officials, on the other hand, do not. Absent this information, nominating officials cannot make informed decisions about who to nominate.

SIGIR addressed DCMA's technical comments in the report, as appropriate. In the comments, DCMA stated it believes SIGIR's inability to interview CORs directly undermined the effectiveness and accuracy of this audit. As discussed earlier, this process was imposed on SIGIR by USF-I. While we agree that our findings would have been enhanced through direct communication with the CORs, we believe that our review of DCMA files and the results of our formal survey of available CORs, adequately support our conclusions. A copy of SIGIR's survey instrument is included as Appendix G.

Appendix A—Scope and Methodology

Scope and Methodology

In March 2010, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1008 to examine the Department of Defense's (DoD) oversight of Theater-wide Internal Security Services (TWISS) contractors. Work was begun in earnest in March 2011. SIGIR's objectives for this report were to examine the U.S. government's oversight of services provided and charges billed under TWISS contracts, as well as the U.S. government's process for adjusting those contract requirements as the U.S. military withdraws from Iraq. With regards to our oversight objective, SIGIR focused primarily on the roles and responsibilities of the contracting officer's representatives (CORs) since these individuals are critical to the government's oversight responsibilities. This audit was performed by SIGIR 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. The audit was also conducted in response to the mandate in Section 842 of the National Defense Authorization Act for 2008, Public Law 110-181, that requires audits of the performance of security functions to address the manner in which DoD exercised control over the contractors' performance. SIGIR conducted its work from March 2011 to July 2011 in Baghdad, Iraq and Arlington, Virginia.

We conducted this audit in accordance with *Government Auditing Standards*¹⁴, except for General Standard 3.10, External Impairments. Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Certain inappropriate external impairments to our independence limited the scope of our audit, as discussed in more detail below.

Section 3.10 of *Government Auditing Standards* requires that audit organizations must be free from external impairments to independence. The section states that, under certain conditions, auditors may not have complete freedom to make an independent and objective judgment, thereby adversely affecting the audit. The section specifically cites the following conditions under subsections (a), (b), and (d): (a) external interference or influence that could improperly limit or modify the scope of an audit or threaten to do so, (b) external interference with the selection or application of audit procedures or in the selection of transactions to be examined, and (d) externally imposed restrictions on access to records, government officials, or other individuals needed to conduct the audit.

SIGIR believes that the constraints imposed by U.S. Forces–Iraq (USF-I) impaired our independence and limited our scope, methodology, and ability to fully accomplish our audit objectives. SIGIR is required by law to inform the Secretary of Defense and SIGIR's oversight committees in the Congress, whenever requested information or assistance is unreasonably refused or not provided. See Public Law 108-106, Section 3001(h), as amended. However, SIGIR will not be reporting this impairment at this time to the Secretary and to SIGIR's oversight committees in Congress because USF-I has agreed to work with SIGIR to resolve these

¹⁴ *Government Auditing Standards*, U.S. Government Accountability Office, July 2007 Revision.

issues. The following paragraphs describe our scope and methodology and the constraints and delays encountered.

To accomplish our objectives, SIGIR attempted to survey all 43 TWISS CORs to obtain information about their prior experience, training received, and responsibilities, among other things. While SIGIR requested responses from all 43 CORs, we received only 28 responses. This response rate was at least partly the result of the time it took using the process USF-I required us to use to obtain this data. Specifically, we obtained the CORs' names, locations, and contact information from the Defense Contract Management Agency (DCMA), for which the CORs perform their oversight. However, because the CORs are directly assigned to USF-I commanders, the USF-I Inspector General would not allow us to contact the CORs directly but required us to use the USF-I Inspector General to send our questionnaire out as a formal order, addressed to the CORs' commanders. The USF-I Inspector General also required that all responses be returned to the Inspector General, who forwarded them to SIGIR. To expedite the process, a representative from the USF-I Inspector General's office spent many hours identifying the CORs' commanders. However, between the time we gave the list of CORs to the Inspector General and when we received the CORs' responses, a total of 30 days had elapsed, and 10 CORs had left Iraq. Since that process took so long, and we would have had to use the same process to contact the replacement CORs, we were unable to follow up with the replacement CORs and meet our reporting timelines. Had SIGIR been able to contact the CORs directly, we believe two to three weeks would have been eliminated from the process, thus allowing time to contact the replacement CORs and follow up on non-responses. SIGIR also considers the restrictions imposed on contacting CORs directly to be an external impairment to our independence that interferes with our ability to form independent and objective opinions, findings, and conclusions. As stated above, SIGIR is working with USF-I to address this problem.

To examine the U.S. government's oversight of services provided and charges billed under TWISS contracts, we interviewed knowledgeable officials at the DCMA, U.S. Central Command (CENTCOM) Joint Theater Support Contracting Command (formerly CENTCOM Contracting Command), and CORs under U.S. Forces-Iraq. We visited the DCMA offices, Central Iraq, in May 2011. We also requested and reviewed the contract files, COR and Quality Assurance Representatives' reports, training documentation, policy guidance and other relevant oversight documents. To examine the U.S. government's process for adjusting those contract requirements as the U.S. military withdraws from Iraq, we interviewed knowledgeable officials at the DCMA and CENTCOM Joint Theater Support Contracting Command. We also requested and reviewed relevant contract and scheduling documents.

Use of Computer-processed Data

We did not use computer-processed data in this report.

Internal Controls

We reviewed the specific controls used in managing COR and QAR appointments, training and oversight.

Prior Coverage

We reviewed the following SIGIR reports:

Need To Enhance Oversight of Theater-wide Internal Security Services Contracts, SIGIR 09-017, 4/24/09.

Gulf Region District Is Adjusting Its Aegis Security Contract Requirements for Changes in Reconstruction Activities in Iraq, SIGIR 11-015, 4/27/11.

Appendix B—Acronyms

Acronym	Description
CENTCOM	U.S. Central Command
CJTSCC	CENTCOM Joint Theater Support Contracting Command
COR	Contracting Officer Representative
DCMA	Defense Contract Management Agency
DoD	Department of Defense
QAR	Quality Assurance Representative
SIGIR	Special Inspector General for Iraq Reconstruction
TWISS	Theater-wide Internal Security Services
USF-I	United States Forces–Iraq

Appendix C—Audit Team Members

This report was prepared and the audit conducted under the direction of Glenn D. Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

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

Arthur Granger

Randy Gentry

Wilson D. Haigler

J.J. Marzullo

Robert L. Pelletier

Appendix D—CENTCOM Joint Theater Support Contracting Command Comments



HEADQUARTERS
CENTCOM JOINT THEATER SUPPORT CONTRACTING COMMAND
CAMP AS SAYLIYAH, QATAR
APO AE 09898



C-JTSCC / CoS

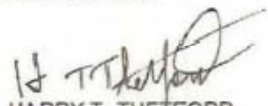
17 Jul 2011

MEMORANDUM FOR RECORD

SUBJECT: CENTCOM TASKER; USCC1118804943 SIGIR Draft Report 11-018

1. CENTCOM IG requested that C-JTSCC review SIGIR Draft Report 11-018 for accuracy, and to provide specific responses to the report recommendations found on page 13 of the draft report.
2. The SIGIR draft report was reviewed in accordance with SIGIR's instructions. Upon review, C-JTSCC concurs with all of SIGIR's recommendations. C-JTSCC has recommended one addendum to the draft report, which is provided in attached enclosure.
3. POC for this memorandum is LT Ifedayo O. Lofinmakin, ifedayo.o.lofinmakin@ccc.centcom.mil, DSN 318-432-6541.

Encl
Response shell


HARRY T. THETFORD
CAPT, SC, USN
Chief of Staff

Appendix E—USF-I Inspector General Comments

**Special Inspector General for Iraq Reconstruction (SIGIR)
AUDIT 1008**

Oversight of Theater-Wide Internal Security Services (TWISS) Contracts

RFI RESPONSE

USF-I IG response for consideration:

1. (U) USF-I enjoys a strong and mutually supportive relationship with SIGIR. A significant amount of time and effort is dedicated to ensure SIGIR's requests are supported expeditiously. Auditors working with the Command have access to all personnel assigned, including those at the subordinate level.
2. (U) USF-I staff works within the Command and its subordinate units through the RFI and FRAGO Order systems which enable proper staffing and follow through on all requests. The RFI and FRAGO processes ensure consistency in staffing, timeliness, and accuracy of all requests. Thus, all audit agencies receive timely and precise information as a result of this process.
3. (U) Audit agencies, including SIGIR, continue to inhibit their efforts by requesting data prior to Operation New Dawn (OND) – 1 September 2010. Data prior to OND has been transferred to higher headquarters (FRAGO 1679); USF-I is not the proprietor of this information.

APPROVED BY:
MARGARET L. DUNN
Colonel, U.S. Army
USF-I IG

PREPARED BY:
MARGARET L. DUNN
Colonel, U.S. Army
USF-I IG

Appendix F—DCMA Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
Defense Contract Management Agency-International
3901 Adams Avenue, Building 10500
Fort Lee, Virginia 23801

July 21, 2011

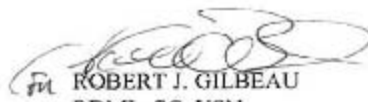
MEMORANDUM FOR: ASSISTANT INSPECTOR GENERAL FOR AUDITS, OFFICE OF
THE SPECIAL INSPECTOR GENERAL FOR IRAQ
RECONSTRUCTION

SUBJECT: Comments to Official Draft Report: 11-018-d entitled "Control Weaknesses Remain
in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07,
2011

Reference: SIGIR Project Number 1008

We have attached the Headquarters, Defense Contract Management Agency's comments
as requested in the subject draft report.

Point of contact for this audit is Edward A. Hendela, Chief of Staff at (310) 900-6952 x
70149 or Edward.Hendela@dema.mil.


ROBERT J. GILBEAU
RDML, SC, USN
Commander, DCMA International

Attachment:
As stated

Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

Draft Report Page 13, bullets 1-4 – "Recommendations"

"1. Change DCMA policy guidance to require regular, documented feedback on CORs' performance to the CORs and their chains of command."

DCMA COMMENTS: DCMA non-concurs with the recommendation. DCMA does not exercise administrative, operational or tactical control of the CORs, and therefore does not routinely provide performance feedback to the nominating officials or supervisors on its own discretion. When requested by the requiring activity, DCMA will provide performance feedback to any nominating officials or supervisors. This is in line with the current DCMA policy to provide feedback to the COR's chain of command "as necessary."

"2. Train and appoint alternate CORs for every TWISS task order that does not have one. Concentrate efforts on the installations that are scheduled to close last."

DCMA COMMENTS: DCMA concurs with the recommendation. However, it remains the responsibility of the requiring activity to nominate an alternate COR to DCMA.

"3. Verify that all CORs and QARs are conducting monthly reviews."

DCMA COMMENTS: DCMA Concurs with the recommendation.

"4. Prior to nomination, verify CORs' nominating officials have sufficient information about CORs' time and duty requirements upon which to make nomination decisions."

DCMA COMMENTS: DCMA non-concurs with the recommendation. The abilities of each COR vary with each individual. While one COR may be able to accomplish multiple duties, another COR may only be able to accomplish one. DCMA does not have the capability to determine the capacity of the CORs to handle multiple duties – only the requiring activity is intimate enough with the skill sets and abilities of the CORs to determine how much they can handle.

Technical Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

DCMA disputes several of the statements in the report, as noted below.

Draft Report states on Summary Page, paragraph 1, sentences 5 & 6– "What SIGIR found"

"With regards to the lack of time, DCMA said only the CORs' commanders can rebalance workload and that nominating officials during the nominating process should ensure CORs have the time and resources to perform their duties. While true, SIGIR believes DCMA should better inform the CORs' nominating officials of the time required to perform their duties."

DCMA COMMENTS: SIGIR's recommendation was already incorporated into policy. The Deputy Secretary of Defense Memorandum, Subject: Monitoring Contract Performance in Contracts for Services (Attachment), dated 22 Aug 2008, states that the Requiring Activity (RA) is responsible for technical requirements and contract quality requirements. The RA nominates qualified CORs, addressing the specific qualifications of the prospective COR. The nominating officials must include in the COR nomination package an affirmation that (1) the COR will be provided necessary resources to perform designated functions, (2) the COR and COR supervisors understand the importance of performance of the designated functions and (3) the designated functions will be addressed as part of the COR's performance assessments.

Draft Report states on Summary Page, paragraph 4, sentences 1, 2, 3 – "What SIGIR found"

"SIGIR also notes that many locations lacked trained backup CORs for when the primary COR was not available. CORs may not always be available to perform their oversight duties because of vacations, sickness, emergencies, and duty rotations. Sufficient numbers of trained backups would ensure continuity in contractor oversight during these times."

DCMA COMMENTS: "DCMA acknowledges the need and importance of "backup" or ACORs. DCMA informs CORs during Phase I of their training and through one-on-one training that should they go on R&R, or are over-tasked to the point of not being able to perform their COR duties properly, they are to inform the ACO and have their unit nominate an ACOR. DCMA has always been a proponent of ACORs.

Draft Report states on Page 5, paragraph 1, sentences 6 & 7 – "Control Weaknesses Remain with COR Oversight of the TWISS Contracts"

"Moreover, despite the concerns by DCMA that some CORs may not be performing their oversight functions effectively, we found that DCMA—and QARs in particular—were not providing the CORs or their rating officials with feedback on the CORs' performance. While DCMA's policy guidance does not require that CORs or their rating officials be provided regular performance feedback, SIGIR believes this does not relieve DCMA of the responsibility to correct these identified problems."

DCMA COMMENTS: DCMA does not exercise administrative, operational or tactical control of the CORs, and therefore does not provide performance feedback to the nominating officials or supervisors. Furthermore, DCMA has not received any requests from any nominating officials

Technical Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

or supervisors for performance feedback. DCMA has, however, engaged with the CORs' leadership to address instances where CORs have overstepped their authority as defined in their appointment letter. In two instances, the CORs were terminated on this basis.

Draft Report states on Page 5, paragraph 3, sentence 3 – "Roles and Responsibilities of CORs"

"The CORs' performance evaluations are to be provided by an individual in the USF-I chain of command, although the CORs are appointed and trained for their contract responsibilities by DCMA, to which they report."

DCMA COMMENTS: While this statement is factually accurate it may lead the reader to conclude that CORs report to DCMA. CORs report to their USF-I commands, not DCMA. They are only appointed by DCMA as CORs, and do not fall under DCMA's command and control.

Draft Report states on Page 8, paragraph 2, sentences 7, 8, 9, 10 – "Some TWISS CORs Lack Sufficient Time to Conduct Effective Oversight"

"DCMA did not respond to this question. Absent this information, SIGIR has no evidence the CORs' chains of command receive sufficient information to nominate the appropriate individuals. Because nominating officials may not have a clear understanding of the roles, responsibilities, and time commitments CORs will assume, it is difficult, if not impossible, for them to nominate the appropriate individuals for the job and balance their workloads. Moreover, without CORs having sufficient time to oversee all aspects of contractor operations, the U.S. government risks contractors billing for more services than they provided or not fulfilling all contract requirements."

DCMA COMMENTS: DCMA does not provide the Requiring Activity (RA) with an estimate of the time and effort required for CORs to perform their assigned duties. The RA develops the requirement and is in the best position to judge the time requirements necessary to perform the work. Additionally, the abilities of each COR vary with each individual. While one COR may be able to accomplish multiple duties, another COR may only be able to accomplish one. DCMA is not in a position to determine the capability of particular CORs to handle multiple duties – only the RA is intimate enough with the skill sets and abilities of the CORs to determine how much they can handle. This position is consistent with the 29 Mar 2010 memo issued by Dr. Ashton Carter (attached) and directed to the Secretaries of the Military Departments. That memo affirms that the RA is responsible, Requiring Activity Responsibilities for Contract Surveillance for Service Contracts, for ensuring that CORs are afforded necessary resources to perform their COR duties and that the prospective COR and COR supervisors understand the importance of designated functions. In a memorandum written to Secretaries of the Military Departments (29 Mar 2010) regarding DoD Standards for Certification of CORs for Service Acquisitions, the final attachment speaks to the RA nomination of CORs and what that nomination affirms, i.e. that the RA affirms the COR will be afforded necessary resources to perform their COR duties and that the prospective COR and COR supervisors understand the importance of designated functions. Before CORs are nominated by the RAs, CORs must

Technical Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

complete the mandated DAU basic COR classes. Once nominated, DCMA provides the CORs with additional training on their basic duties.

Draft Report states on Page 8, paragraph 3, sentences 8, 9 - "DCMA Does Not Have Documentation of All Monthly Reviews"

"DCMA did not know if the other reviews were ever prepared or they simply did not have them in the files. Because of this lack of documentation, SIGIR could not determine if CORs and QARs conducted all required oversight on the TWISS contracts."

DCMA COMMENTS: DCMA acknowledges that some audits were not available but the SIGIR comment, above, fails to mention DCMA's explanations for the missing data. There are two primary reasons for missing audits. In most instances, COR audits were not completed because of a Relief in Place or Transfer of Authority between an incoming and outgoing unit/COR. Conflicting priorities of efforts, other duties, and both scheduled and unscheduled absences prevented CORs from completing their audits. With respect to the QAR audits, the constant turnover of personnel on six month rotations and the multiple storage media have contributed to QAR audits not being conducted or misplaced. Also, the travel restrictions in theater have contributed to some audits not being completed. Although it is not ideal to have incomplete audits, audits are scheduled for the current month and cannot be made up after the month has past. DCMA's policy provides for an alternative surveillance strategy to mitigate the missed QAR audits; however this mitigation strategy is limited when a QAR is stranded in the theater while traveling. Appointing ACORs to assist with COR audits would assist in mitigating the risk of missed COR audits.

Draft Report states on Page 9, paragraph 2, sentence 3 - "DCMA Has Not Provided Performance Feedback on Poorly Performing CORs"

"Although DCMA's policy guidance does not require it to provide regular feedback to CORs or their rating officials, SIGIR believes this does not relieve DCMA of the responsibility of providing feedback when warranted."

DCMA COMMENTS: Even though DCMA exercises no administrative, operational or tactical control over CORs, it will provide feedback in cases where it is warranted. This occurred when DCMA terminated two CORs for unsatisfactory performance after engaging with the COR's leadership. The RA then nominated two new CORs to replace the terminated CORs. This example demonstrates that DCMA will address COR performance if circumstances warrant. DCMA has also appointed ACORs on contracts where the COR was too overwhelmed to perform their duties as needed/required.

Draft Report states on Page 10, paragraph 2, sentences 1, 2, 5 - "DCMA Has Not Provided Performance Feedback on Poorly Performing CORs"

"In addition, DCMA has not provided, and COR rating officials have not requested, information on the CORs' performance. DCMA guidance states that the Administrative Contracting Officer should provide feedback to the CORs' chains of command "as necessary." ...SIGIR requested DCMA provide documentation of regular feedback to the TWISS CORs' chains of command or rating officials, but DCMA officials stated they have not provided any."

Technical Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

DCMA COMMENTS: DCMA does not exercise administrative, operational or tactical control of the CORs, and therefore does not provide formal performance feedback to the nominating officials or supervisors on its own discretion. IAW DCMA's policy, DCMA will provide feedback to the COR's chain of command "as necessary", i.e, when asked to by the chain of command or when the CORs have overstepped their authorization. To date, DCMA has not received any requests from any nominating officials or supervisors for performance feedback. However, when CORs have overstepped their roles as defined by their appointment letters, DCMA has engaged with the CORs' leadership to address the issue. In two instances, the CORs were terminated for overstepping their authority.

Draft Report states on Page 12, paragraph 1, sentences 5, 6- "Conclusions"

"With regards to the lack of sufficient time, DCMA said only the CORs' commanders can rebalance the CORs' workload, and that nominating officials affirm the COR has time and resources to perform their duties when they nominate a COR. While true, SIGIR believes DCMA should better inform the CORs' nominating officials of the time required by CORs to perform their duties."

DCMA COMMENTS: DCMA does not provide the Requiring Activity (RA) with an estimate of the time and effort required for CORs to perform their assigned duties. The RA develops the requirement and is in the best position to judge the time requirements necessary to perform the work. Additionally, the abilities of each COR vary with each individual. While one COR may be able to accomplish multiple duties, another COR may only be able to accomplish one. DCMA is not in a position to determine the capability of particular CORs to handle multiple duties – only the RA is intimate enough with the skill sets and abilities of the CORs to determine how much they can handle. This position is consistent with the 29 Mar 2010 memo issued by Dr. Ashton Carter (attached) and directed to the Secretaries of the Military Departments. That memo affirms, Requiring Activity Responsibilities for Contract Surveillance for Service Contracts, that the RA is responsible ensuring that CORs are afforded necessary resources to perform their COR duties and that the prospective COR and COR supervisors understand the importance of designated functions.

Draft Report states on Page 14, paragraph 3 in its entirety – "Scope and Methodology"

To accomplish our objectives, SIGIR attempted to survey all 43 TWISS CORs to obtain information about their prior experience, training received, and responsibilities, among other things. While SIGIR requested responses from all 43 CORs, we received only 28 responses. This response rate was at least partly the result of the time it took using the process USF-I required us to use to obtain this data. Specifically, we obtained the CORs' names, locations, and contact information from DCMA, for which the CORs perform their oversight. However, because the CORs are directly assigned to USF-I commanders, the USF-I Inspector General would not allow us to contact the CORs directly but required us to use the USF-I Inspector General to send our questionnaire out as a formal order, addressed to the CORs' commanders. The USF-I Inspector General also required that all responses be returned to the Inspector General, who forwarded them to SIGIR. To expedite the process, a representative from the USF-I Inspector General's office spent many hours identifying the CORs' commanders. However,

Technical Comments to Draft Report: 11-018-d entitled "Control Weaknesses Remain in Oversight of Theater-Wide Internal Security Services Contracts," dated July 07, 2011

between the time we gave the list of CORs to the Inspector General and when we received the 15CORs responses, a total of 30 days had elapsed, and 10 CORs had left Iraq. Since that process took so long, and we would have had to use the same process to contact the replacement CORs, we were unable to follow-up with the replacement CORs and meet our reporting timelines. Had SIGIR been able to contact the CORs directly, we believe two to three weeks would have been eliminated from the process, thus allowing time to contact the replacement CORs and follow upon non-responses. SIGIR also considers the restrictions imposed on contacting CORs directly to be an external impairment to our independence that interferes with our ability to form independent and objective opinions, findings, and conclusions. SIGIR is working with USF-I to address this problem.

DCMA COMMENTS: DCMA believes the failure to interview CORs directly undermines the effectiveness and accuracy of this audit. While the focus was on the roles and responsibilities of the Contracting Officer's Representatives, SIGIR never engaged directly with the CORs nor participated on an actual COR audit. SIGIR's audit was limited to a COR survey and paper audits of records. Additionally, SIGIR's own audit reflects the dynamic and challenging nature of this environment – during the course of 30 days, 10 CORs had left Iraq. The departure of 10 CORs during the course of 30 days reflects fluid environment in a combat zone where units and personnel rotate into and out of theater constantly. Because of DCMA's experience with other audit teams, DCMA suggests that such interviews would provide SIGIR with a more complete understanding of DCMA's use of CORs.

Appendix G—SIGIR COR Survey Questions

Background

1. If you are involved with the TWISS contract, please list the contract _____, task order _____, and base _____ for which you are responsible. Are you the Primary _____ or Alternate _____ COR for the TWISS contract?
2. Please list the date you were assigned TWISS COR duties _____ and the date you are scheduled to end those duties _____.
3. Do you have prior experience as a COR? Yes _____ No _____ If so, from _____ to _____? Where was that experience (location _____)?

COR Guidance and Assistance

4. Were you provided with a copy of the current TWISS task order for which you are the COR? Yes _____ No _____. Date _____ of that task order.
5. Are you familiar with the requirements of the contractor in that task order? Yes _____ No _____ If not, please provide a brief explanation.
6. Do you have a COR appointment letter for that task order? Yes _____ No _____
7. Are you familiar with your responsibilities in that letter? Yes _____ No _____

8. Please indicate the COR training you received, the approximate dates of that training and your opinion of its usefulness in preparing you for your COR duties.

Course Name	Approximate Dates	Opinion on Level of Usefulness for TWISS COR Duties				
		Extremely Useful	Somewhat Useful	Limited Usefulness	Not Useful at all	Did not have this training
CLC 206 “Contracting Officer's Representatives in a Contingency Environment” (online from DAU)						
CLC 106 “Contracting Officer's Representative with a Mission Focus” (online from DAU)						
Ethics (online from DAU)						
Trafficking in Persons (online from DAU)						
Initial COR overview training with the ACO or Contract Assistant						
In-person, contract-specific training with the TWISS ACO						
In-person, contract-specific training with the TWISS Quality Assurance Rep (QAR)						
Other (If other, please identify)						

9. In general, did the COR training you received adequately prepare you to perform your COR duties on the TWISS contract? Yes _____ No _____

10. Could the COR training be improved to better prepare you and others? If so, we would appreciate your thoughts.

Duties and Responsibilities

11. Do you have other duties besides COR responsibilities under the TWISS contract? Yes _____
No _____ Briefly describe those other duties.
12. What percent of your time is devoted to your COR responsibilities on the TWISS contract?
_____ %
13. If you have other duties, do you have enough time to effectively check whether:
- The required numbers of contractor security personnel are on duty, when and where they should be? Yes _____ No _____ N/A _____
 - The required types of contractor security personnel (Expats, TCN, etc.) are on duty when and where they should be? Yes _____ No _____ N/A _____
 - The contractor's invoices are correct for the number and types of security personnel actually provided? Yes _____ No _____ N/A _____
 - The contractor's invoices are correct for the rates charged per security person (i.e., contractor is charging the rates listed in the contract)? Yes _____ No _____ N/A _____
14. If you do not have enough time to perform the oversight you believe is necessary on the TWISS contract, approximately what percent of your time (_____ %) do you believe should be spent on that oversight?
15. If you do not have enough time to perform oversight on the TWISS contract, have you informed any of the following?
- a. Your chain of command? Yes _____ No _____
 - b. The TWISS QAR? Yes _____ No _____
 - c. The TWISS ACO? Yes _____ No _____
 - d. The TWISS Contracting Officer? Yes _____ No _____
16. If you informed someone that you do not have enough time to perform oversight on the TWISS contract, what actions were taken to rectify the problem?

17. Are there impediments to you performing effective oversight on the TWISS contract? Yes _____
No _____ If yes, what are they?
18. Is the quality of your performance as a TWISS COR reflected in your annual evaluation report?
Yes _____ No _____ Not sure _____
19. How do you verify the information on the PWS checklist? (Check all that apply)
- Physical inspection
 - Documents provided by the contractor
 - Descriptions provided by contractor
 - Other (Please elaborate)
 - I cannot fully verify all information on the PWS checklist (Please elaborate.)
20. How often do you physically verify the contractor is manning all TWISS duty stations with the required number and type of personnel? Daily _____, Weekly _____, Monthly _____, Other _____. If other, please describe.
21. How do you record/keep track of whether the contractor is manning all TWISS duty stations with the appropriate number and type of personnel? Please describe.
22. How often does the TWISS contractor provide you with their manning reports?
Daily _____, Weekly _____, Monthly _____, Other _____. If other, please describe.
23. Other than when you received your training and appointment letter, have you ever communicated with the following individuals?
- a. The TWISS QAR? Yes _____ No _____
 - b. The TWISS ACO? Yes _____ No _____
 - c. The TWISS Contracting Officer? Yes _____ No _____

24. Since your appointment as a COR on the TWISS contract:
- a. How many times has the QAR visited you? (_____ times.)
 - b. How many times has the ACO visited you? (_____ times.)

Invoice Reviews

25. Do you receive the contractor's invoices for review prior to payment? Yes_____ No_____
26. Do you review the invoices for accuracy? Yes_____ No_____ If so, what documents/information do you use to check accuracy? Please describe.
27. If someone else validates the invoices, do you provide that person with the results of your inspections so your findings can be compared to the contractor's charges_____ Yes _____ No?
28. Have you ever done any of the following on the TWISS contract?
- Requested the contractor reconsider questionable costs on an invoice? Yes_____ No_____
 - Requested the contractor provide additional support for an invoice? Yes_____ No_____
 - Requested the contractor change an invoice? Yes_____ No_____
 - Recommended to the ACO or Contracting Officer that payment be denied for a TWISS invoice? Yes_____ No_____
29. If you answered "Yes" to any of the questions in 28, have these occurred Frequently_____ Occasionally_____ Almost never_____? If frequently or occasionally, briefly describe the more prevalent problem(s).
30. Is there anything else significant about the performance of your TWISS contractor, or the U.S. government's oversight on the TWISS contract which was not discussed in the questionnaire, but would be helpful for us to know? If so, please describe.

Appendix H—SIGIR Mission and Contact Information

SIGIR’s Mission

Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- 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

Obtaining Copies of SIGIR Reports and Testimonies

To obtain copies of SIGIR documents at no cost, go to SIGIR’s Web site (www.sigir.mil).

To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs

Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline:

- Web: www.sigir.mil/submit_fraud.html
- Phone: 703-602-4063
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