

## DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

This appendix provides summaries of the audits listed in Section 4. All information provided is current as of June 30, 2007.

### Other Agency Audits

#### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

Demands on the Department of Defense (DoD) resulting from the Global War on Terror (GWOT) continue to be extensive. The Department of Defense Office of the Inspector General (DoD OIG) is committed to assisting DoD in making efficient use of its resources. In that regard, DoD OIG has ongoing and completed reviews that are identifying funds that can be put to a better use and help strengthen both GWOT and the warfighter. Each dollar not prudently spent results in a dollar being unavailable for GWOT priorities.

This quarter, DoD OIG continued to expand its oversight activities related to Iraq relief and reconstruction. The DoD OIG field office in Qatar provides oversight, audit, inspection, and investigative support to ongoing DoD operations in Southwest Asia. As of June 30, 2007, DoD OIG has six auditors in Qatar, with one additional auditor scheduled to be in place by the end of July 2007. In addition to the Qatar field office, the DoD OIG Audit has a forward-deployed presence in Iraq, with four auditors in Baghdad and one additional auditor scheduled to be in place in July 2007. Overall, the DoD OIG Audit component has approximately 139 individuals assigned to ongoing projects related to GWOT and the

war in Iraq. As of June 30, 2007, the Defense Criminal Investigative Service (DCIS) had two special agents in Baghdad to join U.S. Army Criminal Investigation Command, FBI, and SIGIR in targeting fraud, bribery, kickbacks, and other corruption involving contracting. Two additional special agents are stationed in Kuwait. In addition, DoD OIG continues to have one person assigned full-time in Baghdad to assist the Ministry of Defense Inspector General.

The Principal Deputy Inspector General testified at a hearing before the U.S. House Committee on the Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security on June 19, 2007 on “War Profiteering and Other Contractor Crimes Committed Overseas.”

Each DoD OIG component—Audit, Investigations, Inspections and Evaluations, and Intelligence—is actively involved in oversight efforts in Iraq. In addition, DoD OIG:

- Invited observer to the GWOT Cost of War Senior Steering Group that DoD established on February 26, 2007, to improve and standardize cost-of-war reporting. The DoD OIG attended a Senior Steering Group meeting in June 2007.
- Member of the DoD Panel on Contracting Integrity, established by Section 813 of the National Defense Authorization Act for FY 2007. The panel conducts reviews of DoD’s progress to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse. DoD OIG attended a meeting held in June 2007.
- Established and convened the Southwest Asia Joint Planning Group on oversight

activities in Southwest Asia in April 2007. DoD OIG will lead the coordination of oversight required to identify and fix critical mission support problems so military operations can better focus on “the fight.”

- Using a variety of resources to assemble a contract universe for GWOT/SWA. DoD OIG is leveraging the collections of known contracts/databases by other agencies, such as the DCAA, AAA, CID, DCIS, and SIGIR. In addition to leveraging other resources, DoD OIG has current projects that will also identify contracts, such as the reviews of Controls Over The Management of Contractors and Iraq Security Forces Fund. DoD OIG is also using forward-deployed personnel to assist in identifying existing contracts in GWOT/SWA.
- Formed a task force to review weapons accountability for U.S.-financed and/or U.S.-purchased weapons, ammunitions, and explosives provided to the Iraqi Security Forces through MNSTC-I. The objective is to review the supply chain and contracting processes that ensure accountability and, if any gaps are detected, to recommend corrective actions. Lessons Learned will be applied in a subsequent evaluation of supply chain and contracting processes used to equip the Afghan National Security Forces.

#### **Completed Audits**

##### **Procurement Policy for Armored Vehicles**

(PROJECT NO.D-2007-107, 6/27/2007)

The Marine Corps Systems Command awarded sole-source contracts to Force Protection, Inc., for the Joint Explosive Ordnance Disposal

Rapid Response Vehicle, even though Marine Corps Systems Command officials knew that other sources were available for competition. In addition, TACOM Life Cycle Management Command and Marine Corps Systems Command officials did not adequately justify the commercial nature of three commercial contracts with Force Protection, Inc., for the Cougar and the Buffalo Mine Protected Clearance Vehicle. As a result, the Marine Corps Systems Command continued to award contracts for armored vehicles to Force Protection, Inc., even though Force Protection, Inc., did not perform as a responsible contractor and repeatedly failed to meet contractual delivery schedules for getting vehicles to the theater. In addition, TACOM Life Cycle Management Command and Marine Corps Systems Command decisions to award commercial contracts to Force Protection, Inc., may have limited the U.S. government’s ability to ensure that it paid fair and reasonable prices for the contracts.

The TACOM Life Cycle Management Command awarded a contract for crew-protection kits to Simula Aerospace and Defense Group, Inc., an Armor Holdings, Inc., subsidiary. The subsidiary did not meet the Federal Acquisition Regulation definition of a responsible prospective contractor. Specifically, Simula Aerospace and Defense Group, Inc., did not have the necessary production control procedures, property control systems, and quality assurance measures in place to meet contract requirements for crew protection kits. As a result, the TACOM Life Cycle Management Command received crew protection kits with missing and unusable components, which

increased the kit installation time and required additional reinspection of kits. In addition, the TACOM Life Cycle Management Command did not receive all of the crew-protection kits in accordance with the contractual delivery schedule. Furthermore, the increased crew protection-kit installation time, the additional reinspection of kits in theater, and the late deliveries all resulted in increased risk to the lives of soldiers.

TACOM Life Cycle Management Command and Marine Corps Systems Command internal controls were not adequate. DoD OIG identified material internal controls weaknesses in the award of contracts to Force Protection, Inc., and Armor Holdings, Inc., for armored vehicles and armor kits. As a separate point, the Cougar and Joint Explosive Ordnance Disposal Rapid Response Vehicles have significant and operational value to the warfighters in the field. Information from users on vehicle performance indicated that vehicles performed well and saved lives.

### **U.S. Transportation Command (USTRANSCOM) Compliance with DoD Policy on the Use of Commercial Transport**

(REPORT NO. D-2007-105, 6/21/2007)

DoD OIG examined whether USTRANSCOM complied with DoD policy on the use of commercial transport during wartime and whether those policies effectively provided optimal and cost-effective logistics to the warfighter. Specifically, DoD OIG reviewed allegations made to the Defense Hotline regarding the use of commercial sealift services. DoD OIG did not substantiate the allegation that USTRANSCOM

directed the use of a commercial vessel rather than a more cost-effective government vessel; as a result, USTRANSCOM spent \$6 million more than necessary. DoD OIG also did not substantiate the allegation that USTRANSCOM directed the use of commercial vessels in similar situations and on a regular basis and that the former USTRANSCOM Deputy Commander unilaterally chose the type of transport to use. DoD OIG partially substantiated the allegation that the use of a commercial vessel prevented the brigade from accomplishing some of its mission-essential tasks and eliminated potential opportunities for the warfighter to train for deployment. In addition, DoD OIG concluded that the USTRANSCOM surface business model for selecting vessels is inconsistent with both the interim guidance of the Office of the Secretary of Defense and the policy of USTRANSCOM.

### **Management of Prepositioned Munitions**

(REPORT NO. D-2007-090, 5/3/2007)

DoD OIG examined the management of prepositioned munitions in the U.S. European Command (USEUCOM). Specifically, DoD OIG reviewed the impact of DoD and GWOT on the readiness of prepositioned munitions. DoD OIG concluded that USEUCOM managed prepositioned conventional munitions while carrying out DoD transformation and supporting GWOT. In addition, USEUCOM provided 25,000 short tons of munitions to USCENTCOM GWOT operations. DoD OIG published the final report on May 3, 2007.

## **Antideficiency Act Investigation of the Operation and Maintenance Appropriation Account 2142020 and 2152020**

(4/2/2007)

DoD OIG examined whether an Anti-deficiency Act (ADA) violation occurred in Appropriation Accounts 2142020 and 2152020. Results of the investigation were provided to the DoD Office of General Counsel (OGC) on October 13, 2006. The investigation concluded that Army personnel associated with funding of Phases I and II construction of the Internment Facility at Camp Bucca, Iraq, did not implement sufficient controls to ensure military compliance with applicable laws and regulations. As a result, there were two ADA violations with the FY 2004 Army Operation and Maintenance Appropriation. In January 2007, the DoD OGC requested the DoD OIG to perform additional work.

## **Audit Research on DoD Contracts Awarded to Parsons Corporation and its Subsidiaries**

(6/14/2007)

DoD OIG conducted research to determine which DoD entities contracted with Parsons Corporation, the scope of the work being contracted, and the amount of funds under contract. In June 2007, the Special Inspector General for Iraq Reconstruction announced two projects related to the scope of this research project. Therefore, on June 14, 2007, DoD OIG terminated the research project to avoid duplication of effort.

## **Ongoing Audits**

### **Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Trust Fund**

(PROJECT NO. D2007-D000FB-0198.000,  
INITIATED 6/19/07)

The overall objective of the audit is to determine whether funds appropriated for the security, reconstruction, and assistance of Afghanistan and Iraq and processed through the Foreign Military Sales Trust Fund are being properly managed. Specifically, DoD OIG will determine whether the transfer of appropriated funds from the Army's accounts into the Foreign Military Sales Trust Fund was properly authorized, accounted for, and used for the intended purpose. DoD OIG will also determine whether Foreign Military Financing funds granted to Afghanistan and Iraq are properly accounted for and used for their intended purpose. In addition, DoD OIG will determine whether the appropriated funds are properly reported in DoD financial reports. DoD OIG expects to publish the final report during the second quarter of FY 2008.

### **Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts**

(PROJECT NO. D2007-D000CK-0201.000,  
INITIATED 6/18/07)

The overall objective of the audit is to determine whether DoD components followed requirements for using operations and maintenance (O&M) funds for GWOT military construction. Specifically, DoD OIG will

evaluate whether DoD followed proper procedures for administering, executing, and reporting the use of O&M funds on GWOT military construction contracts. DoD OIG expects to publish the final report during the second quarter of FY 2008.

#### **Marine Corps Management of the Recovery and Reset Programs**

(PROJECT NO. D2007-D000LD-0129.000, INITIATED 4/13/07)

The overall objective of the audit is to determine the effectiveness of the Marine Corps Recovery and Reset Programs for selected equipment. Specifically, DoD OIG will review how the Marine Corps met its equipment requirements through the Reset and Recovery Programs, whether it effectively repaired or replaced selected equipment, and whether the Marine Corps used funds for their intended purpose. DoD OIG expects to publish the final report during the second quarter of FY 2008.

#### **Defense Hotline Allegations Concerning the Biometric Identification System for Access Omnibus Contract**

(PROJECT NO. D2007-D000AS-0157.000, INITIATED 3/6/2007)

The overall objective of the audit is to review the allegations to the Defense Hotline concerning the acquisition of the Biometric Identification System (a system employed in Iraq) for Access Omnibus contract under the Army's Strategic Services Sourcing contract vehicle. Specifically, the audit will determine whether source selection procedures were conducted in

compliance with federal and DoD policy. DoD OIG expects to publish the final report during the second quarter of FY 2008.

#### **Internal Controls over Air Force General Funds Cash and Other Monetary Assets**

(PROJECT NO. D2007-D000FD-0145.000, INITIATED 3/5/2007)

The objective of the audit is to determine whether internal controls for Air Force General Funds Cash and Other Monetary Assets are effectively designed and operating to adequately safeguard, account for, and report Cash and Other Monetary Assets. The audit team anticipates traveling to Iraq during the 4th Quarter of FY 2007 as part of the overall effort and is working with OIG personnel in Iraq to facilitate the site visit. DoD OIG expects to issue the final report during the first quarter of FY 2008.

#### **Internal Controls over Navy General Fund, Cash, and Other Monetary Assets Held Outside the Continental United States**

(PROJECT NO. D2007-D000FN-0142.000, INITIATED 2/27/2007)

The objective of the audit is to determine whether internal controls for Department of the Navy, General Fund, Cash, and Other Monetary Assets held outside of the continental United States are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. The audit team anticipates traveling to Iraq during the 4th Quarter of FY 2007 as part of the overall effort and is working with

OIG personnel in Iraq to facilitate the site visit. DoD OIG expects to issue the final report during the first quarter of FY 2008.

**Management of the Iraq Security Forces Fund - III**

(PROJECT NO. D2007-D000LQ-0141.000, INITIATED 2/15/2007)

The objective of Phase III of the audit is to determine whether MNSTC-I properly accounted for the goods and services purchased for the Iraqi Security Forces using the Iraq Security Forces Fund and whether the delivery of goods and services was properly made to the Iraqi Security Forces. The audit was conducted by OIG personnel who deployed to Iraq. DoD OIG expects to issue the final report during the first quarter of FY 2008.

**Internal Controls over Army Cash and Other Monetary Assets Held Outside the Continental United States**

(PROJECT NO. D2007-D000FP-0122.000, INITIATED 2/9/2007)

The objective of the audit is to determine whether internal controls over Army Cash and Other Monetary Assets held outside the United States are properly safeguarded, recorded, accumulated, and reported. The audit team anticipates traveling to Iraq during the 4th Quarter of FY 2007 as part of the overall effort and is working with OIG personnel in Iraq to facilitate the site visit. DoD OIG expects to issue the final report during the second quarter of FY 2008.

**DoD Training for U.S. Ground Forces Supporting Operation Iraqi Freedom**

(PROJECT NO. D2007-D000LH-0108.000, INITIATED 1/5/2007)

The overall objective of the audit is to determine whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) are receiving training necessary to meet operational requirements. Specifically, the audit will determine whether requirements reflect the training necessary in the area of operation and verify whether the ground forces are receiving the required training. DoD OIG expects to issue a series of final reports starting in the first quarter of FY 2008.

**Audit of Potable and Nonpotable Water in Iraq**

(PROJECT NO. D2006-D000LQ-0254.000, INITIATED 9/5/2006)

This audit was requested by Senator Byron Dorgan. The objective of the audit is to determine whether the processes for providing potable and nonpotable water to U.S. forces in Iraq are adequate. The audit was conducted by staff from the Qatar Field Office that forward deployed to Iraq. In addition, a team of auditors traveled to various CONUS locations to locate and obtain supporting documentation. On May 23, 2007, DoD OIG sent a letter to Senator Byron Dorgan with the results of the review of four contractor-operated water production sites in Iraq. In June 2007, at the request of the Senate Armed Services Committee, DoD OIG re-initiated audit fieldwork to address further concerns the Committee

had regarding the quality of water at Camp Ar Ramadi. DoD OIG expects to issue the final report during the first quarter of FY 2008.

**Audit of the Inspection Process of the Army Reset Program for Equipment for Units Returning from Operation Iraqi Freedom**

(PROJECT NO. D2006-D000LH-0246.000, INITIATED 8/30/2006)

The objective of the audit is to examine the Army Reset Program for equipment of the units that return from Operation Iraqi Freedom and to determine the effectiveness of the vehicles' inspection process after their tour. The initial scope of this project pertained to vehicles; however, the scope was expanded to include equipment such as missiles, tracked vehicles, communications, and small arms. The project with the expanded scope and objectives was reannounced on January 22, 2007. The audit team met with units in CONUS during the 2nd Quarter of FY 2007. In addition, the audit team went to Kuwait during the 2nd Quarter of FY 2007. The OIG Iraq Field Office is completing fieldwork for units currently in Iraq. DoD OIG expects to publish the final report during the first quarter of FY 2008.

**Audit of the Conditional Acceptance and Production of the Army Medium Tactical Vehicles in Support of the Global War on Terror**

(PROJECT NO. D2006-D000AE-0225.000, INITIATED 7/31/2006)

The objective of the audit is to determine whether the Army is adequately protecting the

government's interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicles Program. In addition, DoD OIG will evaluate whether management is cost-effectively producing the Family of Medium Tactical Vehicles as funded in support of GWOT. DoD OIG expects to publish the final report during the first quarter of FY 2008.

**Audit of the DoD Use of GWOT Supplemental Funding Provided for Procurement and Research, Development, Test and Evaluation**

(PROJECT NO. D2006-D000AE-0241.000, INITIATED 8/4/2006)

The objective of the audit is to determine the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation. DoD OIG will also determine whether the funds were placed on contracts and used for purposes stipulated in the congressionally approved supplemental funding for GWOT. DoD OIG expects to publish a series of final reports beginning in the fourth quarter of FY 2007.

**Audit of Internal Controls Over Out-of-country Payments**

(PROJECT NO. D2006-D000FL-0208.000, INITIATED 5/23/2006)

The objective of the audit is to determine whether internal controls over out-of-country payments supporting GWOT provide reasonable assurance that payments are properly supported and recorded. The audit team is

working with the OIG Iraq Field Office to identify and obtain supporting documentation. Additionally, DoD OIG granted DFAS an additional 90 days to provide supporting documentation. Therefore, DoD OIG expects to publish the final report during the first quarter of FY 2008.

#### **Audit of Supplemental Funds Used for Medical Support for the Global War on Terror**

(PROJECT NO. D2007-D000LF-0032.000, INITIATED 11/30/2006)

The objective of the audit is to determine whether supplemental funds for the medical mission were properly justified and sufficient controls on their use were implemented as directed by DoD and Military Department guidelines. DoD OIG will initially focus on the Defense Health Program portion of supplemental funding for the medical organizations that supported medical backfill and pre-and post-deployment. DoD OIG expects to publish a series of final reports beginning in the first quarter of FY 2008.

#### **Audit of the Procurement, Distribution, and Use of Body Armor in the Department of Defense**

(PROJECT NO. D2007-D000LA-0054.000, INITIATED 11/9/2006)

This audit was requested by U.S. Representative Louise Slaughter. The objective of the audit is to evaluate the procurement history and practices for body armor and the effect that the Army's decision to ban the use of personally purchased body armor has on the safety of

service members. DoD OIG expects to publish the final report during the first quarter of FY 2008.

#### **Audit of Hiring Practices Used to Staff the Iraqi Provisional Authorities**

(PROJECT NO. D2007-D000LC-0051.000, INITIATED 12/14/2006)

The overall objective of the audit is to evaluate the hiring practices that DoD used to staff personnel to the provisional authorities supporting the Iraqi government from April 2003 to June 2004. Specifically, the audit will determine the process DoD used to assign personnel to the Office of Reconstruction and Humanitarian Assistance and the Coalition Provisional Authority in Iraq. DoD OIG expects to publish the final report during the first quarter of FY 2008.

#### **Supply Chain Management of Clothing, Individual Equipment, Tools, and Administrative Supplies**

(PROJECT NO. D2006-D000LD-0062.000, INITIATED 12/15/2005)

The overall objective of the audit is to evaluate the supply chain management of Clothing and Textile (Class II) items to determine whether they are being efficiently and effectively obtained. Specifically, the audit will review the requirements determination and procurement processes, the acquisition of selected Class II items, and supply responsiveness—including emergency supplemental funds used to provide Rapid Fielding Initiative program items to soldiers in support of contingency operations. DoD OIG issued a draft report on March 22,

2007. DoD OIG expects to publish the final report during the fourth quarter of FY 2007.

**Evaluation of Department of Defense Intelligence Support to the Combatant Commands in Operation Enduring Freedom and Operation Iraqi Freedom**

(PROJECT NUMBER D2007-DINT01-0092, INITIATED 12/15/2006)

The objectives are to examine DoD intelligence community support to the Combatant Commands in Operation Enduring Freedom and Operation Iraqi Freedom, to identify excellence and systemic problems, and to make recommendations for improvement. This will be a multi-phased project that will evaluate different elements of intelligence support, the scope of which will be narrowed after a preliminary study. Based on this overall effort, two specific projects were initiated.

**Review of Intelligence Resources at the Joint Intelligence Task Force Combating Terrorism and Special Operations Command in Support of Operation Enduring Freedom and Operation Iraqi Freedom**

(PROJECT NUMBER D2007-DINT01-0092.001, INITIATED 6/14/2007)

The objective is to examine intelligence missions and corresponding resources at both the Joint Intelligence Task Force Combating Terrorism and the Special Operations Command to determine the sufficiency of those resources to accomplish their intelligence missions. A draft report is expected to be issued in the first quarter of FY 2008.

**Evaluation of Department of Defense Intelligence, Surveillance, and Reconnaissance Activities in Support of U.S. Pacific Command for the Conduct of Operation Enduring Freedom-Philippines**

(PROJECT NUMBER D2007-DINT01-0092.002, INITIATED 6/14/2007)

The overall objective is to examine DoD Intelligence, Surveillance, and Reconnaissance (ISR) support to U.S. Pacific Command (USPACOM) in Operation Enduring Freedom-Philippines to identify excellence and systemic problems and to make recommendations for improvement. Specifically, DoD OIG will evaluate the process and procedures for the requirement, synchronization, and allocation of ISR resources under the command and control of the DoD and national systems requested through the DoD collection management and global force management process. A draft report is expected to be issued in the first quarter of FY2008.

**Assessment of DoD Support to Iraqi Security Forces (MOD and MOI) OIGs**

(D2006-DIPoE3-0038.001, INITIATED 4/19/2007)

DoD OIG dispatched a team to Iraq to conduct this assessment from May 7 through June 21, 2007. The purpose of the assessment was to examine the strengths and weaknesses of DoD support for the security ministry Offices of Inspector General. The team's objectives included:

- Evaluate the requirements and plans of the ISF Inspectors General.

- Examine the advisory structure and identify future needs of the ISF Inspectors General system.
- Map the current operating environment and anticorruption initiatives affecting the ISF Inspectors General.
- Capture lessons learned from the advisory experience for future Stability, Security, Transition, and Reconstruction (SSTR) capacity-building situations.

## **DoD/Department of Veterans Affairs (VA) Inspectors General Interagency Care Transition Project**

(DOD PROJECT D2006-DIPoE2-0137; DVA PROJECT 2006-02857-HI-0400, INITIATED 7/24/2006)

Requested by the Under Secretary of Defense for Personnel and Readiness, the IGs of DoD and the Department of Veterans Affairs are conducting this interagency evaluation of the care transition laws, regulations, and policies and will recommend process improvements to provide effective, transparent, and expeditious access to health care and other benefits when wounded service members are identified for separation or retirement.

## **Research of the Controls Over the Management of Contractors**

(PROJECT NO. D2007-D000LA-0199.000, INITIATED 6/22/07)

The objective of the research project is to determine the control process for issuance, verifying the continued need for, and recovery of Common Access Cards provided to contractor personnel in Southwest Asia. DoD OIG is

also reviewing the procedures used to account for the number of contractor personnel working in Southwest Asia.

## **Audit Research on DoD Contracting Issues Related to the Global War on Terror**

(PROJECT NO. D2007-D000CK-0144.000, INITIATED 2/16/2007).

The objective of the research project is to examine DoD GWOT funding for contracts and issues surrounding those contracts.

## **Advisory Support to Iraqi Ministry of Defence and Ministry of Interior Offices of the Inspectors General**

(D2006-DIPoE3-0038, INITIATED 7/15/2005)

During this period, DoD OIG had two full-time evaluators detailed as advisors to MNSTC-I in Baghdad. These evaluators collaborated with other MNSTC-I advisors and provided advice, mentoring, assistance, and training for the inspectors general of the Iraqi Security Forces (ISF)—Ministry of Defense, Ministry of Interior, Joint Headquarters, and the three Iraqi military services. They also provided advice to the MNSTC-I Commander and his staff regarding issues best addressed by the ISF IG offices, and they provided guidance and assistance to contracted advisors.

The MNSTC-I advisory team helped the Iraqis establish policies and procedures for areas such as (1) human rights inspections of detainee facilities, (2) document controls for classified materials, (3) acquisition and procurement programs, and (4) capacity-building for the military (uniformed) inspector general

system. They also provided training classes and are assisting the Iraqis stand up an educational institution for professional development and are designing on-the-job training programs and defining interim training requirements.

### **Interagency Iraqi Anti-corruption and Principled Governance Initiative**

(D2006-DIPoE3-0256, INITIATED 8/23/2006)

DoD OIG is supporting the DoS OIG initiative to provide advisory support to the entire Iraqi anticorruption system, which includes the 29 ministerial inspectors general, the Commission on Public Integrity, the Board of Supreme Audit, and the Central Criminal Court of Iraq. DoD OIG advisors are assisting the Office of Accountability and Transparency, Embassy-Baghdad, to establish an infrastructure and staff to address anticorruption initiatives and principled governance objectives.

### **DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL**

#### **Ongoing Audits**

National Endowment for Democracy Grant  
The National Endowment for Democracy (NED) Act (Public Law 102-138), as amended, mandates that DoS OIG audit the annual financial transactions of NED. The draft report has been issued to DoS, and the final report is expected Summer 2007.

#### **INL Invoicing for Jordan International Police Training Center**

This is an audit of selected DynCorp invoices. The final report is expected in early July 2007.

### **Review of Procurement Competition: NEC Compound Baghdad**

This audit is in the fieldwork stage. The objectives are to determine whether the NEC contracts were awarded competitively and whether sole-source awards were justified. The draft report is expected to be issued in September 2007.

### **U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

This quarter, the U.S. Agency for International Development Office of Inspector General (USAID OIG) completed two audits; four audits are ongoing. USAID OIG has seven auditors in Iraq, as of June 30, 2007.

During the period, DCAA completed seven financial audits for the USAID OIG of cost incurred under contracts and cooperative agreements that the USAID OIG issued to USAID/Iraq with the transmittal letter. These audits covered \$155.9 million in USAID funds; they questioned costs totaling \$94,940. At the end of the reporting period, 11 DCAA audits were in process, which were being performed at the request of USAID OIG.

#### **Completed Audits Audit of USAID/Iraq's Telecommunication Activities**

(E-267-07-004-P, 5/3/2007)

The audit found that even though USAID provided equipment, employed some Iraqis, and expanded some of Iraq's telecommunications facilities, the \$46.1 million project has yet to benefit the millions of Iraqis as intended.

The audit recommended that USAID/Iraq: (1) work with the Iraq Reconstruction Management Office (IRMO) and the Ministry of Electricity to develop a plan to allow the full impact of the project to be realized by installing necessary equipment and making it operational and (2) develop a system to ensure that preliminary planning for future construction or rehabilitation projects includes obtaining written agreement from key partners regarding responsibilities that are essential to the achievement of the project.

#### **Audit of USAID/Iraq's Activity Planning and Its Reporting Process under Section 2207 of Public Law 108-106** (E-267-07-005-P, 6/6/2007)

The audit found that USAID/Iraq followed its Automated Directives System's 12 pre-obligation requirements when planning its activities and completed the 5 required steps for activity planning. For example, USAID/Iraq ensured that (1) there was an illustrative budget for the activity, providing a reasonably firm estimate of the cost to the U.S. government, and (2) there was a plan for monitoring the performance of the activity. USAID/Iraq also ensured that it had a procurement plan, an Activity Approval Document, and that the activity was formally approved.

USAID/Iraq reported quarterly to IRMO on its activities funded under IRRF 2. Quarterly reporting of project expenditures is a requirement of Section 2207 of Public Law 108-106, and IRMO accepted USAID's Section 2207 quarterly reports.

#### **Ongoing Audits**

##### **Audit of the Office of Foreign Disaster Assistance Program in Iraq**

The main objective of this audit is to determine whether the activities of the USAID Office of Foreign Disaster Assistance's Internally Displaced Persons and Vulnerable Population activities achieved their intended results.

##### **Audit of Provincial Reconstruction Teams in Iraq**

The main object of this audit is to determine whether USAID/Iraq coordinated the area of expertise of USAID field officers and provincial reconstruction teams (PRTs) with the technical expertise of its sector specialists, including the design and implementation of activities. The audit also evaluated whether USAID/Iraq programs are benefiting from participation in the PRTs.

##### **Audit of USAID/Iraq's Local Governance Activities**

The main objective of this audit is to evaluate whether USAID/Iraq's local governance activities are achieving their intended outputs.

##### **Audit of the Sustainability of USAID/Iraq's Electric Power Sector Activities**

These are the main objectives of the audit:

- Did USAID/Iraq's operations and maintenance activities in the electric power sector achieve their intended outputs?
- Were USAID/Iraq's electric power sector activities sustainable after the transfer of ownership to the Iraqi government?

### DEFENSE CONTRACT AUDIT AGENCY

The Defense Contract Audit Agency (DCAA) provides 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. The chart below shows both

#### DCAA AUDITS RELATED TO IRAQ FOR FYE 2006 AND FY 2007 (AS OF JUNE 30, 2007)

DESCRIPTION OF AUDIT AREA	FYE 2006 CLOSED	FY 2007		
		CLOSED	OPEN	PLANNED
Price Proposals (1)	159	71	14	4
Agreed-Upon Procedures Price Proposal (2)	21	13	0	0
Other Special Requested Audits (3)	142	43	90	7
Incurring Cost (4)	15	18	108	4
Labor Timekeeping (5)	76	45	27	17
Internal Controls (6)	37	22	58	8
Preaward Accounting Survey (7)	39	6	0	0
Purchase Existence and Consumption (8)	14	17	16	9
Other (9)	101	60	140	15
<b>Total</b>	<b>604</b>	<b>295</b>	<b>453</b>	<b>64</b>

Notes:

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

TABLE L-1

the Iraq-related audits closed during FY 2006 and the audits closed, opened, and planned in FY 2007 (as of June 30, 2007).

## U.S. ARMY AUDIT AGENCY

USAAA has four audits in progress. As of June 30, 2007, USAAA had 7 auditors working in Iraq at Camp Victory, 6 auditors working in Kuwait at Camp Arifjan, and 3 auditors working in Afghanistan at Bagram Airfield.

### Ongoing Audits

#### Audit of Logistics Civil Augmentation Program (LOGCAP)

(PROJECT CODES A-2006-ALL-0264 AND A-2007-ALL-0212)

The Commander, Multi-National Force-Iraq (MNF-I), requested this audit. Preliminary audit planning began on January 3, 2005, and audit work began in Kuwait and Iraq on May 3, 2005. (In-country work was delayed at command's request.) The work focuses on evaluating the adequacy of LOGCAP throughout the Iraq area of operations. The specific objectives include answering these questions:

- Are the services acquired under the LOGCAP contract reasonable and cost-effective solutions for satisfying force requirements?
- Are adequate management structures in place to plan, acquire, and manage services obtained under the LOGCAP contract?
- Is the contract administration over LOGCAP work in Iraq adequate?
- Are adequate internal controls in place over LOGCAP operations in Iraq, especially

those areas highly susceptible to fraud, waste, and abuse?

- Does adequate information exist to enable higher levels of management to provide sufficient oversight over LOGCAP operations in Iraq?

These are “umbrella” projects for various audits that are underway on LOGCAP issues in support of Operation Iraqi Freedom. This ongoing work includes coverage of Defense Base Act insurance rates, dining facility operations, supply support activity operations, bulk fuel controls, and the cross-leveling and disposition of government-furnished property managed by contractors. USAAA anticipates publishing six reports on the results of this work when the command reply process has been completed. Information on the reports will be provided to SIGIR for future quarterly reporting to the Congress as completed audits. Additionally, copies of the reports will be provided to SIGIR.

#### Retrograde Operations in Southwest Asia (PROJECT CODE A-2006-ALL-0397)

This audit involves work in Iraq and Kuwait. It evaluates the retrograde and redistribution of military property resulting from restructuring military forces and the attendant contractor support.

#### Audit of U.S. Army Contracting Command Southwest Asia—Kuwait

(PROJECT CODE A-2007-ALL-0329)

This audit evaluates whether contracting

operations were effective and performed in accordance with appropriate laws and regulations.

### **Management of Shipping Containers in Southwest Asia**

(PROJECT CODE A-2007-ALL-0081)

This audit involves work in the United States, Iraq, Kuwait, and Afghanistan to make these evaluations:

- Were shipping containers adequately managed to ensure accountability and to minimize detention charges?
- Was there adequate visibility over equipment and supplies transported to, within, and from the theater of operations?
- Were controls adequate over payments for the use of containers?

### **GOVERNMENT ACCOUNTABILITY OFFICE**

This quarter, the Government Accountability Office (GAO) has issued 10 reports and has 13 ongoing audits on Iraq reconstruction.

#### **Completed Reports**

#### **Stabilizing and Rebuilding Iraq: Conditions in Iraq Are Conducive to Fraud, Waste, and Abuse**

(GAO-07-525T, APRIL 23, 2007)

Despite U.S. and Iraqi efforts to shift a greater share of the country's defense on Iraqi forces, the security situation continues to deteriorate. Poor security conditions have hindered the management of the more than \$29 billion that has been obligated for reconstruction and stabilization efforts since 2003. Although

DoS has reported that the number of trained and equipped Iraqi army and police forces has increased from about 174,000 in July 2005 to about 323,000 in December 2006, overall security conditions in Iraq have deteriorated and grown more complex. For example, the average number of enemy attacks rose from about 70 per day in January 2006 to a record high of about 180 per day in October 2006—the single worst month on record. In December 2006, the attacks averaged about 160 per day. Sectarian and militia influences in Iraqi security forces have added to the violence. Collectively, these conditions have hindered efforts to engage with Iraqi partners and demonstrate the difficulty in making political and economic progress in the absence of adequate security conditions.

#### **Military Operations: Actions Needed to Improve DoD's Stability Operations Approach and Enhance Interagency Planning** (GAO-07-549, MAY 2007)

Since the end of the Cold War, the United States has frequently been involved in stability and/or reconstruction operations that typically last 5-8 years and surpass combat operations in the cost of human lives and dollars. A 2005 presidential directive requires DoD and DoS to integrate stability activities with military contingency plans. GAO was asked to address (1) DoD's approach to enhance stability operations capabilities and challenges that have emerged in implementing its approach, (2) DoD planning for stability operations and the extent of interagency involvement, and (3) the extent to which DoD is applying lessons learned in

future plans. To address these issues, GAO assessed DoD policy and planning documents, reviewed planning efforts at three combatant commands, and evaluated DoD's use of lessons learned. GAO is also conducting a related study of DoS efforts to lead and coordinate stability operations.

### **Defense Logistics: Army and Marine Corps's Individual Body Armor System Issues**

(GAO-07-662R, APRIL 27, 2007)

Since combat operations began in Iraq and Afghanistan, U.S. forces have been subjected to frequent and deadly attacks from insurgents using various weapons, such as improvised explosive devices (IED), mortars, rocket launchers, and increasingly lethal ballistic threats. Since 2003, to provide protection from ballistic threats, U.S. Central Command (CENTCOM), which is responsible for operations in Iraq and Afghanistan and other areas, has required service members and DoD civilians in its area of operations to be issued the Interceptor Body Armor (IBA) system. Used by all U.S. military service members and DoD civilians in the area of operations, the IBA comprises an outer tactical vest with ballistic inserts or plates that cover the front, back, and sides. As the ballistic threat has evolved, ballistic requirements have also changed. The vest currently provides protection from 9-mm rounds; the inserts provide protection against 7.62-mm armor piercing rounds. Additional protection can also be provided for the shoulders, throat, and groin.

### **Stabilizing And Rebuilding Iraq: Coalition Support and International Donor Commitments**

(GAO-07-827T, MAY 9, 2007)

In March 2003, a U.S.-led multinational force began operations in Iraq. At that time, 48 nations, identified as a "coalition of the willing," offered political, military, and financial support for U.S. efforts in Iraq, with 38 nations other than the United States providing troops. In addition, international donors met in Madrid in October 2003 to pledge funding for the reconstruction of Iraq's infrastructure, which had deteriorated after multiple wars and decades of neglect under the previous regime.

This testimony discusses (1) the troop commitments other countries have made to operations in Iraq, (2) the funding the United States has provided to support other countries' participation in the multinational force, and (3) the financial support international donors have provided to Iraq reconstruction efforts.

This testimony is based on GAO's prior work and data collected for this hearing. GAO reviewed both classified and unclassified documents, but the information in this statement is based only on unclassified documents. GAO completed this work in accordance with generally accepted government auditing standards.

### **Defense Acquisitions: Improved Management and Oversight Needed To Better Control DoD's Acquisition of Services**

(GAO-07-832T, MAY 10, 2007)

DoD is relying more and more on contractors to provide billions of dollars in services. The

Congress has pushed DoD to employ sound business practices when using the private sector for services. This testimony discusses DoD's (1) increasing reliance on contractors, (2) efforts to follow sound business practices when acquiring services, and (3) actions to improve its management and oversight of services. This testimony is based on GAO's work spanning several years, as well as recent reports issued by the Inspectors General.

### **Rebuilding Iraq: Integrated Strategic Plan Needed To Help Restore Iraq's Oil and Electricity Sectors**

(GAO-07-677, MAY 15, 2007)

Since 2003, the United States has provided several billion dollars in reconstruction funds to help rebuild Iraq's oil and electricity sectors, which are crucial to rebuilding Iraq's economy. For example, oil export revenues account for more than half of Iraq's gross domestic product and more than 90% of government revenues. The U.S. rebuilding program was predicated on three key assumptions: a permissive security environment, the ability to restore Iraq's essential services to prewar levels, and funding from Iraq and international donors.

This report addresses (1) the funding made available to rebuild Iraq's oil and electricity sectors, (2) the U.S. goals for these sectors and progress in achieving these goals, and (3) the key challenges the U.S. government faces in these efforts.

### **Global War on Terrorism: Reported Obligations for the Department of Defense**

(GAO-07-783R, MAY 18, 2007)

Since 2001, the Congress has provided DoD with hundreds of billions of dollars in supplemental and annual appropriations for military operations in support of GWOT. DoD's reported annual costs for GWOT have shown a steady increase—from about \$0.2 billion in FY 2001 to about \$98.4 billion in FY 2006. So far in FY 2007, the Congress has provided DoD with \$70 billion in annual appropriations for GWOT. To continue its GWOT operations, DoD has requested an additional \$93.4 billion in supplemental appropriations for FY 2007 and \$141.7 billion in appropriations for FY 2008. U.S. commitments to GWOT will likely involve the continued investment of significant resources, requiring decision-makers to consider difficult trade-offs as the nation faces an increasing long-range fiscal challenge. The magnitude of future costs will depend on several direct and indirect cost variables and, in some cases, decisions that have not yet been made. DoD's future costs will likely be affected by the pace and duration of operations, the types of facilities needed to support troops overseas, redeployment plans, and the amount of equipment to be repaired or replaced.

### **Military Operations: The Department of Defense's Use of Solatia and Condolence Payments in Iraq and Afghanistan**

(GAO-07-699, MAY 23, 2007)

GAO found that DoD has established guidance for making and documenting solatia and condolence payments in Iraq and Afghani-

stan, and that guidance has changed over time in Iraq—primarily on condolence payment amounts, approval levels, and payment eligibility. Within parameters established by guidance, commanders exercise broad discretion for determining whether a payment should be made and the appropriate payment amount. Although the guidance does not require commanders to make payments, commanders may do so if they choose. When determining whether to make payments and the payment amounts, commanders told us they consider the severity of injury, type of damage, and property values (based on the local economy), as well as any other applicable cultural considerations. Unit officials told GAO that they generally follow a similar process for making solatia and condolence payments in Iraq and Afghanistan. Officials said they generally make payments to civilians at Civil Military Operations Centers—ad hoc organizations established by military commanders to assist in the coordination of civilian-related activities—or during personal visits.

### **GAO Findings and Recommendations Regarding DoD and VA Disability Systems** (GAO-07-906R, MAY 25, 2007)

In the DoD military disability retirement system, each of the military services administers its own disability evaluation process. According to DoD regulations, the process begins with a medical evaluation board (MEB), which takes place at a military treatment facility when a physician identifies a condition that may interfere with a service member's ability

to perform his or her duties. Service members who do not meet military retention standards according to the MEB are referred to a physical evaluation board (PEB), which determines whether the service members can no longer perform their assigned military duties, and whether the illness or injury that renders them unfit for duty is linked to military service. Depending on the overall disability rating and number of years of active duty or equivalent service, the service member found unfit with compensable conditions is entitled to either monthly disability retirement benefits or a lump-sum disability severance payment. In terms of their rights to appeal military disability decisions, service members dissatisfied with PEB determinations may request a formal hearing, but they are not always guaranteed one. Under certain circumstances, they may further appeal to the authority that reviews the PEB.

In contrast, when a veteran submits a claim for VA disability compensation for an illness or injury to any of the Veterans Benefits Administration's (VBA) 57 regional offices, a service representative at that regional office is responsible for obtaining the relevant evidence to evaluate the claim, including military service records, medical examinations, and treatment records from VA medical facilities and private medical-service providers. Once a claim has all the necessary evidence, a rating specialist evaluates it and determines whether the illness or injury is "service-connected" (incurred or aggravated while on active military duty). If so, the veteran is eligible for disability compensa-

tion, and the rating specialist assigns a percentage severity rating to the illness or injury based on degree of disability. VA monthly disability benefit amounts are based primarily on the severity rating assigned to service-connected injuries and illness and number of dependents. Veterans who disagree with the regional office's decision can appeal to VA's Board of Veterans' Appeals and then to the U.S. federal courts.

### **Defense Acquisitions: Analysis of Processes Used To Evaluate Active Protection Systems**

(GAO-07-759, JUNE 8, 2007)

Active Protection Systems (APS) protect vehicles from attack by detecting and intercepting missiles or munitions. In 2005, the lead systems integrator for the Army's Future Combat Systems (FCS) program sought proposals for an APS developer and design and to deliver APS prototypes on vehicles by FY 2009. Raytheon was chosen to be the APS developer. At the same time, the DoD Office of Force Transformation (OFT) evaluated near-term APS for potential use in Iraq.

GAO was asked to review the Army's actions on APS/FCS: (1) the process for selecting the subcontractor to develop an APS for FCS and if potential conflicts of interest were avoided; (2) the timing of the trade study, whether the Army followed a consistent methodology to evaluate alternatives, and the results; (3) the role the Army and Boeing played in selecting the developer; and (4) the process followed to provide a near-term APS solution for current forces.

### **Ongoing Audits**

#### **Restore Iraqi Oil Settlement**

(120596, INITIATED NOVEMBER 2006)

The U.S. Army Corps of Engineers (USACE) and the contractor reached final settlement terms for the Restore Iraqi Oil (RIO I) contract in December 2005. This audit addresses these key questions:

- What were DCAA's audit findings on the RIO I contract, and how were these findings addressed by DoD?
- To what extent did the government pay award fees for the RIO contract?
- What factors contributed to the settlement terms agreed to by DoD and the contractor?

#### **FY 2007 Global War on Terrorism Costs**

(350947, INITIATED NOVEMBER 2006)

GAO has conducted a series of reviews examining the Department of Defense's (DOD) funding and reported obligations for military operations in support of Global War on Terrorism (GWOT). To assist the Congress in its oversight role and help it consider future GWOT funding needs, GAO is continuing this work in FY 2007. These are the key questions:

- Assess the adequacy of FY 2007 funding for GWOT against DoD's reported obligations and cost projections.
- Evaluate the impact of changes in DoD's GWOT funding guidance on the military services' regular and supplemental funding requests.

- Examine and evaluate the steps that DoD has taken to improve its cost-reporting procedures and the reliability of its reported GWOT obligation data.

### **U.S. Accountability for Equipment Provided to Iraqi Forces**

(320411, INITIATED MARCH 2006)

This audit addresses these key questions:

- What property accounting requirements, if any, apply to U.S.-funded equipment issued to Iraqi security forces?
- To what extent has Multi-National Force-Iraq (MNF-I) met these requirements?

### **Army and Marine Corps Readiness**

(350853, INITIATED SEPTEMBER 2006)

This audit addresses these key questions:

- What is the current readiness status of the services, how does this compare with recent readiness trends, and what are the primary causes of any changes in reported readiness?
- What factors affect DoD's ability to provide trained and ready forces for ongoing operations and other potential contingencies?
- What efforts are DoD and the services undertaking to address changes in reported readiness, including their reliance on reorganization and cross-leveling of service members to meet current deployment needs?

### **Iraq Ministry Capacity**

(320424, INITIATED JULY 2006)

This audit addresses these key questions:

- What are the United States and the international community doing to help Iraq improve its capacity to govern and build its ministries?
- What have the United States and the international community spent on developing Iraq's ministerial capacity, and what do they plan to spend in the future?
- To what extent is the United States coordinating efforts with international organizations and using lessons from past experience in its efforts to help develop Iraq's national ministries?
- What metrics are being used to assess the progress and impact of U.S. and international efforts to develop capable Iraqi ministries?

### **Factors Affecting U.S. Support for the Iraqi Security Forces**

(350948, INITIATED DECEMBER 2006)

This is a follow-on engagement to the Iraqi Support Capabilities audit. This audit will explore these questions:

- How are current plans for the development of ISF logistical, command and control, and intelligence capabilities synchronized with the plan or vision for the future U.S. footprint in Iraq?
- What factors (e.g., budgetary, training, resources, materiel, etc.) have affected progress, either with the development of ISF support capabilities, or toward the future U.S. footprint in Iraq?

### **Insurgents, Militias, and Other Armed Groups in Iraq**

(320437, INITIATED AUGUST 2006)

This audit addresses these key questions:

- What armed groups are currently operating in Iraq?
- How have the armed groups' objectives, geographic areas of operation, and cooperation changed over the past year?
- To what extent are these armed groups affiliated with Iraqi security forces, government ministers, political parties, or supported by external parties, such as Iran?
- What plans have the new Iraqi government or the U.S. government developed to deal with the armed groups?

### **Efforts To Stabilize Iraq and Achieve Conditions To Allow the Drawdown of U.S. Troops**

(320461, INITIATED OCTOBER 2006)

This audit will focus on these key activities:

- What changes, if any, have MNF-I and the U.S. Embassy Baghdad made to their joint campaign plan in response to the President's new strategy for Iraq?
- What conditions must be achieved before MNF-I can transfer security responsibilities to the Iraqi government and security forces?
- How is the U.S. government assessing progress toward achieving the conditions necessary for the drawdown?
- What progress are U.S. agencies reporting in meeting the specified conditions, as well as the factors that are contributing to or inhibiting progress? This engagement's briefings and reports will be classified.

### **Joint IED Defeat Organization (JIEDDO) Processes to Coordinate Counter Improvised Explosive Devices (IED) Intelligence Support**

(351016, INITIATED MARCH 2007)

Improvised explosive devices (IEDs) are the number-one killer of U.S. troops in Iraq. In response to this threat, DoD established the Joint IED Defeat Organization (JIEDDO) to improve the U.S. military's capabilities to defend against IED attacks. Because of concerns over JIEDDO's rapid growth in structure, scope, and funding over the past two years, the Congress directed GAO to perform a comprehensive review of JIEDDO's efforts to address IEDs. This is the key question: Does JIEDDO have effective processes in place for coordinating counter-IED intelligence support with other DoD and non-DoD organizations to leverage existing capabilities and prevent duplication of efforts?

### **Joint IED Defeat Organization (JIEDO) Organizational Management Support Capabilities**

(351017, INITIATED MARCH 2007)

A second audit reviewing JIEDDO's efforts focuses on these key questions:

- To what extent has JIEDDO developed a financial management process to effectively report its use of resources?
- What financial accounting data is available regarding how JIEDDO's funds have been spent?

- What are the quantities and types of personnel and contractors funded by JIEDDO?

**Budget Expenditures of Key Iraq Ministries**  
(320484, INITIATED MAY 2007)

The expenditure of Iraq’s \$10 billion capital projects budget is a key benchmark to assess U.S. progress in stabilizing and rebuilding Iraq. In this audit, GAO will address these questions:

- How much of its own funds has the GOI devoted to its reconstruction, as reported by the U.S. Treasury?
- What factors, if any, have U.S. agencies identified that affect Iraq’s ability to expend its budgets?
- How has the U.S. government assisted Iraq with its budget execution process?

**18 Iraq Benchmarks**

(320511, INITIATED JUNE 2007)

These are the key questions of the audit:

- What is the status of progress to achieve the 18 benchmarks specified in section (b) (1) (A) of the U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007?
- What is GAO’s assessment of whether or not each benchmark has been met?

**Army and Marine Corps Implementation of Equipment Reset Strategies**

(350994, INITIATED FEBRUARY 2007)

Since FY 2002, the Congress has appropriated about \$50 billion to repair, replace, or recapitalize (reset) Army and Marine Corps equip-

ment that has been damaged or lost as a result of combat operations in Iraq and Afghanistan. The goal of equipment reset is to prepare units for deployment and to improve deploying units’ equipment-on-hand levels. This audit will address these questions:

- To what extent can the Army and Marine Corps track and report equipment reset expenditures in a way that confirms that funds appropriated for reset are expended for that purpose?
- Can the Army and Marine Corps be assured that their equipment reset strategies will sustain future force equipment readiness for deployed as well as deploying units while meeting ongoing requirements?

**DEPARTMENT OF THE TREASURY**

Treasury did not start or complete any audits relating to Iraq reconstruction and relief since the SIGIR April 30, 2007 Quarterly Report. As of June 30, 2007, Treasury has no auditors in Iraq and has no ongoing audits.

**DEPARTMENT OF COMMERCE**

During this period, the Department of Commerce did not initiate any new cases and did not close any cases involving Iraq reconstruction and relief projects. As of June 30, 2007, the Department of Commerce has no auditors in Iraq and no ongoing audits related to Iraq.