

# CONTRACTING FOR IRAQ RECONSTRUCTION

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## U.S.-FUNDED CONTRACTORS AND GRANTEES IN IRAQ

As of September 30, 2011, 53,447 employees of U.S.-funded contractors and grantees supported the Department of Defense (DoD), Department of State (DoS), U.S. Agency for International Development (USAID), and other U.S. agencies in Iraq, according to data available in the Synchronized Predeployment and Operational Tracker (SPOT). SPOT also indicates that the number of such individuals declined significantly this quarter, dropping by 16,010 (23%) from the 69,457 who were registered in Iraq at the end of last quarter.<sup>85</sup>

SPOT is the common database designated by DoD, DoS, and USAID to be used as the system of record for statutorily required contract, funding instrument, and personnel information in Iraq and Afghanistan. It is operated by a program management office within DoD. All three agencies have issued directives requiring contractors to enter mandated information, and officials from each agency have used SPOT to obtain information on individual contracts and contractor employees. In addition, DoD and DoS officials have used SPOT

SPOT indicates that the number of U.S.-funded contractors declined significantly this quarter, dropping by 23%.

TABLE 3.1  
CONTRACTOR AND GRANTEE EMPLOYEES IN IRAQ, BY TYPE OF SERVICE PROVIDED AND AGENCY, AS OF 10/6/2011

CATEGORY	SERVICE PROVIDED	AGENCY					TOTAL	QUARTERLY CHANGE
		ARMY	C3	STATE	USAID	OTHER		
<b>Support Services</b>	Security Guards and Patrol Services	131	9,561	2,418			12,110	-1,148 (-9%)
	Facilities Support Services	640	105	332		647	1,724	-381 (-18%)
	Security Systems Services (except locksmiths)		40	15			55	-335 (-86%)
	Other	25,465	165	3		387	26,020	-8,429 (-24%)
	<b>Subtotal</b>	<b>26,236</b>	<b>9,871</b>	<b>2,768</b>		<b>1,034</b>	<b>39,909</b>	<b>-10,293 (-21%)</b>
<b>Professional, Scientific, and Technical Services</b>	Translation and Interpretation Services	2,244	72	36		138	2,490	-783 (-24%)
	Engineering Services	506		29		739	1,274	-424 (-25%)
	Administrative Management and General Management Consulting Services	84	21	20	771	30	926	-981 (-51%)
	Other	194	83	258		447	982	-52 (-5%)
	<b>Subtotal</b>	<b>3,028</b>	<b>176</b>	<b>343</b>	<b>771</b>	<b>1,354</b>	<b>5,672</b>	<b>-2,240 (-28%)</b>
<b>Miscellaneous</b>	Support Activities for Air Transportation	202	139	476		268	1,085	185 (21%)
	Sewage Treatment Facilities; Finish Carpentry; Facilities Support; Appliance Repair and Maintenance		702				702	-298 (-30%)
	Police Protection			447			447	-269 (-38%)
	Satellite Telecommunications	231					231	-103 (-31%)
	Specialty Trade Contractors	4	178	1			183	-596 (-77%)
	Other	1,575	801	372	133	1,679	4,560	-2,062 (-31%)
	<b>Subtotal</b>	<b>2,012</b>	<b>1,820</b>	<b>1,296</b>	<b>133</b>	<b>1,947</b>	<b>7,208</b>	<b>-3,143 (-30%)</b>
<b>Not Specified</b>		4	325	3		326	658	-334 (-34%)
<b>Total</b>		<b>31,280</b>	<b>12,192</b>	<b>4,410</b>	<b>904</b>	<b>4,661</b>	<b>53,447</b>	<b>-16,010 (-23%)</b>

Note: Data not audited.

Sources: OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 7/5/2011 and 10/7/2011.

# U.S.-FUNDED CONTRACTORS AND GRANTEES IN IRAQ

TABLE 3.2  
CONTRACTOR AND GRANTEE EMPLOYEES IN IRAQ, BY AGENCY AND NATIONAL ORIGIN, AS OF 10/6/2011

AGENCY		THIRD-COUNTRY NATIONAL	U.S. CITIZEN	IRAQI NATIONAL	TOTAL	QUARTERLY CHANGE
<b>Department of Defense</b>	Department of the Army (Army)	16,909	13,039	1,332	31,280	-9,934 (-24%)
	CENTCOM Contracting Command (C3)	9,111	1,481	1,600	12,192	-3,321 (-21%)
	Department of the Air Force (Air Force)	1,077	628	8	1,713	-385 (-18%)
	U.S. Transportation Command (USTRANSCOM)	168	7	560	735	-111 (-13%)
	Army and Air Force Exchange Service (AAFES)	498	17	35	550	-192 (-26%)
	Defense Contract Management Agency (DCMA)	6	473	1	480	-68 (-12%)
	Department of the Navy (Navy)		304		304	-259 (-46%)
	U.S. Special Operations Command (USSOCOM)		256		256	6 (2%)
	DoD Joint Program Office MRAP		148		148	-44 (-23%)
	Department of Defense (DoD)	22	44	12	78	-38 (-33%)
	Washington Headquarters Service (WHS)	58		4	62	23 (59%)
	Defense Logistics Agency (DLA)	39	14		53	-4 (-7%)
	Defense Information Systems Agency (DISA)	1	50		51	-2 (-4%)
	Defense Intelligence Agency (DIA)		49		49	-34 (-41%)
	Space and Missile Defense Command (SMDC)		27		27	-37 (-58%)
	Air Force Center for Engineering and the Environment (AFCEE)	1	15		16	2 (14%)
	National Geospatial-Intelligence Agency (NGA)		14		14	-18 (-56%)
	Defense Contract Agency (DCA)		11		11	-9 (-45%)
	Missile Defense Agency (MDA)		10		10	0 (0%)
	Office of the Secretary of Defense (OSD)		8		8	0 (0%)
	Defense Advanced Research Projects Agency (DARPA)		6		6	-4 (-40%)
	Army Materiel Command (AMC)		5		5	2 (67%)
	Business Transformation Agency (BTA)				0	-7 (-100%)
	Defense Contract Audit Agency (DCAA)				0	-1 (-100%)
	Defense Finance and Accounting Service (DFAS)				0	-1 (-100%)
	<b>Subtotal</b>		<b>27,890</b>	<b>16,606</b>	<b>3,552</b>	<b>48,048</b>
<b>Other</b>	Department of State (DoS)	1,097	3,279	34	4,410	-393 (-8%)
	U.S. Agency for International Development (USAID)	36	42	826	904	-1,161 (-56%)
	Department of Energy (DoE)		32		32	11 (52%)
	General Services Administration (GSA)		28		28	-26 (-48%)
	Department of Justice (DoJ)		25		25	-4 (-14%)
	Society of Environmental Toxicology and Chemistry (SETAC)				0	-1 (-100%)
	<b>Subtotal</b>		<b>1,133</b>	<b>3,406</b>	<b>860</b>	<b>5,399</b>
<b>Total</b>		<b>29,023</b>	<b>20,012</b>	<b>4,412</b>	<b>53,447</b>	<b>-16,010 (-23%)</b>

Note: Data not audited.

Sources: OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 7/5/2011 and 10/7/2011.

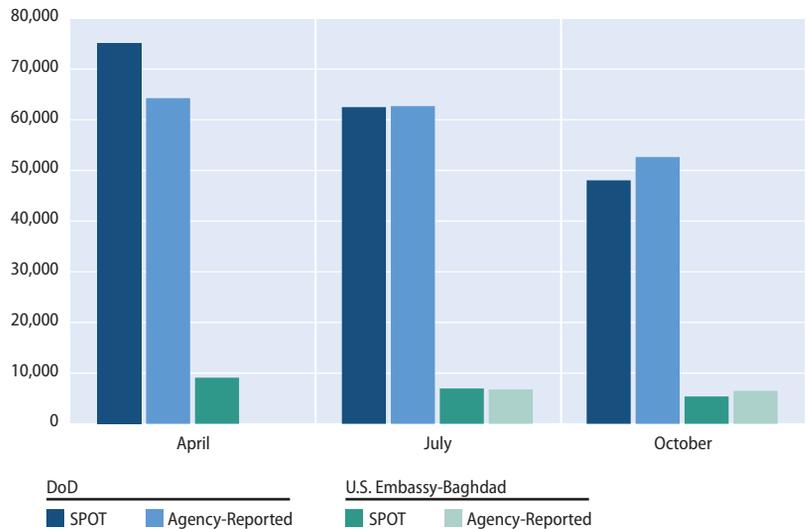
data to inform operational planning for contractor support, especially to prepare for the withdrawal of U.S. forces.<sup>86</sup>

According to the Government Accountability Office (GAO), however, SPOT has significant weaknesses and inconsistencies. In its review of a joint contracting report issued by DoD and DoS for 2010, GAO found that only DoS used SPOT as its source for contractor personnel data, and that DoD and USAID considered other sources to be more authoritative. None of the agencies used SPOT as the system of record for contract and assistance instruments or to record the number of contractor personnel killed and wounded.<sup>87</sup>

Notwithstanding the limitations of SPOT, SIGIR has found it to be the most timely and complete source of contractor personnel data available for its Quarterly Report. For several quarters in the recent past, DoS had been unable or unwilling to provide data on its contractor personnel to SIGIR, and data supplied by DoD has generally been three months out of date. SPOT's utility would be further increased if DoD, DoS, and USAID resolved the major remaining challenges identified by GAO:<sup>88</sup>

- linking SPOT with agency information systems for contract and assistance instrument management
- providing a reliable means of obtaining information on orders and sub-awards
- reliably distinguishing security contractors from other contractor personnel
- using SPOT to track the number of contractor personnel killed and wounded

**FIGURE 3.1**  
**CONTRACTORS AND GRANTEES IN IRAQ: COMPARISON OF SPOT AND AGENCY-REPORTED PERSONNEL COUNTS, 4/2011–10/2011**



**Note:** Data not audited. SPOT personnel counts classified as “U.S. Embassy-Baghdad” include all non-DoD agencies. U.S. Embassy-Baghdad did not report the number of contractor personnel under Chief of Mission authority in April 2011.

**Sources:** OUSD(AT&L), SPOT Program Support, responses to SIGIR data calls, 4/25/2011, 7/5/2011, and 10/7/2011; ODASD(Program Support), “CENTCOM Quarterly Contractor Census Report,” 4/6/2011, 7/7/2011, and 10/17/2011; U.S. Embassy-Baghdad, responses to SIGIR data calls, 7/5/2011 and 10/5/2011.

The U.S. Central Command’s Joint Theater Support Contracting Command informed SIGIR that it agrees with these recommendations, but believes that linking SPOT with other agency information systems would be “budget intensive.”<sup>89</sup>

For information on contractors and grantees, by agency and type of service, see Table 3.1. For information on contractors and grantees, by agency and national origin, see Table 3.2. For a comparison of SPOT data and agency-reported data for each of the last three quarters, see Figure 3.1. ♦

None of the agencies used SPOT as the system of record for contract and assistance instruments or to record the number of contractor personnel killed and wounded.

## CONTRACTING ACTIONS, PROJECTS, AND GRANTS

As of September 30, 2011, DoD, DoS, and USAID had reported 88,210 contracting actions, projects, or grants, totaling \$40.06 billion in cumulative obligations.<sup>90</sup> This accounts for 85% of the \$46.91 billion in reported financial obligations from the Iraq Relief and Reconstruction Fund (IRRF), Iraq Security Forces Fund (ISFF), Economic Support Fund (ESF), and Commander’s Emergency Response Program (CERP).<sup>91</sup>

This quarter, DoD, DoS, and USAID reported 512 new contracting actions or grants from the IRRF, ISFF, ESF, and CERP, resulting in \$205 million in new obligations and \$292 million in new expenditures.<sup>92</sup>

For an overview of the status and quarterly change of contracting actions and grants, see Table 3.3. For a list of the top contractors and grantees in Iraq, see Table 3.4. For a complete list of contracting actions and grants, as reported to SIGIR, visit [www.sigir.mil](http://www.sigir.mil). ♦

TABLE 3.3  
CONTRACTING ACTIONS AND GRANTS  
\$ Millions

FUND	CURRENT STATUS			CHANGE OVER QUARTER			CONTRACTS REPORTED AS A % OF OBLIGATIONS
	COUNT	OBLIGATED	EXPENDED	COUNT	OBLIGATED	EXPENDED	
ISFF	18,353	\$17,980.6	\$17,366.9	229 (1%)	\$150.2 (1%)	\$164.8 (1%)	97%
IRRF	8,489	\$14,397.2	\$14,324.5	5 (0%)	-\$20.2 (0%)	\$24.2 (0%)	71%
CERP	53,676	\$3,914.44	\$1,618.12	-33 (0%)	-\$0.78 (0%)	\$13.99 (1%)	105%
ESF	7,692	\$3,770.1	\$3,430.3	311 (4%)	\$75.8 (2%)	\$88.7 (3%)	88%
<b>Total</b>	<b>88,210</b>	<b>\$40,062.32</b>	<b>\$36,739.79</b>	<b>512 (1%)</b>	<b>\$205.08 (1%)</b>	<b>\$291.60 (1%)</b>	<b>85%</b>

Note: Data not audited. Numbers affected by rounding. Table represents only those contracting actions that were reported by the agencies; they do not reflect all obligations or expenditures made in Iraq.

Sources: CEFMS, ESF, IRRF: Construction, IRRF: Non-construction, ISFF, 4/1/2011 and 10/3/2011; USAID, responses to SIGIR data calls, 1/22/2010 and 10/6/2011; ABO, responses to SIGIR data calls, 7/5/2011, 7/14/2011, and 10/18/2011; USF-I, response to SIGIR data call, 10/17/2011.

# CONTRACTING FOR IRAQ RECONSTRUCTION

TABLE 3.4  
TOP RECONSTRUCTION CONTRACTORS IN IRAQ, AS OF 9/30/2011  
\$ Millions

CONTRACTOR	OBLIGATED				EXPENDED			
	IRRF	ISFF	ESF	TOTAL	IRRF	ISFF	ESF	TOTAL
Bechtel National, Inc.	1,186.6			1,186.6	1,180.2			1,180.2
Environmental Chemical Corporation	351.9	764.8		1,116.7	351.9	756.5		1,108.3
FluorAMEC, LLC	942.1			942.1	942.1			942.1
AECOM Government Services, Inc.	11.5	953.8		965.3	11.5	907.8		919.3
Parsons Global Services, Inc.	675.6	3.6		679.2	675.6	3.6		679.2
Washington Group International	514.1	164.7		678.8	513.9	163.7		677.5
International Relief and Development			686.3	686.3			671.8	671.8
Parsons Iraq Joint Venture	630.5			630.5	629.9			629.9
Kellogg Brown & Root Services, Inc.	624.5	7.0		631.5	620.0	6.4		626.4
Navistar	68.7	560.7		629.4	68.7	552.5		621.2
American Equipment Company (AMERCO)	0.2	516.9		517.1	0.2	514.4		514.6
Research Triangle Institute			447.3	447.3			437.1	437.1
Iraqi Contractor - 5300	16.6	337.2	10.5	364.3	16.6	325.2	10.5	352.3
ToITest, Inc.	86.1	266.3		352.4	82.4	263.8		346.2
Tetra International, LLC	67.4	276.2	0.4	344.0	67.4	274.8	0.4	342.6
Laguna Construction Company, Inc.	156.6	178.5		335.1	155.8	166.2		322.0
AMEC Earth & Environmental, Inc.	134.4	183.3		317.7	134.4	182.8		317.3
Management Systems International, Inc.			357.1	357.1			306.3	306.3
Innovative Technical Solutions, Inc.	25.6	283.9		309.6	25.6	279.9		305.6
MAC International FZE	177.2	118.6		295.8	177.2	117.9		295.1
Research Triangle Institute (RTI)	287.7			287.7	287.4			287.4
Weston Solutions, Inc.	114.1	170.3		284.4	114.1	170.0		284.1
Symbion Power, LLC	269.2			269.2	269.2			269.2
Anham Joint Venture	258.5	6.3		264.8	258.5	6.3		264.8
Louis Berger International, Inc.			338.7	338.7			264.7	264.7
CHF International	51.4		214.0	265.4	51.3		205.1	256.4
BearingPoint, Inc.	154.4		92.5	246.9	153.3		92.5	245.9
Raytheon Company	2.5	263.9	0.9	267.3	2.5	236.8	0.9	240.2
Siemens	217.9		6.4	224.3	217.9		6.4	224.3
Washington International/Black & Veatch	222.2		0.6	222.8	221.7		0.6	222.2

Note: Data not audited. Numbers affected by rounding. Table represents only those contracting actions that were reported by the agencies; they do not reflect all obligations or expenditures made in Iraq.

Sources: CEFMS, ESF, IRRF: Construction, IRRF: Non-construction, ISFF, 4/1/2011 and 10/3/2011; USAID, responses to SIGIR data calls, 1/22/2010 and 10/6/2011.

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## FINAL REPORT OF THE COMMISSION ON WARTIME CONTRACTING

Poor contract planning, management, and oversight have resulted in massive waste and fraud, which the CWC estimated to range from \$31 billion to \$60 billion.

In August, the congressionally chartered Commission on Wartime Contracting in Iraq and Afghanistan (CWC) released its final report to the Congress, “Transforming Wartime Contracting: Controlling Costs, Reducing Risks.”<sup>93</sup> According to the CWC, “the tasks that agencies have relied on contingency contractors to perform, coupled with their ineffective management of many contractors in Iraq and Afghanistan, have bred an unhealthy over-reliance that is too risky and costly to repeat.”<sup>94</sup> Overall, poor contract planning,

management, and oversight have resulted in between \$31 billion and \$60 billion in waste and fraud. The midpoint of that estimate equates to approximately \$12 million every day for the past 10 years.<sup>95</sup> According to the CWC, “failure to curb contract-related waste, fraud, and abuse is a breach of agencies’ fiduciary duty to efficiently manage budgets and resources. Worse still, it undermines U.S. defense, diplomatic, and development missions.”<sup>96</sup> For observations and recommendations from the final CWC report, see Table 3.5. ♦

TABLE 3.5  
CWC RECOMMENDATIONS FOR TRANSFORMING WARTIME CONTRACTING

ISSUES	RECOMMENDATIONS
<p><b>“Inherently governmental” rules do not guide appropriate use of contractors in contingencies.</b> Systematic consideration of operational, political, and fiscal risks must be a factor in judging appropriateness, as opposed to assuming that any task not deemed inherently governmental is automatically suitable for performance under a contingency contract. If agencies had trained, experienced, and deployable cadres for stabilization-and-reconstruction functions in high-risk areas of contingency operations, the government would have an alternative to contracting for those functions.</p>	<ol style="list-style-type: none"> <li>1. Use risk factors in deciding whether to contract in contingencies.</li> <li>2. Develop deployable cadres for acquisition management and contractor oversight.</li> <li>3. Phase out use of private security contractors for certain functions.</li> <li>4. Improve interagency coordination and guidance for using security contractors in contingency operations.</li> </ol>
<p><b>Looming sustainment costs risk massive new waste.</b> Many billions of dollars already spent, including spending on apparently well-designed projects and programs, will turn into waste if the host governments cannot or will not commit the funds, staff, and expertise to operate and maintain them. These losses could easily exceed the contract waste and fraud already incurred. U.S. officials have often not examined programs and projects for sustainability, acquisition strategies have often lacked a detailed assessment of long-term costs and of host nations’ ability and willingness to fund those costs, and there is no current requirement that officials analyze sustainability risks and report their findings and risk-mitigation strategies.</p>	<ol style="list-style-type: none"> <li>5. Take actions to mitigate the threat of additional waste from unsustainability.</li> </ol>
<p><b>Agencies have not institutionalized acquisition as a core function.</b> Meaningful progress will be limited as long as agencies resist major reforms that would elevate the importance of contracting, commit additional resources to planning and managing contingency contracting, and institutionalize best practices within their organizations.</p>	<ol style="list-style-type: none"> <li>6. Elevate the positions and expand the authority of civilian officials responsible for contingency contracting at DoS, DoS, and USAID.</li> <li>7. Elevate and expand the authority of military officials responsible for contingency contracting on the Joint Staff, the combatant commanders’ staffs, and in the military services.</li> </ol>
<p><b>Agency structures and authorities prevent effective interagency coordination.</b> Misalignment of organizational structures and authorities impedes interagency coordination and cooperation for contingency contracting, leading to duplication of effort, gaps in continuity, improper phasing of operations, and waste.</p>	<ol style="list-style-type: none"> <li>8. Establish a new, dual-hatted senior position at the Office of Management and Budget and the National Security Council to provide oversight and strategic direction.</li> <li>9. Create a permanent office of inspector general for contingency operations.</li> </ol>
<p><b>Contract competition, management, and enforcement are ineffective.</b> Agencies have failed to set and meet goals for competition and have repeatedly awarded long-term task orders that were not recompeted when competitive conditions improved; extended contracts and task orders past their specified expiration dates, increased ceilings on cost-type contracts and modified task orders and contracts to add extensive new work; favored using existing task- and delivery-order contracts like LOGCAP III over creating more competitive and more targeted contract vehicles; and used cost-reimbursable contract types even though simpler, fixed-price contracts could expand the competitive pool.</p>	<ol style="list-style-type: none"> <li>10. Set and meet annual increases in competition goals for contingency contracts.</li> <li>11. Improve contractor performance-data recording and use</li> <li>12. Strengthen enforcement tools.</li> <li>13. Provide adequate staffing and resources, and establish procedures to protect the government’s interests.</li> </ol>
<p><b>The way forward demands major reforms.</b> Congress must issue mandates and provide resources for improved planning, management, and oversight capabilities if it expects significant change and real savings in contingency contracting. Given the federal budget outlook, the temptation will be powerful to postpone the investments needed. Congress must resist that temptation and recognize preparedness for emergencies requiring contingency contracting is as much a national-security priority as procuring weapons systems.</p>	<ol style="list-style-type: none"> <li>14. Congress should provide or reallocate resources for contingency-contracting reform to cure or mitigate the numerous defects described by the CWC.</li> <li>15. Congress should enact legislation requiring regular assessment and reporting of agencies’ progress in implementing reform recommendations.</li> </ol>

Sources: CWC, Final Report to Congress, “Transforming Wartime Contracting: Controlling Costs, Reducing Risks,” 8/2011, Executive Summary, [www.wartimecontracting.gov/docs/CWC\\_FinalReport-lowres.pdf](http://www.wartimecontracting.gov/docs/CWC_FinalReport-lowres.pdf), accessed 10/7/2011; CWC, News Release 49, “Wartime Contracting Commission Releases Final Report to Congress,” 8/31/2011, [www.wartimecontracting.gov/index.php/pressroom/pressreleases/203-cwc-nr-49](http://www.wartimecontracting.gov/index.php/pressroom/pressreleases/203-cwc-nr-49), accessed 10/7/2011.