

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, 2011.

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 G.1 shows both the Iraq-related audits closed during FY 2011 and the audits closed and still open in FY 2012 (as of December 31, 2011).

TABLE G.1
DCAA AUDITS RELATED TO IRAQ FOR FY 2011 AND FY 2012

DESCRIPTION OF AUDIT AREA	FY 2011	2012	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	50	7	22
Other Special Requested Audits (2)	16	4	41
Incurred Cost (3)	41	11	332
Labor Timekeeping (4)	14	1	41
Internal Controls (5)	20	6	81
Pre-award Accounting Survey (6)	12	2	2
Purchase Existence and Consumption (7)	6	0	25
Cost Accounting Standards (8)	37	10	97
Other (9)	11	3	66
Total	207	44	707

Note:

- Price Proposals**—Audits of price proposals submitted by contractors in connection with the award, modification, or repricing of government contracts or subcontracts
- Other Special Requested Audits**—Audit assistance provided in response to special requests from the contracting community based on identified risks
- Incurred Cost**—Audits of costs charged to government contracts to determine whether they are allowable, allocable, and reasonable
- Labor Timekeeping**—Audits to determine if the contractor consistently complies with established timekeeping system policies and procedures for recording labor costs
- Internal Controls**—Audits of contractor internal control systems relating to the accounting and billing of costs under government contracts
- Pre-award Accounting Survey**—Pre-award audits to determine whether a contractor's accounting system is acceptable for segregating and accumulating costs under government contracts
- Purchase Existence and Consumption**—The physical observation of purchased materials and services and related inquiries regarding their documentation and verification of contract charges
- Cost Accounting Standards**—Audits of Contractor Disclosure Statements and compliance with Cost Accounting Standards
- 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

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. Matching the Department's current Southwest Asia operational tempo and focus, DoD OIG's primary oversight focus is operations in Afghanistan while maintaining the necessary oversight in Iraq and its remaining operations. 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 eighteenth meeting in November 2011.

Completed Oversight Reports

Funding for Enhancements to the Standard Procurement System

(DODIG-2012-032, ISSUED DECEMBER 14, 2011)

The Army Contracting Agency, Information Technology, E-Commerce and Commercial Contracting Center (ACA-ITEC4), contracting officials inappropriately used approximately \$755,000 of FY 2008 Operation and Maintenance funds rather than Procurement funds for the SPS enhancements. This occurred because ACA-ITEC4 contracting officials misinterpreted the DoD Financial Management Regulation. As a result, the ACA-ITEC4 potentially may have created a Purpose Statute violation and may have violated the Antideficiency Act.

Changes Are Needed to the Army Contract with Sikorsky to Use Existing DoD Inventory and Control Costs at the Corpus Christi Army Depot

(DODIG-2012-004, ISSUED NOVEMBER 3, 2011)

The Army Aviation and Missile Life Cycle Management Command (AMCOM) did not effectively use DoD inventory before procuring the same items from Sikorsky because AMCOM did not develop adequate procedures addressing inventory use. DoD OIG identified \$47.5 million to \$58.7 million of excess inventory that AMCOM could use to satisfy Corpus Christi Army Depot contract requirements. AMCOM, as directed by the Army Materiel Command, added a material cost reduction clause into the contract, which was not effective in reducing Corpus Christi Army Depot repair costs. The clause was designed for Sikorsky and Corpus Christi Army Depot to share savings associated with reduced material usage for repair programs. However, AMCOM did not use reliable data, did not consider depot labor, and omitted repair programs that experienced material cost increases in its calculation of material cost reduction. Consequently, AMCOM made an unjustified incentive payment of \$11.8 million to Sikorsky for reducing material costs. DoD OIG estimates that depot costs increased by \$29.3 million.

In addition, AMCOM officials did not use the most cost-effective source of supply for consumable items purchased on the contract because AMCOM had not developed an effective material management strategy. The Defense Logistics Agency (DLA) had sufficient inventory to satisfy annual contract requirements for 3,267 items, and the Sikorsky contract price for those items was \$7.6 million, or 85.1 percent, higher than the DLA price. In addition, from 2008 through 2010, Sikorsky was allowed to make excessive profit of about \$930,760 by procuring items from DLA that it then sold to Corpus Christi Army Depot.

DoD Countermine and Improvised Explosive Device Defeat Systems Contracts—Vehicle Optics Sensor System

(DODIG-2012-005, ISSUED OCTOBER 28, 2011)

Joint Improvised Explosive Device Defeat Organization and Army procurements for the Vehicle Optics Sensor System were developed, contracted, and managed in accordance with federal and defense acquisition regulations. This report is the third in a series of reports covering DoD Countermine and Improvised Explosive Device (IED) Defeat Systems programs and associated contracts.

Ongoing Oversight Activities

DoD Management of the Redistribution Property Assistance Team Operations in Kuwait

(PROJECT NO. D2011-D000JA-0281.000, INITIATED SEPTEMBER 7, 2011)

DoD OIG is determining whether DoD is effectively managing Redistribution Property Assistance Team (RPAT) operations in Kuwait to ensure DoD is prepared to handle the anticipated amount of materiel related to the drawdown from Iraq.

Theater-Provided Equipment Refurbishment Program for Tactical Wheeled Vehicles

(PROJECT NO. D2011-D000JA-0212.000, INITIATED APRIL 25, 2011)

DoD OIG is determining whether DoD is effectively executing the Theater-Provided Equipment Refurbishment Program for tactical wheeled vehicles in Kuwait. Specifically, DoD OIG will determine whether DoD is providing appropriate contract oversight to ensure that tactical wheeled vehicles receive the necessary repairs and maintenance, and repair parts are utilized efficiently.

Assessment of the DoD Establishment of the Office of Security Cooperation-Iraq

(PROJECT NO. D2011-D00SPO-0203.000, INITIATED MARCH 25, 2011)

DoD OIG is assessing the progress made by DoD toward establishing the Office of Security Cooperation-Iraq. Specifically, DoD OIG will assess the execution of the plan to transition authority, personnel, and equipment for the OSC-I from DoD to the Chief of Mission. In addition, DoD OIG will assess the sufficiency of the OSC-I to carry out its mission to support the development of the Iraqi Security Force capability.

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 drawdown 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

(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.

Assessment of DoD Wounded Warrior Matters

(PROJECT NO. D2010-D00SPO-0209.000, INITIATED APRIL 16, 2010)

DoD OIG is performing this assessment in response to a congressional request (Rep. Jones-NC) to conduct, a systematic review of DoD Wounded Warrior programs. DoD OIG will conduct this review, with a focus on traumatic brain injury (TBI) and Post

Traumatic Stress Disorder (PTSD). Additional assessments may be generated as issues arise. Report SPO-2011-004, issued March 17, 2011, addresses wounded warrior matters at Fort Sam Houston.

Contracts Supporting Base Operations in Kuwait

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

DoD OIG is determining whether DoD properly managed and administered contracts supporting base operations in Kuwait. Specifically, DoD OIG is determining 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.

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, 2011.

Ongoing Oversight Activities

Evaluation of Emergency Action Plan for Embassy Baghdad

(PROJECT NO. MERO 3014, INITIATED MAY 17, 2011)

DoS OIG is focusing on Embassy Baghdad's formulation of a comprehensive Emergency Action Plan, the completeness of associated documentation, and the general knowledge and preparedness of all chief of mission personnel.

Antiterrorism Assistance Program in Iraq
(PROJECT NO. MERO 3010,
INITIATED JANUARY 10, 2011)

DoS OIG is determining the degree to which the Antiterrorism Assistance Program in Iraq, which provides training and equipment to police, has achieved its intended outcomes, and to assess whether the program provides effective oversight of contracts and U.S. government-furnished equipment.

Evaluation of PAE Operations and Maintenance Support of Embassy Baghdad
(PROJECT NO. MERO 3012,
INITIATED NOVEMBER 23, 2010)

DoS OIG is evaluating the maintenance of administrative records and contract files, monitoring of contractor performance, controlling contractor costs, and accounting for U.S. government-furnished equipment.

Government Accountability Office

GAO continues to respond to Congressional interest and mandates to provide oversight of U.S. efforts in Iraq, including DoD drawdown planning and related issues, contracting, and campaign planning.

Completed Oversight Reports

GAO completed no oversight reports related to Iraq for the quarter ending December 31, 2011.

Ongoing Oversight Activities

DoD Efforts to Institutionalize Security Force Assistance Capabilities

(PROJECT NO. 351634, INITIATED JULY 12, 2011)

GAO's key issues are determining to what extent:

- Has DoD defined SFA roles, missions and capabilities for GPF and special forces, including combatant commanders' needs for these capabilities.

- Have the services institutionalized SFA within the GPF, to include training, equipping, and tracking personnel and related costs factors and funding sources.
- Have DoD and the services incorporated lessons from current operations in their efforts.
- Has the Army developed its concept for regionally aligning its brigades with geographic commands, including how it envisions selecting and using these brigades, and associated costs factors.

Religious Minorities in Iraq

(PROJECT NO. 320852,
INITIATED JUNE 20, 2011)

GAO's key questions are:

- What projects have DoS and USAID funded in response to Congressional directives in FY 2008 and 2010?
- What steps, if any, did DoS and USAID take to apprise minority groups about the availability of assistance?
- What assurance do DoS and USAID have that the funds benefited minority communities?
- To what extent do U.S. agencies coordinate their approaches to these Iraqi communities?

Biometrics, Last Tactical Mile

(PROJECT NO. 351617, INITIATED MAY 27, 2011)

GAO's key issues are determining:

- The extent to which DoD biometrics policies and practices are implemented in predeployment training and in theater, and the adequacy of these policies/practices.
- The extent to which DoD biometrics equipment is meeting operational needs (e.g., communication, supply, and maintenance).
- DoD efforts to achieve efficiencies pertaining to biometrics collection and information management.

Transition to a Predominantly Civilian Presence in Iraq

(PROJECT NO. 320843, INITIATED APRIL 22, 2011)

GAO's key questions are:

- What are the estimated costs for transitioning to and maintaining the planned U.S. presence in Iraq?
- To what extent does DoS have the capabilities, resources, and authorities needed to provide security for the planned diplomatic sites and programs?
- How have the estimated costs, scope, objectives, and implementation schedule of DoS's planned police program changed since July 2010?
- How have the estimated costs, scope, objectives, and implementation schedule of the DoS-DoD Office of Security Cooperation-Iraq changed since July 2010?

Intelligence, Surveillance, and Reconnaissance Collection and Tasking Management

(PROJECT NO. 351603, INITIATED MARCH 31, 2011)

GAO's key questions are:

- To what extent does DoD have visibility over all available national, theater, and organic ISR capabilities used in support of military operations?
- To what extent do DoD collection managers involved in the tasking of ISR capabilities have access to real-time information regarding ISR capabilities and their mission availability and use such information to guide additional tasking?
- To what extent do DoD collection managers involved in the tasking of ISR capabilities receive relevant collection management training?

State Contracting for Conflict Countries

(PROJECT NO. 120976, INITIATED MARCH 31, 2011)

GAO's key questions are:

- What is the extent and nature of DoS's reliance on DoD for acquisition support for Iraq and Afghanistan?
- What factors led to this reliance?
- What efforts are under way to determine whether to continue this reliance?

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. Army Audit Agency

As of December 31, 2011, USAAA had 3 auditors deployed to Southwest Asia: 2 in Afghanistan and 1 in Kuwait. By the end of January 2012, USAAA plans to have 21 auditors working in Southwest Asia: 17 in Afghanistan and 4 in Kuwait.

Completed Oversight Reports

USAAA completed no oversight reports related to Iraq for the quarter ending December 31, 2011.

Ongoing Oversight Activities

Commander's Emergency Response Fund and I-CERP Closeout-Iraq

(PROJECT NO. A-2011-ALL-0525.000, INITIATED 4Q/FY 2011)

This audit is being performed in Iraq. It will verify that the U.S. Forces-Iraq have sufficient processes in place to (1) properly account for and close out

Commander's Emergency Response Program (CERP) and I-CERP funding and that they were operating as intended and (2) properly close out CERP and I-CERP projects.

Army Prepositioned Stock (APS V) Requirements Determination Processes-Kuwait

(PROJECT NO. A-2011-0094.000, INITIATED 4Q/FY 2011)

This audit is being performed in Kuwait. It will verify that (1) Army's Prepositioned Stock requirements, including those for Class IX items, are supported by strategic plans and consistent with established mission sets and operational projects, (2) Army Prepositioned Stock items, including Class I, Class VII, and Class VIII items, are properly positioned, maintained, redistributed, and accounted for so that readiness goals were achieved, and (3) storage facilities are fully utilized and sufficient to store and protect Army Prepositioned Stocks.

Followup Audit of Management and Visibility of Government Property Provided on the Base Operations Support Contract in Kuwait

(PROJECT NO. A-2012-ALL-0018.000, INITIATED 4Q/FY 2011)

This audit is being performed in Kuwait. It will verify that (1) command implemented the recommendations and that the corrective actions fixed the problem and (2) monetary benefits were realized. For the follow-on KBOSSS contract, it will verify that command established sufficient policies, processes, and procedures to enhance the Army's accountability and visibility of government property.

Contractor Payments in Afghanistan

(PROJECT NO. A-2011-ALL-0539.000, INITIATED 4Q/FY 2011)

This audit is being performed in Afghanistan. It will verify that the Army has sufficient policies and procedures in place to minimize the use of US currency for contractor payments in Afghanistan.

Financial Transparency in the Afghanistan Transportation Network Contract, Regional Command-South

(PROJECT NO. A-2011-ALL-0534.000, INITIATED 4Q/ FY 2011)

This audit is being performed in Afghanistan. It will verify that the Afghanistan Trucking Network contract (1) provided the financial information needed to meet strategic goals of having financial transparency and (2) contained sufficient metrics and controls to meet contract objectives and goals.

Contract Management-Atmospherics Program-Afghanistan

(PROJECT NO. A-2011-ALL-0490.000, INITIATED 4Q/FY 2011)

This audit is being performed in Afghanistan. It will verify that (1) contract requirements were detailed, specific, measureable, and updated annually and (2) contract administrative practices were effective to ensure the U.S. government receives the goods and services it pays for.

Bulk Fuel Accountability in Afghanistan-Phase II

(PROJECT NO. A-2011-ALL-0330.000, INITIATED 4Q/FY 2011)

This audit is being performed in Afghanistan. It will verify that the controls over storage and distribution operations for Class III bulk fuel points in Afghanistan will ensure the accurate accountability of fuel products and prevent the unauthorized diversion of fuel.

Property Accountability of Organizational and Theater-Provided Equipment in Iraq

(PROJECT NO. A-2011-ALL-0414.000, INITIATED 3Q/FY 2011)

This audit is being performed in Iraq. It will determine whether the Army (1) had sufficient policies and controls in place to ensure units properly accounted for organizational and theater-provided equipment on property books and (2) sufficiently accounted for organizational and theater-provided equipment in accordance with established policies and procedures.

Property Accountability-Over Unit Equipment Shipped to Afghanistan-CONUS

(PROJECT NO. A-2011-ALL-0346.000, INITIATED 2Q/FY 2011)

This audit is being performed in CONUS. It will determine whether the Army has sufficient policies, processes, and procedures to account for unit property including sensitive items and equipment shipments from CONUS to Afghanistan.

Property Accountability-Over Unit Equipment Shipped to Afghanistan-Afghanistan

(PROJECT NO. A-2011-ALL-0344.000, INITIATED 2Q/FY 2011)

This audit is being performed in Afghanistan. It will determine whether command has sufficient policies, processes, and procedures to (1) account for sensitive item shipments from Afghanistan to CONUS, (2) ensure visibility and transfer of property during Relieve in Place and Transfer of Authority (RIP/TOA), and (3) ensure units used Financial Liability Investigation of Property Loss (FLIPL) appropriately.

Commander's Emergency Response Program-Afghanistan

(PROJECT NO. A-2011-ALL-0342.000, INITIATED 2Q/FY 2011)

This audit is being performed in Afghanistan. It will determine whether (1) the established project review and approval processes for the Commander's Emergency Response Program (CERP) in Afghanistan promote selection of projects in compliance with CERP stated goals of providing immediate benefit to the Afghan people and (2) the process for generating CERP funding requirements was fully supported by the approved project list.

Foreign Excess Personal Property (FEPP) Program

(PROJECT NO. A-2011-ALL-0092.000, INITIATED 2Q/FY 2011)

This audit is being performed in Iraq. It will determine if U.S. Forces-Iraq has sufficient processes in place to execute the Foreign Excess Personal Property (FEPP) Program IAW the established transfer authority, including properly documenting equipment transfers to the GOI.

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.

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.

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.

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.

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

Completed Oversight Reports

This quarter, the USAID Office of Inspector General (USAID OIG) issued two performance audits related to Iraq reconstruction. USAID OIG issued six financial audits report this quarter, identifying \$1,482,436 in questioned ineligible costs and \$886,808 in questioned unsupported costs. As of December 31, 2011, fourteen financial audits by

DCAA and public accounting firms are underway, with 33 additional audits in the planning phase.

Survey of USAID/Iraq's Awards and Subawards

(E-267-12-001-S, ISSUED NOVEMBER 30, 2011)

USAID OIG conducted this survey to compile data on USAID/Iraq's prime awards and subawards (subcontracts and subgrants) and determine whether implementers complied with audit requirements for their subawardees.

From March 2003 to June 2011, USAID/Iraq managed a portfolio of \$6.72 billion that included 24 expired awards with total estimated costs of \$4.95 billion and 14 active awards with total estimated costs of \$1.76 billion.

The report did not include any recommendations but did contain the following information:

- Contracts outnumbered cooperative agreements. Nine contracts had estimated total costs of \$1.34 billion. Five cooperative agreements had total estimated total costs of \$421 million.
- All of the USAID/Iraq prime implementers were U.S.-based organizations.
- Democracy and governance programs predominated. Of the 14 active awards, 8 supported democracy and governance programs in local governance, community action, elections support, legislative strengthening, and access to justice.
- Only two USAID programs—Provincial Economic Growth and Agribusiness, both implemented by the Louis Berger Group—provided subawards to Iraqi nonprofit organizations of amounts that necessitated audits, which are in process.

Audit of USAID/Iraq's Community Action Program Activities Implemented by International Relief and Development

(E-267-12-001-P, ISSUED NOVEMBER 15, 2011)

USAID OIG conducted this review to determine whether USAID/Iraq's Community Action Program III, implemented by International Relief and Development (IRD), achieved its goal of communities better articulating their needs and mobilizing resources to solve common problems.

The audit determined that IRD's activities under USAID/Iraq's Community Action Program partially achieved their goals. IRD effectively formed community action groups and developed initial community action plans, completed projects, and used a process for project development. However, the principal hindrances to the achievement of IRD's goals were that completed projects did not target the identified, prioritized needs of communities and that USAID/Iraq's decision to accelerate the spending of program funds had negative consequences.

These consequences were a significant overreliance on supply-type projects (such as supplying student desks, office equipment, and computers to schools; toys to kindergartens; or medical supplies to health clinics), cancelled projects, revisions to many community action plans, and a concentration of projects in some neighborhoods.

DAI implemented the project through a \$349 million contract that ended on August 31, 2011. According to mission records dated October 2011, USAID/Afghanistan obligated \$328 million and disbursed \$317 million for project activities. The final report identified \$6.6 million in questioned costs, stemming from the following issues:

- IRD's completed projects often did not target the prioritized needs of the neighborhoods. Furthermore, IRD officials accelerated spending of program funds and completing projects in order to focus on quick results. This produced four direct effects: revisions to many community action plans, a significant over-reliance on supply-type projects, cancelled projects, and a concentration

of projects within some neighborhoods. IRD's heavy use of supply projects resulted in 62% of the projects costing less than \$25,000. The other community action program implementers only had 7–24% of their projects being less than \$25,000. The discrepancy was partially attributable to IRD's negotiated indirect cost rate which only allows them to collect the indirect rate on the first \$25,000 of an individual subaward.

- IRD's community action program, with \$11.8 million of projects, reported 2.4 million direct beneficiaries—close to half of the city's population. For example, IRD reported 72,000 direct beneficiaries for vaccination and office equipment valued at \$785.
- The results of the USAID OIG site visits to a sample of 51 completed projects showed positive results including the existence of all 51 projects and, overall, the projects contributed to improved lives of community citizens and made a positive impact. However, the site visits also identified several projects that require follow-up by USAID/Iraq and IRD to resolve safety issues, quality of work issues, and potential cost overcharges.
- Since March 2009, USAID/Iraq has not updated and approved a PMP that reflects on-going results and the numerous subsequent changes in program direction. Instead, USAID/Iraq has relied on multiple different documents to fulfill this role of program monitoring.
- Cost share requirements were not clear.

The report included ten recommendations to address these issues.

Ongoing Oversight Activities

Audit of the QED Group's Monitoring and Evaluation of USAID Programs in Iraq

(INITIATED 1Q/FY 2012)

The objective is to determine if the QED Group's monitoring and evaluation of USAID programs in Iraq improved program management and oversight by USAID/Iraq.

Audit of USAID/Iraq's Legislative Strengthening Program

(INITIATED 1Q/FY 2012)

The objective is to determine if the USAID/Iraq's Legislative Strengthening Program improved the sustainability of democratic governance in Iraq.

Audit of the Sustainability of Selected USAID/Iraq-Funded Information Technology Systems

(INITIATED 3Q/FY 2011)

The objective is to evaluate if past USAID/Iraq-funded information technology activities are currently used as intended.

Audit of USAID/Iraq's Elections Support Program

(INITIATED 2Q/FY 2011)

The objective is to evaluate if USAID/Iraq's Elections Support Program is achieving its main goal of providing technical training and capacity building to the Independent High Electoral Commission for Iraq (IHEC) to conduct elections in Iraq.

Defense Criminal Investigative Service

As of September 30, 2011, the Defense Criminal Investigative Service (DCIS) has ended its operations in Iraq and will no longer be reported on

in this section. DCIS began deploying special agents to Iraq in May 2003, and at the close of their operations in Iraq, DCIS had deployed a total of 71 personnel to Iraq.

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. ♦