

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, holding an olive branch and arrows. The eagle is positioned over a shield with vertical stripes. The seal is surrounded by text in both English and Arabic. The English text reads "INSPECTOR GENERAL" at the top and "RECONSTRUCTION" at the bottom. The Arabic text reads "مفتش عام" at the top and "إعادة إعمار العراق" at the bottom.

**COMPREHENSIVE PLAN FOR  
AUDITS OF PRIVATE SECURITY  
CONTRACTORS  
TO MEET THE REQUIREMENTS OF  
SECTION 842 OF  
PUBLIC LAW 110-181**

**ISSUED OCTOBER 17, 2008  
UPDATED MAY 8, 2009**

## ***Foreword***

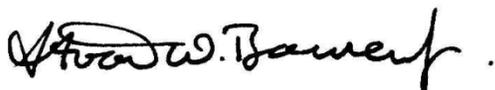
I am pleased to present the Office of the Special Inspector General for Iraq Reconstruction's (SIGIR) Comprehensive Plan for Audits of Private Security Contractors. This plan updates our earlier plan dated October 17, 2008, and data from *Agencies Need Improved Financial Data Reporting for Private Security Contractors* (SIGIR-09-005, 10/30/2008). The plan highlights our framework for auditing the use of private security contractors in Iraq reconstruction.

SIGIR's mission is derived from Public Law 108-106, Section 3001, as amended. As the successor to the Coalition Provisional Authority Office of the Inspector General, SIGIR provides independent and objective oversight of reconstruction programs and operations in Iraq through comprehensive audits, inspections, and investigations. Along with preventing, detecting, and deterring fraud, waste, and abuse, SIGIR's mission includes providing advice and recommendations on policies to promote economy, efficiency, and effectiveness. From day one, SIGIR has operated as a temporary organization, with limited staff, in a fast-paced wartime environment, with many of its staff located in the theater of operations in Iraq.

The Fiscal Year 2008 National Defense Authorization Act (Public Law 110-181) expanded SIGIR's mandate in terms of funds over which it has audit authority, which has extended the life of SIGIR. The 2008 legislation also assigned SIGIR an important role in planning a series of audits of Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq.

SIGIR comprises a highly professional team of auditors, inspectors, and investigators focused on providing value to the Congress, the Administration, and the American people by leading, planning, coordinating, and executing timely oversight of all funds appropriated for reconstruction in Iraq.

I and my leadership team look forward to undertaking this expanded endeavor and building on the interagency coordination mechanisms we have previously established for coordinating our work. For additional information, please contact David Warren (703-604-0982, [david.warren@sigir.mil](mailto:david.warren@sigir.mil)).



Stuart W. Bowen, Jr.  
Inspector General



David R. Warren  
Assistant Inspector General-Audit

# Table of Contents

Overview	1
Completed, Ongoing, and Planned Audits	4
Completed Audits	7
Ongoing Audits	17
Planned Audits	18
Appendices	
A. Scope and Methodology	21
B. Total Costs for PSCs in Iraq Since 2003	23
C. Other Reports on PSCs	27
D. Acronyms	28
E. Section 842 of the National Defense Authorization Act for 2008	29

## Overview

In accordance with Section 842 of the National Defense Authorization Act (NDAA) for Fiscal Year 2008 (P.L. 110-181) and through discussions with key congressional staff, the Special Inspector General for Iraq Reconstruction (SIGIR), in consultation with other agency inspectors general, developed and is implementing a “comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders...” relating to the performance of security and reconstruction functions in Iraq. Specifically, this plan identifies and describes a series of audits of contracts and activities related to companies that provide physical security services to protect the personnel, facilities, and property of the U.S. government and its contractors, subcontractors, and other parties supporting the U.S. mission and military in Iraq since April 2003.<sup>1</sup> These companies are commonly known as private security contractors (PSCs). Some of these companies also provide airlift, intelligence, medical services, advice and planning, and other services in support of the physical security services they provide.

SIGIR anticipates that the performance audits of PSCs will address one or more of the following seven issues included in Section 842(h) of the NDAA:

1. the manner in which contract requirements were developed and contracts or task and delivery orders were awarded
2. the manner in which federal agencies exercised control over the performance of contractors
3. the extent to which operational field commanders were able to coordinate or direct the performance of contractors in an area of combat operations
4. the degree to which contractor employees were properly screened, selected, trained, and equipped for the functions to be performed
5. the nature and extent of any incidents of misconduct or unlawful activity by contractor employees
6. the nature and extent of any activity by contractor employees that was inconsistent with the objectives of operational field commanders
7. the extent to which any incidents of misconduct or unlawful activity were reported, documented, investigated, and (where appropriate) prosecuted

P.L. 110-181 also requires that this plan be developed in consultation with the Inspectors General (IG) of the Department of Defense (DoD), the Department of State (DoS), and the U.S. Agency for International Development (USAID). SIGIR consults on a periodic basis with these Inspectors General to mutually determine which audits will be conducted by which office and when the audits will be initiated. The execution of these audits will necessarily be subject to the resources and priorities of the respective IGs. As part of the

---

<sup>1</sup> This plan is one of four integrated plans used by SIGIR’s audit directorate. The other documents are SIGIR’s Strategic Plan, Tactical Plan, and Planning for Focused Contract Audits to Meet the Requirements of P.L. 108-106, as amended.

process, SIGIR provided this plan to the offices of the DoD, DoS, and USAID Inspectors General for update and comment.

SIGIR envisions implementation of the plan through audits in three principal areas:

- individual prime PSC contracts involving various reconstruction funding authorities for Iraq, such as the Iraq Relief and Reconstruction Fund (IRRF), the Iraqi Security Forces Fund (ISFF), the Economic Support Fund (ESF), DoD's Operations and Maintenance accounts (O&M), and DoS' Diplomatic and Consular Programs (D&CP) account
- subcontracts at all tiers for providing security to prime contractors that implement reconstruction activities
- crosscutting management and oversight issues pertaining to multiple agencies and/or security contractors in individual audits of (1) differences in how agencies manage private security contracts and contractors and (2) lessons learned that can be applied to contingency operations

## **Private Security Contractors in Iraq**

SIGIR has updated its October 2008 estimate of the total number of PSC companies that have or are working for DoD, DoS, and USAID. SIGIR has identified another 16 companies, bringing the total to 93 companies that have provided physical security services in Iraq with funds from DoD, DoS, and USAID.<sup>2</sup> Several of those companies have direct contracts and subcontracts with more than one agency and their respective contractors.

The funds for all of the contracts and subcontracts have been obligated from almost all U.S. funds used for the reconstruction of Iraq and for U.S. military and other government operations in Iraq. SIGIR currently estimates that since 2003, contracts and subcontracts for PSCs have cost DoD, DoS, and USAID \$5.9 billion.<sup>3</sup> These costs include:

- almost \$5.4 billion for contracts and subcontracts with the 93 companies
- more than \$0.2 billion for physical security services that SIGIR could not relate to the PSCs with available data
- more than \$0.3 billion for life support such as food, water, and housing for PSCs for 2008 that are not included in three DoD contracts with Aegis Defence Services and DoD's Theater Wide Internal Security Services (TWISS) contract<sup>4</sup>

---

<sup>2</sup> The Department of Justice, the Central Intelligence Agency, and the National Security Agency have had contracts with PSCs in Iraq, but these are not covered in the plan.

<sup>3</sup> SIGIR's estimate is largely comprised of obligations on contracts for physical security services, but also includes some actual and estimated expenditures which we generically refer to as costs in this plan.

<sup>4</sup> (See Appendix B.) Not included in this total is an additional \$0.3 billion in obligations for contracts for security services. SIGIR could not determine from available data whether these obligations were for physical security services or other security services such as network security.

SIGIR anticipates that its estimate of PSCs and costs will likely grow as audit work continues and more contracts are awarded. These audits could uncover additional costs for new direct PSC contracts or task orders. For example, DoD's TWISS contract could add up to \$683 million to the total if all currently planned options are exercised. Additionally, task orders for work in Iraq under DoS' third Worldwide Personal Protective Services contract, when issued, will likely also add significantly to the costs. Moreover, SIGIR will likely identify additional PSC subcontracts and life support costs through focused contract reviews of other reconstruction contracts.

# Completed, Ongoing, and Planned Audits of Private Security Contractors

In consultation and coordination with the Inspectors General of DoD, DoS, and USAID, SIGIR has developed the following plan for implementing the requirements of P.L. 110-181. The plan is summarized in table 1 below which shows

- the title of the audit
- the relationship of the audit to the requirements of Section 842(h) of P.L. 110-181 (Y for yes, related; N for no, unrelated)
- the scope of the audit in terms of whether it addresses a prime contract, subcontract, or a crosscutting management and oversight issue
- the funding source
- the responsible Inspector General
- the date of completion, the actual start, or the planned start

The table also shows 26 completed audits, six ongoing audits, and 12 planned audits.

## **Table 1—Matrix of Completed, Ongoing, and Planned Audits of Private Security Contractors**

**Section 842(h) Enumerated Issues**

(See Page 1 for Descriptions)

#	Title of Audit	1	2	3	4	5	6	7	Audit Scope	Fund Source	Lead	Status
<b><u>Completed Audits</u></b>												<b><u>Completed</u></b>
1	Need to Enhance Oversight of Theater-Wide Internal Security Services Contracts (SIGIR-09-017)	Y	Y	N	Y	Y	N	Y	Prime Contract	O&M	SIGIR	Aug-08
2	Opportunities to Improve Process for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq (SIGIR-09-019)	N	Y	N	N	Y	N	Y	Crosscutting	All	SIGIR	Jan-09
3	Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq (Report Number E-267-09-002-P)	N	Y	N	N	Y	N	Y	Subcontracts	IRRF/ESF	USAID	Mar-09
4	Oversight of Aegis' Performance on Security Service Contracts in Iraq with the Department of Defense (SIGIR-09-010)	Y	Y	N	Y	Y	N	Y	Prime Contract	IRRF/ISFF/O&M	SIGIR	Jan-09
5	Review of Diplomatic Security's Management of Personal Protective Services in Iraq (MERO-IQO-09-02)	N	Y	Y	N	Y	Y	Y	Prime Contract	D&CP	DoS	Jan-09
6	Status of the Secretary of State's Panel on Personal Protective Services in Iraq Report Recommendations (MERO-IQO-09-01)	N	Y	Y	Y	Y	Y	Y	Prime Contract	D&CP	DoS	Dec-08
7	Agencies Need Improved Financial Data Reporting for Private Security Contractors (SIGIR-09-005)	N	Y	N	N	N	N	N	Crosscutting	All	SIGIR	Oct-08
8	Fact Sheet on Major U.S. Contractors' Security Costs Related to Iraq Relief and Reconstruction Fund Contracting Activities (SIGIR-06-042/044)	N	Y	N	N	N	N	N	Prime Contract	IRRF	SIGIR	Jan-07
9	Review of Task Force Shield Programs (SIGIR-06-009)	N	Y	N	N	N	N	N	Prime Contract	DFI/IRRF	SIGIR	Apr-06
10	Compliance with Contract No. W911S0-04-C-003 Awarded to Aegis Defence Systems Limited (SIGIR-05-005)	N	Y	N	Y	N	N	N	Prime Contract	IRRF	SIGIR	Apr-05
11	USAID's Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services International, Inc. (A-267-05-005-P)	Y	Y	N	N	N	N	N	Prime Contract	IRRF	USAID	Jan-05
12	Six SIGIR focused contract audits	Y	Y	N	N	N	N	N	Subcontract	IRRF/ESF	SIGIR	2009
13	Nine USAID incurred cost audits	Y	Y	N	N	N	N	N	Subcontract	IRRF/ESF	USAID	2009
<b><u>Ongoing Audits</u></b>												<b><u>Started</u></b>
1	Joint Review of Blackwater Contract for Worldwide Personal Protective Services	Y	Y	N	Y	N	N	N	Prime Contract	IRRF/D&CP	DoS/SIGIR	Mar-08
2	Review of DynCorp International Under the State Department's Worldwide Personal Protective Service Contracts in Iraq	N	Y	Y	Y	N	N	Y	Prime Contract	D&CP	DoS	Jun-08

#	Title of Audit	1	2	3	4	5	6	7	Audit Scope	Fund Source	Lead	Status
3	Review of Triple Canopy Under the State Department's Worldwide Protective Service Contracts in Iraq	N	Y	Y	Y	N	N	Y	Prime Contract	D&CP	DoS	Jun-08
4	Field Commander's Perspective on Working with Private Security Contractors in Theater	N	Y	Y	N	N	Y	N	Crosscutting	IRRF	SIGIR	Aug-08
5	Audit of Contract Administration of the Triple Canopy Second Worldwide Personal Protective Services Contract in Iraq, Task Order 007, under Contract Number S-AQM-PD-05-D-1100	Y	Y	N	N	N	N	N	Prime Contract	D&CP	DoS	TBD
6	Audit of Contract Administration of the DynCorp Second Worldwide Protective Services Contract in Iraq, Task Order 009, under Contract Number S-AQM-PD-05-D-1099	Y	Y	N	N	N	N	N	Prime Contract	D&CP	DoS	TBD
<b>Planned Audits</b>												<u>Plan Start</u>
1	Realignment of Contractor Support In Response to Future Drawdown of Forces	TBD	Prime/ Crosscutting	O&N	DoD	TBD						
2	Local Security Guard Program: Baghdad Embassy Security Force	TBD	Prime Contract	D&CP	DoS	TBD						
3	Worldwide Personal Protective Services II Capping Report	Y	Y	Y	Y	N	N	Y	Prime/ Crosscutting	D&CP	DoS	TBD
4	Review of Security Costs for Task Order 1436 of DynCorp's Police Training Program	Y	Y	N	Y	Y	N	Y	Prime Contract	IRRF	SIGIR	TBD
5	Review of EOD Technology Private Security Contractor Activities	Y	Y	N	Y	Y	N	Y	Prime Contract	IRRF/O&M	SIGIR	TBD
6	Review of Triple Canopy Contracts and Activities	Y	Y	N	Y	Y	N	Y	Prime Contract	IRRF/O&M	SIGIR	TBD
7	Review(s) of Private Security Contractor Invoices	Y	Y	N	N	N	N	Y	Prime/ Crosscutting	IRRF/ISFF/ ESF	SIGIR	TBD
8	Review(s) of Vetting and Training for Private Security Contractor Personnel	Y	Y	N	N	N	N	Y	Prime/ Crosscutting	IRRF/ISFF/ ESF	SIGIR	TBD
9	Comparison of Agency Efforts to Enforce Compliance with Restrictions on PSC Weapons and Ammunition	N	Y	Y	N	Y	Y	Y	Prime Contract	All	TBD	TBD
10	Review of Plans to Recover Government-Furnished Equipment	N	Y	N	N	N	N	N	Crosscutting	All	TBD	TBD
11	Review of Special Operations Consulting-Security Management Group PSC Activities	Y	Y	N	Y	Y	N	Y	Prime/ Crosscutting	IRRF/O&M	SIGIR	TBD
12	Lesson Learned on the Use of Private Security Contractors in Iraq	Y	Y	Y	Y	Y	Y	Y	Crosscutting	IRRF/ISFF/ ESF/O&M	SIGIR	TBD

Source: Office of Inspectors General of DoD, DoS, and USAID, and SIGIR

## Completed Audit Summaries

The following excerpts from DoS, USAID, and SIGIR reports provide the background and results of completed audits of contracts, activities, and oversight of PSCs. The list begins with the most recently completed audit.<sup>5</sup>

1. ***Opportunities to Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq, SIGIR-09-019, 4/30/2009***

**Background:** A watershed event occurred in September 2007 that brought to the forefront concerns about the U.S. government's oversight and control of the PSCs' actions. That event involved Blackwater Worldwide (now known as Xe), a PSC under contract with DoS, and the death of 17 Iraqi civilians. Subsequently, DoD and DoS took actions to improve their coordination and oversight of PSCs involved in serious incidents (such as attacks, death, injury, and property damage). This report pertains to the DoD process for recording, investigating, and remediating serious incidents involving its PSCs. It also includes information and analyses pertaining to serious incidents involving DoS contractors to the extent those contractors are required to report their incidents through the military process.

**Results:** The U.S. military and the U.S. Embassy have improved their information sharing on PSC operations and serious incident reporting. They have established policies for reporting serious incidents and have assigned responsibility to specific organizations for ensuring that serious incidents are reported and investigated. These improvements are significant; nevertheless, SIGIR identified a number of opportunities to improve the accuracy and consistency of the serious incident information, the analysis of that information, and the consistency of policies and procedures pertaining to investigating and remediating incidents. These specific improvements should help DoD and DoS achieve their overall program goals and objectives:

- DoD's Contractor Operations Cells (CONOC) and DoS' Regional Security Office databases do not capture all reported serious incidents and do not present a complete picture of the serious incidents they are tasked to track. This could be caused by database management problems or the failure of PSCs to follow reporting requirements.
- The Multi-National Force-Iraq's (MNF-I) Armed Contractor Oversight Division (ACOD) judgmentally decides which incidents to track even though it is responsible for ensuring that all serious incidents received by the CONOC are reported, tracked, and investigated. ACOD is applying a more limited definition of a serious incident than that contained in MNF-I guidance.
- MNF-I guidance has a more expansive definition of a serious incident than that provided in Embassy guidance.

---

<sup>5</sup> See Appendix C for a list of additional reports on PSCs from congressional agencies.

- ACOD and CONOC have established their own databases even though they are supposed to be tracking the same incidents, although for different purposes. As a result, information for the same incidents is inconsistent, which raises questions about information accuracy.
- ACOD has performed analyses but has not developed formal lessons learned even though it is responsible for lessons learned. The limited incidents that ACOD tracks do not represent a complete picture of what PSCs are reporting, and its limited analyses may be affecting its ability to develop lessons learned.
- No organization appears to have visibility of subcontractor PSCs, which is a potential gap in PSC incident reporting processes.
- DoD and DoS have different approaches and policies for condolence payments to Iraqis for the same types of incidents. Consequently, the United States is not presenting a uniform approach to the Iraqi people and government.

2. *Need to Enhance Oversight of Theater-Wide Internal Security Services Contracts, SIGIR-09-017, 4/24/2009*

**Background:** DoD relies on PSCs to provide “static,” or site, security in Iraq by guarding and protecting fixed locations such as forward operating bases. In September 2007, DoD competitively awarded five Theater-Wide Internal Security Services (TWISS) contracts to five PSCs for static security services in Iraq. The contracts have a combined not-to-exceed maximum value of \$450 million. The five TWISS contractors competitively bid on firm fixed-price task orders to provide security for specific operating locations.

**Results:** Between February 2008 and March 2009, DoD had expended \$154.6 million on the TWISS contracts. The contracts are funded from the Operation and Maintenance, Army, account. More than three quarters of the costs to date are for personnel costs. In most cases, life-support costs for contractor personnel—such as food, water, and shelter—are not included in contract costs and are paid by DoD. SIGIR estimates these costs at more than \$250 million per year. SIGIR reviewed selected personnel pay rates and found that on average, competing the task orders had driven down the costs of these services significantly.

The intent of the TWISS contract was to streamline the contracting process for static security in anticipation of an increased need for these services in Iraq. SIGIR found that the task orders’ requirements were based on the need to replace troops performing static security with PSCs to make more troops available for combat operations. For example, at Camp Bucca, a task order for 417 PSCs freed up approximately 350 soldiers for combat operations.

SIGIR found that most contract and task order awards were made under full and open competition, and the decision-making process was well supported. The 5 contracts and 47 of the 50 task orders were competitively awarded. Three noncompetitively awarded task orders, worth \$15.1 million, were appropriately justified as sole-source awards.

SIGIR identified certain vulnerabilities in the government's oversight. Generally, the experience and training of the Contracting Officer Representatives (CORs) was limited, and they had insufficient time to devote to their oversight responsibilities. For example, of 27 CORs responding to SIGIR questions, only 4 CORs said that they had previous contracting experience, 11 said that their training was insufficient to meet their job requirements, and 6 said that other duties prevented them from conducting adequate oversight. Although the Defense Contract Management Agency's Quality Assurance Representative's inspections help provide oversight, they are periodic and are not a substitute for the day-to-day oversight provided by CORs, who oversee task orders that cost from \$179.0 thousand to \$22.2 million. SIGIR's review did not identify specific problems that have resulted from these limitations; however, SIGIR has identified poor oversight as a cause of fraud and waste. Given DoD's planned increase in the use of private security contractors, this vulnerability could increase unless the problem is addressed.

3. *Audit of USAID/Iraq's Oversight of Private Security Contractors in Iraq, E-267-09-002-P, 3/4/2009*

**Background:** USAID relies on private security contractors to provide a variety of security services for its programs in Iraq, including the protection of individuals, nonmilitary transport convoys, buildings, and housing areas. While USAID/Iraq does not maintain direct contracts with private security contractors, security services are procured by the USAID Mission in Iraq implementing partners (contractors and grantees), which have primary responsibility for oversight. Nevertheless, in managing its contracts and grant agreements, USAID/Iraq provided some degree of oversight as well. The mission, for example, took timely action in response to a governmentwide policy ruling that required the modification of all prime contracts to add general guidelines regarding armed contractors' use of deadly force, training, and hiring standards. This audit was conducted to determine whether USAID/Iraq had managed its contracts and grant agreements with implementing partners to ensure that the partners provided adequate oversight of their private security contractors. At the time of the audit, USAID/Iraq maintained a portfolio of 12 contracts and grant agreements that had a private security subcontract. As of September 30, 2008, cumulative obligations and expenditures associated with these subcontracts totaled approximately \$375.1 million and \$278.9 million, respectively.

**Results:** The audit found that USAID's implementing partners were not adequately overseeing the PSCs' reporting of serious incidents to ensure that the PSCs' had reported such incidents properly. This was the case at all three of the implementing partners visited, as evidenced by the partners' lack of familiarity with prescribed reporting procedures and the limited records on file documenting previously reported incidents. The partners often relied on the security contractors to report these incidents and felt little need to become involved in overseeing the reporting process. As a result, the partners were not in a position to detect reporting deficiencies such as those identified, and some incidents were reported improperly and in one case not reported at all. In addition, PSC incident reports were often not provided to USAID/Iraq. With PSCs now subject to Iraqi laws—under the terms of the latest Security Agreement with the Government of Iraq—

U.S. agencies will need to provide stronger oversight to ensure that PSCs clearly understand and follow prescribed operational procedures in reporting serious incidents and provide the U.S. Government with timely notification of these incidents.

4. ***Oversight of Aegis's Performance on Security Services Contracts in Iraq with the Department of Defense, SIGIR-09-010, 1/14/2009***

**Background:** This report is on Aegis Defence Services, Limited, a major provider of security services to DoD in Iraq. As of November 2008, Aegis had received \$624.4 million for those services under seven contracts. Approximately \$612.8 million, or 98% of those funds, were received for three Reconstruction Security Support Services (RSSS) contracts.

**Results:** In addition to the \$612.8 million in RSSS contract costs, the government provides life support services (food, water, shelter, etc.) and vehicles to Aegis personnel at substantial cost, estimated to be more than \$57 million per year. The government also furnishes Aegis with other services and supplies—such as ammunition, vehicle maintenance, and fuel—at costs that are not readily available.

Under the current RSSS contract, almost 1,400 Aegis personnel provide DoD a variety of security services, including personal security, facilities security, and coordination and control of security detail movements. Aegis employs a mix of expatriates and Iraqis; most expatriates come from the United Kingdom, the United States, and Nepal.

SIGIR found well-supported contract awards to Aegis; appropriate government oversight of Aegis's bills, inventories, performance, and operations; and contract performance assessed as satisfactory to outstanding. The two largest RSSS contracts were competitively awarded, and the bridge contract between the two, although noncompetitively awarded, was appropriately justified as a sole-source award. However, SIGIR found that contract administration could be improved. For example, there is no central location for the contract-related electronic records that provide a history of Aegis's performance and the government's actions to oversee the contractor.

5. ***Review of Diplomatic Security's Management of Personal Protective Services in Iraq, DoS, MERO-IQO-09-02, 1/2009***

**Background:** The employment of private security contractors in Iraq has been a critical DoS tool for providing personal protection since Embassy Baghdad opened in July 2004. Contractors working under the Worldwide Personal Protective Services (WPPS) contract provide security for officials under the ambassador's authority as well as site security at the Embassy and other facilities in Iraq. In June 2005, Blackwater USA, Dyncorp International, and Triple Canopy were awarded indefinite-delivery/indefinite-quantity contracts (one base + four option years) under what is now known as the WPPS II contract. The Department obligated nearly \$2 billion under WPPS II for fiscal years 2005-2008 and had 1,290 PSCs operating in Iraq as of September 1, 2008.

This report provides information on (1) whether DoS' office of Diplomatic Security (DS) is effectively managing the security program in Iraq; (2) how the security requirements in Iraq were determined; and (3) what factors were considered for the geographical array of PSCs, DS staff, and equipment within Iraq.

**Results:** DoS' security operation in Iraq has been highly effective in ensuring the safety of the chief of mission personnel. However, the rapid rise in use and scale of PSCs has strained the Department's ability to effectively manage them. The Department's management of the security program in Iraq has been undermined by frequent staff turnover, understaffing, increased workload, and the lack of standardized operating policies and procedures.

DoS has done no assessments or analyses to determine the personal protective service requirements in Iraq, including how many security personnel to employ, where they should be deployed, or the level and manner of protection given the threat in particular locations. DoS' Inspector General noted several instances that raised concerns about the efficient deployment of contractor security assets. For example, in 2007, DoS had no security protection movements in Tallil for more than 6 consecutive months even though 30 to 53 security specialists were stationed there. At Basra, Chief of Mission personnel had only five security protection movements outside the Basra Air Base since January 2008. Regarding this issue, Embassy officials told the DoS Inspector General that it would be premature to assess the Chief of Mission's security posture while the Status of Forces Agreement was still being negotiated and military units might be departing Iraq. DoS security officials stated that they had no plans to conduct an overall assessment of the security requirements in Iraq before the solicitation and awarding of the WPPS III contract.

The geographical footprint of the three WPPS PSCs in Iraq is a legacy of the Coalition Provisional Authority period, when DynCorp was awarded protection duties in the northern region and the major cities of Erbil and Kirkuk, and Triple Canopy had contracts for the port city of Basra and the southern region. The decision to award Blackwater USA the central region, including Baghdad, was based on a determination that DynCorp and Triple Canopy did not have the capacity to meet the full requirements of the expanding mission. Though DoS had originally envisioned using only one PSC to service Iraq for management convenience, thus lowering administrative costs, officials decided to have three ePSCs operating in Iraq because (1) no one company had the capacity to undertake the entire security mission, (2) three contractors provided a level of assurance in case one of the contractors was no longer able or willing to continue operations, and (3) continued competition among the contractors would provide the U.S. Government the best value.

6. ***Status of the Secretary of State's Panel on Personal Protective Services in Iraq Report Recommendations, DoS, MERO-IQO-09-01, 12/2008.***

**Background:** On September 16, 2007, PSCs working for Blackwater USA conducted an armed convoy through the Nisoor Square neighborhood of Baghdad that resulted in the death of 17 and the wounding of 24 Iraqi civilians. More than a year later, the incident is

still under investigation and continues to bring focused attention to the actions of PSCs operating in Iraq.

In October 2007, the Secretary of State's Panel on Personal Protective Services in Iraq (The Panel), composed of outside experts, was assembled to review DoS' security practices in Iraq following the Nisoor Square incident and to provide recommendations to strengthen the coordination, oversight, and accountability of Embassy Baghdad's security practices. This report examines the status of The Panel's recommendations and whether changes in operations enhanced the protection of U.S. mission personnel and furthered U.S. foreign policy objectives.

**Results:** DoS' use of PSCs in conflict and high-risk environments such as Iraq comes with the obligation to ensure that these contractors are adequately trained, supervised, and accountable. Actions that DoS and Embassy Baghdad have taken in response to the Panel's recommendations have improved the protection practices of DoS security contractors and enhanced communication and coordination with MNF-I elements and the Government of Iraq. Of 18 recommendations, DoS has successfully implemented 11, is implementing 4 more, and is awaiting actions by the Congress, the Federal Bureau of Investigation, and the Government of Iraq to implement an additional three recommendations.

Embassy Baghdad and MNF-I took a number of steps to improve coordination between the Regional Security Office and MNF-I by establishing direct channels of communication. For example, MNF-I liaison personnel were placed in the Regional Security Officer's Tactical Operation Centers to provide for better situational awareness and to ensure that planning, coordinating, and routing information of security movements is available to all parties and embassy security officers are frequently engaging with local Iraqi police and security officials.

The addition of 45 special agent positions, the provision of a DS agent to accompany most protection movements, and the installation of cameras and video equipment in security vehicles were critical steps in improving oversight of security contractors. The establishment of an investigation unit to immediately examine any weapons discharge by security specialists, together with an increased focus on the rules for the use of deadly force, strengthened the Embassy's ability to hold its PSCs accountable for their actions. In addition to strengthening coordination, oversight, and accountability of the Embassy's security program, actions taken in response to the Panel's recommendation have resulted in a more professional security operation and the curtailment of PSCs' overly aggressive actions toward Iraqi civilians while transporting Chief of Mission personnel. Embassy officials are hopeful that over time, they will regain the confidence of the Iraqi public.

Despite these improvements, DoS continues to face numerous challenges in the use and management of PSCs in Iraq. DoS is still uncertain how the completion of a Status of Forces Agreement will affect DoS' use of PSCs and their operations in Iraq. Iraqi public opinion remains opposed to the use of PSCs because of the widespread belief that they are too aggressive in protecting their clients and are not held accountable for their

actions. In addition, numerous knowledgeable officials believe that if PSCs are no longer granted immunity, many of them will leave and those remaining will ask for and receive premium compensation, increasing significantly the funding requirement for the WPPS III contract.

7. *Agencies Need Improved Financial Data Reporting for Private Security Contractors, SIGIR-09-005, 10/30/2008*

**Background:** The objective for this report was to determine the extent to which DoD, DoS, and USAID have systematically captured financial data on private security services in Iraq since 2003 and to attempt to identify from available data sources the number of contracts and costs for private security services in Iraq.

**Results:** DoD, DoS, and USAID have not been required to systematically identify financial data for PSC services. Consequently, their financial management systems do not routinely capture data that would show how much has been obligated and spent for individual PSC services. Obtaining data from multiple government sources, SIGIR identified 77 PSCs with associated obligations of about \$5.3 billion in direct contracts and subcontracts to provide physical security services to U.S.-funded projects and programs since 2003. SIGIR found an additional 233 contractors with about \$662 million in associated obligations for contracts to provide security services that could include providing guards or escorts, but the descriptions of work were so general that they could be for other services such as providing network security or the PSC was not identified in available information. This information is the best available because agencies were not required to specifically identify and aggregate this data. It likely means that the obligations identified from various government sources are understated.

With more complete financial data, managers would have better information in two key areas to support future decisions to invest resources. First, as the reconstruction effort evolves from large-scale infrastructure projects to capacity building, physical security could become a larger portion of total contract costs. This increase could make it more important to weigh the potential value of a project outcome against the potentially larger security costs. Second, to the extent that U.S. forces are withdrawn and that significant civilian technical assistance missions would remain, DoS and USAID requirements for PSCs would likely increase to compensate for support previously provided by the military. With better financial information about these contracts and subcontracts, U.S. agencies could assess their security costs relative to expected project benefits and costs and use the information to plan for other contingency operations.

8. *Fact Sheet on Major U.S. Contractors' Security Costs Related to Iraq Relief and Reconstruction Fund Contracting Activities, SIGIR-06-044, 1/30/2007*

**Background:** Given the Administration's and the Congress' interest in 2006 in the impacts of security costs on the IRRF, SIGIR conducted a survey of the security costs incurred by the following nine major U.S. contractors conducting reconstruction work in Iraq: Bechtel National, Inc.; FluorAMEC, LLC; Kellogg, Brown & Root Services, Inc.; Lucent Technologies; Parsons; Parsons Iraq Joint Venture; Perini Corporation;

Washington International/Black & Veatch; and Washington International, Inc. Some of these companies may have additional contracts in Iraq funded through sources other than IRRF, but the fact sheet focuses only on those security costs directly related to IRRF-funded reconstruction work.

**Results:** All nine contractors responded to our request for information. The contractors generally provided security costs, total costs, and security costs as a percentage of total costs. Four of the nine contractors did not provide a summary of all total cost data; in these cases we calculated total costs based on the information provided. Contractor security costs as a percentage of total costs ranged from a low of 7.6% to a high of 16.7%, and the average percentage of security costs to total costs for all contractors was 12.5%.

9. *Review of Task Force Shield Programs, SIGIR-06-009, 4/28/2006*

**Background:** In September 2003, Task Force Shield was established to build Iraq's capacity to protect its oil and electrical infrastructure. This infrastructure includes approximately 340 key installations, 7,000 kilometers of oil pipeline, and 14,000 kilometers of electricity transmission line. To protect this infrastructure, Task Force Shield was to oversee the training and operation of an Iraqi Oil Protection Force (OPF) of 14,400 guards for the Iraqi Ministry of Oil and the training and equipping of 6,000 Iraqi Electrical Power Security Service (EPSS) guards for the Iraqi Ministry of Electricity. We determined that between August 2003 and September 2005, about \$147 million was spent from the Development Fund for Iraq and the Iraq Relief and Reconstruction Fund on these efforts. Records for these programs are maintained by the Iraq Reconstruction Management Office (IRMO), the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), and other U.S. agencies.

**Results:** Task Force Shield's management of the programs to train and equip the OPF and EPSS to improve the capacity of the Iraqi government to protect its oil and electrical infrastructure ultimately proved to be unsuccessful. Although the OPF showed some initial success, the EPSS program barely got started before it was cancelled. Most of the information we gathered generally indicates that the lack of a clear management structure for the U.S. agencies responsible for the protection of Iraq's security degraded the Task Force Shield's ability to effectively manage the OPF and EPSS programs. Also, records documenting the program's cost, use of the money, and location of the millions of dollars of equipment purchased with Task Force Shield funds were limited. The lack of records and equipment accountability raises significant concerns about possible fraud, waste, and abuse of Task Force Shield programs by U.S. and Iraqi officials. We therefore believe that U.S. agencies cannot provide reasonable assurance that the \$147 million expended to train and equip the OPF and EPSS were used for the program's intended purposes. In addition, about \$7 million in unexpended IRRF funding is potentially eligible to be de-committed or de-obligated and used for other purposes.

10. *Compliance with Contract No. W911S0-04-C-003 Awarded to Aegis Defence Systems Limited, SIGIR-05-005, 4/20/2005.*

**Background:** This audit report discusses compliance with the terms and conditions of Contract No.W911S0-04-C-0003 by Aegis Defence Services, Limited, awarded on May 25, 2004. The contract calls for Aegis to provide a comprehensive security management team to provide antiterrorism support and analysis, close personal protection, movement and escort security, and security program management. This audit was requested by the Deputy Chief of Mission of the U.S. Embassy, Baghdad.

**Results:** Aegis did not fully comply with all requirements in five areas of the contract. Specifically, Aegis did not provide sufficient documentation to show that all of its employees who were issued weapons were qualified to use those weapons or that its Iraqi employees were properly vetted to ensure that they did not pose an internal security threat. Also, Aegis was not fully performing several specific responsibilities required by the contract in the areas of personal security detail qualifications, regional operations centers, and security escorts and movement control. Further, we identified deficiencies in the monitoring of the contract by the Project and Contracting Office. As a result, DoS has no assurance that Aegis is providing the best possible safety and security for government and reconstruction contractor personnel and facilities in Iraq.

**11. *USAID’S Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services, USAID, A-267-05-005-P, 1/6/05***

**Background:** In August 2003, USAID officials took steps to obtain security services for its personnel and facilities in Iraq—including the purchase of 17 vehicles (14 of them armored)—after multiple attacks on Embassy staff. Using other than full and open competition as authorized under a blanket approval granted by the USAID Administrator for activities and programs initiated in response to the crisis in the Near East, USAID officials in Baghdad selected Kroll Government Services International, Inc. (Kroll), to provide these services.

**Results:** The Information Technology and Special Audits Division of the Office of Inspector General in Washington, D.C., completed an audit to determine whether USAID had complied with federal regulations in awarding a contract for security services in Iraq. Specifically, USAID: (1) failed to adequately document the use of less than full and open competition or explain its contractor choice, (2) obtained security services using a letter contract that did not meet Federal Acquisition Regulation requirements, (3) incurred multiple potential fund control violations, and (4) purchased armored vehicles that did not meet U.S. Government armoring standards.

**12. *SIGIR Focused Contract Audits***

SIGIR has completed a series of focused contract audits of large Iraq reconstruction contracts to address a December 2006 mandate to prepare a final forensic audit report of all funds used for the reconstruction of Iraq. These audits focused on the cost, outcome, and oversight of the contracts and included assessments of vulnerabilities to fraud, waste, and abuse. While these reports do not focus on PSCs, they do provide some general information on subcontracts for physical security services. For example, SIGIR

- 1) *Cost, Outcome, and Oversight of Iraq Oil Reconstruction Contract with Kellogg, Brown & Root Services, Inc.*, SIGIR-09-008, 1/13/2009.
- 2) *Review of Cost, Outcome, and Oversight of Local Governance Program Contracts with Research Triangle Institute*, SIGIR-09-003, 10/21/2008.
- 3) *Review of Outcome, Cost, and Oversight of Electricity-Sector Reconstruction Contract with Perini Corporation*, SIGIR-08-011, 4/29/2008.
- 4) *Report on Review of Outcome, Cost, and Oversight of Iraq Reconstruction Contract W914NS-04-D-0006*, SIGIR 08-010, 1/28/2008.
- 5) *Efforts to Implement a Financial-Management Information System in Iraq*, SIGIR 08-007, 1/25/2008.
- 6) *Review of Bechtel's Spending under Its Phase II Iraq Reconstruction Contract*, SIGIR-07-009, 7/24/2007.

### 13. **USAID Incurred Cost Audits**

USAID has performed financial audits of its prime recipients in Iraq on an annual basis. While these reports also do not focus on PSCs, many of these audits include an examination of the costs of PSC subcontractors. During fiscal years 2007-2009, the following nine audits reviewed \$79.7 million of these costs and questioned \$1.1 million.

- 1) *Audit of Costs Incurred and Billed by International Relief & Development, Inc. under Cooperative Agreement No. AFP-A-00-03-00002-00 from November 1, 2005 through March 31, 2007* (Report No. E-267-09-003-D)
- 2) *Audit of Direct Costs Incurred and Billed by Research Triangle Institute under Contract No. GHS-I-04-03-00028-00 from April 26, 2005 to December 31, 2006* (Report No. E-267-08-001-D)
- 3) *Audit of Costs Incurred and Billed by Research Triangle Institute under Contract No. 267-C-00-05-00505-00 from January 1, 2006 to December 31, 2006* (Report No. E-267-07-024-D)
- 4) *Audit of Costs Incurred and Billed by The Louis Berger Group, Inc. under Contract No. 267-C-00-04-00435-00 for the Period August 1, 2005 through September 30, 2006* (Report No. E-267-07-020-D)
- 5) *Audit of Costs Billed by Kroll Government Services, Inc. under Subcontract No. AID-2004-T-00405-000-0058 from May 2005 to September 2006* (Report No. E-267-07-015-D)
- 6) *Audit of Costs Incurred and Billed by the International Foundation for Election Systems under Cooperative Agreement No. 267-A-00-04-00405-00 from September 1, 2004 through September 30, 2005* (Report No. E-267-07-010-D)

- 7) *Audit of Costs Incurred and Billed by Research Triangle Institute (RTI) under Contract No. 267-C-00-05-00505-00 for the Period May 9, 2005 through December 31, 2005 (Report No. E-267-07-007-D)*
- 8) *Audit of Fiscal Year 2006 Floor Check and Review of Timekeeping Procedures under Contract No. 267-C-00-05-00505-00 (Report No. E-267-07-003-D)*
- 9) *Audit of the Accounting System of Unity Resources Group under subcontract No. IDG 31-2 with Research Triangle Institute Under Contract No. 267-C-00-05-00505-00 (Report No. E-267-07-002-D)*

## **Ongoing Audits**

Listed below is a brief description of ongoing audits of PSCs.

1. *Joint Review of Blackwater USA Contract for Worldwide Personal Protective Services (DoS IG/SIGIR)*

Purpose: To determine the contracting process, the requirements and provisions of the contract, the costs and funding sources of the contract, and the way DoS administered the contract to oversee Blackwater USA's performance

2. *Review of DynCorp International Under the State Department's Worldwide Personal Protective Service Contracts in Iraq (DoS IG)*

Purpose: To determine the requirements, provisions, and objectives of the contract and the indicators that DoS established to measure performance and DoS' administration of the contract to oversee DynCorp International's performance.

3. *Review of Triple Canopy Under the State Department's Worldwide Personal Protective Service Contracts in Iraq (DoS IG)*

Purpose: To determine the requirements, provisions, and objectives of the contract and the indicators that DoS established to measure performance and DoS' administration of the contract to oversee Triple Canopy's performance.

4. *Review of Military Field Commanders' Experiences Working with and Managing Private Security Contractors in the Iraqi Theater of Operations (SIGIR)*

Purpose: To determine whether field commanders and other key stakeholders saw improvements in their control over the movement of PSCs in Iraq as a result of DoD and DoS organizational and procedural changes.

5. *Audit of Contract Administration of the Triple Canopy Second Worldwide Personal Protective Services Contract in Iraq, Task Order 007, under Contract Number S-AQM-PD-05-D-1100*

Purpose: To evaluate the procurement process for the contract; evaluate the funding sources and allowability, allocability, and reasonableness of costs; perform a risk

assessment to determine the potential for defective pricing under the Federal Acquisition Regulation.

6. *Audit of Contract Administration of the DynCorp Second Worldwide Protective Services Contract in Iraq, Task Order 009, under Contract Number S-AQM-PD-05-D-1099*

Purpose: To evaluate the procurement process for the contract; evaluate the funding sources and allowability, allocability, and reasonableness of costs; perform a risk assessment to determine the potential for defective pricing under the Federal Acquisition Regulation.

## **Planned Audits**

Listed below is a brief description of future audits. Start dates for these audits have yet to be determined.

### ***DoD IG Planned Audits***

None planned at this time. Through the coordination process, it was determined that SIGIR would audit DoD PSCs. However, the DoD IG may undertake audits of DoD PSCs.

1. *Realignment of Contractor Support in Response to Future Drawdown of Forces*

Purpose: To review the planning and management of actions taken to adjust contractor support as a result of the drawdown of forces in Iraq. We will review various contractor support efforts in Iraq which may include life support, base services, and private security services. A series of reviews may be performed.

### ***DoS IG Planned Audits***

2. *Local Security Guard Program: Baghdad Embassy Security Force*

Purpose: Specific objectives to be determined by DoS.

3. *Worldwide Personal Protective Services II Capping Report*

Purpose: To provide an overall summary and update from the various audits and reviews assessing the effectiveness and value of this contract to the DoS mission. [Note: This report will likely cover performance of the contract in Iraq and other countries.]

### ***SIGIR Planned Audits***

4. Review of Security Costs for Task Order 1436 of DynCorp's Police Training Program

Purpose: To review spending for security costs for this task order and performance of the contractor.

5. *Review of EOD Technology PSC Activities*

Purpose: To review and compare costs, controls, performance, and oversight of multiple EOD Technology contracts. EOD Technology is the fifth largest provider of PSC services in Iraq.

6. *Review of Triple Canopy Contracts and Activities Managed by DoD*

Purpose: To review costs, controls, performance, and oversight of these contracts by DoD. Triple Canopy has/had multiple contracts with DoD.

7. *Review(s) of Private Security Contractor Invoices*

Purpose: To determine the accuracy of contractors' invoices with a focus on billable hours to identify possible instances of fraud or abuse. SIGIR plans to review several contracts that may result in multiple audit reports.

8. *Review(s) of Vetting and Training for Private Security Contractor Personnel*

Purpose: To determine (1) the adequacy of contractor processes for screening and vetting private security contractors, particularly foreign nationals and (2) the adequacy of training provided to personnel. SIGIR plans to review several contracts that may result in multiple audit reports.

9. *Comparison of Agency Efforts to Enforce Compliance with Restrictions on PSC Weapons and Ammunition*

Purpose: To determine what steps are being taken to enforce compliance with weapons and ammunition rules. Prior congressional reports and news articles have identified issues with PSC contractors that transport into Iraq weapons that they are not authorized to have. DoD and DoS are working on agreements and guidance for weapons and ammunition for PSC personnel. The review will examine the arming authority for both the types of weapons and ammunition as well as whether individuals are authorized to carry specific weapons. *Note: Criminal investigations may affect SIGIR's ability to conduct this audit.*

10. *Review of Plans to Recover Government-Furnished Equipment*

Purpose: To identify which PSCs have the largest amount of high-dollar and sensitive equipment—such as weapons, vehicles, and night vision goggles—that has been furnished to PSCs in Iraq by U.S. agencies and to determine the controls and plans that are in place to recover this equipment. Prior SIGIR reports identify problems with maintaining property accountability and the closeout of contracts in Iraq.

11. *Review of Special Operations Consulting-Security Management Group PSC Activities*

Purpose: To review and compare costs, controls, performance, and oversight of multiple contracts that SOC-SMG has/had with DoD.

12. *Lesson Learned on the Use of Private Security Contractors in Iraq*

Purpose: To determine lessons learned about the use of PSCs that can be applied to contingency operations. This audit would complete SIGIR's work on PSCs.

***USAID IG Planned Audits***

In addition to the audit March 2009 report on its implementing partners' oversight of PSC subcontracts, USAID's OIG will continue to perform financial audits of security firms that are subcontractors of prime recipients in Iraq. Additional reviews of security incidents are also planned.

## Appendix A— Scope and Methodology

Under Section 842 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181), SIGIR is required to develop a plan to audit the contracts, activities, and oversight of private security contractors (PSCs). The plan was to be developed in consultation with the Inspectors General (IG) of the Department of Defense (DoD), the Department of State (DoS), and the U.S. Agency for International Development (USAID) and was to include their completed and proposed work on PSCs.

To develop the plan, SIGIR undertook efforts to develop a baseline of data and information on U.S. agencies' use of PSCs in Iraq. To determine the extent to which PSCs have been used in Iraq since 2003, SIGIR obtained all available information on private security services contained in databases from several DoD and DoS components and from USAID. We also examined additional information that DoS and USAID had collected from contractors and grant recipients. We also reviewed publicly available IG reports and other reports on PSCs. Additionally, SIGIR met with DoD, DoS, and USAID officials to identify and discuss the data and documentation. From this information, we identified 77 PSCs with associated contract obligations and expenditures of about \$5.3 billion. We also found an additional \$355.4 million obligated for physical security services, but could not identify the PSC with available information.

SIGIR found that available data was limited because agencies were not required to capture PSC financial data and no single government source of information contained complete data on PSC contracts. For example, SIGIR could not identify from U.S. databases whether another 233 companies had provided physical services to U.S. agencies or provided other security services such as information technology security. Obligations for contracts with these companies totaled \$303.1 million.

SIGIR shared the data it collected and its analysis of the data with the DoD, DoS, and USAID IGs. This data informed the discussion among the DoS, DoD, and USAID IGs. SIGIR and the Inspectors General made decisions about future audit work in part on the basis of the overall cost of contracts, number and types of contracts, and the number of agencies each contractor worked for.

SIGIR reported this information in two forms. SIGIR first made the results of this effort publicly available on October 17, 2008, in the original version of this plan. SIGIR then published more comprehensive results in *Agencies Need Improved Financial Data Reporting for Private Security Contractors* (SIGIR-09-005, 10/30/2008). The report provides additional information on the scope and methodology SIGIR used to collect this information and identify PSCs.

SIGIR updated and revised the baseline data and plan in April 2009. The list of PSCs in Table 2 in Appendix B was updated with information collected through ongoing audits and by directly asking contractors for information. Table 2 consolidates the list of 77 PSCs previously identified and an additional 16 PSCs identified in February and March 2009, for a total of 93 PSCs. Of the 16 new PSCs, the use of 11 was confirmed from the

list of 233 companies that we could not previously identify as providers of physical security services. For clarity of presentation, we have consolidated both lists and provide a single list of confirmed PSCs (see Appendix B). We will continue efforts to determine whether the remaining contractors from the group of unconfirmed companies actually provide physical security services or other types of security services.

SIGIR was also able to update some of the costs of PSC services. These costs included obligations and/or expenditures of \$216 million for contracts with Erinys International, Edinburgh International, Kroll Associates, The Sandi Group, Tiger Swan, and Unity Resources Group. We also included \$307 million in estimated expenditures for life support reported in *Oversight of Aegis' Performance on Security Service Contracts in Iraq with the Department of Defense* (SIGIR-09-010, 1/14/2008) and *Need to Enhance Oversight of Theater-Wide Internal Security Services Contracts* (SIGIR-09-017, publication pending). Additionally, we are reporting \$140.1 million less in obligations resulting from work performed for SIGIR-09-017. For purposes of this plan, we generically refer to obligations and expenditures as costs. Due to these changes, SIGIR now estimates that contracts and subcontracts for PSCs have cost DoD, DoS, and USAID \$5.9 billion since 2003.<sup>6</sup> We did not otherwise update the obligation data or the number of contracts for the PSCs.

SIGIR made adjustments to the list of planned audits based on this updated information and in consultation with the other IGs. The plan reflects SIGIR, DoD, DoS, and USAID completed, ongoing, and proposed audit work on PSCs.

---

<sup>6</sup> SIGIR did not include the \$303.1 million in obligations on contracts for security services that we could not determine were for physical security services or other security services.

## Appendix B—Total Costs for PSCs in Iraq Since 2003

Table 2 shows direct contract actions (Direct), subcontracts (Sub), total obligations for PSCs and other costs incurred by U.S. agencies for physical security services in Iraq since 2003. SIGIR's cost estimates are largely comprised of obligations on contracts for physical security services, but also include some actual and/or estimated expenditures. SIGIR updated the list of contractors and contracts from the October 2008 version of the plan and combined two tables from the 2008 version of the plan into Table 2. The table also incorporates and highlights the following updates:

- 16 PSCs, each of which had one contract for PSC services. Of these, \$6 million was identified as the costs for one contract with Tiger Swan, Inc.
- 12 additional contracts for other previously known PSCs were identified with costs of \$93.7 million. Of this, \$57.9 million were identified as the costs on two contracts for Erinys International and \$35.8 million were identified from USAID's incurred cost audits that were not previously included in SIGIR's totals.
- \$116.3 million for a subcontract for Unity Resources Group that was previously listed in the "PSC Company Not Identified" total in the earlier version of the plan.
- \$140.1 million less in costs resulting from changes to DoD's TWISS contract. Total obligations decreased for EOD Technology, Inc. (\$15.365 million), Sabre International Security (\$39.489 million), Special Operations Consulting-Security Management Group (\$72.499 million), and Triple Canopy (\$12.763 million).

Table 2 also shows other costs for PSCs. These costs are:

- \$307 million estimated for additional costs for life support such as food, water, and housing for PSCs for 2008 that are not included in three DoD contracts with Aegis Defence Services and DoD's Theater Wide Internal Security Services contract.
- \$239.1 million in costs for physical security services where we could not identify the PSC.

Because many contractors have merged or changed their names over time, SIGIR used a naming convention to reflect the current name of the company. For example, any contract with Blackwater Lodge & Training or Blackwater USA is included in the total obligations under Xe (formerly Blackwater Worldwide). However, subsidiaries of parent corporations that are listed in U.S. agency databases with distinct contracts from their parent organizations are listed separately. Therefore, Military Professional Resources Inc. is listed separately from its parent company, L-3 Communications. However, SIGIR maintained the numbering for the Iraqi contractors from the list presented in the previous plan.

**Table 2—Total Costs for PSCs by U.S. Agency since 2003 (\$ Millions)**

No.	Contractor Name	Direct	Sub	DoD	DoS	USAID	Total
1	Xe <sup>a</sup>	7	2	\$27.74	\$1,147.02	\$31.29	\$1,206.05
2	Aegis Defence Services, Ltd. <sup>b</sup>	19	2	798.621	0	0	798.621
3	DynCorp International LLC	10	3	31.428	659.22	0	690.648
4	Triple Canopy, Inc.	35	0	94.169	422.233	0.291	516.693
5	EOD Technology, Inc. [EODT]	295	0	313.300	0.000	0.000	313.300
6	Unity Resources Group [URG]	0	5	0.000	50.000	214.051	264.051
7	Sabre International Security	25	4	186.327	0.000	58.666	244.993
8	Special Operations Consulting-Security Management Group [SOC- SMG]	35	2	199.357	0.000	0.000	199.357
9	Agility Logistics	23	0	183.03	0	0	183.03
10	ArmorGroup	22	7	91.558	0	46.088	137.646
11	Erinyes International	3	11	166.083	N/A	0	108.159
12	Sallyport Global Holdings	0	4	0	0	101.526	101.526
13	Global Strategies Group	7	1	\$83.797	0	0	83.797
14	Garda World	0	4	0	0	74.701	74.701
15	Kroll Associates, Inc.	2	3	8.969	0	61.486	70.455
16	MVM	21	0	38.382	0	0	38.382
17	US Investigations Services [USIS]	10	0	35.511	0	0	35.511
18	Vance Global	0	1	0	0	31.255	31.255
19	Falcon Group	8	0	29.289	0	0	29.289
20	Hart Group	4	1	26.264	0	0	26.264
21	Olive Group FZ LLC	13	8	17.603	0	0	17.603
22	Control Risks Group	8	3	17.213	0	0	17.213
23	Custer Battles	1	0	16.84	0	0	16.84
24	CSS Global, Inc.	112	0	15.016	0	0	15.016
25	Total Defense Logistics	13	0	12.71	0	0	12.71
26	Edinburgh International	2	4	4.989	N/A	6.900	11.889
27	Iraqi Contractor #4	0	1	0	10.8	0	10.8
28	Reed Incorporated	8	0	9.235	0	0	9.235
29	Universal Security	86	0	8.523	0	0	8.523
30	Raymond Associates	5	0	4.944	0	0	4.944
31	BLP	1	0	4.185	0	0	4.185
32	Rover Global Services, Ltd. [RGS Logistics]	46	0	3.883	0	0	3.883
33	ISI Group	1	3	3.838	0	0	3.838
34	Securiforce International	73	0	3.408	0	0	3.408
35	Science Applications International Corporation [SAIC]	1	0	2.999	0	0	2.999
36	The Sandi Group [TSG] <sup>a</sup>	1	3	1.575	0	3.593	5.168
37	SAL Risk Group, Ltd.	63	0	1.861	0	0	1.861
38	American-Iraqi Life Support Solutions	1	0	1.614	0	0	1.614

No.	Contractor Name	Direct	Sub	DoD	DoS	USAID	Total
39	Panalpina	0	1	0	0	1.137	1.137
40	Blue Hackle Middle East	3	25	0.904	0	0	0.904
41	Overseas Security & Strategic Information	2	0	0.781	0	0	0.781
42	Threat Management Group	2	0	0.5	0	0	0.5
43	BH Defence	1	0	0.179	0	0	0.179
44	Iraqi Contractor #1	0	1	0	0.119	0	0.119
45	Iraqi Contractor #3	0	1	0	0.054	0	0.054
46	Tetra International LLC	3	1	0.053	0	0	0.053
47	Iraqi Contractor #6	0	1	0	0.047	0	0.047
48	Iraqi Contractor #2	0	1	0	0.034	0	0.034
49	Danubia Global	1	0	0.01	0	0	0.01
50	Iraqi Contractor #5	0	1	0	0.008	0	0.008
51	Peak Group, Inc.	1	0	0.005	0	0	0.005
52	Cochise Consultancy, Inc.	1	0	0	0	0	0
53	ECC International [ECCI]	1	1	N/A	0	0	0
54	Operations Support Technologies	1	0	N/A	0	0	0
55	Safenet Security <sup>a</sup>	2	9	N/A	0	0	0
56	Janusian Security Risk Management, Ltd.	1	0	N/A	0	0	0
57	Paratus World Wide Protection	1	0	N/A	0	0	0
58	Pesh - Kurdistan Army	1	0	N/A	0	0	0
59	Pilgrims Group Ltd	1	0	N/A	0	0	0
60	Iraqi Contractor #28	0	0	N/A	0	0	0
61	Askar Security Services	2	14	N/A	0	0	0
62	Ronco Consulting Corporation	2	0	N/A	N/A	0	0
63	Innovative Technical Solutions, Inc. [ITSI]	2	0	N/A	0	0	0
64	Rubicon International Services	1	0	N/A	0	0	0
65	Safe Security Limited [SSL]	1	0	N/A	0	0	0
66	Babylon Gates	1	0	N/A	0	0	0
67	TOIFOR	12	1	N/A	0	0	0
68	Ellis World Alliance Corp. (EWAC)	1	0	N/A	0	0	0
69	Britam Defence, Ltd.	1	0	N/A	0	0	0
70	Burhan Security Services	2	0	N/A	0	0	0
71	Wamar International, Inc	0	0	N/A	0	0	0
72	Whitestone Group, Inc.	1	0	N/A	0	0	0
73	Greystone, Ltd.	0	1	N/A	0	0	0
74	Centurion Risk Assessment, Ltd.	1	0	N/A	0	0	0
75	Lakeshore Engineering Svc, Inc.	1	0	N/A	0	0	0
76	Iraqi Contractor #7	0	1	N/A	0	0	0
77	Unity Logistics And Security	1	0	N/A	0	0	0
78	DS Vance Iraq	1	0	N/A	0	0	0

No.	Contractor Name	Direct	Sub	DoD	DoS	USAID	Total
79	Quantum Risk Ltd	0	1	0	0	N/A	0
80	Blackhawk Defense	0	1	0	N/A	0	0
81	Chiron Resources Operations. Ltd.	0	1	0	N/A	0	0
82	Tiger Swan [TSI]	0	1	6.000	0	0	6.000
83	Motorola Joint Venture [AIEE]	1	0	N/A	0	0	0
84	Military Professional Resources, Inc. [MPRI]	1	0	N/A	0	0	0
85	SkyLink (Arabia)	1	0	N/A	0	0	0
86	CH2M Hill, Inc.	1	0	N/A	0	0	0
87	CTU Asia	1	0	N/A	0	0	0
88	Lincoln Group LLC	1	0	N/A	0	0	0
89	Washington Group International	1	0	N/A	0	0	0
90	Taos Industries	1	0	N/A	0	0	0
91	ITT Corporation	0	0	N/A	0	0	0
92	Osprey Asset Management [OAM]	1	0	N/A	0	0	0
93	American Iraq Solutions Group [AISG]	1	0	N/A	0	0	0
-	2008 life support costs for DoD contracts	-	-	307.000	0	0	307.000
-	PSC Company Not Identified <sup>b</sup>	20	12	172.706	N/A	66.400	239.106
<b>Total</b>				<b>\$2,932.403</b>	<b>\$2,289.532</b>	<b>\$694.783</b>	<b>\$5,916.718</b>

Notes:

N/A = The amount obligated for security services under a contract associated with the company was not available.

<sup>a</sup> SIGIR updated the name of the Blackwater Worldwide to XE, Sandi Security Company to The Sandi Group, and OSSI-Safenet Security Services to Safenet Security.

<sup>b</sup> SIGIR is examining a discrepancy of \$101.4 million in total costs for Aegis' DoD contracts.

<sup>c</sup> Information on the specific PSC was not available even though a contract or cost for private security was identified in available data.

Source: SIGIR analysis of prior audit reports, current audits, available agency data, and data provided by contractors. Agency data was not audited.

## Appendix C—Other Reports on PSCs

The following reports related to PSC issues have been published by congressional support agencies and are listed here to provide a complete reference on the subject.

### ***U.S. Government Accountability Office***

*Rebuilding Iraq: DoD and State Department Have Improved Oversight and Coordination of Private Security Contractors in Iraq, but Further Actions Are Needed to Sustain Improvements* (GAO-08-966, 7/31/2008).

*Defense Management: DoD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight* (GAO-08-572T, 3/11/2008).

*Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DoD's Oversight and Management of Contractors in Future Operations* (GAO-08-436T, 1/24/2008).

*Rebuilding Iraq: Reconstruction Progress Hindered by Contracting, Security, and Capacity Challenges* (GAO-07-0426T, 2/15/2007).

*Rebuilding Iraq: Actions Still Needed to Improve the Use of Private Security Providers* (GAO-06-865T, 6/13/2006).

*Military Operations: High Level DoD Action is Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces* (GAO-07-145, 12/18 2006).

*Rebuilding Iraq: Status of Competition for Iraq Reconstruction Contracts* (GAO-07-40, 10/6/2006).

*Rebuilding Iraq: Actions Needed to Improve the Use of Private Security Providers* (GAO-05-737, 7/28/2005).

### ***Congressional Budget Office***

*Contractors' Support of U.S. Operations in Iraq* (August 2008).

### ***Congressional Research Service***

*Private Security Contractors in Iraq: Background, Legal Status, and Other Issues* (8/25/2008).

*Private Security Contractors in Iraq: Background, Legal Status, and Other Issues* (7/11/2007).

## Appendix D—Acronyms

<b>Acronym</b>	<b>Definition</b>
ACOD	Armed Contractor Oversight Division
CONOC	Contractor Operations Cells
D&CP	Diplomatic and Consular Programs
DoD	Department of Defense
DoS	Department of State
DS	Diplomatic Security
ESF	Economic Support Fund
EPSS	Electrical Power Security Service
IG	Inspector General
IRMO	Iraq Reconstruction Management Office
IRRF	Iraq Relief and Reconstruction Fund
ISFF	Iraqi Security Forces Fund
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
MNF-I	Multinational Force-Iraq
NDAA	National Defense Authorization Act
O&M	Operations and Maintenance
OPF	Oil Protection Force
PSC	Private Security Contractor
RSSS	Reconstruction Security Support Services
SIGIR	Special Inspector General for Iraq Reconstruction
TWISS	Theater Wide Internal Security Services
USAID	U.S. Agency for International Development
WPPS	Worldwide Personal Protective Services

# Appendix E—Section 842 of the National Defense Authorization Act for Fiscal Year 2008

PUBLIC LAW 110-181—JAN. 28, 2008

122 STAT. 3

Public Law 110-181  
110th Congress

## An Act

To provide for the enactment of the National Defense Authorization Act for Fiscal Year 2008, as previously enrolled, with certain modifications to address the foreign sovereign immunities provisions of title 28, United States Code, with respect to the attachment of property in certain judgments against Iraq, the lapses of statutory authorities for the payment of bonuses, special pays, and similar benefits for members of the uniformed services, and for other purposes.

Jan. 28, 2008  
[H.R. 4986]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

National Defense  
Authorization  
Act for Fiscal  
Year 2008.

### SECTION 1. SHORT TITLE; TREATMENT OF EXPLANATORY STATEMENT.

(a) **SHORT TITLE.**—This Act may be cited as the “National Defense Authorization Act for Fiscal Year 2008”.

(b) **EXPLANATORY STATEMENT.**—The Joint Explanatory Statement submitted by the Committee of Conference for the conference report to accompany H.R. 1585 of the 110th Congress (Report 110-477) shall be deemed to be part of the legislative history of this Act and shall have the same effect with respect to the implementation of this Act as it would have had with respect to the implementation of H.R. 1585, if such bill had been enacted.

### SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) **DIVISIONS.**—This Act is organized into three divisions as follows:

- (1) Division A—Department of Defense Authorizations.
- (2) Division B—Military Construction Authorizations.
- (3) Division C—Department of Energy National Security Authorizations and Other Authorizations.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; treatment of explanatory statement.  
Sec. 2. Organization of Act into divisions; table of contents.  
Sec. 3. Congressional defense committee.

#### DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

##### TITLE I—PROCUREMENT

###### Subtitle A—Authorization of Appropriations

- Sec. 101. Army.  
Sec. 102. Navy and Marine Corps.  
Sec. 103. Air Force.  
Sec. 104. Defense-wide activities.  
Sec. 105. National Guard and Reserve equipment.

###### Subtitle B—Army Programs

- Sec. 111. Multiyear procurement authority for M1A2 Abrams System Enhancement Package upgrades.  
Sec. 112. Multiyear procurement authority for M2A3/M3A3 Bradley fighting vehicle upgrades.

Sec. 809. Implementation and enforcement of requirements applicable to undefinitized contractual actions.

Sec. 810. Clarification of limited acquisition authority for Special Operations Command.

Subtitle B—Provisions Relating to Major Defense Acquisition Programs

Sec. 811. Requirements applicable to multiyear contracts for the procurement of major systems of the Department of Defense.

Sec. 812. Changes to Milestone B certifications.

Sec. 813. Comptroller General report on Department of Defense organization and structure for major defense acquisition programs.

Sec. 814. Clarification of submission of cost or pricing data on noncommercial modifications of commercial items.

Sec. 815. Clarification of rules regarding the procurement of commercial items.

Sec. 816. Review of systemic deficiencies on major defense acquisition programs.

Sec. 817. Investment strategy for major defense acquisition programs.

Sec. 818. Report on implementation of recommendations on total ownership cost for major weapon systems.

Subtitle C—Amendments to General Contracting Authorities, Procedures, and Limitations

Sec. 821. Plan for restricting Government-unique contract clauses on commercial contracts.

Sec. 822. Extension of authority for use of simplified acquisition procedures for certain commercial items.

Sec. 823. Five-year extension of authority to carry out certain prototype projects.

Sec. 824. Exemption of Special Operations Command from certain requirements for certain contracts relating to vessels, aircraft, and combat vehicles.

Sec. 825. Provision of authority to maintain equipment to unified combatant command for joint warfighting.

Sec. 826. Market research.

Sec. 827. Modification of competition requirements for purchases from Federal Prison Industries.

Sec. 828. Multiyear contract authority for electricity from renewable energy sources.

Sec. 829. Procurement of fire resistant rayon fiber for the production of uniforms from foreign sources.

Sec. 830. Comptroller General review of noncompetitive awards of congressional and executive branch interest items.

Subtitle D—Accountability in Contracting

Sec. 841. Commission on Wartime Contracting in Iraq and Afghanistan.

Sec. 842. Investigation of waste, fraud, and abuse in wartime contracts and contracting processes in Iraq and Afghanistan.

Sec. 843. Enhanced competition requirements for task and delivery order contracts.

Sec. 844. Public disclosure of justification and approval documents for noncompetitive contracts.

Sec. 845. Disclosure of Government contractor audit findings.

Sec. 846. Protection for contractor employees from reprisal for disclosure of certain information.

Sec. 847. Requirements for senior Department of Defense officials seeking employment with defense contractors.

Sec. 848. Report on contractor ethics programs of Major Defense contractors.

Sec. 849. Contingency contracting training for personnel outside the acquisition workforce and evaluations of Army Commission recommendations.

Subtitle E—Acquisition Workforce Provisions

Sec. 851. Requirement for section on defense acquisition workforce in strategic human capital plan.

Sec. 852. Department of Defense Acquisition Workforce Development Fund.

Sec. 853. Extension of authority to fill shortage category positions for certain Federal acquisition positions.

Sec. 854. Repeal of sunset of acquisition workforce training fund.

Sec. 855. Federal acquisition workforce improvements.

Subtitle F—Contracts in Iraq and Afghanistan

Sec. 861. Memorandum of understanding on matters relating to contracting.

Sec. 862. Contractors performing private security functions in areas of combat operations.

Sec. 863. Comptroller General reviews and reports on contracting in Iraq and Afghanistan.

(4) **PERSONNEL.**—The Commission shall have the authorities provided in section 3161 of title 5, United States Code, and shall be subject to the conditions set forth in such section, except to the extent that such conditions would be inconsistent with the requirements of this section.

(5) **DETAILEES.**—Any employee of the Federal Government may be detailed to the Commission without reimbursement from the Commission, and such detailee shall retain the rights, status, and privileges of his or her regular employment without interruption.

(6) **SECURITY CLEARANCES.**—The appropriate departments or agencies of the Federal Government shall cooperate with the Commission in expeditiously providing to the Commission members and staff appropriate security clearances to the extent possible pursuant to existing procedures and requirements, except that no person shall be provided with access to classified information under this section without the appropriate security clearances.

(7) **VIOLATIONS OF LAW.**—

(A) **REFERRAL TO ATTORNEY GENERAL.**—The Commission may refer to the Attorney General any violation or potential violation of law identified by the Commission in carrying out its duties under this section.

(B) **REPORTS ON RESULTS OF REFERRAL.**—The Attorney General shall submit to Congress a report on each prosecution, conviction, resolution, or other disposition that results from a referral made under this subparagraph.

(f) **TERMINATION.**—The Commission shall terminate on the date that is 60 days after the date of the submittal of its final report under subsection (d)(3).

(g) **DEFINITIONS.**—In this section:

(1) **CONTINGENCY CONTRACTING.**—The term “contingency contracting” means all stages of the process of acquiring property or services during a contingency operation.

(2) **CONTINGENCY OPERATION.**—The term “contingency operation” has the meaning given that term in section 101 of title 10, United States Code.

(3) **CONTINGENCY PROGRAM MANAGEMENT.**—The term “contingency program management” means the process of planning, organizing, staffing, controlling, and leading the combined efforts of participating personnel for the management of a specific acquisition program or programs during contingency operations.

10 USC 2302  
note.

**SEC. 842. INVESTIGATION OF WASTE, FRAUD, AND ABUSE IN WARTIME CONTRACTS AND CONTRACTING PROCESSES IN IRAQ AND AFGHANISTAN.**

(a) **AUDITS REQUIRED.**—Thorough audits shall be performed in accordance with this section to identify potential waste, fraud, and abuse in the performance of—

(1) Department of Defense contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan; and

(2) Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.

(b) **AUDIT PLANS.**—

(1) The Department of Defense Inspector General shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(1), consistent with the requirements of subsection (g), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(2) The Special Inspector General for Iraq Reconstruction shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(2) relating to Iraq, consistent with the requirements of subsection (h), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(3) The Special Inspector General for Afghanistan Reconstruction shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(2) relating to Afghanistan, consistent with the requirements of subsection (h), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(c) **PERFORMANCE OF AUDITS BY CERTAIN INSPECTORS GENERAL.**—The Special Inspector General for Iraq Reconstruction, during such period as such office exists, the Special Inspector General for Afghanistan Reconstruction, during such period as such office exists, the Inspector General of the Department of Defense, the Inspector General of the Department of State, and the Inspector General of the United States Agency for International Development shall perform such audits as required by subsection (a) and identified in the audit plans developed pursuant to subsection (b) as fall within the respective scope of their duties as specified in law.

(d) **COORDINATION OF AUDITS.**—The Inspectors General specified in subsection (c) shall work to coordinate the performance of the audits required by subsection (a) and identified in the audit plans developed under subsection (b) including through councils and working groups composed of such Inspectors General.

(e) **JOINT AUDITS.**—If one or more audits required by subsection (a) and identified in an audit plan developed under subsection (b) falls within the scope of the duties of more than one of the Inspectors General specified in subsection (c), and such Inspectors General agree that such audit or audits are best pursued jointly, such Inspectors General shall enter into a memorandum of understanding relating to the performance of such audit or audits.

(f) **SEPARATE AUDITS.**—If one or more audits required by subsection (a) and identified in an audit plan developed under subsection (b) falls within the scope of the duties of more than one of the Inspectors General specified in subsection (c), and such Inspectors General do not agree that such audit or audits are best pursued jointly, such audit or audits shall be separately performed by one or more of the Inspectors General concerned.

(g) **SCOPE OF AUDITS OF CONTRACTS.**—Audits conducted pursuant to subsection (a)(1) shall examine, at a minimum, one or more of the following issues:

- (1) The manner in which contract requirements were developed.
  - (2) The procedures under which contracts or task or delivery orders were awarded.
  - (3) The terms and conditions of contracts or task or delivery orders.
  - (4) The staffing and method of performance of contractors, including cost controls.
  - (5) The efficacy of Department of Defense management and oversight, including the adequacy of staffing and training of officials responsible for such management and oversight.
  - (6) The flow of information from contractors to officials responsible for contract management and oversight.
- (h) SCOPE OF AUDITS OF OTHER CONTRACTS.—Audits conducted pursuant to subsection (a)(2) shall examine, at a minimum, one or more of the following issues:
- (1) The manner in which contract requirements were developed and contracts or task and delivery orders were awarded.
  - (2) The manner in which the Federal agency exercised control over the performance of contractors.
  - (3) The extent to which operational field commanders were able to coordinate or direct the performance of contractors in an area of combat operations.
  - (4) The degree to which contractor employees were properly screened, selected, trained, and equipped for the functions to be performed.
  - (5) The nature and extent of any incidents of misconduct or unlawful activity by contractor employees.
  - (6) The nature and extent of any activity by contractor employees that was inconsistent with the objectives of operational field commanders.
  - (7) The extent to which any incidents of misconduct or unlawful activity were reported, documented, investigated, and (where appropriate) prosecuted.

(i) INDEPENDENT CONDUCT OF AUDIT FUNCTIONS.—All audit functions under this section, including audit planning and coordination, shall be performed by the relevant Inspectors General in an independent manner, without consultation with the Commission established pursuant to section 841 of this Act. All audit reports resulting from such audits shall be available to the Commission.

**SEC. 843. ENHANCED COMPETITION REQUIREMENTS FOR TASK AND DELIVERY ORDER CONTRACTS.**

(a) DEFENSE CONTRACTS.—

(1) LIMITATION ON SINGLE AWARD CONTRACTS.—Section 2304a(d) of title 10, United States Code, is amended—

(A) by redesignating paragraph (3) as paragraph (4);

and

(B) by inserting after paragraph (2) the following new paragraph (3):

“(3)(A) No task or delivery order contract in an amount estimated to exceed \$100,000,000 (including all options) may be awarded to a single source unless the head of the agency determines in writing that—

(i) the task or delivery orders expected under the contract are so integrally related that only a single source can reasonably perform the work;

<b>SIGIR's Mission</b>	<p>Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:</p> <ul style="list-style-type: none"> <li>• oversight and review through comprehensive audits, inspections, and investigations</li> <li>• advice and recommendations on policies to promote economy, efficiency, and effectiveness</li> <li>• deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse</li> <li>• information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports</li> </ul>
<b>Obtaining Copies of SIGIR Reports and Testimonies</b>	<p>To obtain copies of SIGIR documents at no cost, go to SIGIR's Web site (<a href="http://www.sigir.mil">www.sigir.mil</a>).</p>
<b>To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs</b>	<p>Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline:</p> <ul style="list-style-type: none"> <li>• Web: <a href="http://www.sigir.mil/submit_fraud.html">www.sigir.mil/submit_fraud.html</a></li> <li>• Phone: 703-602-4063</li> <li>• Toll Free: 866-301-2003</li> </ul>
<b>Congressional Affairs</b>	<p>Hillel Weinberg  Assistant Inspector General for Congressional Affairs  Mail: Office of the Special Inspector General for Iraq Reconstruction  400 Army Navy Drive  Arlington, VA 22202-4704  Phone: 703-428-1059  Email: <a href="mailto:hillel.weinberg@sigir.mil">hillel.weinberg@sigir.mil</a></p>
<b>Public Affairs</b>	<p>Daniel Kopp  Director of Public Affairs  Mail: Office of the Special Inspector General for Iraq Reconstruction  400 Army Navy Drive  Arlington, VA 22202-4704  Phone: 703-428-1217  Fax: 703-428-0818  Email: <a href="mailto:PublicAffairs@sigir.mil">PublicAffairs@sigir.mil</a></p>