

SIGIR OVERSIGHT

SIGIR AUDITS	134
SIGIR INSPECTIONS	152
SIGIR INVESTIGATIONS	174
SIGIR HOTLINE	183
SIGIR WEBSITE	184
LEGISLATIVE UPDATE	185

SECTION

4

SIGIR AUDITS

From January 31, 2009, to April 30, 2009, SIGIR completed seven new audit products. Since March 2004, SIGIR has issued 142 audit reports. This quarter, SIGIR audits addressed a diverse range of issues:

- a report on a large contract funded by the Iraq Security Forces Fund to provide interim equipment maintenance services and develop a maintenance and maintenance supply capability within the Iraqi Army
- a report on the costs and outcomes of U.S.-funded efforts to complete Primary Healthcare Centers throughout Iraq
- a report on the process for transferring completed U.S. reconstruction projects to the Government of Iraq
- a report on the Theater-Wide Internal Security Services (TWISS) contracts with the Department of Defense for labor, weapons, equipment, and other essentials to augment and/or replace military security guards at forward operating bases and camps throughout Iraq
- a report on the Government of Iraq's contributions to reconstruction costs
- a report on the processes used for reporting, investigating, and remediating serious incidents involving private security contractors in Iraq
- a report on the costs of operating provincial reconstruction teams in Iraq

For a list of these audit products, see Table 4.1.

SIGIR currently has eight ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

SIGIR's reports have produced scores of recommendations designed to achieve management

improvements and corrective actions needed in reconstruction and relief activities. The implementation of audit recommendations is crucial. SIGIR auditors regularly follow up on open recommendations, seeking to achieve their full implementation to the extent practical. Appendix H shows the total number of SIGIR's recommendations by fiscal year and the recommendations that remain open:

- For information on all SIGIR audit products issued as of April 30, 2009, see Appendix H, Table H-1, and the SIGIR website: www.sigir.mil.
- For more detailed information on the status of implementation of SIGIR recommendations from its audit products and recommendations that remain open, see Appendix H, Table H-2.

SIGIR's work is well coordinated with other audit entities engaged in Iraq-related work. SIGIR hosts a quarterly meeting of the Iraq Inspectors General Council (IIGC) to discuss audit activities, prevent duplication of effort, and share information and experiences.

On February 25, 2009, the IIGC met at SIGIR headquarters in Arlington, Virginia. Some members participated by phone from Baghdad and U.S. locations. The meeting was attended by representatives from SIGIR, Department of Defense Office of the Inspector General (DoD OIG), Department of State Office of the Inspector General, U.S. Agency for International Development Office of the Inspector General, Defense Contract Audit Agency, U.S. Army Audit Agency, Air Force Audit Agency, Naval Audit Service, U.S. Central Command Inspector General, and the Government Accountability Office.

TABLE 4.1
SIGIR AUDIT PRODUCTS SINCE 1/30/2009

REPORT NUMBER	REPORT TITLE	DATE ISSUED
09-014	Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems	4/2009
09-015	Construction of Primary Healthcare Centers Reported Essentially Complete, but Operational Issues Remain	4/2009
09-016	Asset-transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability	4/2009
09-017	Need To Enhance Oversight of Theater-Wide Internal Security Services Contracts	4/2009
09-018	Information on Government of Iraq Contributions to Reconstruction Costs	4/2009
09-019	Opportunities To Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq	4/2009
09-020	Provincial Reconstruction Teams: Developing a Cost-tracking System Will Enhance Decision-making	4/2009

SIGIR audit representatives also attend meetings at DoD OIG to further coordinate ongoing and planned audit activities. Additionally, SIGIR has recently reinstated a similar coordination meeting among representatives of audit organizations based in Iraq.

Final SIGIR Audit Products for This Quarter

Security Forces Logistics Contract Experienced Certain Cost, Outcome, and Oversight Problems (SIGIR 09-014, 4/2009)

Introduction

This report examines a Department of Defense (DoD) contract funded by the Iraq Security Forces Fund. DoD awarded the contract to AECOM Government Services (AECOM) for Global Maintenance and Supply Services (GMASS) in Iraq. The Army Field Support Command's Rock Island Contracting Center awarded the GMASS contract (W52P1J-05-D-0004) to AECOM. (This contracting center is now part of the Army Contracting Command.) The contract has six task orders to provide logistics support to the U.S. Army, Iraqi Army, and Afghan Army.

This report focuses only on the three task orders that support the Iraqi Army—Task Orders 3, 5, and 6—which are valued at \$628.2 million. The task orders address program requirements of the Multi-National Security Transition Command-Iraq (MNSTC-I) and directly support MNSTC-I's efforts to provide interim equipment maintenance services and develop a logistics maintenance capability within the Iraqi Army.

These are the overall objectives of Task Orders 3 and 5:

- improve existing maintenance facilities
- provide day-to-day and complex maintenance on the Iraqi Army's equipment (short of full equipment overhauls)
- develop the Iraqi Army's capability to maintain its equipment
- develop a repair parts supply system

Task Order 5 also requires AECOM to transfer the facilities and maintenance responsibilities to the Iraqi Army by the end of May 2009. The objective of Task Order 6 is to support MNSTC-I's program to refurbish and transfer up to 8,500 used U.S.-armored High Mobility Multipurpose Wheeled Vehicles (HMMWVs) to the Iraqi Army, National Police, and Special Forces by July 6, 2009, and to teach the Iraqi Army how to maintain the vehicles.

The objectives of this report are to determine the costs and outcome of the three task orders, and whether the oversight was adequate.

Results

The cost to develop a maintenance capability within the Iraqi Army has been substantial. As of January 31, 2009, the value of the three task orders issued under the AECOM contract for this purpose was \$628.2 million, of which \$572.0 million had been disbursed. Task order costs were affected by a number of issues, including:

- The task order scopes of work were poorly defined, and the task orders were modified 161 times, adding \$420.5 million to their cost ceiling.
- The Iraqi Ministry of Defense has not accepted responsibility for maintenance and supply operations; as a result, MNSTC-I is in the process of extending Task Order 5's period of performance at U.S. expense.

SIGIR could not find support in contract documents and other records for all of the costs that AECOM charged. SIGIR received financial data from the Army and AECOM but could not reconcile the data. SIGIR will continue to analyze repair part costs to ensure that they are supported and will report separately on them.

The outcome of the task orders provided significant logistics support to the Iraqi Army vehicles; nevertheless, the effort fell well short of achieving the important goal of training Iraqi Army personnel to perform certain maintenance functions and operate a supply system. This shortfall occurred largely because the Iraqi Army did not provide a sufficient number of soldiers for training. The Iraqi Army currently has some maintenance capability, but it is unclear whether it has sufficient capacity to assume all maintenance activities without AECOM support. Additionally, it is unclear if the Iraqi Army is capable

of operating its supply system. To address these problems, MNSTC-I is developing plans to continue the existing task orders for maintenance and supply system support.

Management and oversight of the task orders began poorly but improved over time. Task Orders 3 and 5 had weaknesses, such as a lack of realistic performance metrics, which made it difficult to successfully manage the contract. MNSTC-I also did not initially assign sufficient numbers of experienced personnel to provide contract oversight. As a result, task order costs and the risk of fraud and waste increased.

MNSTC-I's management of Task Order 6, however, greatly improved. Oversight was enhanced by placing more of the contract administration and oversight function closer to where service is being provided. For Task Order 6, the Defense Contract Management Agency also provided an on-site administrative contracting officer, and additional oversight was provided by full-time, on-site, technically proficient subject matter experts from the U.S. Army Materiel Command. These individuals provided a quality assurance and quality control element that was not available under Task Orders 3 and 5. Much of this improved oversight was facilitated by the improved security situation in Iraq.

Recommendation

SIGIR recommends that the Commanding General, MNSTC-I, negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army. This agreement should identify each party's role and responsibilities and should identify a time line for achieving the goal.

Lesson Learned

Working closely with host-country government officials is essential in developing reconstruction projects and programs that will be accepted

and maintained. When agreements cannot be reached, assessing the risk of increased costs and the failure to achieve objectives should be an integral part of the program management decision-making process in any similar force development initiatives, such as Afghanistan.

Management Comments and Audit Response

MNSTC-I concurred with SIGIR's recommendation that it should negotiate an agreement with the Ministry of Defense for transitioning maintenance responsibility to the Iraqi Army and that the agreement should identify each party's role and responsibilities and also identify a time line for achieving the goal. In the draft report, SIGIR recommended that future U.S. investment should be predicated on finalizing such an agreement. However, MNSTC-I noted that "unilateral termination of current projects in execution, or denial of future critical assistance, until receipt of a binding legal agreement is secured would potentially be a strategic error over time." SIGIR agrees with the concerns raised by MNSTC-I, and the report's recommendation now addresses only the need to negotiate an agreement. However, SIGIR notes that the absence of an agreement continues the reliance on U.S. funds for maintenance of Iraqi Army equipment and urges that a high priority be placed on completing an agreement.

Construction of Primary Healthcare Centers Reported Essentially Complete, but Operational Issues Remain

(SIGIR 09-015, 4/2009)

Introduction

In March 2004, the U.S. Army issued a design-build contract to Parsons Delaware, Inc. Subsequent task orders under the contract provided for the design and construction of 150 primary healthcare centers (PHCs) in Iraq. The task

orders also provided for the delivery and installation of medical and dental equipment at the PHCs. Two years later, the U.S. government terminated the task orders; the 142 PHCs remaining in the program were in various phases of construction. In April 2006, SIGIR reported on the need for a strong management team, in cooperation with the Ministry of Health (MOH), to complete the partially constructed PHCs. The objectives of this report are to show the costs and outcomes of U.S.-funded efforts to complete the PHCs, the extent to which completed PHCs have been transferred to the MOH, and the operational status of the PHCs.

Results

The Gulf Region Division (GRD) of the U.S. Army Corps of Engineers completed construction of the PHCs despite very poor security, which included the bombing of PHC facilities. After the termination of the Parsons task orders in March 2006, GRD awarded direct construction contracts to Iraqi contractors to complete the partially constructed PHCs. GRD reports that most construction is now complete and estimates that the facilities will provide outpatient treatment for more than four million Iraqis annually. However, the program has cost substantially more than planned, taken much longer to complete, and produced fewer facilities than originally planned. Specifically:

- The program has cost approximately \$345 million—about \$102 million more than the \$243 million estimate of the Parsons contract. The increase came from \$57 million for follow-on construction contracts and \$56 million for delivering and installing medical equipment and providing training.
- Many PHCs have been transferred to the MOH years later than planned. Under the Parsons contract, all of the PHCs were originally to be completed by December 2005. Under a

September 2006 GRD plan, most PHCs were to be completed by early 2007. However, most were reported completed in the last quarter of 2007 and 2008. GRD even awarded contracts to complete construction of the six PHCs considered complete when the Parsons contract was terminated in March 2006.

- During the Parsons contract, the originally slated 150 PHCs were reduced to 142, and 9 additional sites have since been removed, leaving 133. Security issues, which were major factors in the cost increases and schedule delays, caused the removal of the nine PHCs. Six of the nine PHCs were not completed because explosives destroyed part or all of the facilities. Approximately \$5.18 million was spent on the construction of these nine PHCs.

Management problems have long burdened the program. GRD, which had program management responsibilities, did not draft its program management plan for the follow-on contracts until about six months after most contracts to complete the partially constructed PHCs were awarded and never finalized it. GRD also had six different program managers in three years. Moreover, GRD's award of firm-fixed-price contracts to Iraqi contractors for completing construction required an assessment of the partially constructed facilities and the development of independent government estimates before award of the contracts. However, because GRD could not locate the requested project assessments, SIGIR is unable to verify the extent of any site assessments that were made. Also, the data from the Iraq Reconstruction Management System that GRD used for program management was inaccurate and incomplete. ITAO, which had key responsibilities for oversight and coordination with the MOH, did not have resources to meet its responsibilities.

GRD reports that 133 of the PHCs have been constructed and transferred to the GOI, but not all of these PHCs are complete and open to the public. In addition, GRD and ITAO experienced problems transferring PHCs to the MOH. Officials said that, in some cases, they were ready to transfer a facility, but MOH officials were not yet ready to accept the facility because of limited availability of facility protection service personnel and insufficient number of trained and available staff. In 14 cases, GRD transferred facilities to the MOH that were incomplete, with plans for continued construction work at just two. The 14 incomplete PHCs that were transferred included the 9 sites removed from the program after the Parsons termination, and the other incomplete PHCs had no completion plans. In addition to the transfer of incomplete facilities, GRD transferred five PHCs unilaterally, without MoH acceptance. GRD reports that 115 PHCs are open and operational, but the MOH reports just 101.

Even more significant than the discrepancies in the number of open PHCs is the operational and sustainability status of the PHCs that are open. GRD, ITAO, and the MOH all expressed concerns about operation and maintenance issues at PHCs. The issues include whether the PHCs have basic services—such as electricity, water, and sewage—and whether medical equipment has been provided and installed and is operating. Health Attaché officials stated that neither the construction nor the materials met the expected standards, and the facilities did not make a good presentation of a U.S.-funded and managed construction project. MOH officials stated that the PHCs had construction, electrical, mechanical, and equipment deficiencies that will require reconstruction and rehabilitation. SIGIR's inspections have identified operation and maintenance issues at four open PHCs.

Although all parties have concern over PHC operation and maintenance issues, the U.S. government does not have accurate visibility into the overall status of the PHCs. In May 2008, GRD and ITAO contracted with Stanley Baker Hill for the sustainment of health projects funded by the U.S. government. The scope of work included assessing equipment and systems at selected facilities. The contract amount is limited to the \$16.5 million of available funds and will not provide assessment of all PHCs. GRD reports 6 detailed assessments under review and 28 preliminary assessments completed; however, the number of assessments to be completed is unknown. Also, because GRD failed to provide the requested assessments, SIGIR has not reviewed these documents. Finally, based on discussions with GRD and ITAO officials, the U.S. government does not plan for future U.S. government roles/responsibilities with regard to the PHCs. Neither organization has any plans or funds for a further effort.

Conclusions

U.S. funds and GRD's and ITAO's management have furnished the MOH with PHCs that are expected to provide medical care to more than four million Iraqis throughout the country. This has been accomplished despite serious security conditions, such as the bombing of facilities. However, GRD and ITAO have not provided sufficient accountability and transparency on the current status of the PHC program. Reports showing that 133 PHCs have been completed and transferred are not complete and accurate. Questions about the completeness of the PHCs relate to far more than those few transferred "as is."

Millions of dollars were spent to finish construction, deliver and install medical and office equipment and consumables, and train Iraqis on PHC equipment. However, some or all of these actions were not completed for a significant

number of PHCs. ITAO's and GRD's limited contract effort to assess PHC status is based on funds available, not the amount needed. Further, neither has identified plans and/or funds for additional assessments and/or completion work for PHCs.

The U.S. government's future role regarding the PHCs in Iraq requires a policy decision; however, the U.S. government has not developed the information essential for making that decision. A lack of further management attention by the U.S. government and the Government of Iraq to address the PHCs' operation, maintenance, and sustainability issues places a substantial portion of the U.S. investment in the program at risk of being wasted.

Recommendations

SIGIR recommends that the U.S. Ambassador and the Commanding General, Multi-National Force-Iraq, jointly direct a U.S. government study obtaining the Government of Iraq's participation and/or input into the above actions to the extent possible to:

1. Provide transparency on the current status of PHCs and assess the cost and benefits of potential actions to address identified PHC operational and sustainability problems.
2. Identify actions the U.S. government could undertake to help ensure that the benefits expected from the PHC program are realized and the investment will not be wasted.

Management Comments and Audit Response

In preparing this report, SIGIR considered written comments from ITAO and GRD. On April 17, 2009, the Director of ITAO commented that the Embassy concurs with the recommendations and is working to implement them.

The Commanding General sent GRD's comments on April 20, 2009. GRD's comments did not address the recommendations but stated a disagreement with the "basic assumption

that GRD and ITAO failed.” In addition, GRD stated that the draft report did not fully highlight the difference in responsibilities between GRD, ITAO, and the Health Attaché. GRD also disagreed with other statements in the report and provided 31 specific comments on the draft report. A number of these comments related to a clarification of GRD’s responsibilities with regard to the PHC program. GRD emphasized that it is responsible only for tracking the construction management of the projects through physical completion, local turnover to the MOH, and financial and contractual closeout.

GRD’s comments regarding its responsibilities highlight the lack of an integrated management structure for contingency reconstruction programs, such as the PHCs, and serve to reinforce SIGIR’s overall conclusion regarding the need for additional program integration and overall accountability.

SIGIR believes that the information in the draft report is accurate. However, to improve the accuracy of the final report, SIGIR has revised or deleted some statements based on GRD’s comments. Regarding GRD’s overall comment, SIGIR did not conclude that GRD and ITAO failed. The first sentence of the Results in the Executive Summary states that “GRD completed construction of PHCs despite very poor security, which included bombing of facilities” and notes that the facilities will provide outpatient treatments to more than four million Iraqis annually. Further, the draft report addressed the responsibilities of GRD, ITAO, and the Health Attaché in the Introduction and in various subsequent sections when relevant to the subject discussed. For example, in the section on MOH transfers, SIGIR noted that the GRD management plan stated that the opening and operation of the facilities, as well as sustainability, were outside the scope of the GRD program. However, SIGIR added GRD’s language as appropriate to clarify its stated responsibilities.

Asset-transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability

(SIGIR 09-016, 4/2009)

Introduction

Since reconstruction began, tens of thousands of reconstruction projects have been completed in all sectors of Iraqi governance, including electricity, water, health care, and transportation. Nevertheless, the U.S. Embassy, and the primary reconstruction agencies—including the Multi-National Security Transition Command-Iraq (MNSTC-I), U.S. Agency for International Development (USAID), and Gulf Region Division of the U.S. Army Corps of Engineers (GRD)—have yet to finalize an agreement on a process for transferring responsibility for the projects to the Government of Iraq (GOI).

U.S. agencies have used their own procedures to deliver completed projects to the Iraqi citizens they were meant to benefit. Projects have been turned over at various governmental levels, from local governments to Iraqi ministries, using a variety of procedures, including unilateral transfers. Projects have been transferred even though there is no complete or accurate database or list of what has been turned over, and no assurance that the Iraqis have received all necessary documentation and training.

Because of the importance of this issue to the success of the overall U.S. reconstruction program, SIGIR has issued six reports on the transfer of completed U.S.-funded projects to the GOI since January 2006. In each report, SIGIR recommended that U.S. reconstruction agencies work together to develop a common policy and process to transfer completed projects to the GOI. The most recent report, issued in April 2008, noted that although U.S. agencies had made efforts to improve plans, policies, and procedures for the transfer of assets, they had been

unable to agree on a uniform set of procedures. In the Fiscal Year 2008 Supplemental Appropriations Act, the Congress directed the Department of State (DoS) to secure and implement an agreement with GOI on the transfer of U.S.-funded assets. However, when SIGIR issued the report in April 2008, DoS had still been unable to finalize an agreement with GOI for a formal asset-transfer agreement. The Omnibus Appropriations Act, 2009, also requires DoS to develop a plan to transition programs and activities to the GOI.

These are the objectives of this review:

- Determine the extent to which U.S. reconstruction agencies working in Iraq have made progress since April 2008 in establishing a uniform policy and procedure for transferring projects to the GOI.
- Determine whether the Embassy has made progress in obtaining GOI support for a formal asset-transfer agreement.

Results

SIGIR's review found little progress on creating uniform policies and procedures or reaching agreement with the GOI on an asset-transfer process. Since SIGIR's April 2008 report, the U.S. agencies involved in Iraq reconstruction still have not developed a uniform process and procedure for transferring completed projects to the GOI. Each U.S. agency continues to follow its own internal process for transferring projects to the GOI. The management of the process continues to lack clear authority and accountability, a core problem that SIGIR has identified in previous reports. And because most transfers occur at the local level, the GOI and the ministries responsible for planning the sustainment and integration of assets generally have incomplete information on what the United States has provided.

The inability of the Embassy and the GOI to finalize a memorandum of understanding with

the GOI on their respective asset-transfer roles and responsibilities continues to contribute to the problem. Such an agreement could help U.S. reconstruction agencies standardize their asset-transfer processes. A draft memorandum was prepared in November 2007, but the memorandum has not yet been finalized. Iraq Transition Assistance Office (ITAO) officials told SIGIR that the GOI Council of Ministers (CoM) met on December 16, 2008, and issued a decision establishing rules and procedures on how the GOI would accept completed projects. Essentially, the decision states that U.S. projects will be accepted as a gift, with no financial obligation between the two countries. The CoM decision reiterated the recommendation that the two governments should negotiate a memorandum of understanding on asset transfer. A final agreed-to version of the memorandum has not been completed or signed.

The unreliability of data in the Iraq Reconstruction Management System (IRMS) continues to make it difficult for planners to track the status of reconstruction projects. IRMS was intended to be the central repository for Iraq reconstruction project information; however, as SIGIR has reported, IRMS does not contain complete or accurate data. For example, information on billions of dollars in projects is missing from the system, which SIGIR reported in July 2008. As a result, IRMS cannot provide a complete or consistent picture of reconstruction activities because the executing agencies did not regularly enter their data into IRMS. Nevertheless, ITAO uses this data to prepare a monthly report to the GOI on transferable assets. According to the October 2008 report, of \$13.5 billion in completed projects, 72% has been transferred locally, and 13% has been transferred nationally. However, because the IRMS data is unreliable, the data provided to the GOI is also undependable.

In addition to erroneous reporting to the GOI, the lack of reliable data also prevents DoS from providing the Congress and the public with a complete accounting of the current status and condition of the facilities that were constructed. The IRMS problem also impedes U.S. efforts to monitor projects to ensure that they are being maintained and used effectively.

Recommendation

SIGIR has previously recommended that the Ambassador and the Commanding General, Multi-National Force-Iraq (MNF-I), direct that a single set of policies, processes, and procedures for transferring assets to the GOI be developed for use by all involved agencies and for all U.S. projects regardless of funding source. This recommendation has not been implemented and will remain open.

SIGIR also recommended that the Ambassador and the Commanding General, MNF-I, immediately enter into high-level discussions with the GOI to develop a memorandum of understanding for the transfer of assets. In December 2008, SIGIR closed this recommendation based on talks that were ongoing at that time between the Embassy and the GOI. However, the talks were not successful.

Even though the GOI has established rules and procedures for accepting assets, SIGIR continues to believe that a formal agreement is needed. The Embassy questioned SIGIR's reopening the recommendation because it is conducting discussions on asset transfer with the GOI. However, SIGIR's intent was that the discussions result in a memorandum of understanding. Consequently, SIGIR is modifying the recommendation to clarify that the discussion should result in a memorandum of understanding and is reopening this recommendation. SIGIR recommends that the Ambassador and the Commanding General, MNF-I, develop a memorandum of understanding with the GOI for the transfer of assets.

Matter for Consideration of the Congress

To enhance the accounting for the status of U.S.-funded reconstruction projects, the Congress should consider directing the implementing agencies to gather and provide a uniform set of data that clearly identifies all projects initiated and completed, their cost, and whether they have been transferred and are being sustained.

Lessons Learned

The Iraq asset-transfer process yields several key lessons learned for other contingency reconstruction operations, such as Afghanistan, that should be applied as early in the operation as possible:

- A management structure must be established that provides unity of command among the involved agencies to achieve uniform asset-transfer processes and procedures.
- An accurate and comprehensive project management information system must be established and maintained throughout the reconstruction program.
- U.S. officials must engage host-country officials to establish formal agreements on asset transfer and project sustainment.

Management Comments and Audit Response

The U.S. Embassy-Iraq and GRD provided written comments on this report. The Embassy did not concur with the recommendations. GRD generally agreed with the facts as presented in the draft report. SIGIR continues to believe that its recommendations have merit, and the report details the basis for SIGIR's position.

Need To Enhance Oversight of Theater-wide Internal Security Services Contracts (SIGIR 09-017, 4/2009)

Introduction

This report discusses the Department of Defense (DoD) Theater-Wide Internal Security

Services (TWISS) contracts for labor, weapons, equipment, and other essentials to augment and/or replace military security guard operations at forward operating bases and camps throughout Iraq. In September 2007, DoD awarded TWISS contracts to five companies—Aegis Defence Services, Limited; EOD Technology, Inc.; Sabre International Security; Special Operations Consulting-Security Management Group; and Triple Canopy, Inc. These companies are among the seven largest providers of private security services in Iraq.

The TWISS contracts had a combined not-to-exceed value of \$450 million. The five contractors each received a \$250,000 task order to meet the guaranteed minimum and initiate the contract; the contractors then competed to provide security services at various locations in Iraq. Between February 2008 and March 2009, 50 task orders had been issued to the companies. The TWISS contracts and subsequent task orders were awarded by the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) on behalf of Multi-National Force-Iraq (MNF-I).

To provide oversight of the contracts, JCC-I/A delegated contract administration and oversight to the Defense Contract Management Agency (DCMA). The task orders set forth the specific security services that were required. DCMA uses Contracting Officer's Representatives (CORs) to conduct day-to-day oversight of the contractors' performance and compliance with contract requirements. CORs are selected by the installation command and report to DCMA and the contracting officer. Each task order has a COR, who is a military member located where the guard services are provided. DCMA also uses its own quality assurance representatives to periodically inspect the CORs' and contractors' performance and compliance with requirements.

The objectives for this report are to identify:

- the costs of the contracts
- the requirements for the static security forces
- the government's process for awarding the contracts, task orders, and modifications
- the oversight provided by the CORs

SIGIR plans to review government oversight of the contractors' bills, performance, operations, and processes for screening, selecting, and training its personnel in future reports.

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

SIGIR found that most contract and task order awards were conducted under full and open competition, and the decision-making process was well supported. The 5 contracts and 49 of the 50 task orders were competitively awarded.

SIGIR identified certain vulnerabilities in the government's oversight. Generally, the CORs' experience and training was limited, and they had insufficient time available to devote to their oversight responsibilities. This hampered their ability to perform their oversight responsibilities. For example, of 27 CORs responding to SIGIR questions, only 3 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 DCMA Quality Assurance Representative inspections help provide oversight periodically, they are not a substitute for the day-to-day oversight provided by CORs who oversee task orders ranging from \$179,000 to \$22.2 million.

Although SIGIR's review did not identify specific problems that have resulted from these limitations, many SIGIR reports have identified poor oversight as a cause of fraud and waste. Given DoD's planned increase in the use of security contractors, this vulnerability could increase unless the problem is addressed.

Recommendations

To improve contract administration and oversight, SIGIR recommends that the Commanding General, Multi-National Corps-Iraq; the Director, Defense Contract Management Agency; and the Commander, Joint Contracting Command-Iraq/Afghanistan, direct that the following actions be taken as they relate to their respective responsibilities under the contract:

1. Provide additional training to CORs on their private security contractor oversight responsibilities with regard to the TWISS contracts.
2. Assess the workload for TWISS CORs to identify actions that can be taken to balance workload demands so that sufficient time can be given to contract oversight responsibilities.

Management Comments and Audit Response

Multi-National Force-Iraq (MNF-I) and the Defense Contract Management Agency (DCMA) generally agreed with the report recommendations. Specifically, both agencies agreed on the need for additional training and workload assessments for Contracting Officer Representatives (CORs) and to take actions to address SIGIR's recommendations.

Concerning recommendation 1, MNF-I stated that Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), in conjunction with DCMA, will reach out to CORs to provide targeted training in areas that CORs perceive to be their individual weaknesses. DCMA stated that some aspects of training are the responsibility of the COR's unit, and DCMA's responsibility is training related to contract administration oversight and specific contract familiarity. DCMA stated that as a result of a review it performed in March 2009, DCMA plans to improve future COR training sessions by more directly involving the DCMA Administrative Contracting Officer and Quality Assurance staff in the instruction.

With regard to recommendation 2, MNF-I stated that although the requiring activity is responsible for nominating CORs based on individual qualifications and abilities, JCC-I/A will work with the requiring activities to ensure that they understand the responsibilities demanded of CORs. MNF-I also stated that JCC-I/A will work with requiring activities to recommend CORs who have prior experience with contract oversight and/or are familiar with the function. DCMA concurred with the need to assess COR workload. DCMA has recognized a gap in the number of assigned CORs in the Iraq and Afghanistan areas of operation. It stated that this gap includes CORs with specialized skills that are not core competencies within DCMA. It further stated that DCMA is working with the DoD Joint Staff to address this issue.

MNF-I also provided technical comments, which SIGIR incorporated as appropriate. SIGIR believes that the actions identified by management, if properly implemented, are responsive to the report's recommendations.

Information on Government of Iraq Contributions to Reconstruction Costs
(SIGIR 09-018, 4/2009)

Introduction

The United States and other international donors have identified the need for host-country participation as a central factor in effective developmental programs. Such participation takes many forms, including host-country financial and/or in-kind contributions. The UN's Paris Declaration on Aid Effectiveness, endorsed by the United States and other donor and recipient nations, identifies the need and the necessary steps to make aid more effective. It notes the requirement for donors and recipient nations to work together more collaboratively, including the requirement for host countries to exercise leadership over their development policies and strategies. The U.S. Agency for International Development's (USAID) Global Development Alliance encourages partnering with entities, such as host-country governments and indigenous non-governmental organizations, to mobilize the strengths and participation of the host country and enhance the developmental impact of the assistance. When such relationships are forged, USAID expects the partner to make financial and/or in-kind contributions to increase the impact and sustainability of development efforts.

The Congress has appropriated more than \$50 billion for Iraq reconstruction and has authorized and funded a variety of programs, including the Iraq Relief and Reconstruction Fund, Economic Support Fund, Commander's Emergency Response Program, and Iraq Security

Forces Fund to support Iraq reconstruction. The Congress has increased requests for the GOI to assume a greater share of reconstruction costs.

This review was conducted under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. The objectives of this report are to provide:

- information on executive branch guidance on soliciting GOI contributions for U.S. development programs
- examples of GOI contributions to the U.S. reconstruction program

Results

Host-country participation takes many forms, including host-country financial and/or in-kind contributions. DoD, DoS, and USAID officials identified a number of examples of the GOI's contributions to the cost of reconstruction activities since 2003, including:

- DoS reported that the GOI had budgeted \$12 billion for reconstruction, which more than matches U.S. assistance programs, as required by legislation.
- DoD noted that the GOI has spent more than \$8 billion to support its security and police forces, and more than \$4 billion to purchase U.S. military equipment and supplies. The GOI also provided financial or in-kind support for individual U.S.-funded projects, such as the Sons of Iraq and the Iraqi Commander's Emergency Response Program.
- USAID noted that Iraq plans to fund and manage a program comparable to the Community Stabilization Program.

The Congress has recently urged the GOI to assume greater responsibility for Iraq's reconstruction. To that end, the Congress has directed U.S. agencies to obtain from GOI increased

contributions for specific programs, such as the Sons of Iraq and the Commander’s Emergency Response Program.

Until recently, DoD, DoS, and USAID did not have policies or procedures governing cost-sharing for Iraq. USAID officials indicate that congressional guidance is unclear. To address this concern, USAID provided SIGIR a DoS and USAID set of recently developed guidelines on how they plan to implement various congressional cost-sharing mandates. USAID noted that it had included this document with their budget submission. Their goal is to reach consensus on what the Congress wants and what DoS and USAID are expected to do.

Management Comments and Audit Response

No management comments were required because SIGIR did not provide recommendations. Nevertheless, USAID provided technical comments, which SIGIR incorporated as appropriate. Additionally, USAID provided a copy of guidelines for GOI financial participation in civilian foreign assistance programs funded by the U.S. government.

Opportunities To Improve Processes for Reporting, Investigating, and Remediating Serious Incidents Involving Private Security Contractors in Iraq

(SIGIR 09-019, 4/2009)

Introduction

This report primarily focuses on DoD oversight of serious incidents—such as attacks, deaths, injuries, and property damage—involving private security contractors (PSCs) in Iraq. It examines:

- DoD’s policies, procedures, and practices for reporting, investigating, and remediating serious incidents
- DoD’s efforts to identify trends and lessons learned

Because some DoS PSCs report their serious incidents through DoD channels as well as DoS channels, SIGIR also reviewed pertinent DoS policies and procedures related to that reporting.

The U.S. government has relied extensively on PSCs in Iraq to protect personnel, supplies, and facilities. Although issues have surfaced over the years concerning the oversight, control, cost, and legal status of PSCs, the Blackwater incident in September 2007, in which 17 Iraqi civilians were killed, brought to the forefront concerns about the U.S. government’s oversight and control of the PSCs. In December 2007, DoD and DoS signed a memorandum agreeing that they would jointly develop, implement, and follow core standards, policies, and procedures for the accountability, oversight, and discipline of PSCs in Iraq. Their objective was to reduce the number and impact of serious incidents. DoS assigned responsibility for implementing its part of the agreement to the U.S. Embassy, which in turn delegated responsibility to its Regional Security Office (RSO). DoD assigned its responsibility to the Multi-National Force-Iraq (MNF-I). MNF-I established Contractor Operations Cells (CONOCs) to coordinate PSC missions and to gather, assemble, and distribute information on serious incidents involving PSCs. MNF-I also established the Armed Contractor Oversight Division (ACOD) to ensure that all serious incidents are reported, tracked, and investigated.

The RSO is responsible for coordinating DoS Tier 1 missions, which are defined as missions that directly support the Chief of Mission. For example, Tier 1 missions involve transporting DoS personnel, ambassadors, other diplomats, and congressional delegations. Missions that do not directly support the Chief of Mission, such as transporting contractor personnel supporting DoS contracts, are categorized as Tier 2

missions. PSCs on Tier 1 and Tier 2 missions are to report serious incidents to the RSO. In addition, DoS PSCs on Tier 2 missions and DoD PSCs are to report serious incidents through the CONOC to ACOD.

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:

- The CONOC and RSO 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 the PSCs to follow reporting requirements.
- ACOD judgmentally decides which incidents to track even though it is responsible for ensuring that all serious incidents received by 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 Embassy guidance.
- 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 impacting 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.
- DoS PSCs that perform Tier 1 missions (those that directly support the Chief of Mission) should have video recording systems in government-provided vehicles. These systems have helped to resolve conflicting information on incidents and to improve incident investigations.
- 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.

Recommendations

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, SIGIR recommends that the Commanding General, MNF-I, and the U.S. Ambassador to Iraq take the following actions as they relate to their respective responsibilities:

1. Require CONOC and RSO to institute a process to periodically compare serious incident data on Tier 2 missions to identify PSCs that may be unaware of, confused about, or not complying with the dual reporting requirements.

2. Require ACOD and RSO to jointly establish a standard definition of serious incidents and incorporate that definition in guidance for their PSCs.
3. Require ACOD and RSO to jointly establish or use an existing contractor working group to share information with PSCs and to solicit their views and concerns.
4. Require CONOC and ACOD to establish a joint database for serious incidents that both can use to capture the information they need to fulfill their responsibilities.
5. Require ACOD to track all serious incidents, include data on all incidents in its analyses, perform more extensive analyses of serious incidents, and develop lessons learned from those analyses.
6. Task supporting organizations, such as the Defense Contract Management Agency, to identify all PSC subcontractors that support DoD and DoS contracts.
7. Task contract audit organizations to periodically review the prime contractors' oversight of subcontractor PSCs' compliance with incident reporting requirements.

Lessons Learned

Over time, DoD and DoS have learned important lessons in Iraq pertaining to PSCs. Those lessons have been applied incrementally to improve oversight of PSCs and coordination between MNF-I and the U.S. Mission. In other contingency operations where extensive use is made of private security contractors, such as Afghanistan, the overarching lesson learned is that DoD and DoS need to establish core standards, policies, and procedures early in the contingency. Specific lessons related to that action include the need to develop:

- a memorandum of agreement to jointly develop, implement, and follow core standards, policies, and procedures regarding PSCs
- a common definition and common reporting requirements for serious incidents
- mechanisms to share information on incidents between the U.S. Embassy and the military command
- a common approach to condolence payments
- audit mechanisms to ensure that PSCs at all levels understand and comply with incident reporting requirements

Management Comments and Audit Response

SIGIR received management comments on its draft report from MNF-I. MNF-I concurred with 6 recommendations and partially concurred with recommendation 5. With regards to MNF-I's comments on recommendation 5, the report recognizes ACOD's position that it used lessons learned to produce fragmentary orders. SIGIR continues to believe that ACOD needs to track all serious incidents, include data on all incidents in its analyses, perform more extensive analyses of serious incidents, and develop lessons learned from those analyses.

For U.S. Embassy and Bureau of Diplomatic Security management comments, see www.sigir.mil, SIGIR 09-008, April 2009.

Provincial Reconstruction Teams: Developing a Cost-tracking Process Will Enhance Decision-making (SIGIR 09-020, 4/2009)

Introduction

In October 2005, the U.S. government established the Provincial Reconstruction Team (PRT) program in Iraq. This program is a civil-military, interagency effort that serves as the primary government interface between the United States, Coalition partners, and provincial and local governments. However, agencies do not formally track PRT operating costs.

SIGIR's initial work focused on the cost of operating individual PRTs and the overall program. SIGIR learned that the agencies involved are not required to capture these costs at the program or individual level. Consequently, these are SIGIR's reporting objectives for the PRT program:

- Identify the major program cost categories.
- Estimate program costs using available cost information.
- Assess the feasibility and usefulness of tracking PRT costs.

Results

Although they are not required to track PRT costs, DoS and DoD provided some major costs associated with PRTs. Using that information, SIGIR estimated that FY 2008 PRT costs in Iraq were at least \$373 million. This estimate substantially understates the cost because military-provided movements and personnel are not included. The major cost categories identified include security, salaries, life-support, and operations costs. However, because DoS and DoD—the two largest contributors—are not required to segregate PRT costs from other costs, neither department has a process to capture PRT costs, according to DoS and DoD officials. DoS and DoD officials noted that with additional effort, existing financial systems could track most PRT costs. They also agreed that PRT cost data would be useful for budgeting and other decision making processes related to the PRT program.

Recommendations

SIGIR recommends that:

1. The U.S. Ambassador to Iraq establish a policy requiring all participating agencies to compile PRT cost data and report the data to the Chief of Mission in Iraq on a quarterly basis.
2. The Commanding General, Multi-National Force-Iraq, establish processes to track the costs of U.S. military support to the PRTs and

report those costs to the Chief of Mission on a quarterly basis.

3. The Secretaries of DoD and DoS form a joint study group to assess the cost and benefit of modifying their respective financial systems to capture, on a routine basis, the major cost categories associated with PRT operations to support their processes for budgeting and other management decision making.

Lesson Learned

Without tracking Iraq PRT costs, the U.S. government will lose the opportunity to capture relevant historical data for decision making and planning in Afghanistan and other future reconstruction efforts.

Management Comments and Audit Response

The Department of State (DoS) Bureau of Near Eastern Affairs-Iraq, the DoS Resource Management Office, and DoD provided comments, but the comments were not fully responsive to SIGIR's recommendations. The Bureau stated that DoS already has a process that captures PRT costs at a level sufficient for reporting, budgeting, and policy decision-making purposes. SIGIR continues to believe that its recommendations have merit, and the report details the basis for SIGIR's position.

Ongoing and Planned Audits

SIGIR primarily conducts performance audits that assess the economy, efficiency, effectiveness, and results of Iraq reconstruction programs, often with a focus on the adequacy of internal controls and the potential for fraud, waste, and abuse. This includes a series of focused contract audits of major Iraq reconstruction contracts, which will allow SIGIR to respond to congressional direction for a "forensic audit" of U.S. spending associated with Iraq reconstruction.

Ongoing Audits

SIGIR is currently working on these audits:

- SIGIR 8019: Joint Review with State Department IG of Blackwater Contract and Associated Task Orders for Worldwide Personal Protective Services
- SIGIR 8031: Review of Military Commanders Experiences Working with and Managing Private Security Contractors in the Iraq Theater of Operations
- SIGIR 9002: Review of Iraq Security Forces Fund Contracts with Environmental Chemical Corporation (ECC) for Iraq Reconstruction Projects
- SIGIR 9007: Review of the Cost, Outcome, and Oversight of Contracts with Wamar International, Inc., for Program Activities in Iraq
- SIGIR 9011: Review of Transaction Data for the Development Fund for Iraq
- SIGIR 9014: Review of the Taji National Maintenance Depot-Integrator Contract
- SIGIR 9015: Review of the Commander's Emergency Response Program Project for Electrical Distribution in Muhalla 312
- SIGIR 9016: Review of the Commander's Emergency Response Program Project for the Baghdad International Airport Caravan Hotel

Ongoing Forensic Audits

- SIGIR 9005: Examination of DoD Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction for Fiscal Years 2003-2008
- SIGIR 9012: Examination of DoS Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction
- SIGIR 9013: Examination of USAID Appropriation, Obligation, and Expenditure Data Related to Iraq Relief and Reconstruction

Planned Audits

SIGIR's audit planning is aligned with two key goals contained in its strategic audit plan:

- improving business practices and accountability in managing contracts and grants associated with Iraq reconstruction
- assessing and strengthening the economy, efficiency, and effectiveness of programs and operations designed to facilitate Iraq reconstruction

SIGIR's strategic plan recognizes two specific legislative mandates affecting SIGIR audits. The first is the mandate for SIGIR to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction before SIGIR goes out of existence. As part of that effort, SIGIR has completed 10 focused contract audits dealing with outcome, cost, and oversight associated with major reconstruction contracts in Iraq, as well as vulnerabilities to fraud, waste, and abuse. Additional contract audits are ongoing, as noted above, and others are planned. These audits will increasingly focus on contracts funded by the Iraq Security Forces Fund and the Economic Support Fund.

Next quarter, SIGIR is initiating a joint effort with the Iraqi Board of Supreme Audit looking at the I-CERP. The I-CERP program is modeled after the Commander's Emergency Response Program (CERP), but uses Iraqi money to initiate projects. As with CERP projects, Coalition commanders work with local leaders to support a provincial development strategy, identifying projects that benefit communities as a whole; however, I-CERP projects come with greater Iraqi involvement at all stages of development.

SIGIR is also turning more of its resources to its forensic auditing initiatives. Last quarter,

SIGIR broadened its forensic audit efforts through a review of DoD's automated data on appropriations, obligations, and expenditures for Iraq relief and reconstruction activities for fiscal years 2003-2008. That project is well under way, and SIGIR has since started similar reviews at DoS and USAID. A forensic audit is a systematic evaluation of the effectiveness of internal controls over a program, process, and/or policies and procedures. Each of the three projects seeks to identify ineffective internal controls that leave the government vulnerable to fraud, waste, and abuse. They combine data-mining and investigative techniques to expose these weaknesses to highlight the consequences

of inadequate controls and to develop the necessary evidentiary information to make determinations regarding the feasibility for civil or criminal prosecutions.

The combined scope of the three projects will enable SIGIR to comprehensively examine total U.S. government expenditures associated with the \$51 billion appropriated for Iraq relief and reconstruction. This body of work, along with SIGIR's other audit activities, will also ensure that SIGIR meets its congressional mandate to "prepare a final forensic audit report on all funds deemed to be amounts appropriated or otherwise made available to the Iraq Relief and Reconstruction Fund." ♦

SIGIR INSPECTIONS

This quarter, SIGIR Inspections conducted seven project assessments, issued in six reports. SIGIR teams assessed relief and reconstruction projects funded from a number of sources:

- four funded by the Iraq Relief and Reconstruction Fund (IRRF)
- two funded by the Economic Support Fund (ESF)
- one funded by the Commander's Emergency Response Program (CERP)

SIGIR's sustainment assessments focus on whether the projects delivered to the Iraqis were operating at the capacity planned in the original contract or task order objective. To accomplish this, SIGIR determined whether the projects were at planned capacity when accepted by the U.S. government, when transferred to Iraqi operators, and during the assessment. In addition, SIGIR determined whether sustainability was adequately planned for and whether it is likely to continue.

Since the Inspections program began in summer 2005, SIGIR has completed 147 project assessment reports, 96 limited on-site inspections, and 746 aerial assessments.

Although security has improved in Iraq, the risk of violence continues to impede SIGIR's ability to conduct on-site assessments of reconstruction projects. This quarter, SIGIR assessment teams again had limited time on site to conduct inspections.

All of the assessments that SIGIR conducted this quarter were sustainment assessments. SIGIR found results that were similar to past sustainment assessments:

- Long-term operations and maintenance practices were not always being accomplished.
- In some instances, only minimal routine maintenance was being performed.

SIGIR also observed equipment that was not installed or operational and identified a lack of operator training, which resulted in equipment not being used. These shortcomings have reduced the effectiveness of the projects and have put projects in jeopardy of failure or in need of repair far sooner than is standard.

This quarter's project assessment of the Basrah Courthouse and Witness Protection Facility (PA-08-159 and PA-09-169) shows the continuing problems that SIGIR assessments reveal, yet is an example of delivering an adequate product to the Iraqis. Inspected and accepted by Gulf Region South from the contractor on September 25, 2008, the Basrah Courthouse project was neither occupied nor hearing cases at the time of SIGIR's site visit. In addition to the project sitting idle, SIGIR found several design errors with the staircase, laundry facility equipment, and plumbing, which were caused by a combination of design error and small changes in construction. SIGIR identified minor construction deficiencies, such as poorly constructed expansion joints in the courthouse building and hallway connecting to the witness protection facility, and electrical wiring not in conduit. At the time of the site visit, the Government of Iraq (GOI) was installing furniture throughout the facility. Aside from the minor construction issues, SIGIR concluded that the construction of the courthouse and witness protection facility was adequate for the GOI to sustain the buildings for their intended use.

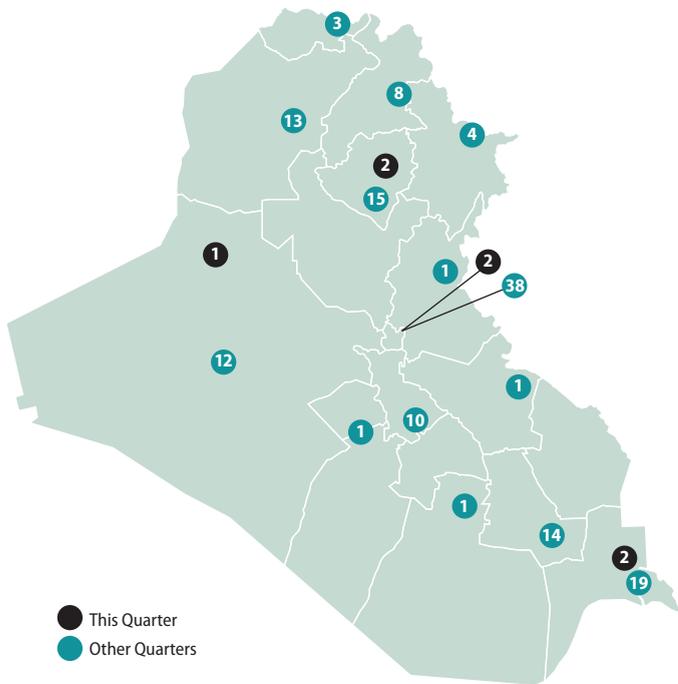
For a list of the project assessments that SIGIR completed this quarter, see Table 4.2. For a complete list of project assessments from previous quarters, see Appendix I.

Figure 4.1 shows the approximate location of each project assessed this quarter and in previous quarters.

TABLE 4.2
SEVEN PROJECTS ASSESSED THIS QUARTER
\$ Thousands

PROJECT NAME	ASSESSMENT TYPE	PROVINCE	BUDGETED COST	EXECUTING AGENCY	FUNDING SOURCE	CONTRACTOR	GRD REGION
Suroor Elementary School	Sustainment	Baghdad	\$246	GRC	ESF	Local	Central
Khandek School	Sustainment	Baghdad	\$296	GRC	ESF	Local	Central
Sagrah School	Sustainment	Anbar	\$399	MNF-West	CERP	Local	Central
Shiqaq Hai Musalla PHC	Sustainment	Tameem	\$305	GRN	IRRF	Parsons/Local	North
Hai Tiseen PHC	Sustainment	Tameem	\$465	GRN	IRRF	Parsons/Local	North
Basrah Courthouse	Sustainment	Basrah	\$8,781	GRS	IRRF	Local	South
Basrah Witness Protection Facility	Sustainment	Basrah	\$2,195	GRS	IRRF	Local	South

FIGURE 4.1
Project Assessments



Approximate locations of projects assessed this quarter and location by province of previous quarters' assessments.

SIGIR Project Assessments

This section provides summaries of SIGIR project assessment reports completed this quarter. For the full reports, see the SIGIR website, www.sigir.mil.

Rehabilitation of the Suroor Elementary School, Husseiniya, Iraq

SIGIR PA-08-135

The overall objective of the project was to rehabilitate the Suroor Elementary School, which was in a state of disrepair. This renovation project was designed to benefit the students and teachers at the school and included the design and construction of all necessary electrical, plumbing, and architectural work necessary to fully restore the school. The successful completion of this project would provide students in the neighborhood with a safe and suitable classroom environment.

Conclusions

On January 21, 2008, the Suroor Elementary School was accepted by the U.S. government and transferred to the GOI. On that same day, the U.S. Army Corps of Engineers (USACE) conducted a final inspection of the facility by commenting “Y” (yes) or “N” (no) in a column on the contract’s bill of quantities and taking four photographs of the contractor’s

work. According to the final inspection report, USACE found no deficiencies with the contractor's work. The school was open and operating on that day, which USACE documented in a final inspection photograph.

According to the school's headmaster, this school educates approximately 1,500 students each day, which requires operating the school facility for 3 shifts of 500 different students for 3 hours per day. During the site visit, SIGIR observed the school during the second of 3 daily shifts of approximately 500 students.

The construction appeared to be adequate and to satisfy the contract requirements. The SIGIR site visit identified potential issues with the delivery and installation of evaporative coolers and blackboards; specifically, SIGIR observed none of the four contract-required evaporative coolers, and the contractor-provided blackboards were of such poor quality that chalk does not adhere to them and the school refuses to use them. After advising the USACE Gulf Region Division (GRD) of these issues, GRD representatives visited the school to determine the status of the evaporative coolers and blackboards. GRD subsequently provided SIGIR a photograph of the four evaporative coolers delivered to the Suroor Elementary School. In addition, GRD stated that "in October 2008, at the request of a government official, the school principal released three coolers on loan to other schools." This still leaves one evaporative cooler unit unaccounted for; however, at the time of the site visit, SIGIR was unable to inspect several rooms because they were locked, and access to the roof was denied. Therefore, SIGIR cannot definitively state whether or not a single evaporative cooler unit was still at the school.

Further, according to GRD, the school recently received 12 new whiteboards. The school maintenance staff plans to "put all blackboards in storage and install the new whiteboards in the classrooms because most Iraqi schools are now



Suroor Elementary School exterior and new tile walkway.

using whiteboards.”

SIGIR also identified unsafe electrical wiring and outlets; however, the electrical wiring and outlets appeared to have been tampered with subsequent to the work performed by the contractor.

During this project, the Statement of Work was revised due to a school site visit by USACE Gulf Region Central (GRC) to verify existing conditions. One significant revision was the deletion of plumbing work. School officials informed GRC that the GOI awarded a separate contract for plumbing work to a local contractor that was already performing plumbing repairs. Therefore, GRC deleted the plumbing requirements from the contract. The Statement of Work appeared to be adequately developed and detailed to address the needs of the facility with one exception—permanent power. The school is completely dependent on permanent power from the national grid to operate the lights, ceiling fans, and air conditioner. Because the power from the national grid is unreliable and susceptible to surges, the need for generator power should be



Unsafe electrical wiring and breaker.



Makeshift levee allows students to avoid standing water and sewage.

addressed to allow for an environment conducive to education.

Although the contractor's work appeared to be adequate, SIGIR's site visit revealed significant problems caused by overcrowding, a lack of routine maintenance, and poor plumbing repair work. According to the headmaster, approximately 500 students per shift are being taught in 10 classrooms (averaging 50 students per classroom). The contract did not address furniture for the classrooms; therefore, some children had to sit on the floor. The lack of routine maintenance, especially in the bathrooms, was evident during the site visit. In addition, according to the headmaster, no one was responsible for emptying the septic tank; therefore, once it filled to capacity, no additional waste could enter. The capacity of the sanitary sewer septic system is not large enough for the size of the school. A trench was dug to allow discharge out of the full septic tank. Although this provided relief for the full septic tank, the discharge released large quantities of untreated sewage into areas bordering

the school. As a result, the properties adjacent to the school grounds are unsafe and unsanitary. SIGIR observed standing water, sewage, and trash surrounding the school. Standing water and sewage can lead to diseases, such as cholera. A makeshift levee was constructed to help school children walk through areas with standing water and sewage.

SIGIR's assessment identified no significant deficiencies with the contractor's work under the revised Statement of Work. The significant problems associated with classroom overcrowding, a lack of routine maintenance, and poor plumbing repair work were not part of the scope of SIGIR's assessment. However, SIGIR would be remiss by not including these critical issues in this assessment. These problems need to be addressed in order to sustain full-capacity operations of this facility over the long term.

Recommendations

The draft report originally contained recommendations to determine the status of the evaporative

coolers and the quality of the blackboards provided and installed by the contractor. After the draft report was issued, GRD provided additional clarifying documentation, which addressed the previous recommendations; therefore, the final report does not contain any further recommendations for corrective actions.

Management Comments

SIGIR received comments on the draft of this report from the Commanding General, GRD, concurring with its two recommendations. GRD representatives visited the school to determine the status of the missing evaporative coolers and the quality of the blackboards provided and installed by the contractor. GRD confirmed that a GOI representative loaned three evaporative coolers to other schools in October 2008. In addition, 12 new whiteboards were recently delivered to the school to replace the previously installed low-quality blackboards.

Evaluation of Management Comments

SIGIR concurred with the actions taken to resolve the issues of missing evaporative coolers and poor-quality blackboards. Consequently, SIGIR eliminated the two previous recommendations.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Renovation of the Khandek Intermediate School, Yousefiya, Iraq

SIGIR PA-08-136

The objective of the project was to rehabilitate and expand the Khandek Intermediate School, located in Yousefiya, a rural area southwest of Baghdad, Iraq, to benefit approximately 300 students and provide office space for teachers and administrators.



Exposed electrical wiring to the supply pump at the Khandek Intermediate School.

Conclusions

The original intent of the Khandek Intermediate School project was to rehabilitate and expand the school, which was in a state of major disrepair from years of neglect and failure to maintain adequate upkeep. This school project was accepted by the U.S. government on March 1, 2008, after a final inspection performed by the U.S. Army Corps of Engineers (USACE) Gulf Region Central (GRC). Although the project was accepted, the final inspection identified three deficiencies for the contractor to correct prior to final payment. On March 2, 2008, the U.S. government transferred this project to the Iraqi Ministry of Education. The project file lacked documentation to determine whether the deficiencies had been corrected prior to final payment.

During the site visit, SIGIR observed the school in session: the school was operating at full capacity, providing educational services to approximately 300 students. The renovation



New latrine building with significant shear crack.



Contractor's "fix" for the reinforcement beam crack: stuff the crack with gypsum and paint over it. (GRC photo)

and construction work appeared to be adequate and to satisfy the work required by the Statement of Work, except for these deficiencies that SIGIR observed:

- The reinforced concrete beam along the front of the new restroom facility exhibits significant cracking and deflection.
- One of the septic holding tanks was not equipped with an access hatch.
- The water-supply pump was not anchored to a support, and wiring to the potable water-supply pump was not in a conduit.
- Window screens were not provided.

SIGIR advised USACE GRC of the construction deficiencies identified during the site visit. The next day, GRC representatives visited the school to determine the status of the deficiencies.

Regarding the reinforced concrete beam crack in the latrine building, GRC representatives stated that they had "reviewed the contract and the BOQ [bill of quantities] in the contract. There is no mention of a new restroom." The GRC

believes that the schoolmaster told the contractor to build the latrine building. However, this statement is contradicted by the contractor's design submittals, which clearly indicated on the school's site plan "New W.C. [water closet]." The design, which the contractor submitted to GRC for review and approval prior to construction, refutes the statement that this water closet/latrine building was the schoolmaster's idea and not part of the contract.

During its site visit, GRC representatives stated that the crack in the concrete beam was "currently being worked" by the contractor. GRC representatives took a photograph of the contractor's corrections, which appeared to be stuffing the crack with gypsum and then painting over it. GRC representatives did not ascertain the depth of the crack. SIGIR does not believe the contractor's "fix" is adequate. To identify the most appropriate correction, the depth of the crack needs to be determined.

Regarding the lack of an access hatch for the new sewage tank, the contractor agreed to install

an access hatch for the new sewage tank. GRC representatives verified that the contractor did install an access hatch. This access hatch will allow school personnel to periodically empty the tank so that residue will not accumulate at the tank's bottom.

SIGIR's site visit revealed significant problems caused by a lack of a consistent and reliable power source. This area of Baghdad receives approximately 1-2 hours of electricity per day from the national grid. A reliable power source is required to pump water to the school's restrooms for flushing and cleaning purposes. SIGIR's site visit documented unsanitary conditions in the school's bathrooms because of a lack of water: there was no power to pump the water to the rooftop reservoirs. Even without water, children continued to use the bathrooms, and the urine and fecal matter remained stagnant in the eastern-style toilets. This unsanitary condition presents a potential health hazard.

The significant problems associated with a lack of a reliable power source were not part of the scope of SIGIR's assessment; however, SIGIR included these critical issues in this assessment. To sustain full-capacity operations of this facility over the long term, the GOI must address these problems.

Recommendations

SIGIR recommends that the Commanding General, Gulf Region Division, require the contractor to take these actions:

1. Ensure that the cracking and deflection of the reinforced concrete beam along the front of the new restroom facility does not present a safety hazard.
2. Anchor the water-supply pump to a support and enclose the wiring to the potable water-supply pump in conduit.
3. Provide the window screens required in the contract.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with its three recommendations and noting that GRD will require the contractor to take the actions outlined in the recommendations.

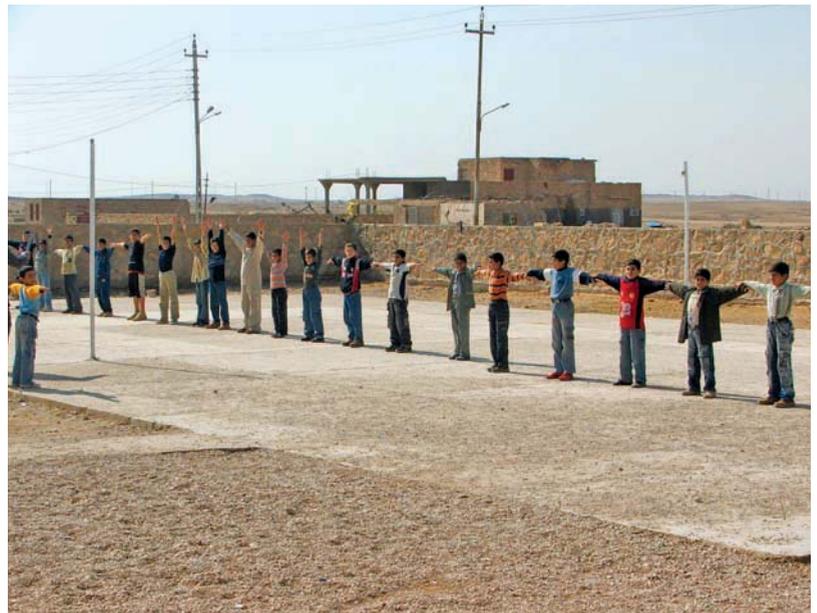
Evaluation of Management Comments

GRD's planned actions are responsive and addressed the issues SIGIR identified.

Rebuilding of the Sagrah School, Sagrah, Iraq

SIGIR PA-08-140

The overall objective of the project was to reconstruct the Sagrah School in Anbar province, Iraq, to benefit children from the surrounding area. The school had been previously destroyed by insurgent activity. The reconstruction of the school will provide a safe and secure educational environment for the children of Sagrah.



Students engaged in physical education at the Sagrah School.

Conclusions

According to the limited available project file documentation, the contractor completed the project on February 7, 2008. The project file lacked any documentation that the U.S. government inspected the facility before determining that the project was complete. In addition, no documentation was available to indicate if or when the U.S. government accepted the project from the contractor or completed the transfer to the Iraqi Ministry of Education.

The Statement of Work was defined in a handwritten note below the signature line of the contract. A detailed Bill of Quantities of 56 items further outlined the items to be incorporated into the project. Because the contract did not require detailed design information, this information was not provided with the project documentation. Consequently, SIGIR could not determine some details, including the shape, size, and location of the wiring and air-conditioning units.

SIGIR could determine only the number of classrooms constructed and the general quality of construction.

According to the school's headmaster, the contractor salvaged a section of the school during construction. During the site visit, SIGIR observed that the new and existing construction appeared sound. The reinforced concrete frame of the new construction was exposed and appeared to be adequate, with no apparent or noticeable defects. Several sections of the new construction had exposed concrete masonry units, which appeared to be of above-average quality. The classrooms appeared to be well maintained and relatively clean. There appeared to be enough room for the students without overcrowding.

The electrical components were installed and functioning; most of the wiring was installed in conduits and appeared adequate. However, SIGIR noticed several inadequate wiring connections, which have the potential



Sagrah School courtyard and split air-conditioning unit.



Damaged lavatories.

to short-circuit and create a hazard of electrocution and fire.

Individual lavatories had been installed in the restrooms; however, there were obvious signs of abuse and most did not function. Although most lavatories appeared to be connected to the septic holding tanks, SIGIR observed one lavatory discharging directly into the ground.

Recommendations and Management Comments

SIGIR's report does not contain any recommendations for corrective action. Although management comments were not required, Multi-National Force-West (MNF-W) provided written comments to the draft report. MNF-W dispatched a civil affairs team to the Sagrah School to determine the status of the deficiencies identified in SIGIR's draft report. According to MNF-W's response, the civil affair's visit to the school "confirmed the finding" in SIGIR's draft report.

MNF-W issued a letter to the Deputy Governor, Office for Technical Affairs, Anbar province, referencing an existing operation and maintenance agreement requiring the Government of Iraq to provide preventive maintenance to facilities rehabilitated or constructed by the U.S. government. MNF-W requested the Deputy Governor's assistance to "correct the deficiencies in the [electrical] wiring and lavatories to protect the students and faculty from harm."

Evaluation of Management Comments

SIGIR appreciates the concurrence by MNF-W to the construction deficiencies identified in the draft report. SIGIR agrees the Government of Iraq needs to address the electrical wiring and lavatories in order for this facility to function safely and at optimal capacity.

Shiqaq Hai Musalla Primary Healthcare Center, Kirkuk, Iraq

SIGIR PA-08-157

The overall objective of the project was to complete the partially constructed Type A Shiqaq Hai Musalla Primary Healthcare Center (PHC). This facility, when completed, should accommodate approximately 100 patients daily. The facility was partially completed by Parsons Delaware, Inc. (Parsons), prior to its termination in March 2006.

Conclusions

After the U.S. government terminated Parsons in March 2006, an IRRF-funded contract to complete the Shiqaq Hai Musalla PHC was awarded to a local contractor.

During construction, Gulf Region North (GRN) Kirkuk Area Office performed routine site inspections of the facility to determine the status and quality of work. GRN Kirkuk Area Office personnel documented construction progress via quality assurance reports and photographs taken during visits to the site.

The contract required a pre-final inspection to develop a "punch list" of all deficiencies noted. These deficiencies were to be formally documented, along with the estimated dates of correction; the final inspection was to be completed after the punch list deficiencies were corrected. The project file lacked pre-final or final inspection documentation of the PHC. However, the project file did contain the acceptance letter of the PHC signed on July 19, 2007, by the Iraqi Ministry of Health Director General and the U.S. government. In the "notes" to the final acceptance, the letter stated that "x-ray leaded glass and heaters will be installed later." The acceptance document did not identify estimated dates of correction for these two items.

SIGIR's site visit confirmed that the contractor had not corrected these two outstanding deficiencies. In addition, SIGIR noticed that the



Dental chair and tools and dental chair connections.



x-ray room's exterior doors and darkroom door appeared to be standard wooden doors—not the lead-lined doors required by the design. The contractor had delivered and connected the x-ray equipment; however, according to the PHC administrator, the contractor did not verify that the equipment was operational. Also, the facility's staff does not have the capability to operate the technical x-ray equipment; consequently, the facility cannot offer any x-ray services to its patients.

SIGIR noticed that the heating, ventilation, and air-conditioning (HVAC) units were installed and operational; however, the PHC administrator stated that the heat in the HVAC units did not work. The HVAC units appeared to be equipped with the ability to provide heat; however, due to time limitations on site, SIGIR could not identify the cause of the heating system failure. SIGIR observed “modifications” made to the HVAC system by PHC maintenance personnel. For example, splices made to the electrical cables for the HVAC units on the roof did not

conform to the International Electrical Code. In addition, when PHC personnel removed a ceiling panel, SIGIR noted that the duct appeared to have been cut into by a hand tool.

The contractor installed the U.S. government-provided reverse osmosis (RO) unit and the dental chairs. SIGIR noticed that the RO unit was disconnected from the water system. The PHC administrator could not explain who disconnected the RO unit or why. The dental chairs were being used at the time of the site visit.

SIGIR did not observe any noticeable signs of structural failure or distress. The primary reinforced concrete structural members that were visible did not show any indicators of failure. The floors appeared even and level, and there were no apparent signs of settlement or displacement. With the exception of the walls' tributary to the cantilever (support) beams at the front of the building, interior partition walls did not exhibit cracking typical of structural movement or settlement. The walls above the cantilever beams over the portico to the building had vertical cracks

that aligned with the beam supports below. The GRN Area Office engineer was aware of this issue and explained the resulting solution—the construction of two reinforced concrete columns beneath the free ends of the cantilever beams.

During the site visit, SIGIR observed doctors attending to patients and pharmacists dispensing medication. According to the administrator, the PHC has been operating for 15 months and serves approximately 200 patients daily: 30 to 40 of those receive dental services. The staff includes three doctors, one dentist, and various support personnel. Overall, the facility was moderately clean and well organized, and the personnel were performing minor maintenance functions, such as cleaning and repairing minor items.

GRD's Corrective Actions for the Sustainment of Health Projects. The Gulf Region Division (GRD) recognized that, in many cases, the contractors awarded the contracts to complete the PHCs nationwide did not properly install the medical equipment or train the available personnel on the use of the equipment. In addition, throughout the history of the IRRF program, once the U.S. government turned over facilities to the Iraqi ministries, little preventive maintenance was performed for items such as generators. Consequently, the facilities and equipment were failing much more quickly than would be expected if normal preventive maintenance was being performed. Considering the importance of PHCs to the local Iraqi population and the specialized equipment provided to each PHC, preventive maintenance and training are imperative for the overall operation and long-term sustainment of each PHC.

As a result, the U.S. Army Corps of Engineers Transatlantic Center initiated a \$16.5 million contract on behalf of the Iraq Transition Assistance Office for the sustainment of health care

projects funded by the U.S. government. For designated PHCs, a facility assessment survey is completed, which identifies the actual physical condition of the facility and the equipment. This survey is turned into preventive maintenance works or into repair/trouble shooting dockets for the re-commissioning of individual pieces of equipment. The preventive maintenance program will then be loaded into a computerized system, which will identify the need for a contractor to perform recurring maintenance on facilities and biomedical equipment. The repair work orders will be addressed on a case-by-case basis and prioritized according to the system criticality to the operation of each PHC.

GRD will contract with multiple Iraqi companies throughout the country to perform the preventive maintenance and training. In addition, this contract provides for coaching and mentoring Iraqi companies in operations and maintenance, which the GRD believes will slowly improve the Iraqis' ability to ultimately sustain their own facilities and equipment.

GRD representatives stated that this PHC is on the list for prioritization for future installation of and training on medical equipment.

Recommendation

SIGIR recommends that the Commanding General, Gulf Region Division, direct that all installation of and training on the equipment currently at the Shiqaq Hai Musalla Primary Healthcare Center be performed according to the prioritization listing.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with the installation of and training on the equipment currently at the Shiqaq Hai Musalla Primary Healthcare Center that will be performed according to the prioritization listing.



Exterior and entrance to the Hai Tiseen PHC.

Evaluation of Management Comments

SIGIR appreciates the GRD's comments to the draft report indicating it agreed with the facts presented in the report. SIGIR concurred with the GRD actions that will be performed on the installation of and the training on the equipment at the Shiqaq Hai Musalla Primary Healthcare Center.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Hai Tiseen Primary Healthcare Center, Tameem Province, Iraq

SIGIR PA-08-158

The overall objective of the project was to complete the partially constructed Type B Hai Tiseen Primary Healthcare Center (PHC). When completed, this facility should accommodate approximately 100 patients daily. The facility was partially completed by Parsons Delaware, Inc. (Parsons), prior to the termination of Parsons in March 2006.

Conclusions

After the U.S. government terminated Parsons in March 2006, an IRRF-funded contract to complete the partially constructed Hai Tiseen PHC was awarded to a local contractor.

During construction, the Gulf Region North (GRN) Kirkuk Area Office performed routine site inspections of the facility to determine the status and quality of the contractor's work. GRN Kirkuk Area Office personnel documented construction progress via quality assurance reports and photographs taken during visits to the site.

The contract required a pre-final inspection to develop a "punch list" of all deficiencies noted. These deficiencies were to be formally documented, along with the estimated dates of correction; the final inspection was to be completed after the punch list deficiencies were corrected. The project file lacked documentation of a pre-final or final inspection of the PHC. However, the project file did contain the acceptance letter of the PHC, which was signed on July 18, 2007 by the Iraqi Ministry of Health Director General and the U.S. government. In the "notes" to the final acceptance, the letter stated that the "x-ray machine will be installed later." The acceptance document did not identify the estimated correction date for the item.

SIGIR's site visit confirmed that the contractor corrected the outstanding deficiency. However, SIGIR noticed that the x-ray room's exterior doors and darkroom door appeared to be standard wooden doors, not the lead-lined doors required by the design. Further, the contractor delivered and connected the x-ray equipment; however, according to the PHC administrator, the contractor did not verify that the equipment was operational. Also, the facility's staff does not have the technical capability to operate the x-ray equipment; consequently, the facility cannot offer any x-ray services to its patients.

SIGIR noticed that the heating, ventilation, and air-conditioning (HVAC) units were installed and operational; however, the PHC administrator stated that the air conditioning in the HVAC units did not work. The HVAC units appeared to be equipped with the ability to provide air conditioning; however, because of time limitations on site, SIGIR could not identify the cause of the failure of the air-conditioning system.

The contractor installed the reverse osmosis (RO) unit and the dental chairs provided by the U.S. government. According to the administrator, the contractor-installed RO unit malfunctioned, but the PHC maintenance staff repaired it and it is now operational. SIGIR observed that one of the dental chairs was being used; however, the second dental chair appeared to have a plugged drain and was not operational.

SIGIR did not observe any noticeable signs of structural failure or distress. The primary reinforced concrete structural members that were visible did not show any indicators of failure. The floors appeared even and level and no signs of settlement or displacement were apparent. With the exception of the cracking in the walls above the failed portico beams at the front of the building, interior partition walls did not exhibit the cracking that is typical of structural movement or settlement. The walls above the cantilever (support) beams over the portico to the building had vertical cracks that aligned with the beam supports below. The GRN Kirkuk Area Office engineer was aware of this issue and explained the resulting solution—the construction of two reinforced concrete columns beneath the free ends of the cantilever beams.

During the site visit, SIGIR observed doctors attending to patients and pharmacists dispensing medication. According to the administrator, the PHC facility has been operating for 15 months and serves approximately 200 patients daily; 30 to 40 of those patients receive dental

services. The staff includes three doctors, two dentists, and various support personnel. Overall, the facility was moderately clean and well organized, and the personnel were performing minor maintenance functions, such as cleaning and repairing minor items.

GRD's Corrective Actions for the Sustainment of Health Projects. The Gulf Region Division (GRD) recognized that, in many cases, the contractors that were awarded the contracts to complete the PHCs nationwide did not properly install the medical equipment or train the available personnel on the use of the equipment. In addition, throughout the history of the IRRF program, once the U.S. government turned over facilities to the Iraqi ministries, little preventive maintenance was performed for items such as generators. Consequently, the facilities and equipment were failing much more quickly than what would be expected if normal preventive maintenance were being performed. Considering the



Two generators providing primary and emergency backup power for the Hai Tiseen PHC.

importance of PHCs to the local Iraqi population and the specialized equipment provided to each PHC, preventive maintenance and training are imperative for the overall operation and long-term sustainment of each PHC.

As a result, the U.S. Army Corps of Engineers Transatlantic Center initiated a \$16.5 million contract on behalf of the Iraq Transition Assistance Office for the sustainment of health care projects funded by the U.S. government. For designated PHCs, a facility assessment survey is completed, which identifies the actual physical condition of the facility and the equipment. This survey is turned into preventive maintenance works or repair/troubleshooting dockets for the re-commissioning of individual pieces of equipment. The preventive maintenance program will then be loaded into a computerized system, which will identify the need for a contractor to perform recurring maintenance on facilities and biomedical equipment. The repair work orders will be addressed on a case-by-case basis and prioritized according to the system criticality of each PHC.

GRD will contract with multiple Iraqi companies throughout the country to perform the preventive maintenance and training. In addition, this contract provides for coaching and mentoring Iraqi companies in operation and maintenance, which GRD believes will slowly improve the Iraqis' ability to ultimately sustain their own facilities and equipment.

Recommendation

SIGIR recommends that the Commanding General, GRD, direct that all installation of and training on the medical equipment currently at the Hai Tiseen PHC be performed according to the prioritization listing.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD,

concurring in part with the recommendation. GRD concurred that the Hai Tiseen PHC could be evaluated and that deficiencies noted and training required could be planned and executed based on Ministry of Health (MOH) prioritization when proper funding is available. The Commanding General, GRD, would not have to direct such an action.

However, GRD also informed SIGIR that the Hai Tiseen PHC is not on the current list of priority PHCs prepared by the MOH. The currently funded appraisal and rehabilitation program should continue using the recently approved MOH prioritization list. Until such time that the MOH changes its priority listing or additional funds are available, this PHC will not be evaluated, and its personnel will not receive training.

Specific comments were also provided to clarify or correct technical aspects of the report.

Evaluation of Management Comments

SIGIR appreciates the clarifying information GRD provided in response to the draft report and considers the comments responsive in view of the transfer of this PHC to the MOH on July 18, 2007, and available funding. As a result, comments to the final report are not required.

SIGIR modified the draft report as appropriate to include additional information and clarifying comments received from GRD.

Basrah Courthouse and Witness Protection Facility, Basrah, Iraq *SIGIR PA-08-159 and PA-09-169*

In an effort to support security, unity, and prosperity in Iraq, the overall objective of the project was to design and construct a regional courthouse and witness protection building, and to perform incidentally related work. This project will provide the Iraqi people with a complete courthouse and witness protection facility to assist in the judicial process. Regional courthouses



Spiral staircase and SIGIR inspector ducking to avoid the false ceiling.

will handle serious crimes. The Basrah regional courthouse will be one of five throughout Iraq—another courthouse in Babil, two in Baghdad, and one in Mosul.

The purpose of the \$11 million project was to provide the Iraqi Ministry of Justice with a two-story courthouse building and single-story witness protection facility. The courthouse would provide approximately 10,200 square meters of office space, and the witness protection facility would provide 1,200 square meters of living space.

Conclusions

On September 25, 2008, the Gulf Region South (GRS) Basrah Resident Office inspected and accepted the Basrah Courthouse and Witness Protection Facility project from the contractor. The inspection resulted in an eight-page punch list; each previously identified deficiency was marked as “done.” However, the GRS Basrah Resident Office did not write a final inspection report or take any photographs to document the condition of the project when accepted from the contractor.

According to project file documentation, GRS closeout documentation concluded the following:

All work required by this contract has been accomplished in a satisfactory manner and is accepted without any noted deficiencies...The Contractor...has completed all assigned work. All parties acknowledge that the work performed under the contractor meets the standards set forth in the contract scope of work.

The GRS Basrah Resident Office construction representative signed this document, certifying that all work was completed and met the standards of the contract’s Statement of Work.

On September 25, 2008, the GRS Basrah Resident Office officially turned over the courthouse project to the Iraqi Ministry of Justice. The contractor, GRS Basrah Resident Office, and Chief Judge of the Iraqi Higher Judicial Council signed a Memorandum for Record that stated the following:

This document certifies that all work has been inspected, and is accepted as being in accordance with the contract requirements. Construction at this facility is complete and no other work is to be performed as part of this contract unless noted below.



A typical judge's office, with furniture from the GOI.

On January 6, 2009, SIGIR conducted an on-site assessment of the project. When SIGIR visited, the courthouse was not occupied and was not hearing cases. The U.S. government was responsible for the construction of the courthouse and witness protection facility; however, the GOI was responsible for providing the furniture and equipment needed to operate the facility, such as desks, chairs, and judges' benches. According to GRS representatives, the GOI was slow to purchase and deliver the furniture and equipment.

Before the site visit, SIGIR reviewed the design submittals for this project. The U.S. government provided the contractor with a preliminary design (65%) modeled after the Al Karkh Courthouse Facility in Baghdad. The Statement of Work required the contractor to incorporate the necessary site-specific changes to the government-furnished drawings (GFD) and edit the drawings for the final design-review submittal (95%) and the cleared-for-construction design-review submittal (100%). SIGIR requested these submittals, but GRS could not produce them.

SIGIR does not know whether the contractor provided the submittals or whether GRS reviewed them prior to construction.

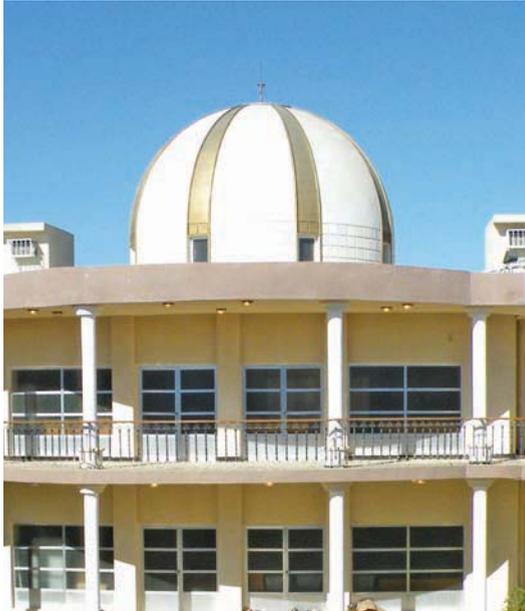
In addition, SIGIR determined that the GFD for the spiral staircase contained an error: the overhead clearance between the steps and the ceiling is not sufficient. Based on SIGIR's review of the architectural drawings, the GFDs apparently did not take into account the loss in headroom that resulted from the installation of the false ceiling. This problem was most likely caused by a combination of designer oversight and small changes in construction. SIGIR determined that this error is a hazard to people using the stairs and should be addressed.

During the site visit, SIGIR confirmed that the furniture and equipment furnished by the GOI had recently arrived on site and was being installed throughout the courthouse and witness protection facility.

Due to security concerns at the site, SIGIR performed only an expedited 90-minute assessment. SIGIR could not inspect each room in the courthouse and witness protection facility; instead, SIGIR inspected a representative sample of at least one of each type of room, including:

- large courtrooms
- small courtrooms
- judge's offices
- holding cells
- hallways
- stairways
- bathrooms
- the café
- the garden
- balconies
- single hotel-style room
- the laundry room

SIGIR's site visit identified minor construction deficiencies, such as electrical wiring not in conduit and poorly constructed expansion joints



Exterior and interior views of the courthouse dome.

in the courthouse building and hallway connecting to the witness protection facility. The exterior plaster finish of the expansion joints displayed cracking and crumbling.

In the laundry room, the intent was to have two washers and two dryers side by side along one wall. At the time of the site visit, no washers or dryers had been delivered or installed; therefore, SIGIR could not validate the water supply or electrical outlet connections. However, SIGIR identified only one cold water line leading into the laundry facility. Because two washers were designed to be in this room, two water lines are needed, and one should lead directly into each washing machine. In addition, the constructed water line is not on the correct wall; consequently, an extension line will have to be run to one of the washers. Further, SIGIR identified errors with the as-built drawings. For example, the as-built drawing shows the water line directly connected to one of the two dryers. Also, the sewer system as-built drawing shows a grating drain system for the washers; nevertheless, SIGIR noticed

what appeared to be four individual drains for the washers and one main drain for the room. Finally, SIGIR noticed that there was no vent system for the dryer to remove the hot air from the room. Without a dryer-vent system, this room will become extremely hot and humid, especially during the summer months. A split-unit air conditioner was provided under this contract; however, due to the lack of a dryer-vent system, this air conditioner must operate continuously.

Aside from these minor construction issues, SIGIR concluded that the construction of the courthouse and witness protection facility was adequate. At the time of the site visit, the GOI was installing furniture throughout the facility. The process of installing the furniture contributed to some cleanliness issues, but most of the buildings were clean and sanitary. SIGIR determined that this project was constructed adequately for the GOI to sustain the buildings for their intended use.

The recent drastic decline in worldwide crude oil prices has significantly affected the GOI's budget for operating and maintaining project sites



Interior expansion cracks in the witness protection facility.

constructed and transferred by the U.S. government. During the site visit, SIGIR learned the plan that the GOI will employ to sustain this facility. The courthouse facility design specifically called for the construction of outside kiosks, which the Ministry of Justice will use as offices for clerks providing (for a fee) photocopies of official court transcripts and documents and will also rent as small shops or concession stands to supply food and drinks to court participants, visitors, and staff, according to GRS personnel. The income generated will be used to fund routine maintenance for the courthouse and annex buildings.

Recommendations

SIGIR recommends that the Gulf Region Division of the U.S. Army Corps of Engineers take these actions:

1. Determine the extent of damage to the walls caused by poorly constructed expansion joints, and take corrective actions as appropriate.
2. Place all exposed electrical wiring into conduit.
3. Determine the appropriate manner in which

to provide two water-supply hookups to the washers and exhaust vents for the two dryers.

Management Comments

SIGIR received comments on the draft report from the Commanding General, GRD, concurring with all three recommendations. Specifically, the GRS Basrah Resident Office will do the following:

- Identify all poorly constructed expansion joints and damage to the walls and devise a solution with the contractor.
- Direct the contractor to enclose all exposed wiring inside an appropriate conduit.
- Determine the needs of the Ministry of Justice in terms of laundry facilities and act accordingly to ensure the realization of those functions and features.

Evaluation of Management Comments

SIGIR concurs with the action plan outlined by GRD to resolve the issues of poorly constructed expansion joints, exposed electrical wiring, and

the laundry room without the required number of water-supply hookups for the washers and exhaust vents for the dryers.

Aerial Project Survey Program

The SIGIR Satellite Imagery Group, based in Arlington, Virginia, performs aerial assessments of U.S.-funded reconstruction project sites throughout Iraq. The SIGIR satellite imagery analyst provides current imagery, imagery-based intelligence, and map products to the SIGIR directorates—Inspections, Audit, and Investigations. This program has enabled SIGIR to provide current information on remote site locations and to track construction progress at project sites throughout Iraq.

This quarter, SIGIR conducted imagery analysis of 56 images and created 51 imagery products, using satellite imagery and limited contract information. The imagery provides visual assessment of progress at reconstruction site locations throughout Iraq. This quarter, the SIGIR imagery analyst assessed and reviewed projects funded by IRRF, ESF, and CERP. For an overview of the imagery products produced this quarter, see Table 4.3.

Imagery support products—including site overviews, project site break-outs, and site assessments—are used to prepare for inspection site visits and to identify possible problems. This quarter, 51 imagery products were produced to assist inspectors with their assessments of the 7 projects assessed this quarter and to provide analyses of potential future sites, as well as assisting the Audit directorate on a future audit report.

In partnership with the National Geospatial-Intelligence Agency and the National Ground Intelligence Center, SIGIR imagery analysis has resulted in 746 cumulative satellite imagery assessments and products. For an overview of the approximate locations of these assessments, see Figure 4.2. ♦

TABLE 4.3

IMAGERY ASSESSED SUPPORTING PROJECT ASSESSMENTS

PROJECT TYPE	NUMBER OF PRODUCTS
Mujarrah Canal Bridge	5
Missan Surgical Hospital	4
Secure Document Storage Facility	4
Sagrah School	3
Abu Ghraib Dairy Facility	3
Ammana Market Renovation	2
ADDITIONAL PRODUCTS	
Hai Alhajaj PHC	5
Hai Al Wasity PHC	4
Hai Alasra Wa PHC	4
Hai Nablus PHC	2
Bnaslawwa PHC	2
Bani Saad PHC	2
Bahdeenan PHC	2
Beji PHC	2
Hai Mansoor PHC	1
Hai Alasra Wa Al Mafqoodeen PHC	1
Al Razi-Tikrit PHC	1
Al Kut PHC	1
Al Hadhar PHC	1
Janeena PHC	1
Somer PHC	1

FIGURE 4.2

AERIAL IMAGERY ASSESSMENTS





WorldView 2008 ©

Aerial imagery of the Sagrah School complex (PA-08-140), taken on July 29, 2008.



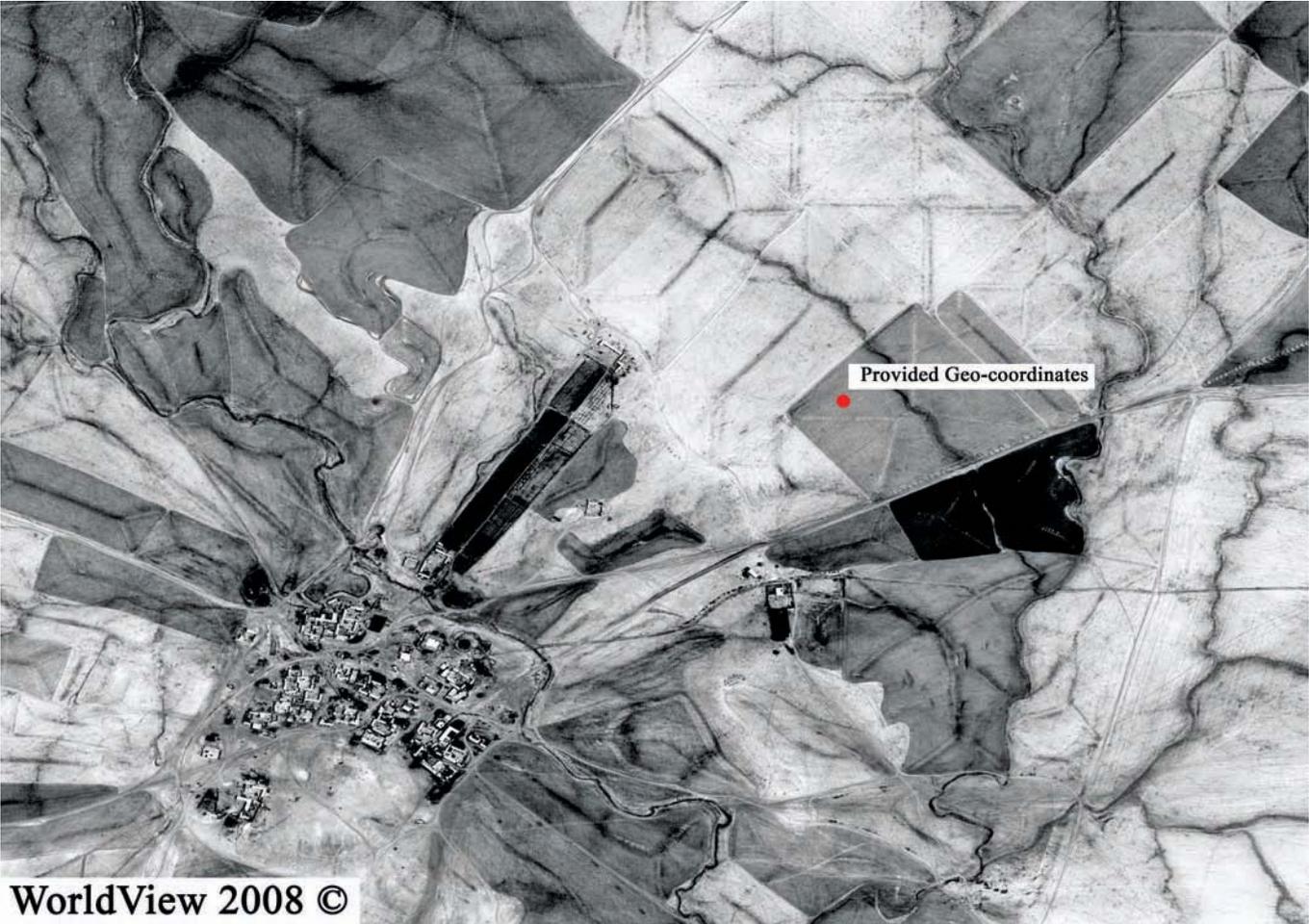
DigitalGlobe 2008 ©

Aerial imagery of the Basrah Courthouse and Witness Protection Facility (PA-08-159 and PA-09-169), taken on October 27, 2008.



DigitalGlobe 2008 ©

Aerial imagery of the Abu Ghraib Dairy Facility to be assessed in a future project assessment, taken on February 6, 2008.



Aerial imagery for use in a SIGIR audit report verifying the locations of PHCs throughout Iraq. Imagery of the Hai Mansoor PHC coordinates was taken on June 16, 2008.



WorldView 2008 ©

Aerial imagery for use in a SIGIR audit report verifying the locations of PHCs throughout Iraq. Imagery of the Al Razi-Tikrit PHC coordinates was taken on July 21, 2008.

SIGIR INVESTIGATIONS

SIGIR Investigations continues to pursue allegations of fraud, waste, and abuse in Iraq reconstruction, with 80 open investigations. SIGIR has 6 investigative personnel assigned to Baghdad; 13 at SIGIR headquarters in Arlington, Virginia; and 13 in offices in Pennsylvania, Maryland, North Carolina, Florida, Texas, Ohio, and Michigan to support investigations in those areas. To date, the work of SIGIR investigators has resulted in 20 arrests, 24 indictments, 18 convictions, and more than \$35 million in fines, forfeitures, recoveries, and restitution.

During this quarter, SIGIR notes these investigative activities:

- More than \$507,000 was seized, and one defendant pled guilty in a \$3 million money-laundering scheme related to bribes involving contracts in Iraq and Kuwait.
- Under the Uniform Code of Military Justice (UCMJ), a Marine Master Sergeant was charged with bribery involving contracts in Iraq.
- Two defendants who had been convicted after a two-month jury trial were denied an appeal of their convictions and are awaiting sentencing for their roles in the theft of millions of dollars from the Coalition Provisional Authority. One additional individual who pled guilty is also awaiting sentencing in this investigation.
- As a result of a SIGIR investigation, three military personnel from a Coalition partner pled guilty to bribery charges and were sentenced. The investigation also led to the recovery of more than \$1.1 million.
- More than \$13 million in Iraqi funds were recovered and returned to the Iraq Ministry of Finance as a result of a SIGIR investigation.
- A probation revocation hearing resulted in more jail time for a retired Army colonel. SIGIR investigators discovered that although the colonel had been convicted of bulk cash smuggling and debarred from DoD contracting, he was representing an Iraqi contractor on DoD reconstruction contracts valued at \$67 million.
- As a result of SIGIR investigations, four defendants are awaiting trial, and an additional nine defendants are awaiting sentencing in a number of cases.

For a comprehensive list of convictions, see Table 4.5 at the end of this sub-section.

Legal Actions this Quarter

This quarter, SIGIR continued to conduct a number of significant criminal investigations related to Iraq reconstruction and to work closely with prosecutors, U.S. partner investigative agencies, and Coalition partner investigators.

Cockerham Update: Defendant Pleads Guilty in \$3 Million Money-laundering Scheme

On March 18, 2009, Carolyn Blake pleaded guilty to one count of money laundering conspiracy after accepting more than \$3 million in bribe proceeds on behalf of her brother, Major John Cockerham. Blake admitted that she expected to keep 10% of the money she collected. At sentencing, Blake faces up to 20 years in prison and a fine of up to \$500,000—double the value of the laundered funds.

So far, this task force investigation has led to six convictions, and two defendants are currently awaiting trial. Also, in January 2009, more than \$507,000 was seized. SIGIR plans to



One of the RIE-funded projects to restore Iraq's infrastructure.

provide details of this seizure and additional investigative and judicial results in the July 30, 2009, *Quarterly Report and Semiannual Report to the Congress*. For a complete account of the Cockerham case, see the July 30, 2007, *Quarterly Report and Semiannual Report to the Congress* and subsequent Reports.

This investigation is being conducted jointly by SIGIR, the U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (CID-MPFU), Defense Criminal Investigative Service (DCIS), Internal Revenue Service (IRS), Immigration and Customs Enforcement (ICE), and Federal Bureau of Investigation (FBI).

Probation Revoked for Convicted Felon Terminated from Working for an Iraqi Contractor

On March 26, 2009, a revocation hearing was held for Robert Grove, a retired U.S. Army colonel. Grove was sentenced to serve 60 days in jail, 100 hours of community service, and 22

months of supervised release. On March 26, 2007, Grove, an employee for a private contractor, was arrested when he returned to the United States from Iraq for concealing approximately \$50,000 in U.S. currency that he failed to report on his U.S. Customs declaration. On May 9, 2007, Grove pled guilty to a three-count indictment charging bulk cash smuggling, failure to file a report regarding monetary instrument, and making false statements. On September 17, 2007, he was sentenced to five months in prison, five months house arrest, and two years probation; he was also ordered to pay a fine of \$30,000 and an assessment fee of \$300. On October 30, 2007, Grove was debarred from U.S. government contracting until March 26, 2011.

On November 5, 2008, the court that had convicted and sentenced him authorized his return to Iraq. He went back to Iraq as a consultant for an Iraqi contractor, representing the contractor in meetings with the U. S. Army Corps of

Engineers (USACE) on DoD reconstruction contracts valued at \$67 million. During one of the meetings, Grove denied that he was a convicted felon and that he had been debarred. SIGIR and DCIS agents were informed of his statements at this meeting and quickly developed information that resulted in Grove being terminated by the Iraqi contractor.

This investigation was conducted jointly by SIGIR and DCIS.

Investigators Recover and Return More Than \$13 Million in Iraqi Funds

In March 2009, a joint SIGIR-DoD investigation led to the return of more than \$13 million in Iraqi funds to the Iraqi people. This money was part of the Development Fund for Iraq (DFI), which consisted of Iraqi oil proceeds used for development projects in 2003 and 2004. The unused funds discovered by SIGIR were to have been returned to the Iraqi government by the end of 2007.

Tipped off by a complaint to the SIGIR Hotline, SIGIR determined that these funds were being improperly held in various accounts belonging to the U.S. government and some U.S. contractors. SIGIR's Audit directorate is currently reviewing U.S. government agency accounts that hold DFI monies to determine whether other funds are being similarly held.

In March 2009—following coordination with USACE, the Federal Reserve Bank of New York, and the GOI—USACE returned \$13.1 million to the Central Bank of Iraq. An additional \$300,290 was returned in April 2009, and more funds may be returned in the near future. This investigation was conducted jointly by SIGIR, CID-MPFU, and DCIS, with audit assistance from DCAA.

U.S. Marine Charged in Falluja Bribery Scheme

On March 26, 2009, the first individual was charged in a large-scale investigation of bribery

involving Marines and private contractors in Iraq. The U.S. Marine Corps filed four charges of bribery and graft against Master Sgt. Terence O. Walton for wrongfully accepting money and other gifts from contractors in Iraq. Walton served in a contracting office in Falluja, Iraq, from February 2005 to January 2006; he is currently stationed at Camp Lejeune, N.C. Walton also was charged with violating orders not to accept gifts from contractors and with filing a false official statement with the Naval Criminal Investigative Service (NCIS). Walton is not in custody, but is on a “legal hold” pending adjudication of the charges he faces. Under the military justice system, a hearing will be conducted to determine if the charges are sufficient to warrant prosecution.

This task force investigation is looking at Marines who “may have unlawfully accepted monies in the form of bribery or graft, or inappropriate gifts of significant monetary value, such as jewelry and other items from contractors in Iraq,” according to public affairs guidance from the USMC on March 25, 2009. The Marine Corps has had primary responsibility for the Anbar region of western Iraq.

This investigation is being conducted jointly by NCIS, SIGIR, and DCIS.

Three Coalition Military Personnel Convicted and Sentenced for Corruption Involving U.S.-funded Iraq Contracts

An ongoing joint investigation by SIGIR, military criminal investigative personnel of a Coalition partner, and CID-MPFU has led to the conviction and sentencing of three military personnel from a Coalition partner country and the recovery of more than \$1.1 million. SIGIR initiated this investigation based on information gathered during a SIGIR inspection of projects funded by the Commander's Emergency Response Program (CERP) and allegations

subsequently received from sources developed during the inspection. The Coalition partner had initiated and administered these projects, and SIGIR investigators developed substantive evidence of bribery by the Coalition partner military personnel.

Because of the language barrier, SIGIR obtained assistance from military investigative personnel from the Coalition country and CID-MPFU. SIGIR agents, CID-MPFU agents, and a highly professional team of investigative personnel sent by the Coalition partner then conducted an in-depth investigation in Iraq. The investigation substantiated the bribery allegations and disclosed a loss to the U.S. government of more than \$4 million. Over \$2.9 million of this amount was the result of the bribery scheme. The Coalition contract personnel demanded bribes from the contractors in return for providing accommodations and conveniences to the contractors. However, the investigative team recovered and returned an additional \$1.119 million in funds lost because of malpractice in construction (failure to levy late fees, excessive design, illegal construction, and fraudulent work).

On March 20, 2009, the three individuals pled guilty to bribery charges in the Coalition partner's military court. One officer was sentenced to five years in a military prison for demanding and accepting bribes; another officer and an enlisted individual were each sentenced to two years in a military prison for demanding bribes. One other officer was charged and subsequently acquitted of all charges in a military court. Legitimate grounds for disciplinary action were developed against another officer; however, the individual was discharged from the Army before legal action was initiated.

The investigation also identified six other officers who had full knowledge of the flaws uncovered in this investigation, but failed to remedy the errors, which resulted in a loss of \$1.119

million. These six individuals have been referred for disciplinary action in accordance with the Coalition partner's military regulations. SIGIR will provide further results of this investigation in a subsequent Quarterly Report. Because of the sensitivity and the continuing nature of the investigation, SIGIR will not identify the Coalition partner involved until the investigation is closed.

U.S. Army Colonel and Lieutenant Colonel Denied Appeal for Conviction in Fraud Scheme

On March 18, 2009, a federal judge in Trenton, New Jersey, denied an appeal to set aside the convictions of U.S. Army Col. Curtis G. Whiteford and U.S. Army Lt. Col. Michael B. Wheeler. Both are scheduled to be sentenced on June 18, 2009. The appeal was based on the November 7, 2008 conviction of Whiteford and Wheeler by a federal jury in Trenton, New Jersey, which found them guilty of conspiracy to commit bribery and interstate transportation of stolen property. The convictions stemmed from Whiteford's and Wheeler's roles in a scheme involving the theft of millions of dollars from the Coalition Provisional Authority (CPA) in Iraq. Lt. Col. Debra Harrison, another co-conspirator in this investigation, is scheduled to be sentenced on May 4, 2009, in Trenton, New Jersey, and another co-conspirator in this investigation is awaiting trial.

For a complete account of this investigation see the January 2009 *Quarterly Report and Semiannual Report to the Congress*.

Case Development

SIGIR Audit-Investigation Practice Initiative
 SIGIR Audit-Investigation Proactive Initiative
 In December 2008, SIGIR announced a new audit initiative to review DoD Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction

(Project No. 9005). This special forensic project is designed to review data related to the Iraq Relief and Reconstruction Fund for FY 2003 through FY 2008. In March 2009, that initiative was expanded to include expenditures by DoS (Project No. 9012) and USAID (Project No. 9013). The objective of the project is to examine options for combining automated transaction data and data-mining techniques to review the appropriateness of expenditures for Iraq relief and reconstruction. The forensic audit project is expected to lead to further SIGIR efforts, including investigations when criminal activity is indicated.

Working in concert with SIGIR's Audit directorate, SIGIR Investigations opened a proactive investigation. SIGIR special agents and auditors have coordinated this effort and are working with various contract administration, financial management, audit, and investigative components in DoD, DoS, USAID, and the Department of the Treasury. So far, SIGIR has identified four avenues of specific investigative interest and inquiry.

Defense Finance and Accounting Service— Rome, New York

This quarter, SIGIR continued to support the ongoing invoice review project of the Defense Finance and Accounting Service (DFAS) in Rome, New York. DCIS is conducting this proactive project to analyze several billion dollars in payments related to U.S. Army purchases that have supported the war effort in Iraq. To aid in the efficient processing and retrieval of contingency vouchers, DFAS deployed scanners to Iraq and Kuwait to scan new vouchers into a DFAS database.

In addition to the daily scanning of new contingency vouchers and supporting documents, DFAS has begun to scan into the same database all of the historical vouchers related to contingency payments stored at DFAS-Rome.



Construction work by Coalition partner.

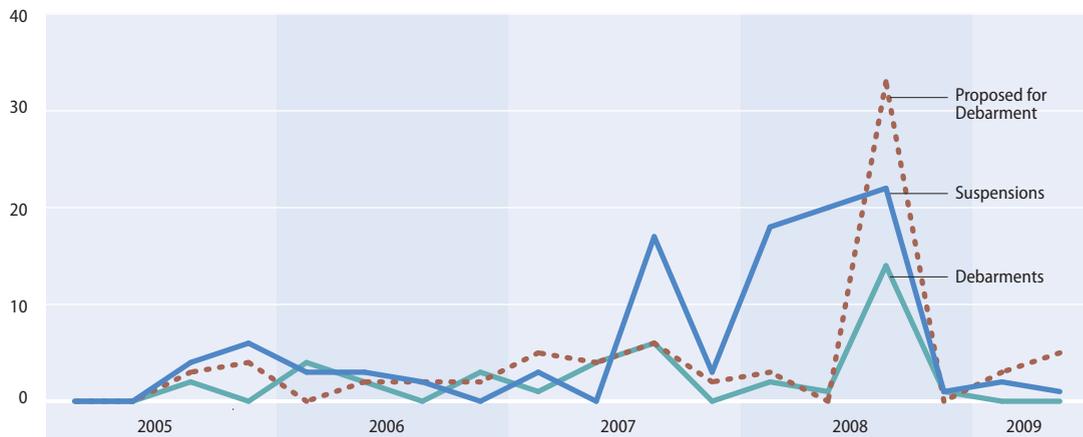
The historical contingency documents comprise about 800,000 vouchers, with a value of approximately \$13 billion to \$14 billion. The scanning of these documents was delayed; it is not expected to be completed until at least the end of December 2009.

DFAS has provided SIGIR and its partner investigative agencies full access to its electronic databases. Data-mining techniques are being used to analyze the documents in the DFAS database. The DFAS Rome Project is actively providing support to ongoing investigations and has forwarded several investigative leads to SIGIR and its partner investigative agencies for further action.

Suspension and Debarment

Since December 2005, SIGIR has worked closely with the Department of Justice, CID-MPFU, DCIS, and the Army Legal Service Agency's Procurement Fraud Branch to suspend and debar contractors and government personnel for fraud or corruption within the Army, including those involving Iraq reconstruction or Army

FIGURE 4.3
DEBARMENTS AND SUSPENSIONS, BY QUARTER 2005–2009



support contracts in Iraq and Afghanistan. These cases arise as the result of criminal indictments filed in federal district courts and allegations of contractor irresponsibility that require fact-based examination by the Army, Air Force, or Navy. For the first time, SIGIR includes suspension and debarment information from the Air Force and Navy in this Quarterly Report.

Since SIGIR's January 2009 Quarterly Report, the Procurement Fraud Branch has suspended 2 individuals based on allegations of fraud and misconduct connected to reconstruction and

contractor fraud in Iraq, Kuwait, and Afghanistan, bringing the total suspensions to date to 105. In addition the Army has proposed 7 contractors for debarment, resulting in a total of 76 proposed debarments. Of these 76 proposed debarments, the Army has finalized 41 debarments to date, resulting in the debarment of contractors for periods ranging from 12 months to 10 years.

- For a list of debarments, see Table 4.4.
- For an overview of all suspensions and debarments, see Figure 4.3.
- For a comprehensive list of suspensions and debarments, see Appendix J. ♦

TABLE 4.4
DEBARMENT LIST

NAME	DEBARRED
Mohammad Shabbir Kahn	10/10/2008
Kevin Andre Smoot	9/30/2008
Green Valley Company	9/17/2008, 5/18/2007
Triad United Technologies, L.L.C.	9/17/2008
Dewa Europe	9/17/2008
Dewa Trading Establishment	9/17/2008
Al Ghannom and Nair General Trading Company	9/17/2008
Dewa Projects (Private) Ltd.	9/17/2008
Future AIM United	9/17/2008
First AIM Trading and Contracting	9/17/2008
Vasantha Nair	9/17/2008
K. V. Gopal	9/17/2008
Falah Al-Ajmi	9/17/2008
Trans Orient General Trading	9/17/2008
Zenith Enterprises Ltd.	9/17/2008
Peleti "Pete" Peleti, CWO, USA	6/15/2008
Al Sawari General Trading and Contracting Company	3/13/2008
John Allen Rivard, MAJ, USAR	1/14/2008
Samir Mahmoud	11/29/2007
Robert Grove	10/30/2007
Steven Merkes	9/27/2007
Bruce D. Hopfengardner, LTC, USAR	9/20/2007
Robert J. Stein, Jr.	8/16/2007
Philip H. Bloom	8/8/2007
Global Business Group S.R.L.	8/8/2007
Stephen Lowell Seamans	7/27/2007
Gheevarghese Pappen	6/28/2007
Faheem Mousa Salam	6/28/2007
QAH Mechanical and Electrical Works	6/27/2007
Abdullah Hady Qussay	6/27/2007
Al Riyadh Laboratories and Electricity Co.	1/26/2007
Thomas Nelson Barnes	1/24/2007
Danube Engineering and General Contracting	12/28/2006
Alwan Faiq	12/28/2006
Christopher Joseph Cahill	11/9/2006
Diaa Ahmen Abdul Latif Salem	6/2/2006
Jasmine International Trading and Service Company	6/2/2006
Custer Battles	3/17/2006
Robert Wiesemann, CW2, USA	3/6/2006
Glenn Allen Powell	2/16/2006
Amro Al Khadra	1/12/2006
Dan Trading and Contracting	1/12/2006
Steven Ludwig	9/29/2005
DXB International	9/29/2005

TABLE 4.5
CONVICTIONS

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Jeff Alex Mazon, Contractor, KBR	Major fraud against the United States and wire fraud	3/24/2009	Pending
Carolyn Blake, Sister of Maj. John Cockerham	Conspiracy and money laundering	3/19/2009	Pending
Harith Al-Jabari, Contractor	Conspiracy, bribery, and false statements	1/22/2009	Pending
Maj. Christopher Murray, USA Contracting Officer	Bribery and false statements	1/8/2009	Pending
Maj. Theresa Baker, USAR Contracting Officer	Conspiracy and bribery	12/22/2008	Pending
Col. Curtis Whiteford, USAR Senior Official, CPA-South Central Region	Conspiracy, bribery, and wire fraud	11/7/2008	Pending
Lt. Col. Michael Wheeler, USAR CPA Reconstruction Advisor	Conspiracy, bribery, wire fraud, interstate transportation of stolen property, and bulk cash smuggling	11/7/2008	Pending
David Ramirez, Contractor, Readiness Support Management, Inc.	Bulk currency smuggling and structuring transactions	10/9/2008	Pending
Lee Dubois Contractor, Future Services General Trading and Contracting Company	Theft of government property	10/7/2008	Pending
Robert Bennett Contractor, KBR	Violating the Anti-Kickback Act	8/28/2008	Pending
Maj. James Momon, Jr., USA Contracting Officer	Conspiracy and bribery	8/13/2008	Pending
Lt. Col. Debra M. Harrison, USA Acting Comptroller for CPA-South Central Region	Conspiracy, bribery, money laundering, wire fraud, interstate transportation of stolen property, smuggling cash, and preparing false tax returns	7/28/2008	Pending
Capt. Cedar Lanmon, USA	Accepting illegal gratuities	7/23/2008	1 year in prison; 1 year supervised release
Maj. John Lee Cockerham, Jr., USA Contracting Officer	Bribery, conspiracy, and money laundering	6/24/2008	Pending
Melissa Cockerham, Wife of Maj. John Cockerham	Conspiracy and money laundering	6/24/2008	Pending
Lt. Col. Levonda Selph, USAR Contracting Officer	Conspiracy and bribery	6/10/2008	Pending
Raman International Corp.	Conspiracy and bribery	6/3/2008	\$500,000 fine and \$327,192 restitution
Michael Carter Project Engineer, Force Protection Industries	Violating the Anti-Kickback Act	1/25/2008	Pending
Capt. Austin Key, USA Contracting Officer	Bribery	12/19/2007	Pending
Maj. John Rivard, USAR Contracting Officer	Bribery, conspiracy, and money laundering	7/23/2007	10 years in prison; 3 years supervised release; \$5,000 fine; and \$1 million forfeiture order
Kevin Smoot, Managing Director, Eagle Global Logistics, Inc.	Violating the Anti-Kickback Act and making false statements	7/20/2007	14 months in prison; 2 years supervised release; \$6,000 fine; and \$17,964 restitution

Continued on the next page

CONVICTIONS

NAME	CHARGES	DATE OF CONVICTION	SENTENCE
Anthony Martin, Subcontractor Administrator, KBR	Violating the Anti-Kickback Act	7/13/2007	1 year and 1 day in prison; 2 years supervised release; and \$200,504 restitution
Jesse Lane, USAR 223rd Finance Detachment	Conspiracy and honest services wire fraud	6/5/2007	30 months in prison and \$323,228 restitution
Steven Merkes, DoD Civilian, Operational Support Planner	Accepting illegal gratuities	2/16/2007	12 months and 1 day in prison and \$24,000 restitution
Chief Warrant Officer Peleti, Jr., USA Army's Food Service Advisor for Kuwait, Iraq, and Afghanistan	Bribery and smuggling cash	2/9/2007	28 months in prison and \$57,500 fine and forfeiture
Jennifer Anjakos, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; \$86,557 restitution; and \$100 assessment
Sgt. Lomeli Chavez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; \$28,107 restitution; and \$100 assessment
Sgt. Derryl Hollier, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; \$83,657.47 restitution; and \$100 assessment
Sgt. Luis Lopez, USAR 223rd Finance Detachment	Conspiracy to commit wire fraud	11/13/2006	3 years probation; \$66,865 restitution; and \$100 assessment
Bonnie Murphy, Contracting Officer	Accepting unlawful gratuities	11/7/2006	1 year supervised release and \$1,500 fine
Samir Mahmoud, Employee of U.S. construction firm	Making false statements	11/3/2006	1 day credit for time served; and 2 years supervised release
Gheevarghese Pappen, USACE Civilian	Soliciting and accepting illegal gratuities	10/12/2006	2 years in prison; 1 year supervised release; and \$28,900 restitution
Lt. Col. Bruce Hopfengardner, USAR Special Advisor to CPA-South Central Region	Conspiracy, conspiring to commit wire fraud and money laundering, and smuggling currency	8/25/2006	21 months in prison; 3 years supervised release; \$200 fine; and \$144,500 forfeiture
Faheem Mousa Salam, Interpreter, Titan Corp.	Violating the Foreign Corrupt Practices Act's Anti-Bribery Provisions	8/4/2006	3 years in prison; 2 years supervised release; 250 hours community service; and \$100 special assessment
Mohammad Shabbir Khan, Director of Operations for Kuwait and Iraq, Tamimi Global Co. Ltd.	Violating the Anti-Kickback Act	6/23/2006	51 months in prison; 2 years supervised release; \$10,000 fine; \$133,860 restitution; and \$1,400 assessment
Philip Bloom, Owner - Global Business Group, GBG Holdings, and GBG-Logistics Division	Conspiracy, bribery, and money laundering	3/10/2006	46 months in prison; 2 years supervised release; \$3.6 million forfeiture; \$3.6 million restitution; and \$300 special assessment
Stephen Seamans, Subcontracts Manager, KBR	Wire fraud, money laundering, and conspiracy	3/1/2006	12 months and 1 day in prison; 3 years supervised release; \$380,130 in restitution; \$200 assessment
Christopher Cahill, Regional Vice President, Middle East and India, Eagle Global Logistics, Inc.	Major fraud against the United States	2/16/2006	30 months in prison; 2 years supervised release; \$10,000 fine; and \$100 assessment (a civil settlement with EGL arising from the same facts resulted in a settlement of \$4 million)
Robert Stein, CPA-South Central Comptroller and Funding Officer	Felon in possession of a firearm, possession of machine guns, bribery, money laundering, and conspiracy	2/2/2006	9 years in prison; 3 years of supervised release; \$3.6 million forfeiture; \$3.5 million restitution; and \$500 special assessment
Glenn Powell, Subcontracts Manager, KBR	Major fraud and violating the Anti-Kickback Act	8/1/2005	15 months in prison; 3 years supervised release; \$90,973.99 restitution; and \$200 assessment

SIGIR HOTLINE

The SIGIR Hotline facilitates the reporting of fraud, waste, abuse, mismanagement, and reprisal in all programs associated with Iraq reconstruction efforts funded by the U.S. taxpayer. Cases received by the SIGIR Hotline that are not related to programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq are transferred to the appropriate entity. The SIGIR Hotline receives walk-in, telephone, mail, fax, and online contacts from people in Iraq, the United States, and throughout the world.

First Quarter Reporting

As of March 31, 2009, the SIGIR Hotline had initiated 716 cases. Of these cases, 626 have been closed, and 90 remain open. For a summary of these cases, see Table 4.6.

New Cases

During this reporting period, the SIGIR Hotline received 17 new complaints, bringing the cumulative total to 716 Hotline cases. The new complaints were classified in these categories:

- 7 involved contract fraud.
- 8 involved miscellaneous issues.
- 2 involved personnel issues.

The SIGIR Hotline receives most reports of perceived instances of fraud, waste, abuse, mismanagement, and reprisal through its website and by electronic mail. SIGIR's 17 new Hotline complaints were received by these means:

- 9 by SIGIR website
- 8 by electronic mail

TABLE 4.6

SUMMARY OF SIGIR HOTLINE CASES, AS OF 3/31/2009

OPEN CASES		
Investigations		82
Audit		7
Inspections		1
Total Open		90
CLOSED CASES		
	1 ST QTR 2009	CUMULATIVE*
FOIA	0	4
OSC Review	0	2
Assists	0	46
Dismissed	3	126
Referred	10	280
Inspections	0	79
Investigations	1	76
Audit	4	13
Total Closed	18	626
Cumulative* Open & Closed		716

*Cumulative totals cover the period since the SIGIR Hotline began operations—from 3/24/2004 to 3/31/2009.

Closed Cases

During this quarter, SIGIR closed 18 Hotline cases:

- 10 were referred to other inspector general agencies.
- 3 were dismissed for being outside of SIGIR's investigative purview.
- 4 were closed by SIGIR Audit.
- 1 was closed by SIGIR Investigations.

Referred Complaints

Following a thorough review, SIGIR referred 10 complaints to outside agencies for proper resolution:

- 5 were sent to the Multi-National Force-Iraq Office of Inspector General.
- 2 were sent to the Department of Defense Office of Inspector General.
- 2 were sent to the Joint Contracting Command-Iraq/Afghanistan.
- 1 was sent to the Department of State Office of Inspector General. ♦

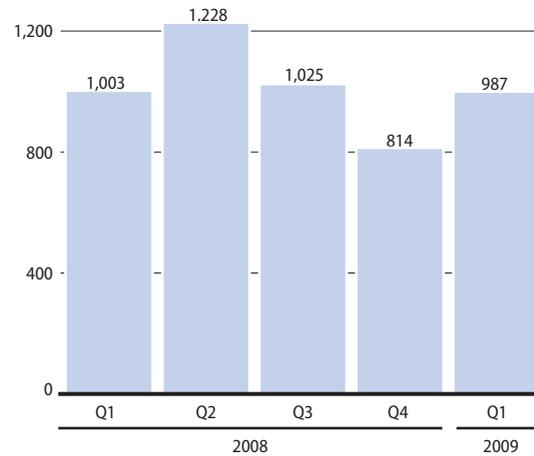
SIGIR WEBSITE

During this reporting period, the SIGIR website (www.sigir.mil) recorded these activities:

- This quarter, more than 88,000 users visited the SIGIR website—approximately 1,000 users per day.
- This quarter, the Arabic language section of the site received 1,119 visits.
- The most frequently downloaded documents were SIGIR’s most recent Quarterly Reports.

For an overview of daily visits to the SIGIR website, see Figure 4.4.

FIGURE 4.4
AVERAGE NUMBER OF VISITORS PER DAY TO SIGIR WEBSITE



Source: Web Analytics, as of 4/20/2009.

LEGISLATIVE UPDATE

On March 11, 2009, the President signed Public Law 111-8, the Omnibus Appropriations Act, 2009 (P.L. 111-8); this law included provisions related to Iraq reconstruction. Another law was signed confirming SIGIR's membership in the recently established Council of the Inspectors General on Integrity and Efficiency. In addition, during the reporting period, the Inspector General testified before one congressional committee and one legislative branch panel.

Omnibus Appropriations Act, 2009

The act includes one section, section 7042, relating to the reconstruction of Iraq. In general, the act, which is a "regular" appropriation, does not provide significant funds for the reconstruction of Iraq; such funds have been appropriated in supplemental appropriations. It continues without substantial change earlier-enacted legislation carried in a prior appropriations act intended to prevent funds in a "regular" appropriations bill from being used for most purposes for the reconstruction of Iraq. It contains an exception to that general policy, however, so that appropriations for the "Nonproliferation, Anti-terrorism, Demining and Related Programs" account may be used for the removal and disposal of landmines and other unexploded ordnance, small arms, and light weapons in Iraq.

The act also makes applicable to assistance for Iraq for FY 2009 the conditions previously applicable under section 1402(e) of P.L. 110-252, the Supplemental Appropriations Act, 2008, for assistance to Iraq. The conditions are referred to as a "matching requirement." Generally, funds will be made available only if they are matched on a dollar-for-dollar basis. Before the United States makes an initial obligation of funds, the

Secretary of State is required to certify that the GOI is committed to spend matching funds and to report twice yearly on the amounts of funds obligated and expended by the GOI for this purpose. Excepted from these requirements are obligations for assistance for democracy and human rights programs; the Community Action Program and other civil society programs; "humanitarian demining" (mine clearance for the benefit of civilians); and aid to refugees, internally displaced persons, and civilian victims of military operations. The section also requires a report 45 days after the date of enactment of the act, detailing the amounts provided by the GOI since June 30, 2004, to assist Iraqi refugees in Syria, Jordan, and elsewhere, and the amount of such assistance the GOI plans to provide in the current fiscal year.

The act repeats a prior-year provision that "none of the funds made available in this Act may be used by the Government of the United States to enter into a permanent basing rights agreement between the United States and Iraq."

Finally, the act contains a new requirement that within 180 days of the date of enactment, "the Secretary of State, in consultation with relevant United States Government agencies, shall submit to the Committees on Appropriations a report, in classified form if necessary, that details the plans, costs and timelines associated with the transition of [certain] programs and activities" to the GOI. The report shall relate to programs and activities funded under provisions ("titles") relating to bilateral economic assistance, international security assistance, multilateral assistance, and export and investment assistance within the act, or prior acts, "making appropriations for the Department of State, foreign operations, and related programs."

Legislation Relating to SIGIR’s Role on the Council of the Inspectors General on Integrity and Efficiency

As this Quarterly Report went to press, the President was expected to sign S.383, the Special Inspector General for the Troubled Asset Relief Program Act of 2009. That law, which mainly deals with another agency, contains a free-standing provision (section 7) providing that SIGIR and the Special Inspector General for Afghanistan Reconstruction shall be members of the Council of the Inspectors General on Integrity and Efficiency established under section 11 of the Inspector General Act of 1978, as amended. That Council was established by the Inspector General Reform Act of 2008, P.L. 110-409 (section 7), to replace two bodies—the former President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, which had operated under the authority of Executive Orders.

Congressional Appearances

Since the last SIGIR Quarterly Report, the Inspector General appeared before one legislative branch commission and one congressional committee:

- February 2, 2009—Commission on Wartime Contracting in Iraq and Afghanistan—Hearing on “Lessons from the Inspectors General: Improving Wartime Contracting.” The Inspector General testified before this legislative branch commission on SIGIR’s latest lessons-learned report. The research for *Hard Lessons: The Iraq Reconstruction Experience* comprised hundreds of interviews with key participants in the reconstruction effort and the review of thousands of documents.
- March 25, 2009—House Committee on Armed Services—Hearing on “Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan.” Supporting his testimony with findings from SIGIR’s 350-page *Hard Lessons* report, the Inspector General provided key recommendations that can be considered for current and future contingency reconstruction and stabilization operations. ♦