

DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

This appendix provides summaries of the audits listed in Section 6. All information provided is current, as of December 31, 2010.

Defense Contract Audit Agency

The services of the Defense Contract Audit Agency (DCAA) include professional advice to acquisition officials on accounting and financial matters to assist them in the negotiation, award, administration, and settlement of contracts.

In addition to DCAA's involvement in the negotiation and award of contracts, significant resources are also dedicated to overseeing the allowability,

allocability, and reasonableness of incurred and billed costs. Procedures that govern the costs incurred in-country are also tested through reviews of contractor timekeeping, subcontract management, and cash management/disbursement. Finally, to ensure that adequate internal controls are in place regarding the contractor's policies and procedures, DCAA performs audits associated with critical internal control systems, with an emphasis on estimating, subcontract management, and billing systems.

DCAA plans and performs work on a fiscal year basis. Table F.1 shows both the Iraq-related audits closed during FY 2010 and the audits closed and still open in FY 2011 (as of December 31, 2010).

TABLE F.1
DCAA AUDITS RELATED TO IRAQ, FOR FY 2010 AND FY 2011

DESCRIPTION OF AUDIT AREA	FY 2010	FY 2011	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	105	8	13
Other Special Requested Audits (2)	38	4	53
Incurring Cost (3)	47	1	239
Labor Timekeeping (4)	29	3	37
Internal Controls (5)	32	5	92
Pre-award Accounting Survey (6)	8	5	3
Purchase Existence and Consumption (7)	5	0	23
Cost Accounting Standards (8)	48	3	93
Other (9)	26	3	89
Total	338	32	642

Note:

1. Price Proposals—Audits of price proposals submitted by contractors in connection with the award, modification, or repricing of government contracts or subcontracts
2. Other Special Requested Audits—Audit assistance provided in response to special requests from the contracting community based on identified risks
3. Incurring Cost—Audits of costs charged to government contracts to determine whether they are allowable, allocable, and reasonable
4. Labor Timekeeping—Audits to determine if the contractor consistently complies with established timekeeping system policies and procedures for recording labor costs
5. Internal Controls—Audits of contractor internal control systems relating to the accounting and billing of costs under government contracts
6. Pre-award Accounting Survey—Preaward audits to determine whether a contractor's accounting system is acceptable for segregating and accumulating costs under government contracts
7. Purchase Existence and Consumption—The physical observation of purchased materials and services and related inquiries regarding their documentation and verification of contract charges
8. Cost Accounting Standards—Audits of Contractor Disclosure Statements and compliance with Cost Accounting Standards
9. Other—Significant types of other audit activities including compliance with Truth in Negotiations Act, audits of provisional billing rates, and audits of claims and termination settlement proposals

TABLE F.2
DCIS INVESTIGATIONS

INVESTIGATIVE STATUS	PROCUREMENT FRAUD	PUBLIC CORRUPTION	THEFT/TECH PROTECT/OTHER	TOTAL
Open	10	28	8	46
Closed	5	8	1	14
Totals	15	36	9	60

Defense Criminal Investigative Service

DCIS continues to conduct criminal investigations in support of DoD Overseas Contingency Operation efforts through investigative resources in Southwest Asia; Wiesbaden, Germany; and continental U.S. task force investigations focusing on public corruption and fraud in the Southwest Asia theater. In conjunction with DoD OIG's renewed emphasis on oversight of spending related to Iraqi development, DCIS has continued to deploy special agents to Iraq, Kuwait, and Afghanistan to conduct criminal investigations in support of DoD operations. Six-month rotational details to Iraq and Kuwait commenced in September 2006. Six-month rotations to Afghanistan commenced in 2008. As of January 3, 2011, DCIS has deployed 6 special agents and one administrative staff member to Iraq, 1 special agent to Kuwait, and 8 special agents to Afghanistan.

Open Cases

DCIS currently has 46 open investigations being worked jointly with SIGIR, including four projects. Five cases were closed during this period.

Department of Defense Office of Inspector General

DoD continues to face many challenges in executing its Overseas Contingency Operations (OCO). The Department of Defense Office of Inspector General (DoD OIG) has identified priorities based on those challenges and high-risks and has

responded by expanding coverage of OCO operations and its presence in Southwest Asia. As the Department continues its OCO, such as Operations New Dawn and Enduring Freedom, DoD OIG plans to stay focused on issues important to accomplish the mission and ensure that the Department makes efficient use of its resources to support the warfighter.

The DoD OIG-led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO-related oversight activities. The Group held its fifteenth meeting in November 2010.

Completed Oversight Reports

Contract Oversight of the Broad Area Maritime Surveillance Contract Needs Improvement

(D-2011-028, ISSUED DECEMBER 23, 2010)

The Navy and Defense Contract Management Agency (DCMA) officials need to improve the management and administration of the Broad Area Maritime Surveillance (BAMS) contract. Specifically, BAMS contracting officials did not review 39 contractor bills or validate whether the BAMS contractor was entitled to \$329.3 million in payments, create or maintain a complete government-furnished property listing, or properly plan to share more than 5,000 specialized tools and testing equipment, worth more than \$150 million, with the Air Force Global Hawk program. These conditions occurred because BAMS contracting officials did not properly perform all of their assigned duties, comply with federal and DoD policies, or complete necessary training requirements. As a result, the BAMS program is at risk for

increased costs, schedule delays, and not meeting the needs of the warfighter. Based on DoD OIG's inquiries, Northrop Grumman reduced costs on the BAMS contract by \$206,000 for unallowable travel expenses.

DCMA officials did not develop a complete quality assurance surveillance plan, perform any contractor inspections to validate the contractor's performance or the \$329.3 million paid, re-validate outdated and previously acquired Earned Value Management (EVM) systems from 1975 and 1978, or perform the necessary surveillance of the BAMS subcontractors' EVM systems. These conditions occurred because DCMA officials did not complete their assigned duties or comply with EVM guidance. As a result, contract quality requirements may not be met and Navy and Office of the Secretary of Defense acquisition officials made decisions based on contractor EVM systems that may not be fully reliable.

Live Fire Testing of Light Tactical Wheeled Vehicles was Effective for the Portions Completed

(D-2011-019, ISSUED NOVEMBER 24, 2010)

The U.S. Army Test and Evaluation Command's (ATEC) live fire testing of the up-armored HMMWV was effective for the portions completed. Specifically, ATEC planned a live fire test strategy for the HMMWV program that identified required documents needed to determine system and crew survivability. ATEC provided the required live fire planning documents to the Office of the Director, Operational Test and Evaluation, for approval and ATEC executed tests in accordance with the approved live fire test plans. ATEC has not yet completed the up-armored HMMWV live fire test and evaluation report but will provide it, upon completion, for the Director, Operational Test and Evaluation's evaluation of the up-armored HMMWV live fire test and evaluation.

In addition, the Office of the Director, Operational Test and Evaluation's live fire test and evaluation oversight of the Army's up-armored

HMMWV was effective for the portions of the oversight process completed. Specifically, the Director, Operational Test and Evaluation, placed the up-armored HMMWV on the Office of the Secretary of Defense Test and Evaluation Oversight List in 2006 for live fire oversight and has reviewed, as required, the Army's up-armored HMMWV live fire test planning documents.

Assessment of U.S. Government Efforts to Develop the Logistics Sustainment Capability of the Iraq Security Forces

(SPO-2011-001, ISSUED NOVEMBER 17, 2010)

DoD OIG issued its ninth in a series of reports published by the Office of Inspector General's Special Plans and Operations Directorate that focus on the train and equip missions in Iraq, Afghanistan, and Pakistan. DoD OIG found that considerable progress has been made since its previous report that addressed this requirement, issued on December 19, 2008. Nonetheless, there remains a significant gap between the Minimum Essential Capabilities that USF-I has defined as constituting the crucial foundation of a sustainable Iraq Security Forces logistical system and its current capability. To close this capability shortfall in the relatively brief time remaining to USF-I will require an intensified effort that would appear to be beyond USF-I's on-the-ground forces' resource capability. Additional subject matter expertise support from DoD and its supporting logistics organizations probably will be required to accomplish the mission with respect to building Iraq Security Forces logistical capacity. This requirement could be accentuated if DoD does not receive the additional Iraq Security Forces Funds requested for FY 2010 and FY 2011, fiscal resources identified in a previous report as important to USF-I in order for it to provide the required training, mentoring and equipping assistance.

Weaknesses in Awarding Fees for the Broad Area Maritime Surveillance Contract

(D-2011-014, ISSUED NOVEMBER 2, 2010)

Broad Area Maritime Surveillance (BAMS) program officials did not create a proper award fee plan, or justify \$4.1 million in fees paid and the use of about \$1 million in rollover fees. Further, the BAMS contracting officer did not justify the use of a cost-plus-award-fee contract. These conditions occurred because the BAMS contracting officer did not perform his duties, and program officials were unaware of cost-plus-award-fee contract criteria and did not follow the award fee plan or applicable award fee guidance. As a result, the BAMS contracting officer and fee determining official may have erroneously paid up to \$4.1 million in fees to the contractor. By improving the award fee process, BAMS officials can mitigate the risk of erroneously paying as much as \$87.3 million for future award fees.

Ongoing Oversight Activities

Contracting for Force Protection for U.S. Installations in Iraq

(PROJECT NO. D2011-D000JB-0098.000, INITIATED DECEMBER 8, 2010)

DoD OIG is determining whether DoD is adequately administering and overseeing private security contracts in Iraq in response to the draw-down of U.S. forces. Specifically, DoD OIG plans to evaluate support requirements in contracts and related security control measures and procedures for access to U.S. military installations in Iraq.

Follow-up of Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia

(PROJECT NO. D2011-D000LF-0041.000, INITIATED NOVEMBER 2, 2010)

DoD OIG is performing this follow-up audit at the request of the former Commander, U.S. Central Command. DoD OIG is determining whether DoD is taking adequate action in billing contractors for health care provided at military treatment facilities in Southwest Asia as identified in Department of Defense Office of Inspector General

Report No. D-2009-078, "Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia."

Contractor Logistics Support Contract for Stryker Vehicles with General Dynamics Land Systems

(PROJECT NO. D2011-D000CH-0032.000, INITIATED OCTOBER 19, 2010)

DoD OIG is reannouncing the Audit of Material Purchases Made Through Partnership Agreements at Anniston Army Depot (D2010-D000CE-0190.000) to focus the audit on the contractor logistics support contract for Stryker vehicles. The revised audit objective is to evaluate the effectiveness of the contractor logistics support sustainment strategy for Stryker vehicles. Specifically, DoD OIG plans to review contract funding procedures, contract type, performance metrics, contractor billings, and controls over government property that is being managed by the contractor.

Controls and Processes Pertaining to the Defense Logistics Agency's Procurement Automated Contract Evaluation System

(PROJECT NO. D2010-D000LD-0264.000, INITIATED AUGUST 30, 2010)

DoD OIG is determining whether the Defense Logistics Agency (DLA) supply centers awarded contracts through the Procurement Automated Contract Evaluation System (PACE) to suppliers who offered the best value, determine whether DLA has a process to validate that prices were fair and reasonable, and determine whether the supply centers uniformly applied the controls and rules governing PACE awards.

Army Warfighter Field Operations Customer Support Contract

(PROJECT NO. D2010-D000AS-0266.000, INITIATED AUGUST 9, 2010)

DoD OIG is beginning the first in a series of audits relating to the Warfighter Field Operations Customer Support (FOCUS) contract. For the initial

project, DoD OIG is determining whether Army officials are translating mission requirements into appropriate contractual instruments and are conducting appropriate oversight of the Warfighter FOCUS contract in accordance with Federal and DoD policies. Specifically, DoD OIG will determine whether contracting officials adhered to Federal and DoD policies for subcontracting in a contingency environment while administering the Warfighter FOCUS contract.

Evaluation of the DoD Combating Trafficking in Persons (CTIP) Program

(PROJECT NO. D2009-DIPoE3-0260.000, INITIATED AUGUST 5, 2010)

DoD OIG plans to review Department of Defense compliance with CTIP statutes, executive direction, and department policy. Specifically, DoD OIG plans to (1) review a sample of Department of Defense contracts for compliance with the “Trafficking Victims Protection Act of 2000,” (Title 22, U.S. Code, Chapter 78), as amended; (2) summarize Department of Defense CTIP investigative efforts; and 3) evaluate Department of Defense component compliance with and performance to DoDI 2200.01.

Special Operations Forces Plans for the Drawdown and Reset of Property in Iraq

(PROJECT NO. D2010-D000JA-0241.000, INITIATED JULY 21, 2010)

DoD OIG is evaluating the Special Operations Forces’ plans for the drawdown and reset of assets in Iraq. This includes ensuring a process exists for the proper transfer, reset, or disposal of assets. Specifically, DoD OIG will determine whether the Special Operations Forces drawdown plan defines clear roles, responsibilities, and lines of reporting; addresses issues including property accountability, visibility, reset, and return; and sets realistic milestones for the initiation and completion of drawdown and reset activities.

Drawdown and Reset of Equipment in Iraq—Supply Support Activity and Central Receiving and Shipping Point Operations in Iraq

(PROJECT NO. D2010-D000JB-0219.000, INITIATED MAY 7, 2010)

DoD OIG is conducting this audit in response to a U.S. Central Command request to focus oversight on asset accountability to ensure that U.S. funded assets are properly accounted for and that there is a process for the proper transfer, reset, or disposal of assets. The overall objective is to determine whether DoD is effectively managing operations at the Supply Support Activities and Central Receiving and Shipping Points in Iraq. Specifically, DoD OIG plans to evaluate the process for the disposition of equipment leaving Iraq and whether that process ensures timely accountability, visibility, and redistribution of the equipment to efficiently and effectively meet DoD needs. DoD OIG plans to also determine whether adequate security procedures are in place to ensure that equipment shipped from Iraq is received at its intended destination.

Realignment of Contractor Support in Response to the Drawdown of U.S. Forces from Iraq

(PROJECT NO. D2010-D000JB-0211.000, INITIATED MAY 6, 2010)

DoD OIG is reviewing the planning and management of actions taken to adjust contractor support in response to the drawdown of U.S. forces from Iraq. Specifically, DoD OIG plans to evaluate the process and methodology used to determine descope actions associated with the LOGCAP contract.

Contracting for U.S. Facilities in Iraq

(PROJECT NO. D2010-D000JB-0158.000, INITIATED FEBRUARY 17, 2010)

DoD OIG is determining whether ongoing and planned contracts to build or refurbish U.S. facilities in Iraq are based on valid requirements and in

consideration of the drawdown of the U.S. forces from Iraq.

DoD Countermine and Improvised Explosive Device Defeat Systems Interrogation Arm

(PROJECT NO. D2010-D000AE-0139.000, INITIATED JANUARY 29, 2010)

This audit is the continuation of the audit initiated under D2009-D000AE-0102.000, “DoD Countermine and Improvised Explosive Device Defeat Systems Contracts,” announced on December 9, 2008. The overall audit objective is to determine whether DoD procurement efforts for countermine and improvised explosive device defeat systems used in Iraq and Afghanistan were developed, awarded, and managed in accordance with Federal and Defense acquisition regulations. Specifically, DoD OIG plans to determine whether the Joint Improvised Explosive Device Defeat Organization and Army procurement efforts for the interrogation arm used on Husky and RG-31 vehicles in Iraq and Afghanistan were developed, contracted, and managed in accordance with Federal and Defense acquisition regulations.

Material Purchases Made Through the Partnership Agreement with Sikorsky Aircraft Corporation at Corpus Christi Army Depot

(PROJECT NO. D2010-D000CH-0077.001, INITIATED NOVEMBER 18, 2009)

DoD OIG is evaluating material purchases made at Corpus Christi Army Depot through partnership agreements with private-sector firms. Specifically, DoD OIG plans to determine whether the partnership agreements in place with original equipment manufacturers are effective in minimizing the cost of direct materials to the depot.

Material Purchases Made Through the Partnership Agreement with the Boeing Company at Corpus Christi Army Depot

(PROJECT NO. D2010-D000CH-0077.000, INITIATED NOVEMBER 17, 2009)

DoD OIG is evaluating material purchases made at Corpus Christi Army Depot through partnership agreements with private-sector firms. Specifically, DoD OIG plans to determine whether the partnership agreements in place with original equipment manufacturers are effective in minimizing the cost of direct materials to the depot.

Controls Over the Disposition of Equipment at the Defense Reutilization and Marketing Office at Camp Arifjan, Kuwait

(PROJECT NO. D2010-D000JA-0054.000, INITIATED OCTOBER 27, 2009)

DoD OIG is conducting this audit in response to a U.S. Central Command request to focus oversight on U.S.-funded assets to ensure that they are properly accounted for and that there is a process for their proper transfer, reset, or disposal. DoD OIG is evaluating whether adequate policies and procedures are in place to ensure the proper disposition of equipment at the Defense Reutilization and Marketing Office at Camp Arifjan, Kuwait. Specifically, DoD OIG is evaluating whether adequate controls exist to ensure the proper receipt, inspection, coding, and disposition of equipment in accordance with applicable guidance.

Logistics Civil Augmentation Program IV Support Contract

(PROJECT NO. D2010-D000AS-0031.000, INITIATED OCTOBER 27, 2009)

DoD OIG is determining whether the Logistics Civil Augmentation Program IV support contract was managed and administered in accordance with federal and DoD guidance.

Commercial Vendor Services Compliance With Federal Tax Reporting Requirements for Contractors Supporting Operations in Southwest Asia

(PROJECT NO. D2009-D000FH-0292.000, INITIATED SEPTEMBER 23, 2009)

DoD OIG is determining whether the Commercial Vendor Services in Iraq complied with federal tax reporting requirements for payments to contractors in support of operations in Southwest Asia for calendar years 2006 through 2008.

Controls Over the Accountability and Disposition of Government Furnished Property in Iraq

(PROJECT NO. D2009-D000JB-0307.000, INITIATED SEPTEMBER 16, 2009)

DoD OIG is conducting this audit in response to a U.S. Central Command request to focus oversight on asset accountability to ensure that U.S. funded assets are properly accounted for and that there is a process for the proper transfer, reset, or disposal of assets. The objective is to determine whether DoD has adequate controls over Government-furnished property as it prepares to drawdown forces from Iraq. Specifically, DoD OIG is determining whether DoD properly accounted for government-furnished property, whether policies and procedures exist for the proper transfer, reset, or disposal of government-furnished property, and whether those policies and procedures are being executed adequately. A series of reports is planned. Report D-2010-088 addresses controls over the accountability and disposition of government furnished property in Iraq. The second report will address property accountability within CENTCOM Contracting Command contracts.

Review of Army Response to Sodium Dichromate Exposure at Qarmat Ali Iraq—Part II

(PROJECT NO. D2009-DIPOE3-0306.000, INITIATED SEPTEMBER 11, 2009)

DoD OIG plans to review the U.S. Army's actions regarding the exposure of personnel to sodium dichromate at the Qarmat Ali water injection facility in 2003. The review is being conducted in response to a request from seven members of the United States Senate's Democratic Policy Committee questioning efforts of the U.S. Army and contractors to protect the safety and health of government and contractor personnel at this site. Part I of this project, Report SPO-2010-006, addresses the evaluation of efforts to identify, contact, and provide access to care for personnel.

U.S. Government Efforts to Transition the Security Assistance Mission Supporting the Government of Iraq from Department of Defense Authority to Department of State Authority

(PROJECT NO. D2009-D00SPO-0287.000, INITIATED AUGUST 5, 2009)

DoD OIG plans to determine whether (1) U.S. government goals, objectives, plans, and guidance are issued and operative for the transition of the Iraqi Security Assistance Mission from Department of Defense authority to an office of security cooperation under Department of State authority and (2) ongoing U.S. efforts to provide security assistance to the Government of Iraq are adversely impacted by the drawdown plans of U.S. Forces-Iraq and the implementation of those plans.

Contracts Supporting Base Operations in Kuwait

(PROJECT NO. D2009-D000AS-0266.000, INITIATED JULY 31, 2009)

DoD OIG plans to determine whether DoD properly managed and administered contracts supporting base operations in Kuwait. Specifically, DoD OIG plans to determine whether the contract

management and administration complied with federal and DoD policies. A series of reports is planned for this project. DoD OIG issued Report No. D-2010-085 on September 22, 2010, regarding contractors working in key positions without security clearances or common access cards.

International Oil Trading Company Contracts to Supply Fuel to U.S. Troops in Iraq

(PROJECT NO. D2009-D000CH-0244.000, INITIATED JULY 7, 2009)

DoD OIG initiated this audit in response to a request from Congress. DoD OIG is reviewing the Defense Energy Support Center's decision to award the International Oil Trading Company a series of contracts for the delivery of fuel through Jordan to U.S. troops in Iraq. Specifically, DoD OIG is determining whether prices paid were fair and reasonable, whether an exclusive supply arrangement had an impact on prices, and whether the fuel needs to be supplied through Jordan. Report D-2011-014 addresses weaknesses in awarding fees for the Broad Area Maritime Surveillance contract.

Assessment of the Defense Hotline Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq

(PROJECT NO. D2009-D00SPO-0242.00, INITIATED JUNE 11, 2009)

DoD OIG is conducting an inquiry of Research Integrity Misconduct in Iraq at the request of the DoD Hotline to determine if clinical research using an unapproved medication was conducted on U.S. service members with Traumatic Brain Injury in Iraq.

Marine Corps Fulfillment of Urgent Universal Need Statements for Laser Dazzlers

(PROJECT NO. D2009-D000AE-0210.000, INITIATED APRIL 28, 2009)

DoD OIG initiated this audit in response to the Assistant Commandant of the Marine Corps request for addressing allegations of mismanagement in fulfilling Urgent Universal Need Statements for

laser dazzlers. DoD OIG is determining whether acquisition managers in the U.S. Marine Corps effectively responded to the urgent needs of deployed Marines in acquiring a nonlethal laser dazzler capability in accordance with federal and Defense acquisition regulations.

FY 2008 Marine Corps Global War on Terror-Related Costs Processed Through the Standard Accounting, Budgeting and Reporting System

(PROJECT NO. D2009-D000FG-0183.000, INITIATED APRIL 7, 2009)

DoD OIG plans to determine whether the Marine Corps accurately reported FY 2008 costs related to the Global War on Terror. DoD OIG is reviewing whether Marine Corps documentation substantiates operation and maintenance obligations processed through the Standard Accounting, Budgeting and Reporting System.

Army and Navy Small Boats Maintenance Contracts

(PROJECT NO. D2009-D000AS-0163.000, INITIATED MARCH 2, 2009)

DoD OIG is determining whether contracts providing ship repair and maintenance to the U.S. Army operations in Bahrain and Navy operations in Bahrain, Qatar, and United Arab Emirates were properly managed and administered. Specifically, DoD OIG is reviewing competition, contract type, and contract oversight. A series of reports is planned. DoD OIG issued Report No. D-2010-087 on September 27, 2010, regarding weaknesses in oversight of Naval Sea Systems Command ship maintenance contract in Southwest Asia. DoD OIG issued Report No. D-2010-064 on May 21, 2010, regarding Army Vessels Maintenance Contracts in Southwest Asia. In addition, DoD OIG issued Report No. D-2010-005 on November 3, 2009, regarding internal controls weaknesses with securing classified information. DoD OIG plans to issue additional reports for this project.

Deployment of the Standard Procurement System in the Joint Contracting Command Iraq/Afghanistan

(PROJECT NO. D2009-D000FB-0112.000, INITIATED JANUARY 5, 2009)

DoD OIG is determining whether the deployment of the Standard Procurement System (to include the Standard Procurement System-Contingency configuration) in the Joint Contracting Command Iraq/Afghanistan, was properly planned and executed. A series of reports is planned. DoD OIG issued Report No. D-2010-050, a classified report, on May 21, 2010, regarding the Standard Procurement System Synchronization Utility.

Maintenance and Support of the Mine Resistant Ambush Protected Vehicle

(PROJECT NO. D2009-D000CK-0100.000, INITIATED DECEMBER 9, 2008)

DoD OIG is determining whether mine resistant ambush protected vehicle program and contracting officials are adequately supporting mine resistant ambush protected vehicle maintenance requirements and appropriately awarding and administering maintenance contracts. A series of reports is planned. DoD OIG issued Report No. D-2010-050, a classified report, on May 21, 2010, regarding the government oversight of field service representative and instructor services in support of the Mine Resistant Ambush Protected Vehicle Program.

DoD Body Armor Contracts

(PROJECT NO. D2008-D000CD-0256.000, INITIATED AUGUST 7, 2008)

DoD OIG is examining the contracts and contracting process for body armor and related test facilities. Specific objectives include evaluating the background and qualifications of the contractors, the criteria for awarding the contracts, the quality assurance process, and any relationships that may exist between the contractors and government officials. DoD OIG's review of the quality assurance process plans to include reviewing the results of First Article Testing and Lot acceptance Testing for

the body armor contracts. DoD OIG issued Report D-2010-029 on December 21, 2009, discussing the contract award of DoD body armor contracts. DoD OIG plans to issue additional reports related to this project.

Internal Controls and Data Reliability in the Deployable Disbursing System

(PROJECT NO. D2007-D000FL-0252.000, INITIATED AUGUST 31, 2007)

The overall objective is to determine whether the internal controls over transactions processed through the Deployable Disbursing System are adequate to ensure the reliability of the data processed. The audit series plans to include financial information processed by disbursing stations supporting the Global War on Terror and plans to also follow up on "Internal Controls Over Out-of-Country Payments," (Project No. D2006-D000FL-0208.000). The first report, D-2009-054, addresses U.S. Marine Corps (USMC) processed disbursement transactions that contain classified information into unclassified DoD systems. The second report, D-2010-037, addresses USMC commercial and miscellaneous payments processed through the Deployable Disbursing System. The third report, D-2010-038, addresses the identification of classified information in an unclassified DoD system and an unsecured DoD facility.

**Department of State
Office of Inspector General**

Completed Oversight Reports

The Department of State Office of Inspector General (DoS OIG) completed no oversight reports related to Iraq for the quarter ending December 31, 2010.

Ongoing Oversight Activities

Review of Embassy Baghdad's Operations and Maintenance Contract with PAE

(PROJECT NO. 11MERO3004, INITIATED DECEMBER 2010)

The objectives are to determine the effectiveness of the administration and oversight of the Department's contract with PAE for support of operations and maintenance at Embassy Baghdad; the amount of funding the Department has obligated and expended to provide facility operations and maintenance support; the mechanisms in place to control contract costs; the Department's controls to ensure that costs are reasonable, allocable, and allowable; and PAE's controls for inventorying, recording, and safeguarding U.S. government-furnished equipment. This review is in the fieldwork stage.

Review of Embassy Baghdad Transition Planning—Phase II (DoD Downsizing)

(PROJECT NO. 10MERO3016, INITIATED JULY 2010)

This project is a follow-on review of the transition planning mechanisms in place within the Department and between the Department and the U.S. military and the government of Iraq; what decisions and actions Department planners have completed concerning key transition issues, including ICASS, security, logistical support, transportation, and the status of regional offices and Provincial Reconstruction Teams; and how the Department is planning to meet the expected costs associated with increased Department roles and responsibilities. This review is in the draft report stage.

Government Accountability Office

Completed Oversight Reports

Displaced Iraqis: Integrated International Strategy Needed to Reintegrate Iraq's Internally Displaced and Returning Refugees

(GAO-11-1204, ISSUED DECEMBER 2, 2010)

The estimated number of Iraqis who have been internally displaced since February 2006 is about 1.6 million, and numerous Iraqis are in neighboring countries. Several issues impede the return and reintegration of displaced Iraqis. Although the overall security situation in Iraq has improved since 2006, the actual and perceived threat across governorates and neighborhoods continues to impede Iraqi returns and reintegration. Problems in securing property restitution or compensation and shelter have made it difficult to return and reintegrate. The international community has taken action to address the impediments that displaced Iraqis face, but the extent to which these efforts will result in reintegration of displaced Iraqis is uncertain. The Iraqi government has initiated efforts to encourage returns and reintegration. However, progress in this area has been limited due to insufficient commitment and capacity, according to international and U.S. officials. Iraq, the United States, and other members of the international community do not have an integrated international strategy for the reintegration of displaced Iraqis. GAO recommends that the Secretary of State and the USAID Administrator assist Iraq in developing an effective integrated international strategy for reintegrating displaced Iraqis.

DoD Should Improve Adherence to Its Guidance on Open Pit Burning and Solid Waste Management

(GAO-11-63, ISSUED OCTOBER 15, 2010)

From the start of military operations in Afghanistan and Iraq, the U.S. military and its contractors

have burned solid waste in open burn pits on or near military bases. The military and operators of burn pits have not always followed relevant guidance to protect servicemembers from exposure to harmful emissions. According to DoD, U.S. military operations in Afghanistan and Iraq generate about 10 pounds of solid waste per soldier each day. The military has relied on open pit burning to dispose of this waste mainly because of its expedience. In August 2010, CENTCOM estimated there were 251 burn pits in Afghanistan and 22 in Iraq. CENTCOM officials said the number of burn pits is increasing in Afghanistan and decreasing in Iraq, which reflects U.S. troop reallocations and efforts to install waste incinerators. Despite its reliance on burn pits, CENTCOM did not issue comprehensive burn pit guidance until 2009. Furthermore, to varying degrees, operators of burn pits at four bases GAO visited in Iraq were not complying with key elements of this guidance, such as restrictions on the burning of items, including plastic, that produce harmful emissions. DoD and VA have commissioned studies to enhance their understanding of burn pit emissions, but the lack of data on emissions specific to burn pits and related exposures limit efforts to characterize potential health impacts on service personnel, contractors, and host-country nationals. Among other things, GAO recommends that the Secretary of Defense improve DoD's adherence to relevant guidance on burn pit operations and waste management, and analyze alternatives to its current practices.

Iraq and Afghanistan: DoD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel

(GAO-11-1, ISSUED OCTOBER 1, 2010)

DoD, State, and USAID have relied extensively on contracts, grants, and cooperative agreements for a wide range of services in Afghanistan and Iraq. However, as GAO previously reported, the agencies have faced challenges in obtaining sufficient information to manage these contracts and

assistance instruments. While the three agencies designated SPOT as their system for tracking statutorily required information in July 2008, SPOT still cannot reliably track information on contracts, assistance instruments, and associated personnel in Iraq or Afghanistan. The agencies' implementation of SPOT has been affected by some practical and technical issues, but their efforts also were undermined by a lack of agreement on how to proceed, particularly on how to track local nationals working under contracts or assistance instruments. In 2009, GAO reported on many of these issues and recommended that the agencies jointly develop a plan to improve SPOT's implementation. While DoD and State did not comment on the draft report, USAID commented on the challenges of implementing SPOT and provided revised personnel data that GAO reviewed and included in the report. In response to GAO's 2009 report, DoD, State, and USAID did not agree with the recommendation to develop a plan for implementing SPOT because they felt ongoing coordination efforts were sufficient. GAO continues to believe a plan is needed to correct SPOT's shortcomings and is not making any new recommendations.

Ongoing Oversight Activities

Marine Corps Equipping Strategies to Reset Equipment Returning from Iraq and Afghanistan

(PROJECT NO. 351552, INITIATED OCTOBER 21, 2010)

GAO will review the extent to which:

- The Marine Corps has a strategy in place to manage the reset of ground and aviation equipment returning from Iraq and Afghanistan.
- The Marine Corps strategy for resetting equipment is aligned with the Marine Corps plan for force modernization.
- The Marine Corps is able to determine the total reset costs for equipment used in operations in Iraq and Afghanistan.

- The Marine Corps budget request from FY 2009–2012 for equipment reset is consistent with budget guidance.

Army’s Strategies to Reset Non-Standard Equipment Returning from Iraq

(PROJECT NO. 351559,
INITIATED OCTOBER 8, 2010)

GAO’s key questions are:

- To what extent does the Army have processes and procedures for disposal, reuse, or reset of non-standard equipment returning from the theater?
- To what extent are the depots to which this equipment is returned receiving timely and accurate information on the amount and condition of equipment returning from the theater in order to plan and prepare for the expected workload?

DoD Task Force on Business

(PROJECT NO. 351525,
INITIATED AUGUST 2, 2010)

The Task Force for Business and Stability Operations (TFBSO) mission is to reduce violence, enhance stability, and restore economic normalcy in areas where unrest and insurgency have created an environment of economic hardship and violence. This review focuses on four key questions:

- To what extent has the mission of the Task Force changed since 2006, and has DoD developed plans to institutionalize the Task Force’s mission and expand its scope to other countries?
- To what extent has DoD evaluated the Task Force’s activities, including establishing goals and metrics to measure outcomes?
- To what extent does the Task Force coordinate its activities with other programs?
- To what extent are the task force’s activities similar or dissimilar to other programs, and do opportunities exist to achieve greater efficiencies among programs?

Army Advise and Assist Brigades

(PROJECT NO. 351514, INITIATED JUNE 14, 2010)

The Army is augmenting certain brigade combat teams with additional leaders to advise and assist Iraqi and Afghan security forces. Previously, the Army had created teams of individual leaders, operating separately from brigade combat teams, for this mission. GAO’s key questions are:

- To what extent has the Army defined the roles and missions of augmented brigade combat teams?
- To what extent has the Army defined the training and resourcing requirements for augmented brigade combat teams, and to what extent have the Army and DoD assessed their use for security force assistance?
- To what extent has the Army been able to fill the requirements for augmented brigade combat teams, and what impacts, if any, is this having on reported Army readiness?

DoD Iraq Drawdown Planning

(PROJECT NO. 351476, INITIATED APRIL 2010)

This review focuses on four key questions:

- To what extent have DoD’s retrograde processes and IT systems ensured the accountability, visibility, and timely disposition of equipment?
- To what extent has DoD planned for and begun to execute the tasks necessary to draw down the remaining U.S. military personnel and equipment from Iraq between September 1, 2010, and December 31, 2011?
- To what extent has DoD met its goal of increasing the proportion of local national contractors performing work in Iraq and ensured adequate oversight?
- What other factors may impact DoD’s ability to effectively and efficiently complete the withdrawal of forces and equipment, and what contingency plans does the department have in place?

Army's Equipping Strategies to Reset Equipment Returning from Iraq

(PROJECT NO. 351431, INITIATED JANUARY 7, 2010)

GAO's key questions are:

- To what extent does the Army prioritize equipment for reset?
- To what extent are the annual depot reset requirements consistent with budget requests?

U.S Strategy and Joint Campaign Plan for Iraq

(PROJECT NO. 320734, INITIATED NOVEMBER 2009)

GAO's key questions are:

- To what extent does the 2010 Joint Campaign Plan for Iraq include key planning elements called for by military doctrine for campaign planning as defined by Joint Publication 5-0?
- What are the current conditions and projected needs for the security situation in Iraq and the capability of the Iraqi Security Forces?
- To what extent have the Departments of Defense and State developed plans to address risks to the campaign?

DoD Medical Wartime Personnel Requirements

(PROJECT NO. 351393, INITIATED AUGUST 2009)

DoD's military health care professionals are needed to support combat contingency operations to treat injured military personnel and save lives. This review will focus on three key questions:

- To what extent have DoD and the services identified their wartime health care personnel requirements?
- What challenges, if any, are DoD and the services encountering in meeting their wartime health care personnel requirements?
- To what extent do DoD and the services have or use the tools they need to meet their wartime health care personnel requirements?

Close-out of Iraq Contracts

(PROJECT NO. 120931, INITIATED JULY 2009)

Since 2003, DoD awarded more than 80,000 contracts worth tens of billions of dollars to support post-conflict reconstruction and stability efforts.

GAO's key questions are:

- What is the number and value of contracts to be closed-out in Iraq, and to what extent does DoD have the resources to close-out these contracts in a timely manner?
- To what extent has the Department established procedures to ensure that the contractors' costs are allowable, allocable, and reasonable?
- To what extent has DoD established a process to identify and disseminate lessons learned during the contract close-out process to help improve further acquisition efforts?

U.S. Army Audit Agency

As of December 31, 2010, USAAA had 7 auditors deployed to Southwest Asia, all located in Afghanistan. By early January 2011, USAAA anticipates 29 deployed auditors: 5 in Iraq, 16 in Afghanistan, and 8 in Kuwait.

Completed Oversight Reports

Container Management in Iraq—Condition and Contents

(A-2011-0047-ALL, ISSUED DECEMBER 22, 2010)

USAAA performed the audit at the request of the Multi-National Corps-Iraq, now the United States Forces-Iraq. The audit addressed the effectiveness of container management operations and procedures in support of the U.S. forces draw-down in Iraq and was done as part of an overall review of container management operations in Iraq. Although command established policies and procedures to identify, inspect, and repair containers in Iraq, responsible personnel sometimes did not comply with inspection policies or update the

container's serviceability status in the database. At four bases in Iraq, 50 percent of the serviceability or damage status codes were not accurately recorded in the database. This could hinder command's ability to make informed decisions in determining the number of seaworthy containers needed to support the drawdown. Deploying units had sufficient procedures in place to pack containers containing unit organizational equipment. However, personnel responsible for packing containers with excess retrograde sometimes did not follow procedures and often made little to no attempt to block or brace the contents to prevent shifting and damage during transit. Consequently, containers frequently arrived at their destination with contents in complete disarray. As a result, contents in serviceable or repairable condition shipped from Iraq may become damaged or destroyed during transit, causing a financial loss to the Army. The Office of the Deputy Chief of Staff, G-4 provided the official Army position and agreed with the report and the recommendations.

Excalibur Accountability Gap

*(A-2011-0048-ALL,
ISSUED DECEMBER 17, 2010)*

This report is protectively marked For Official Use Only (FOUO). USAAA performed this audit at the request of the Program Executive Officer–Ammunition. The audit addressed the disposition of several missing Excalibur ammunition rounds in Iraq and processes and procedures established for accountability for Excalibur rounds. One missing Excalibur round was located in Kuwait. The final disposition of the other rounds remained unknown because there was no audit trail, as activities were required to maintain records for only 24 months. During the audit U.S. Central Command, Army Central Command and the Army's Deputy Chief of Staff, G-4 took actions to strengthen accountability for Excalibur rounds. Despite these positive actions, several accountability issues remained unaddressed. Insufficient controls over drawing ammunition and inaccurate coding resulted in the 1st

Brigade Combat Team, 3rd Infantry Division in Iraq recording only 51 percent of its ammunition in its property books and not recording serial numbers for Excalibur rounds. In addition, one ammunition supply point lost accountability for ammunition, including Excalibur, because it did not have effective internal controls over its processes. Command activities agreed with the key recommendations. The Deputy Chief of Staff, G-4 provided the official Army position and agreed with the recommendations, comments and proposed actions.

Management and Visibility of Government Property Provided to the Contractor Performing Base Support Operations in Kuwait

(A-2011-0030-ALL, ISSUED DECEMBER 1, 2010)

This report is protectively marked For Official Use Only (FOUO). USAAA performed this audit at the request of the Office of the Deputy Chief of Staff, G-4; Commander, 408th Contracting Support Brigade; and Commander, Area Support Group-Kuwait. USAAA reported that the contractor did not properly account for and manage the approximate \$616 million of government property it was responsible for under the contract. This occurred because the government did not properly manage the contract to ensure the contractor maintained accurate accountability for the property it was responsible for managing. As a result, the Army was not aware of the total amount of property provided to the contractor and there was no assurance the contractor properly managed the property. In addition, the Army did not have sufficient oversight of the property provided to the contractor because the Army property book officer and property administrator did not establish a fiduciary account in the theater property book which is used to identify all property provided to contractors in support of Operation Enduring Freedom and Operation Iraqi Freedom.

Commander's Emergency Response Program (CERP), U.S. Forces-Afghanistan (USFOR-A)

(A-2011-0020-ALL, ISSUED NOVEMBER 16, 2010)

This report is protectively marked For Official Use Only (FOUO). The Deputy Commanding General, USFOR-A, requested the audit. USAAA reported USFOR-A inherited a program without performance measures or a system to show positive or negative relationships between CERP-funded projects and stability operations, and external studies indicated some projects may not fully assist in accomplishing counterinsurgency (COIN) goals. USAAA also reported CERP funding was sufficient for commander's requirements. USFOR-A returned \$190 million of FY 2009 funds as part of its efforts to attain control over about \$1.04 billion in projects with limited status information due to the prior command's emphasis on obligating dollars to projects without tracking them. Headquarters, DA and USFOR-A had ongoing actions to address skill-set and training shortfalls resulting in incomplete projects files and projects funded that may not be permissible CERP projects. USAAA concluded aligning CERP projects towards factors to help Afghanistan achieve stability, and developing a systematic process to gauge if those projects affect stability was key to the program's success if USFOR-A wants to use CERP as a COIN tool. USFOR-A agreed with the report's conclusions and recommendations and took action or was in the process of taking action on the recommendations. The Assistant Secretary of the Army (Financial Management and Comptroller) provided the official Army position and agreed with the report's finding and recommendations.

Fuel Farm Operations, Camp Buehring, Kuwait

(A-2011-0010-ALL, ISSUED NOVEMBER 16, 2010)

This report is protectively marked For Official Use Only (FOUO). The Regional Director of

Investigations, Southwest Asia, Defense Criminal Investigative Service, requested this audit. USAAA reported management controls in place did not provide reasonable assurance that reported fuel inventories were accurate and that access to the fuel farm was limited to authorized personnel. This occurred due to weaknesses in the application of oversight on these contracted operations. DoD investigators had not initiated formal suspension and debarment correspondence on foreign nationals previously involved with fuel theft. As a result, the fuel farm reported recurring out-of-tolerance losses, the potential for undetected fuel theft existed, unauthorized personnel gained access to the fuel farm, and the potential of a force protection issue existed and will remain if the conditions are not corrected. USAAA identified about \$8.9 million in monetary benefits by facilitating the application of existing measures to volume-correct bulk fuel to a standard 60 degrees Fahrenheit. The Office of the Deputy Chief of Staff, G-4 provided the official Army position and agreed with the report's findings, recommendations, and command comments.

Ongoing Oversight Activities

Micro-Purchases of Field Ordering Officers –Afghanistan

(PROJECT NO. A-2011-ALL-0135.000, INITIATED 1Q/FY 2011)

This audit is being performed in Afghanistan. It will determine whether procedures for micro purchases by field ordering officers had sufficient controls in place to justify requirements and accountability of purchases.

The U.S. Equipment Transfer to Iraq (USETTI) Program—Phase II

(PROJECT NO. A-2011-ALL-0107.000, INITIATED 1Q/FY 2011)

This audit is being performed in Iraq. It will determine whether the proper organizational structures, policies, and processes are in place to ensure commands can sufficiently execute the U.S. Equipment

Transfer to Iraq in accordance with established transfer authorities.

Bulk Fuel Operations in Afghanistan

(PROJECT NO. A-2011-ALL-0098.000, INITIATED 1Q/FY 2011)

This audit is being performed in Afghanistan. It will determine if Class III bulk fuel depot and terminal sites in Afghanistan have sufficient internal controls over storage and distribution operations to ensure the accurate accountability of bulk fuel products and prevent the unauthorized diversion of fuel.

Management Controls Over Payments for Overseas Contingency Operations Transportation—ARCENT

(PROJECT NO. A-2011-ALL-0087.001, INITIATED 1Q/FY 2011)

This audit is being performed in Kuwait. It will determine if the Army has sufficient management controls to ensure ARCENT Overseas Contingency Operations funds are appropriately used for transportation requirements.

Audit of Management Controls over Department of Defense Activity Address Codes (DODAAC), U.S. Army Central Command

(PROJECT NO. A-2011-ALL-0087.000, INITIATED 1Q/FY 2011)

This audit is being performed in Kuwait. It will determine if U.S. Army Central Command has sufficient management controls over the assignment and use of DODAAC to ensure appropriate use of Overseas Contingency Operations funds for supplies and equipment, and storage and transportation.

Bulk Fuel Operations in Iraq

(PROJECT NO. A-2010-ALL-0541.000, INITIATED 4Q/FY 2010)

This audit is being performed in Iraq. It will determine if there are sufficient processes and

procedures for efficient throughput of bulk fuels from theater delivery to retail point of issue in Iraq.

Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action-Afghanistan

(PROJECT NO. A-2010-ALL-0480.000, INITIATED 3Q/FY 2010)

This review is being performed in Afghanistan. It will determine if the corrective actions presented in the USFOR-A LOGCAP course of action decision brief were implemented and would provide assurance requirements were processed through the appropriate review board.

Followup Audit of Retrograde Operations in Southwest Asia—Multi Class Supplies

(PROJECT NO. A-2010-ALL-0260.000, INITIATED 3Q/FY 2010)

This audit is being performed in Iraq. It will determine if (1) the Army implemented the recommendations from Audit Report A-2009-0080-ALL, and if so, did the corrective actions fix the problems and (2) the Army has sufficient policies, procedures, and capabilities to effectively retrograde multi-class supplies and materiel from Iraq in support of responsible drawdown operations.

Follow-up Audit of Automatic Reset Induction

(PROJECT NO. A-2010-ALM-0394.000, INITIATED 3Q/FY 2010)

This audit is being performed in the continental United States (CONUS). It will evaluate whether the Army fully implemented recommendations addressed in the two quick reaction reports (A-2009-0071-ALM and A-2009-0077-ALM) and whether those recommendations corrected the reported problems.

***Followup Audit of Retrograde Operations—
Class VII Equipment in Iraq***

*(PROJECT NO. A-2010-ALL-0258.000,
INITIATED 3Q/FY 2010)*

This audit is being performed in Iraq. It will (1) determine if the Army implemented the recommendations from the prior audit and if corrective actions were effective and (2) evaluate the Army's capabilities and capacities to effectively reset equipment and materiel from Iraq as part of the responsible drawdown.

***Human Capital Issues—Current Plans
(Reachback Capabilities)***

*(PROJECT NO. A-2010-ALC-0125.003,
INITIATED 3Q/FY 2010)*

This audit is being performed in the continental United States (CONUS). It will determine if the Army maximized the use of reachback capabilities to mitigate contracting personnel shortages.

***LOGCAP IV Contract Requirements
Determination—Afghanistan***

*(PROJECT NO. A-2010-ALL-0421.000,
INITIATED 2Q/FY 2010)*

This audit is being performed in Afghanistan. It will determine if the requirements determination and validation processes for the LOGCAP IV contract are in place and operating as intended.

***Improvised Explosive Device Defeat (IED-D)
Home Station Training***

*(PROJECT NO. A-2010-FFF-0372.000,
INITIATED 2Q/FY 2010)*

This audit is being performed in the continental United States (CONUS). It will determine whether (1) home station training is effectively providing Soldiers proficiency in IED-D tasks in a counter insurgency environment and (2) home station training facilities including training aids, devices and simulators are adequate to conduct effective IED-D individual and unit training.

Redistribution Property Assistance Teams

*(PROJECT NO. A-2010-ALL-0338.000,
INITIATED 2Q/FY 2010)*

This audit is being performed in Iraq. It will determine if agreed-upon Redistribution Property Assistance Teams-related recommendations in Audit Report A-2009-0085-ALL were implemented and corrective actions fixed the problems.

U.S. Equipment Transferred to Iraq

*(PROJECT NO. A-2010-ALL-0312.000,
INITIATED 2Q/FY 2010)*

This audit is being performed in Iraq. It will evaluate whether the Theater's process for transferring specific property to the government of Iraq, as part of responsible drawdown, conforms to DOD policies and Title X authority.

***Disposal of Army Equipment and Materials
Into Dump Sites in Iraq***

*(PROJECT NO. A-2010-ALL-0311.001,
INITIATED 2Q/FY 2010)*

This audit is being performed in Iraq. It will determine if: (1) Army units are complying with guidance on the disposal of Army equipment and materials into dump sites in Iraq and (2) Army units' use of dump sites is enhancing the drawdown mission in Iraq.

***Controls Over Vendor Payments Phase II—
Afghanistan***

*(PROJECT NO. A-2010-ALL-0103.000,
INITIATED 2Q/FY 2010)*

This audit is being performed in Afghanistan. It will determine if the Army has effective controls to ensure the accuracy of vendor payments for contingency operations in Southwest Asia (Afghanistan).

***Forward Operating Base Closures—Property
Transfers to Government of Iraq***

*(PROJECT NO. A-2010-ALL-0232.000,
INITIATED 1Q/FY 2010)*

This audit is being performed in Iraq. It will evaluate the process for creating forward operating base

closure transfer packages and determine if the process can be streamlined.

Controls over Shipping Container Accountability and Visibility—Iraq

(PROJECT NO. A-2009-ALL-0593.000, INITIATED 4Q/FY 2009)

This audit is being performed in Iraq. It will determine if: (1) command had sufficient controls over the accountability and visibility of shipping containers to support responsible drawdown operations in Iraq, (2) command had sufficient procedures to determine the condition of government owned/leased shipping containers to support responsible drawdown operations in Iraq, and if (3) command had sufficient procedures to ensure contents of shipping containers were properly identified and packed to mitigate damage during transit to support responsible drawdown operations in Iraq.

Contract for Recycling and Disposing of Waste Material at Camp Steeler, Iraq

(PROJECT NO. A-2009-ALL-0571.000, INITIATED 4Q/FY 2009)

This audit is being performed in Iraq. It will determine if the contractor performed according to the terms, specifications, and conditions of the contract. The sub-objectives are to evaluate the sufficiency of controls over (1) payments to the contractor, (2) delivery of material for recycling and costs associated with recycling, and (3) delivery and use of fuel.

Controls over Vendor Payments—Southwest Asia (Phase II)

(PROJECT NO. A-2009-ALL-0118.000, INITIATED 2Q/FY 2009)

This audit is being performed at various locations in Southwest Asia. It will determine if the Army has effective controls to ensure the accuracy of vendor payments for contingency operations in Southwest Asia.

Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out

(PROJECT NO. A-2009-ALC-0093.000, INITIATED 1Q/FY 2009)

This audit is being performed in the continental United States (CONUS) and various locations in Southwest Asia. It will determine if the Army has procedures and controls in place to effectively close-out the Logistics Civil Augmentation Program III contract to ensure proper payment of its legitimate liabilities and deobligations of unused funds.

U.S. Agency for International Development Office of Inspector General

Completed Oversight Reports

This quarter, the USAID Office of Inspector General (USAID OIG) issued three performance audits related to Iraq reconstruction. USAID OIG issued two financial audit reports this quarter, covering \$414 million in costs incurred under USAID contracts and cooperative agreements, which were performed for USAID OIG by DCAA. These audits included questioned costs totaling \$40 million. As of December 31, 2010, thirteen DCAA financial audits are underway.

Review of USAID/Iraq's Contractors' Compliance With the Trafficking Victims Protection Reauthorization Act of 2008

(E-267-11-002-S, ISSUED DECEMBER 12, 2010)

The William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (the Wilberforce Act), Public Law 110-457, requires the Office of Inspector General of USAID to investigate contracts and subcontracts under which there is a high risk that the contractor may engage in acts related to trafficking in persons. The Wilberforce Act requires a review each fiscal year from 2010 until 2012. The review determined that USAID/Iraq had

established internal controls to manage the risk of trafficking in persons on its compound. In addition, there was no indication that contractors and subcontractors on the two USAID/Iraq contracts that employ low-skilled, low-wage third-country nationals engaged in trafficking in persons.

Survey of Incidents Reported by Private Security Contractors of USAID/Iraq’s Contractors and Grantees

(E-267-11-001-S, ISSUED NOVEMBER 29, 2010)

Private security contractors (PSCs) operating in Iraq provide security services that include the protection of individuals, life support, office facilities, and nonmilitary transport movements. USAID/Iraq does not maintain any direct contracts with PSCs. Security services were procured by the mission’s implementing partners (contractors and grantees), who have primary oversight responsibilities for their security providers.

The purpose of this survey was (1) to determine the number of serious security incidents that occurred between July 1, 2007, and June 30, 2009, and (2) to follow up on the effectiveness of the mission’s and implementing partners’ actions in implementing recommendations from a prior audit report (“Audit of USAID/Iraq’s Oversight of Private Security Contractors in Iraq,” E-267-09-002-P, issued March 4, 2009). The survey found that:

- During the 2 years from July 2007 to June 2009, 94 serious security incidents were documented and reported by USAID/Iraq implementing partners and their PSCs.
- USAID/Iraq’s implementing partners did not establish procedures to monitor reporting of serious security incidents and did not consistently report incidents as required by USAID OIG’s two prior audit recommendations.
- USAID/Iraq had implemented numerous actions (1) to implement USAID OIG’s two prior audit recommendations from March 2009 and (2) to provide oversight and direction of the use of private security contractors (PSCs) by its contractors and grantees. Nevertheless, contractor

and subcontractor implementation had not been fully effective.

- Embassy Baghdad had not issued instructions to incorporate the statutory and regulatory requirements for PSC oversight.

The report included five recommendations for USAID/Iraq to require its implementing partners to establish procedures to monitor the reporting of security incidents, provide training for implementing partners to reinforce their responsibilities, require implementing partners to establish and maintain records of reported serious security incidents, provide training for its agreement/contracting officer’s technical representatives for their roles, and request Embassy Baghdad to issue instructions for private security contractors in accordance with CFR regulations.

Audit of USAID/Iraq’s Payroll Payments to Foreign Service Nationals, Third Country Nationals, and U.S. Personal Services Contractors

(E-267-11-001-P, ISSUED NOVEMBER 22, 2010)

In calendar year 2009, USAID/Iraq paid about \$8.2 million in payroll, benefits, and allowances to third-country nationals, U.S. personal services contractors, and Foreign Service Nationals (locally hired Iraqi staff). The objective of the audit was to determine whether USAID/Iraq had properly calculated and disbursed payroll payments to its Foreign Service Nationals, third-country nationals, and U.S. personal services contractors in accordance with established regulations, policies, and procedures. To answer the audit objective, USAID OIG selected statistically projectable samples (from the 90 percent to the 100 percent confidence level) from the universes of payments, and USAID OIG verified whether individual payroll transactions had been properly computed.

The audit found that payroll and allowances to third-country nationals and U.S. personal services contractors totaling about \$7.1 million were generally accurate. Inaccurate payments and

systemic errors were found for payroll and benefits for local Iraqi staff totaling \$1.1 million. The report included 8 recommendations to improve controls for overtime approvals, improve controls to detect potential errors, and to either collect or pay for over or under payments.

Ongoing Oversight Activities

Survey of USAID/Iraq's Prime Recipients Compliance with Audit Requirements for Its Sub-Recipients

(INITIATED 4Q/FY 2010)

The objective is to determine whether prime recipients have complied with the audit requirements established by the ADS for subrecipient audits.

Audit of Audit of USAID/Iraq's Microfinance Activities Under its Provincial Economic Growth Program

(INITIATED 3Q/FY 2010)

The objective is to evaluate if USAID/Iraq's microfinance activities are achieving their main goal of increasing access to inclusive and sustainable financial services in Iraq.

Audit of USAID/Iraq's Community Action Program III Activities

(INITIATED 2Q/FY 2010)

The objective is to evaluate if USAID/Iraq's Community Action Program III is achieving its main goals.

Audit of USAID/Iraq's Agribusiness Program *(INITIATED 1Q/FY 2010)*

The objective is to evaluate if USAID/Iraq's agribusiness program is achieving its main goals.

U.S. Department of the Treasury

During this period, the Department of Treasury did not conduct any work related to, in support of, or in Iraq. Additionally, as of September 30, 2009, the Department of Treasury has no plans to conduct any work in the future and will no longer be reported on in this section.

Department of Commerce

During this period, the Department of Commerce did not conduct any work related to, in support of, or in Iraq. Additionally, as of September 30, 2009, the Department of Commerce has no plans to conduct any work in the future and will no longer be reported on in this section.