



# SIGIR ACCOMPLISHMENTS

# DEC 2010

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

The Office of the Special Inspector General for Iraq Reconstruction (SIGIR) is a cross-jurisdictional oversight agency created by the Congress to provide independent and objective oversight of the U.S. reconstruction program in Iraq. For almost seven years, SIGIR has provided comprehensive, real-time oversight that has informed the government's decisions and provided accurate and timely information to the taxpayers. SIGIR's body of work is also influencing how the United States conducts stabilization and reconstruction operations both in Iraq and in other contingency environments. All of SIGIR's reports are available online at [www.sigir.mil](http://www.sigir.mil).

SIGIR's contributions include:

- 27 Quarterly Reports to Congress
- 348 audit, inspection, and evaluation reports
- 436 recommendations to improve program activities
- 31 Congressional testimonies
- 5 Lessons Learned reports
- \$1 billion in financial impact

**Influence on Law and Policy.** SIGIR's work has led to several changes in U.S. reconstruction policy. For example, SIGIR's second Lessons Learned report reviewed U.S. contracting and procurement processes as they related to the Iraq reconstruction effort, concluding that the U.S. government was not providing the kind of contracting and procurement support needed at the time of the 2003 invasion. In the wake of this report, the Congress took a variety of steps to address SIGIR's concerns. First, the John Warner National Defense Authorization Act for Fiscal Year 2007 stipulated that the Secretary of Defense must develop policies and procedures for defining contingency contracting requirements, identify a



Al-Faw Palace at Camp Victory outside Baghdad on September 1, 2010, the day of the U.S. Forces–Iraq change of command ceremony. (USF-I photo)

deployable cadre of contracting experts, and provide training in contingency contracting to appropriate personnel. Second, the National Defense Authorization Act for 2008 required contracting training for personnel outside the acquisition workforce, addressing the condition whereby many unit commanders with no contracting experience were often called upon to oversee complex contracts in the midst of ongoing operations. Finally, the passage of the Accountability in Government Contracting Act of 2007 strengthened the federal acquisition workforce by establishing a contingency contracting corps and providing specific guidance to encourage accountability and limit waste and abuse.

Similarly, SIGIR's Lessons Learned report on program and project management contributed to the development of the updated *Emergency Acquisitions* guide issued by the Office of Management and Budget's Office of Federal Procurement Policy in May 2007. The guide is designed to help agencies prepare the acquisition workforce for emergen-

## SIGIR's Mission

- To provide independent and objective oversight of Iraq reconstruction policies, programs, and operations through comprehensive audits, inspections, and investigations.
- To provide information, analysis, and recommendations that promote economy, efficiency, and effectiveness and prevent, detect, and deter fraud, waste, and abuse.

## SIGIR's Vision

- To be a dynamic and innovative organization that promotes the effective stewardship of U.S. funds appropriated for Iraq's reconstruction.

## SIGIR's Values

- **Professionalism**—ensuring respect, integrity, and competence in all activities.
- **Productivity**—producing quality products in a timely fashion.
- **Perseverance**—accomplishing our mission in the face of adversity.

cies. It includes a number of management and operational best practices that should be considered in planning for contingency operations, anti-terrorism activities, and national emergencies.

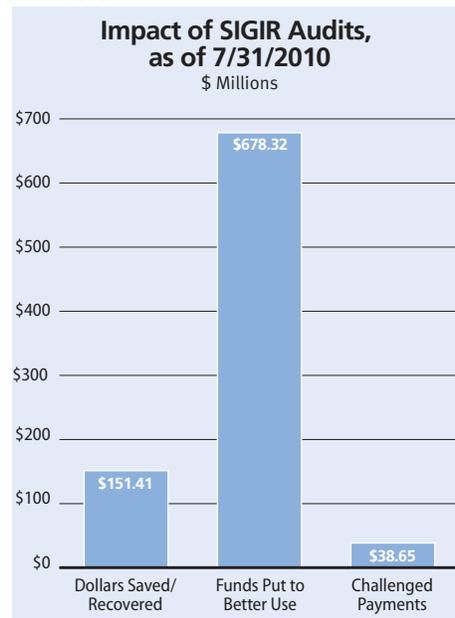
Additional examples of how SIGIR’s oversight has affected U.S. policy include:

- Reorganization of U.S. anticorruption and rule-of-law programs in Iraq
- Imposition of stricter limitations on the amount of Commander’s Emergency Response Program (CERP) funds that can be used on any one project
- Establishment of improved processes for transferring U.S.-funded assets to the Government of Iraq (GOI)
- Improved accountability over weapons purchased by the United States for use by the Iraqi Security Forces
- Enhanced coordination between private security contractors operating in Iraq and U.S. Embassy and military officials

**Audits.** To date, SIGIR has produced 177 audit reports, and has 16 more audits currently underway. Significant audits issued over the past three quarters examined:

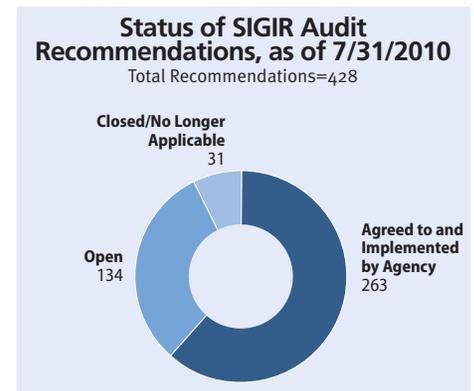
- **Development Fund for Iraq (DFI).** Beginning in 2004, the Department of Defense (DoD) managed the Iraqi oil revenue deposited in the DFI. The funds were to be used for the reconstruction of Iraq. After reviewing DoD’s financial and management controls, SIGIR concluded that weaknesses in these controls left DoD unable to account for \$8.7 billion of the \$9.1 billion in DFI funds it received.
- **Management and Outcomes of the DoD Program To Train and Equip Iraqi Police Forces.** Since 2003, the United States has spent about \$7.3 billion on a program to help the GOI train, staff, and equip police forces to maintain domestic order. But while DoD reports that more than 400,000 Iraqi police have received training and are on the force, the capabilities of these units are unknown because no assessments of the force’s capabilities were made.

FIGURE A



- **Department of State (DoS) Oversight of Democracy Grants to the International Republican Institute (IRI).** SIGIR reviewed DoS’s management of a \$50 million grant to IRI for democracy-building activities in Iraq. The audit found that inadequate DoS oversight and weak IRI compliance with the grant’s requirements combined to leave the U.S. government vulnerable to paying excessive charges and with insufficient information regarding what was achieved—other than the holding of 271 training sessions for about 5,000 Iraqis over two years.
- **The Commercial Economic Zone at the Baghdad International Airport (BIAP).** Over a four-year period, Multi-National Corps-Iraq (MNC-I) spent about \$35.5 million in CERP funds on 46 separate projects to develop a commercial economic zone at BIAP. The purpose of these projects was to generate revenue and establish BIAP as the gateway to Iraq for international investors. However, MNC-I’s ambitious goals were only partially achieved. The \$19.3 million expended on 22 projects generated generally good results, but about \$16.1 million spent on 24 other projects largely led to unsuccessful outcomes.

FIGURE B



Since 2004, SIGIR audits have also contributed to the improved management of:

- Asset-transfer initiatives
- Private security contractors
- U.S. anticorruption programs
- Information management systems
- Contract awards fees
- Provincial Reconstruction Teams

Upcoming SIGIR audits will address DoS efforts to support the rule of law in Iraq, U.S. oversight of private security contractors, the status of funds appropriated for the Iraq Relief and Reconstruction Fund, and the Sons of Iraq program. Figure A summarizes the financial impact of SIGIR’s audits, and Figure B shows how many of SIGIR’s recommendations have been adopted by the agencies.

**Forensic Audit Initiative.** Pursuant to its Congressional mandate to conduct a final forensic audit of all U.S. reconstruction funds, SIGIR has collected and analyzed DoD, DoS, and USAID expenditure transactions totaling more than \$35 billion. So far, SIGIR has identified 54 potential duplicative payments made by DoS, totaling approximately \$18 million and discovered a possible breakdown in separation of duties in the management of the CERP. SIGIR has also opened 53 new criminal investigations as a result of its forensic audit work. For an overview of this initiative, see Figure C.

**Investigations.** As of November 25, 2010, SIGIR has 108 open investigations, and its

FIGURE C  
Forensic Audit, as of 7/31/2010

<p>Transactions Reviewed: 108,000 Totaling <b>\$35.8B</b></p>	<p>Transactions Identified for In-depth Review: 77 Totaling <b>\$53.5M</b></p>
<p>Duplicate Payments Recovered: <b>\$142K</b></p>	<p>Confirmed Accounting Adjustments: 54 Totaling <b>\$64M</b></p>

work to date has resulted in 54 indictments and 44 convictions. Highlights from SIGIR's recent investigations include:

- A former senior employee of a U.S. military contractor pleading guilty to conspiracy to pay \$360,000 in bribes to U.S. Army contracting officials
- The sentencing of a U.S. Army captain to 15 months in prison for receiving cash bribes and awarding CERP-funded contracts based on inflated prices
- The sentencing of a West Point graduate and U.S. Army captain to 30 months in prison following his admission that he stole and converted to his own use approximately \$690,000 derived from CERP funds
- The convictions for fraud of two high-ranking officials working for a prominent U.S. government contracting company and a deferred prosecution agreement with the company whereby it agreed to pay more than \$69 million in fines and penalties
- A former DoD contractor pleading guilty to conspiring to pay more than \$3 million in bribes to U.S. Army contracting officials stationed in Kuwait

Figure D summarizes SIGIR's investigative accomplishments.

**SIGIR Prosecutorial Initiative (SIGPRO).**

In late 2009, SIGIR hired three former Department of Justice (DoJ) prosecutors, subsequently detailing them to the Fraud Section of DoJ's Criminal Division where they work solely on cases involving criminal

FIGURE D  
SIGIR Investigations Directorate, as of 11/25/2010

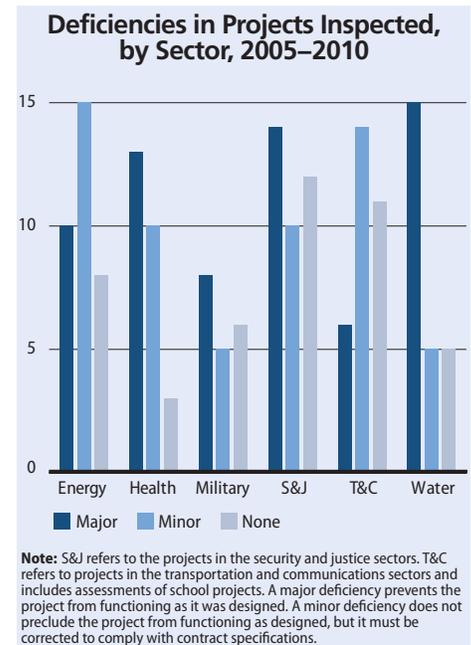


activity in Iraq reconstruction contracting. In its first six months, the SIGPRO initiative has contributed significantly to an approximately 70% increase in prosecutorial activity (indictments, convictions, and sentences) in SIGIR's cases. Currently, SIGPRO attorneys are leading or significantly involved in approximately 30 active matters.

**Suspensions and Debarments.** SIGIR works closely with DoJ and other law enforcement agencies to suspend and debar contractors and government personnel for fraud or corruption in the Iraq reconstruction effort. These cases arise as a result of indictments filed in federal court and allegations of contractor responsibility that require examination by the U.S. Army's Suspension and Debarment Official. As of October 2010, the Army has suspended 91 individuals and companies and finalized 102 debarments, ranging in duration from nine months to 10 years.

**Inspections.** SIGIR pioneered the use of teams of auditors and engineers to conduct on-site inspections of reconstruction projects. SIGIR was also the first Inspector General to use satellite imagery to produce assessments of projects in locations too dangerous

FIGURE E



or remote for inspectors to visit. SIGIR's Inspections Directorate:

- Issued 170 project assessment reports
- Conducted 96 limited on-site assessments
- Performed 871 aerial assessments

Figure E summarizes the deficiencies found during these inspections.

With the "brick and mortar" phase of the Iraq reconstruction effort winding down, SIGIR wrapped up its inspections program earlier this year, transitioning most of its experienced staff members to the recently established Evaluations Directorate.

**Evaluations.** In February 2010, SIGIR created its Evaluations Directorate. Its mission is to understand better the effects and consequences—both intended and unintended—of U.S.-funded reconstruction programs in Iraq. SIGIR's evaluations employ a multifaceted approach to assessing the impact of these programs, including polling, focus groups, quantitative analysis, and on-site data collection.

In October, SIGIR published its first evaluation report, examining the Nassiriya (southern Iraq) and Ifrac (Kurdistan Region) Water Treatment Plants (WTPs), the local populations' perceptions of these projects, and their

contributions to U.S. strategic goals. SIGIR's evaluation found that while local residents hold an overwhelmingly negative view of the Nassiriya WTP, most people surveyed in Erbil hold a positive view of the Ifraz WTP. Costing a combined \$462 million, these WTPs were two of the largest U.S.-funded infrastructure projects in Iraq.

**Lessons Learned.** U.S. reconstruction efforts in Iraq are winding down, but the lessons learned since 2003 are applicable to current and future operations in Afghanistan and elsewhere. To ensure that policy makers and reconstruction managers have easy access to the lessons of Iraq, SIGIR compiled five reports as part of its Lessons Learned Initiative. The first three reports focused on:

- Human capital management (2006)
- Contracting and procurement (2006)
- Program and project management (2007)

In February 2009, SIGIR published *Hard Lessons: The Iraq Reconstruction Experience*, reviewing the U.S. reconstruction program and presenting 13 lessons that could be applied to other stabilization and reconstruction operations. After reviewing *Hard Lessons*, General David Petraeus concluded that U.S. Central Command could and would apply 9 of the 13 lessons in Afghanistan.

Building on the findings contained in *Hard Lessons*, SIGIR issued its fifth Lessons Learned report in February 2010. *Applying*

*Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations* proposes an innovative solution to the question of who should be accountable for planning and executing stabilization and reconstruction operations: the creation of the U.S. Office for Contingency Operations (USOCO). Creating USOCO would provide a single office whose sole mission would be to ensure that the entire U.S. civilian-military establishment is prepared for future contingency operations

**Recognition.** On May 19, 2010, the National Intergovernmental Audit Forum presented the Inspector General, Stuart W. Bowen, Jr., with its 2010 *David M. Walker Excellence in Government Performance and Accountability Award* for outstanding federal oversight work.

This October, for the second year in a row, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) presented SIGIR's Investigations Directorate with its *Award for Excellence* in recognition of its success in fighting fraud in Iraq. CIGIE also recognized SIGIR's Inspections Directorate with an *Award for Excellence* for its prompt response and resolution of the U.S. Ambassador to Iraq's concern with the lack of progress in the construction of the Missan Surgical Hospital in al-Amarah, Iraq. Past awards received by SIGIR have included the President's Council on Integrity and Efficiency's *Gaston L. Gianni, Jr., Better Government Award* and CIGIE's *Sentner Award for Dedication and Courage*.

In its 2009 CIGIE-mandated examination, SIGIR's Audits Directorate also received a peer review grade of "pass with no deficiencies," the highest grade possible.

SIGIR's work has been recognized by various outside bodies charged with assessing the U.S. effort in Iraq. For example, the Iraq Study Group's Recommendation 69 explicitly urged the Congress to renew SIGIR's oversight authority "for the duration of [U.S.]

assistance programs in Iraq." Moreover, the Gansler Commission recommended that the Army establish an Integrated Expeditionary Command with "an organic legal, audit, and Inspector General capability (similar to SIGIR)—that addresses all contracts, including LOGCAP—involved in-theater, to provide timely oversight and serve as a visible deterrent to fraud, waster, and abuse."

As Senator Susan Collins stated in her February 2009 remarks to the Commission on Wartime Contracting in Iraq and Afghanistan: "[SIGIR and its] staff of skilled auditors and investigators, many serving in harm's way in Iraq, have proven time and again to be a much needed watchdog over taxpayers' dollars."

### SIGIR Summary of Performance as of 11/25/2010

#### Audits

Reports Issued	177
Dollars Saved and Recovered	\$151,410,000

#### Evaluations

Reports Issued	1
Recommendations Issued	4

#### Inspections

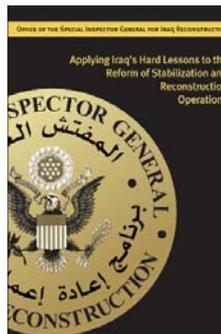
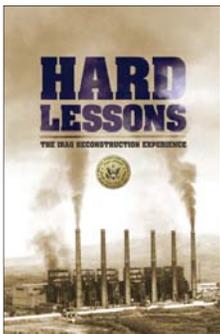
Project Assessments Issued	170
Satellite Imagery Products Created	871

#### Investigations

Investigations Initiated	529
Open Investigations	108
Arrests	31
Indictments	54
Convictions	44
Monetary Results	\$140,500,000

#### Non-Audit Products

Congressional Testimony	31
Lessons Learned Reports Issued	5
Quarterly Reports Issued	27



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