

## 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, 2008.

### OTHER AGENCY AUDITS

#### DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

The Department of Defense (DoD) continues to face many challenges in the Global War on Terror (GWOT). The DoD Office of Inspector General (DoD OIG) has identified priorities based on those challenges and has responded by expanding coverage of GWOT operations and DoD OIG's presence in Southwest Asia (SWA). As DoD continues its effort to win the GWOT, DoD OIG will stay focused on issues important to accomplish the mission and ensure that DoD makes efficient use of its resources to support the warfighter. DoD OIG's support to DoD involves a complex operational environment that includes changing requirements and the need for rapid and focused responses to challenging issues. As a result, DoD OIG has established a new component, the Office of Special Plans and Operations (SPO), to provide timely, high-value, high-visibility assessments of challenging management issues, primarily focused on GWOT/SWA, for senior DoD leadership and the Congress. Initially, the SPO team will comprise 20 interdisciplinary staff, evenly divided between civilian and military personnel. Recruitment is underway to add up to an additional 15 personnel by 2009, which will enable at least 3 assessment projects to be managed simultaneously at all times. Currently, SPO has responsibility for the following assessments, in various stages of completion.

Public Law 110-181, Section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan," requires DoD OIG and the Special Inspectors General for Iraq Reconstruction and Afghanistan Reconstruction to develop comprehensive plans for a series of audits respective to their outlined areas of oversight responsibilities in Iraq and Afghanistan. The comprehensive plan was expanded beyond the statutory mandate to include other functional areas that are germane to supporting Operations Enduring Freedom and Iraqi Freedom, as well as the Global War on Terror, such as financial management and human capital for contract administration.

DoD OIG facilitated the development of the comprehensive audit plan for Southwest Asia, which includes the individual audit plans of DoD OIG, DoS, U.S. Agency for International Development; and SIGIR. It also includes the planned audit work of the Army Audit Agency, Air Force Audit Agency, and Defense Contract Audit Agency because of the major contributions they make to improve the efficiency and effectiveness of support to the military.

DoD OIG currently has field offices in Qatar, Iraq, Kuwait, and Afghanistan, which enhances DoD OIG's ability to provide audit, inspection, and investigative support to DoD operations in support to GWOT. In addition, DoD OIG has assigned more than 218 personnel to the ongoing coverage of GWOT-related projects and investigations.

The Defense Criminal Investigative Service (DCIS), the law enforcement arm of DoD OIG, continues its support to the activities of the Joint Terrorism Task Forces and Project Shield

STATUS OF DCIS INVESTIGATIONS

INVESTIGATION STATUS	CONFLICT OF INTEREST	COUNTERFEIT	WEAPONS RECOVERY/ SECURITY	FALSE CLAIMS/ STATEMENTS	THEFT/DRUGS	BRIBERY/ CORRUPTION
Open	0	0	0	7	2	3
Closed	2	3	6	2	20	10
<b>Totals</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>22</b>	<b>13</b>

TABLE N-1

America. During this reporting period, DCIS had special agents in Baghdad and Kuwait to target fraud, bribery, kickbacks, and other corruption involving contracting. In addition, DCIS deployed a special agent to Afghanistan to address fraud and corruption in DoD-related contracts. DoD OIG further coordinates DoD GWOT oversight activities through the Southwest Asia Joint Planning Group, which held its fifth meeting in May 2008.

On May 22, 2008, the Deputy Inspector General for Audit testified before the U.S. House of Representatives Committee on Oversight and Government Reform on “Accountability over Several Funds to Support the Iraq War, Including the Iraq Security Forces Fund, the Commander’s Emergency Response Program, and the Seized and Vested Assets of the Iraqi People,” and on April 10, 2008, before the House Armed Services Committee Subcommittee on Air and Land Forces on “DoD Procurement Policy for Body Armor.”

**Defense Criminal Investigative Service**

DCIS continues to conduct criminal investigations in support of DoD GWOT efforts. In addition, DCIS continues to address Southwest Asia Theater criminal activity through its offices

in Southwest Asia, Wiesbaden, Germany, and CONUS task force investigations focusing on public corruption and fraud in the Southwest Asia Theater. Special agents will occasionally travel to the Middle East as necessary from Germany and the United States in furtherance of the DCIS investigative mission. In conjunction with DoD OIG’s renewed emphasis on oversight of spending related to Iraq development, DCIS has continued to deploy special agents to Iraq and Kuwait and will deploy two special agents in Afghanistan beginning in summer 2008 to conduct investigations in support of DoD operations in the Southwest Asia Theater. Investigations will primarily involve procurement fraud and public corruption. Six-month rotational details to Iraq and Kuwait commenced in September 2006. In addition, an additional special agent has been temporarily deployed to Iraq to support a special cell investigating issues relating to weapons accountability.

DCIS currently has nine open investigations being worked jointly with SIGIR. DCIS has committed four special agents to support operations in Iraq and Kuwait. One case was closed during this period. For details on the DCIS investigations, see Table N-1.

### **Completed Audits/Reviews** **Internal Controls Over Out-of-country** **Payments**

**(D-2008-098, ISSUED MAY 22, 2008)**

The objective was to determine whether internal controls over payments made in Iraq, Kuwait, and Egypt supporting the Global War on Terror provided reasonable assurance that payments were properly supported and recorded.

The internal controls over commercial payments made by seven Army contingency disbursing stations were inadequate for commercial payment support. This occurred because Army finance personnel did not ensure that payment voucher documentation was available and complete, and finance personnel were not adequately trained. In addition, Army and DFAS internal control responsibilities for commercial payments in contingency operations needed to be clearly defined. As a result, DoD OIG estimated that the Army made \$1.4 billion in commercial payments that lacked the minimum documentation for a valid payment, such as properly prepared receiving reports, invoices, and certified vouchers. DoD OIG also estimated that the Army made an additional \$6.3 billion of commercial payments that met the 27 criteria for payment but did not comply with other statutory and regulatory requirements. These other requirements included taxpayer identification numbers, contact information, and payment terms.

In addition, the DoD 7000.14-R, DoD Financial Management Regulation and Defense Federal Acquisition Regulation Supplement did not contain guidance addressing procedures to be used in a military contingency environment.

The Office of Management and Budget gave DoD discretion in establishing the scope of contingency operations in 5 Code of Federal Regulations 1315 when applying the Prompt Payment Act. However, DoD has not established procedures addressing contingency operations. In addition, DoD needs to obtain clarification on the intent of the Office of Management and Budget regulation. As a result, DoD personnel relied on the requirements of the DoD 7000.14-R, DoD Financial Management Regulation and Defense Federal Acquisition Regulation Supplement for making and processing commercial payments in Iraq and Kuwait.

Also, DoD did not ensure that \$1.8 billion of seized and vested assets payments made to Iraqi representatives were adequately accounted for and auditable, as prescribed by Executive Order 13290. In addition, DoD did not maintain a complete audit trail for \$134.8 million in Commander's Emergency Response Program (CERP) payments made to representatives of foreign governments. DoD did not have policies in place to ensure that finance personnel:

- obtained and maintained documentation supporting the justification and use of seized and vested asset payments
- properly supported and reconciled the payment of CERP funds to Coalition partners

As a result, DoD was unable to provide reasonable assurance that the seized and vested asset funds were accounted for as prescribed and that CERP funds provided to Coalition partners were used for the purposes intended.

Further, the U.S. Army Corps of Engineers

Finance Center has been unsuccessful in its attempts to resolve the \$5.7 million of advanced Iraqi seized and vested asset funds. The Corps Finance Center did not contact the Office of the Under Secretary of Defense (Comptroller) to obtain direction on the disposition of the funds. As a result, the Corps has not made these funds available to pay for Iraqi debts with the U.S. government.

**Planning Armor Requirements for the Family of Medium Tactical Vehicles (D-2008-089, ISSUED MAY 9, 2008)**

The Army effectively used the operational needs statement process to identify, validate, and fund theater-commander armor-kit urgent needs to support the Global War on Terror because the Army had not completed establishing armor kit requirements through the Joint Capabilities Integration and Development System process. In May 2005, Army Training and Doctrine Command personnel began the Joint Capabilities Integration and Development System process. However, because they had not completed the process, the Army was not able to immediately distribute armor kits to support the increase in the number of troops in January 2007. Further, because they had not completed the process, Army Force Management Support Agency staff did not add armor-kit requirements to the basis-of-issue plan and table of organization and equipment for the family of medium tactical vehicles (FMTV). Therefore, the Army needs to expedite the completion and approval of the capability documents

for the FMTV, add armor requirements to the basis-of-issue plan and table of organization and equipment for FMTVs, and complete an analysis for future distribution of armor kits to enable the Army to more timely fill future warfighter requirements. Additional details in the report are For Official Use Only.

**Training Requirements for U.S. Ground Forces Deploying in Support of Operation Iraqi Freedom**

(REPORT D-2008-078, ISSUED APRIL 9, 2008)

The objective was to determine whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) received training necessary to meet operational requirements. Specifically, DoD OIG determined whether requirements reflect the training necessary in the area of operation. This is the second in a series of reports addressing training requirements for ground forces supporting OIF. U.S. Central Command requires that all personnel deploying in support of Operation Iraqi Freedom be trained in 14 areas, including the defeat of improvised explosive devices, land navigation, and rules of engagement. The Services incorporated the 14 theater-specific training areas into their predeployment and annual training requirements. In addition, the Services effectively used a variety of means, such as lessons learned and input from units, to update predeployment training exercises. As a result, the Services provided realistic, theater-inspired training for units deploying in support of Operation Iraqi Freedom.

**DoD/Department of Veterans Affairs (VA)  
Inspectors General Interagency Care  
Transition Project  
(DOD PROJECT D2006-DIPoE2-0137; DVA  
PROJECT 2006-02857-HI-0400, INITIATED JULY  
24, 2006, ISSUED JUNE 2008)**

Requested by the Under Secretary of Defense for Personnel and Readiness, DoD OIG and the Department of Veterans Affairs OIG conducted this interagency evaluation of the care transition laws, regulations, and policies. The report recommended 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. The report was published in June 2008 as DoD report number IE-2008-005 and VA report number 06-02857-127.

**Review of Matters Related to the August  
28, 2005, Shooting of Reuters Journalists  
in Iraq  
(2008E001, ISSUED JUNE 4, 2008).**

Reuters complained that a U.S. Army investigation improperly concluded that soldiers acted within the Rules of Engagement (ROE) when they shot and killed one journalist and injured another. DoD OIG concluded that the soldiers acted within the ROE and recommended that the commander take appropriate action with respect to the investigating officer identified as accountable for regulatory deficiencies in his investigation. DoD OIG also recommended that the Commander reinforce through additional train-

ing the importance of properly and thoroughly investigating and documenting reports of non-combatant death and serious injury. Additionally, DoD OIG recommended that Multi-National Force-Iraq (MNF-I) Public Affairs Office contact news media organizations in Iraq and offer to review their emergency response procedures to enable employees to safely respond to encounters with MNF-I when warning and disabling shots may be fired.

**Review of the U.S. Government's  
Relationship with the Iraqi National  
Congress: Phase Two and the Relationship  
of the Iraqi National Congress with the  
Department of Defense  
(REPORT NO. 08-INTEL-06,  
ISSUED JUNE 12, 2008)**

The objective was to respond to direction from the House Appropriations Committee through the Office of the National Counterintelligence Executive to review the U.S. government's Relationship with the Iraqi National Congress. On June 12, 2006, DoD IG published a report on Phase One of the project that responded to questions one and two of the six questions. The Phase Two report responded to questions three through six, all of which were classified. The review also resulted in two classified findings with recommendations for the Under Secretary of Defense for Intelligence and for the Director, Defense Intelligence Agency. Both organizations concurred with the findings and recommendations.

### **Ongoing Audits**

#### **Reach Back Support to Inspectors General of the Iraqi Security Forces (ISF) (PROJECT NO. D2006-D1POE3-0038, INITIATED 5/17/2006)**

DoD OIG maintained a rear cell to support ongoing ISF Inspectors General-related lessons learned and security ministry IG assessment projects and to respond to assistance requests from the Multi-National Security Transition Command-Iraq (MNSTC-I) transition teams.

During this period, DoD OIG completed the draft report that documents the lessons learned and best practices associated with establishing and developing the Iraqi ministerial IG system. The draft report suggests options that can be considered when developing a viable, sustainable, effective IG system in emerging nations. Moreover, the report recommends concepts, strategies, and practical applications that can be used in other “Stability, Security, Transition, and Reconstruction” operations—in which establishing a federal IG system may be appropriate in nation-building missions. Complementing this effort, the reach back cell also completed the draft report, “Assessment of the DoD Support to the Iraqi Security Forces IG System,” which chronicles the progress in developing the Inspectors General functions for the Ministries of Defense and Interior and the Iraqi Joint Headquarters. Both draft reports are scheduled for release in July 2008.

The rear cell team members also continued to partner with the Joint Forces Command in their efforts to develop an operational level planning

template for an integrated rule-of-law strategy in joint operations. The team facilitated and participated in workshop presentations that considered accountability and oversight planning factors and the potential role of IG systems to promote efficiency, transparency, and ethical governance in developing nations.

#### **Review of Contracting Actions Relating to the Electrocution Death of a U.S. Soldier in Iraq**

**(D2008-DIPOE2-0196.000,  
INITIATED 5/12/2008)**

This review was requested by the Deputy Under Secretary of Defense for Acquisition and Technology, in response to a memo from Representative Jason Altmire. The review will examine the relevant facility management, contracting, and maintenance actions before and after the electrocution on January 2, 2008.

#### **Evaluation of Command-directed Administrative Investigations Involving American Service Personnel Actions in Combat Areas that Result in Civilian Personnel Deaths or Serious Injuries**

**(PROJECT NO. 2008C002,  
INITIATED 12/13/2007)**

DoD OIG initiated this evaluation to determine whether DoD has effective policies and procedures for command-directed administrative investigations conducted when civilians are killed or seriously injured in a combat area.

**Evaluation of DoD Sexual Assault Response in Operations Enduring Freedom and Iraqi Freedom Areas of Operation (PROJECT NO. 2008C003, INITIATED 02/07/2008)**

In response to the concerns of more than 100 members of the Congress, this project evaluates policies and practices for reporting and referring for investigation sexual assault complaints by contractor employees in combat areas.

**Contract Audit Follow-up Review Related to Iraq Reconstruction Activities (D2008-DIPoAI-0086.000, INITIATED 11/08/2007)**

The objective of this review is to determine if the contracting officers' actions on audits of contractors involved in Iraq reconstruction activities were timely and effective in accordance with DoD Directive 7640.2, "Policy for Follow-up on Contract Audit Reports."

**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 Special Operations Command to determine the sufficiency of those resources to accomplish their intelligence missions.

**Audit of the Management of Signals Intelligence Counterterrorism Analysts (PROJECT NUMBER D2007-DINT01-0092.003, INITIATED 8/31/2007)**

The objective is to evaluate the management of signals intelligence counterterrorism analysts. Specifically, DoD OIG will review the hiring/recruitment process, training programs, and work assignments of counterterrorism analysts. The review will include an assessment of the impact additional resources have had on the effectiveness of the National Security Agency counterterrorism mission since September 2001.

**Accountability of Munitions Provided to the Security Forces of Iraq (D2007-D000IG-0239.000, INITIATED 7/27/07)**

The objective is to determine whether accountability and controls over the distribution of conventional military arms and ammunition provided by the United States to the security forces of Iraq and Afghanistan are adequate. Specifically, DoD OIG will determine the effectiveness and efficiency of DoD management of security, accountability and visibility, transportation, storage, contracting support, and host-nation support for the distribution of conventional military arms and ammunition to these security forces. The Assessment Team on Munitions Accountability report was signed by the Inspector General on July 3, 2008, and copies were transmitted to the Secretary, Deputy Secretary, Chairman of the Joint Chiefs, and Under Secretaries for Policy and AT&L for their consideration. The report, which covers logistics sustainability and Foreign Military Sales, in addition to munitions oversight,

includes 47 recommendations; management concurred with 43. Progress has been made implementing all in-country recommendations.

**Accountability of Munitions Provided to the Security Forces of Iraq Phase II (PROJECT NO, D2008-D000IG-0141.000, INITIATED 2/13/2008)**

DoD OIG began Phase II of the assessment immediately to address three areas:

1. Follow-up on the recommendations made during the initial assessment on munitions accountability and control to determine the status of implementation.
2. Determine whether security assistance processes are responsive to the equipment requirements of the Iraqi Security Forces. Specifically, DoD OIG will examine the organizational structure and processes used to execute security assistance programs during wartime operations and for Foreign Military Sales to Iraq.
3. Assess whether the logistics sustainment base of the Iraqi Security Forces is being effectively developed. This MAT II team follow-up visit to MAT I, led by the Principal Deputy Inspector General, went to Iraq and Afghanistan from April 11 to May 19, 2008, to assess the logistics sustainability, Foreign Military Sales, as well as munitions oversight. The senior U.S. military commanders in both were briefed on the preliminary findings and recommendations, and draft reports are in preparation.

**Contracting for Purchased and Leased Nontactical Vehicles in Support of Operation Iraqi Freedom and Operation Enduring Freedom**

(D2008-D000LH-0235.000, INITIATED 6/26/08)

The objective is to determine whether contracting for nontactical vehicles in support of Operation Iraqi Freedom and Operation Enduring Freedom was effective. The audit is being conducted to support the requirements of Public Law 110-181, the FY 2008 National Defense Authorization Act, Section 842, "Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan," January 28, 2008.

**The U.S. Air Force Deferred Maintenance on the C-130 Aircraft as a Result of the Global War on Terror**

(D2008-D000FH-0225.000, INITIATED 6/20/08)

The objective is to determine the extent and causes of deferred maintenance on the Air Force C-130 aircraft used in the Global War on Terror. DoD OIG will also evaluate compliance with applicable laws and regulations as they relate to the audit objective.

**The Army Procurements for the High Mobility Multipurpose Wheeled Vehicles**

(D2008-D000CH-0236.000, INITIATED 6/19/08)

The objective is to determine whether the U.S. Army TACOM Life Cycle Management Com-

mand is paying fair and reasonable prices for the High Mobility Multipurpose Wheeled Vehicles (HMMWV) and associated up-armor procured from AM General, LLC.

**DoD and DoD Contractor Efforts To Prevent Sexual Assault/Harassment Involving Contractor Employees within Operations Enduring Freedom and Iraqi Freedom Areas of Operation**

**(D2008-D000CE-0221.000, INITIATED 6/9/08)**

DoD OIG is performing this audit as a result of a congressional inquiry. The objective is to review whether contracts that support Operations Enduring Freedom and Iraqi Freedom (OEF/OIF) Areas of Operation contain clauses that adequately address DoD policies regarding sexual assault/harassment of and by contractor personnel. DoD OIG will also determine whether either DoD or DoD contractors, or both, provided sexual assault/harassment awareness, prevention, and reporting training to DoD and contractor employees prior to their deployment to OEF/OIF Areas of Operation. This project is being performed in coordination with the DoD OIG project “Evaluation of DoD Sexual Assault Response in Operations Enduring and Iraqi Freedom Areas of Operation,” Project No. 2008C003.

**Controls over Unliquidated Obligations on Department of the Air Force Contracts Supporting the Global War on Terror**

**(D2008-D000FC-0208.000, INITIATED 6/9/08)**

The objective is to determine whether the Department of the Air Force has established adequate controls over its unliquidated obliga-

tions on contracts supporting the Global War on Terror. Specifically, DoD OIG will determine whether unliquidated obligations are being properly accounted for and deobligated in a timely manner.

**Department of the Army Deferred Maintenance on the Abrams Tank Fleet as a Result of the Global War on Terror (D2008-D000FJ-0210.000, INITIATED 5/30/08)**

The objective is to determine the extent and causes of deferred maintenance on the Army Abrams tanks that were used in the Global War on Terror. This effort also includes evaluating compliance with applicable laws and regulations as they relate to the audit objective.

**Defense Logistics Agency Contracts for Combat Vehicle Parts in Support of the Global War on Terror**

**(D2008-D000FD-0214.000, INITIATED 5/20/08)**

The objective is to determine whether the Defense Logistics Agency used appropriate and effective contracting procedures to provide to customers the combat vehicle parts to support the Global War on Terror. The audit is being conducted to support the requirements of Public Law 110-181, the FY 2008 National Defense Authorization Act, Section 842, “Investigation of Waste, Fraud, and Abuse in Wartime Contracts and Contracting Processes in Iraq and Afghanistan,” January 28, 2008.

### **Assignment and Training of Contracting Officer's Representatives at Joint Contracting Command-Iraq/Afghanistan (D2008-D000)C-0203.000, INITIATED 5/12/08)**

The objective is to determine whether personnel assigned as Contracting Officer's Representatives to the Joint Contracting Command-Iraq/Afghanistan have proper training and expertise to perform their duties.

### **Air Force Contract Augmentation Program in Southwest Asia (D2008-D000)C-0202.000, INITIATED 5/12/08)**

The objective is to evaluate controls over the Air Force Contract Augmentation Program. DoD OIG will determine what contracts have been awarded, whether contracts were properly awarded, whether contracted services were provided in accordance with the statement of work, and whether contract payments were appropriate.

### **Organic Ship Utilization in Support of the Global War on Terror**

**(D2008-D000)AB-0193.000, INITIATED 4/24/08)**

The objective is to evaluate the effectiveness of policies and procedures used to ensure that activated government-owned and government-chartered vessels are used to the maximum extent prior to procuring commercial transportation to Southwest Asia.

### **Controls over the Department of the Navy Military Payroll Disbursed in Support of the Global War on Terror**

**(D2008-D000)FC-0189.000 INITIATED 5/3/2008)**

The objective is to determine whether the Department of the Navy is disbursing military payroll in support of the Global War on Terror in accordance with established laws and regulations. Specifically, DoD OIG will determine whether the Department of the Navy maintains adequate support for payments related to deployments to an active combat zone.

### **Acquisition of Ballistic Glass for the High Mobility Multipurpose Wheeled Vehicle**

**(D2008-D000)CE-0187.000, INITIATED 4/23/08)**

The audit is the result of an audit suggestion filed with the Office of the Deputy Inspector General for Audit. The objective is to determine whether the award and administration of the High Mobility Multipurpose Wheeled Vehicle ballistic glass contracts comply with the Federal Acquisition Regulation.

### **Class III Fuel Procurement and Distribution in Southwest Asia**

**(D2008-D000)C-0186.000, INITIATED 4/23/08)**

The objective is to determine whether fuel used for ground operations in Southwest Asia to support Operations Iraqi Freedom and Enduring Freedom is procured and distributed efficiently and effectively. Specifically, DoD OIG will determine whether fuel is procured at fair and reasonable prices, whether fuel is distributed economically and efficiently to operational commands, and whether fuel supply points maintain accurate inventories.

### **Marine Corps Implementation of the Urgent Universal Need Statement Process for Mine Resistant Ambush Protected Vehicles**

**(D2008-D000AE-0174.000, INITIATED 3/10/2008)**

The audit was requested by the Assistant Commandant of the Marine Corps in response to allegations of mismanagement regarding identification and fulfillment of a requirement of Mine Resistant Ambush Protected vehicles. The objective is to determine whether the Marine Corps decision-making process responded appropriately and in a timely manner to Urgent Universal Need Statements submitted by field commanders for Mine Resistant Ambush Protected vehicles.

### **War Reserve Materiel Contract**

**(D2008-D000CK-0161.000, INITIATED 2/26/2008)**

The objective is to review whether Air Force contracting officials managed and administered the DynCorp International War Reserve Materiel contract in accordance with federal and DoD contracting policies.

### **Internal Controls over Army, General Fund, Cash, and Other Monetary Assets Held in Southwest Asia**

**(D2008-D000FP-0132.000, INITIATED 2/25/2008)**

The objective is to review whether internal controls for Army, General Fund, Cash, and Other Monetary Assets held in Southwest Asia are effectively designed and are operating to adequately safeguard, account, document, and report cash and other monetary assets.

### **Air Force Combat Search and Rescue Helicopter**

**(D2008-D000AB-0133.000, INITIATED 2/19/2008)**

The objective is to determine whether changes to Combat Search and Rescue Helicopter Key Performance Parameters were made in accordance with applicable DoD and Air Force acquisition guidelines. Specifically, DoD OIG will determine whether Key Performance Parameters changes were properly designated and appropriately vetted through the Joint Requirements Oversight Council. In addition, DoD OIG will determine whether Key Performance Parameters changes will affect Air Force special operations capabilities in the Global War on Terror.

### **Price Reasonableness for Contracts at U.S. Special Operations Command**

**(D2008-D000CG-0123.000, INITIATED 2/7/2008)**

The objective is to determine whether pricing of contracts at the U.S. Special Operations Command complied with Federal Acquisition Regulation requirements for determining price reasonableness.

### **Controls Over the Contractor Common Access Card Life Cycle in Southwest Asia**

**(D2007-D000LA-0199.002, INITIATED 1/24/2008)**

The overall objective is to determine whether controls over Common Access Cards provided to contractors are in place and work as intended. Specifically, DoD OIG will determine whether DoD officials verify the continued need for contractors to possess Common Access Cards;

revoke or recover Common Access Cards from contractors in accordance with DoD policies and procedures; and, ensure the proper use of the Common Access Card by contractors.

### **Equipment Status of Forces Deployed in Support of Operation Iraqi Freedom (D2008-D000LQ-0111.000, INITIATED 1/8/2008)**

The overall objective of this joint follow-up review is to determine whether forces deployed to Iraq in support of Operation Iraqi Freedom have the necessary equipment to accomplish their missions, in accordance with mission requirements. The review primarily focuses on both ground and air combat units, but will include the adequacy of pre-position equipment and the sustainability of combat support units. This review is being conducted jointly with the MNF-I Inspector General's Office and possible representatives from the MNF-I or Division Inspector General Offices.

### **Controls over the Reporting of Transportation Costs in Support of the Global War on Terror (D2008-D000FI-0083.000, INITIATED 12/27/2007)**

The objective is to evaluate the effectiveness of controls over the reporting of transportation costs related to Global War on Terror.

### **Defense Emergency Response Fund for the Global War on Terror (D2008-D000FE-0106.000, INITIATED 12/19/2007)**

The objective is to review whether the Defense Emergency Response Fund is used as intended, and whether the use of the funds complies with the Office of Management and Budget guidance. DoD OIG will also determine whether DoD has the ability to track the use of the Defense Emergency Response Fund.

### **Medical Equipment Used To Support Operations in Southwest Asia (D2008-D000LF-0093.000, INITIATED 11/28/2007)**

The objective is to evaluate the internal controls over medical equipment used to support operations in Southwest Asia. Specifically, DoD OIG will determine whether controls are in place for acquiring mission-essential medical equipment and whether the recording and reporting of medical equipment are accurate and complete. The audit will focus on the inventory of initially deployed medical equipment and the mission essentiality and acquisition of medical equipment needed to sustain current medical operations. DoD OIG will determine if medical equipment purchases were justified and whether medical equipment has been properly reported and recorded in asset accountability databases. This project is being performed in support of Operation Iraqi Freedom and Operation Enduring Freedom.

**Expeditionary Fire Support System and Internally Transportable Vehicle Programs (D2008-D000AB-0091.000, INITIATED 11/27/2007)**

DoD OIG initiated the audit in response to a request of the Chairman, Committee on Armed Services, US Senate. The objective is to determine whether contract competition and program administration for the U.S. Marine Corps Expeditionary Fire Support System and Internally Transportable Vehicle are in accordance with the Federal Acquisition Regulation and supporting DoD guidance.

**Security over Radio Frequency Identification (D2008-D000AS-0044.000, INITIATED 10/16/2007)**

The overall objective is to determine whether DoD implemented security controls to protect radio frequency identification information. Specifically, DoD OIG will assess the implementation and effectiveness of those security controls over the information.

**Small Arms Ammunition Fund Management in Support of the Global War on Terror (D2008-D000FJ-0014.000, INITIATED 10/11/2007)**

The objective is to determine whether the military departments properly managed small arms ammunition funds in support of GWOT. Specifically, DoD OIG will determine whether financial management officials fully supported and properly incurred obligations and expenditures.

DoD OIG will also determine whether funds for small arms ammunition were accurately recorded in financial systems for reporting to the Office of the Secretary of Defense.

**Contracts for Supplies Requiring Use of Radio Frequency Identification (D2008-D000AS-0022.000, INITIATED 10/5/2007)**

The objective is to determine whether DoD Components are complying with policies on radio frequency identification. Specifically, DoD OIG will determine whether DoD Components have prepared and implemented plans to use radio frequency identification. Additionally, DoD OIG will assess whether DoD contracts issued since January 1, 2005, include requirements for using passive and active radio frequency identification tags and whether contractors are complying with those requirements.

**Payments for Transportation Using PowerTrack® (D2008-D000FJ-0006.000, INITIATED 9/20/2007)**

The objective is to determine whether DoD established adequate control procedures over transportation payments made using PowerTrack® and payments made to U.S. Bank for PowerTrack® services. On June 19, 2008, DoD OIG issued a draft report and expects to publish the final report during the fourth quarter of FY 2008.

### **Internal Controls and Data Reliability in the Deployable Disbursing System**

**(D2007-D000FL-0252.000,  
INITIATED 8/31/2007)**

The objective is to determine whether internal controls over transactions processed through the Deployable Disbursing System are adequate to ensure the reliability of the data processed. The audit will include financial information processed by disbursing stations supporting GWOT and DoD OIG will also follow up on work completed during the audit of “Internal Controls Over Out-of-Country Payments.”

### **Summary of Issues Impacting Operations Iraqi and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007**

**(D2007-D000XA-0249.000,  
INITIATED 8/22/2007)**

The objective is to summarize contract, funds management, and other accountability issues identified in audit reports and testimonies that discuss mission-critical support to Operations Iraqi and Enduring Freedom.

### **Defense Hotline Allegations Concerning Contracts Issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Armaments, Ground Systems Division**

**(D2007-D000CK-0256.000,  
INITIATED 8/17/2007)**

The objective is to review allegations to the Defense Hotline concerning contracts issued by U.S. Army TACOM Life Cycle Management Command to BAE Systems Land and Arma-

ments, Ground Systems Division. Specifically, DoD OIG will determine whether contract award and administrative procedures were in compliance with federal and DoD policy. On March 21, 2008, DoD OIG issued a draft report and expects to publish the final report during the fourth quarter of FY 2008.

### **Controls over the Contractor Common Access Card Life Cycle**

**(D2007-D000LA-0199.001,  
INITIATED 8/14/2007)**

The objective is to determine whether controls over Common Access Cards (CAC) provided to contractors are in place and work as intended. Specifically, DoD OIG will determine whether DoD officials issue CACs to contractors, verify the continued need for contractors to possess CACs, and revoke or recover CACs from contractors in accordance with DoD policies and procedures.

### **End-use Monitoring of Defense Articles and Services Transferred to Foreign Customers**

**(D2007-D000LG-0228.000,  
INITIATED 8/6/2007)**

The objective is to review the Golden Sentry Program, which monitors how foreign governments use U.S. defense articles and services, to determine whether the program records and controls transfers of sensitive arms effectively.

**Procurement and Delivery of Joint Service  
Armor Protected Vehicles**  
(D2007-D000CK-0230.000,  
INITIATED 7/13/2007)

The objective is to determine whether the Mine Resistant Ambush Protected vehicle program office is effectively procuring armored vehicles in accordance with the Federal Acquisition Regulation and DoD requirements. Specifically, DoD OIG will review the Mine Resistant Ambush Protected vehicle program administration to determine whether the Program Office is taking appropriate actions to accelerate vehicle delivery to users. In addition, DoD OIG will review the Services' requirements for the Mine Resistant Ambush Protected vehicle and High Mobility Multipurpose Wheeled Vehicles.

**Funds Appropriated for Afghanistan  
and Iraq Processed Through the Foreign  
Military Trust Fund**  
(D2007-D000FB-0198.000,  
INITIATED 6/19/2007)

The objective 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.

**Operations and Maintenance Funds  
Used for Global War on Terror Military  
Construction Contracts**  
(D2007-D000CK-0201.000,  
INITIATED 6/18/2007)

The objective is to determine whether DoD Components followed requirements for using operations and maintenance funds for GWOT military construction. Specifically, DoD OIG will evaluate whether DoD followed proper procedures for administering, executing, and reporting the use of operations and maintenance funds on GWOT military construction contracts.

**Marine Corps' Management of the  
Recovery and Reset Programs**  
(D2007-D000LD-0129.000,  
INITIATED 4/13/2007)

The objective 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.

**Internal Controls over Navy General Fund, Cash, and Other Monetary Assets Held Outside the Continental United States (D2007-D000FN-0142.000, INITIATED 2/27/2007)**

The objective is to determine whether internal controls for Department of the Navy, General Fund, Cash and Other Monetary Assets held outside of the CONUS are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. On May 8, 2008, DoD OIG issued a draft report and expects to publish the final report during the fourth quarter of FY 2008.

**DoD Training for U.S. Ground Forces Supporting Operation Iraqi Freedom (D2007-D000LH-0108.000, INITIATED 1/5/2007)**

The objective is to determine whether U.S. ground forces supporting Operation Iraqi Freedom are receiving training necessary to meet operational requirements. Specifically, DoD OIG will determine whether requirements reflect the training necessary in the area of operation and verify whether ground forces receive required training. In addition, DoD OIG will determine whether training meets the needs of ground forces supporting Operation Iraqi Freedom. Phase I reviewed the use of observers and controllers in preparing Army units for deployment. The final report for Phase I was issued on December 28, 2007. In Phase II, DoD OIG reviewed equipment levels at Combat Training Centers and Mobilization Centers. The Phase II draft report was issued June 9, 2008. In Phase III, DoD OIG reviewed

theater-specific training requirements and how that training was executed at Combat Training Centers. DoD OIG issued the Phase III final report on April 9, 2008.

**Hiring Practices Used To Staff the Iraqi Provisional Authorities (D2007-D000LC-0051.000, INITIATED 12/14/2006)**

The objective 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 Use of GWOT Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation (D2006-D000AE-0241.000, INITIATED 8/4/2006)**

The objective is to determine the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation (RDT&E). 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. Phase I reviewed the adequacy of Air Force financial controls over the use of GWOT supplemental funding provided for procurement and RDT&E. The final report for Phase I was issued on November 21, 2007. In Phase II, DoD

OIG will determine whether management was effectively preparing the “DoD Supplemental and Cost of War Execution Report” for procurement and RDT&E. In Phase III, DoD OIG will review the adequacy of Army, Navy, Marine Corps, and Defense Agencies’ financial controls over the use of GWOT supplemental funding provided for procurement and RDT&E.

#### **Export Controls over Excess Defense Articles**

**(D2006-D000LG-0136.000, INITIATED 3/1/06)**

The objective is to assess the adequacy of controls over the transfer of excess Defense articles to foreign persons. Specifically, DoD OIG will determine whether transferred property was adequately demilitarized and controlled in accordance with the requirements of the Foreign Assistance Act of 1961 (Public Law 87-195), as amended, and the Arms Export Control Act of 1976 (Public Law 90-269), as amended. DoD OIG issued a draft report on March 14, 2008, and expects to issue a final report in the fourth quarter of FY 2008.

#### **U.S. Government’s Relationship with the Iraqi National Congress**

**(D2005-DINT01-0122, INITIATED 2/14/2005)**

The objective is to respond to direction from the House Appropriations Committee through the Office of the National Counterintelligence Executive to review the U.S. government’s relationship with the Iraqi National Congress. On June 12, 2006, DoD OIG published a report on Phase One of the project. The report on Phase Two is expected to be published during the first quarter of FY 2008.

#### **Reach Back Support to Inspectors General of the Iraqi Security Forces (ISF)**

**(PROJECT NO. D2006-D1POE3-0038)**

With the re-deployment of the two full-time DoD OIG advisors to the Multi-National Security Transition Command-Iraq (MNSTC-I) Transition Teams in Baghdad, DoD OIG maintained a reach back cell to support the ISF Inspectors General.

To capture the lessons learned and best practices from his 40-month assignment assisting the Iraqi IGs, the DoD OIG senior advisor is producing a report (Project Number D2006-DIPOE3-0038.002) that suggests options that can be used to develop a viable, sustainable, effective IG system in emerging nations. Moreover, the report will recommend concepts, strategies, options, and practical applications that can be used in other “Stability, Security, Transition, and Reconstruction (SSTR)” operations where establishing a federal IG system may be appropriate in nation building missions. Complementing this effort, the reach back cell is also completing the draft report, “Assessment of the DoD Support to the Iraqi Security Forces IG System” (Project Number D2006-DIPOE3-0038.001), which will chronicle the progress in developing the inspectors general functions for the Ministries of Defense and Interior and the Iraqi Joint Headquarters and will recommend process improvements.

During this reporting period, the reach back team partnered with the Joint Forces Command and participated in a working group process to develop an operational level planning template for an integrated rule-of-law strategy in joint operations. The team described how an IG

system (federal and military) can be a catalyst for promoting efficiency and ethical governance and for building a culture of transparency and accountability in emerging nations.

## DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL

### Completed Audits

The Department of State Office of Inspector General (DoS OIG) completed two audits related to Iraq for the quarter ending June 30, 2008.

#### Iraqi Special Immigrant Visa (SIV) Program (NUMBER 08MERO3002, JUNE 30, 2008)

**Objective:** Evaluate the timeliness and equity of the various processing and qualification procedures and whether the loss of consular fees adversely affects SIV work.

**Findings:** DoS effectively met congressional allocations for issuing SIVs to former Iraqi and Afghan interpreters and translators for FY 2006 and FY 2007, and by mid-February 2008 had exceeded the FY 2008 target of 500 applications. Despite meeting numerical allocations, the pressure to quickly process cases resulted in some not receiving the level of scrutiny they should, which in turn resulted in some applicants receiving SIVs who (1) did not meet the program's criteria of working primarily as an interpreter or translator or (2) in the DoS OIG team's opinion appeared to be outside the legislative intent of the program. Thus, a number of SIVs could have been allocated to other qualified applicants. DoS should work with DoD and Homeland Security to define the qualifications of translators and interpreters.

The team notes, however, that consular officers at the time of fieldwork were taking a closer look at applicants' petitions and had returned cases to DHS's U.S. Citizenship and Immigration Services (USCIS) for possible revocation.

**Recommendations:** The Bureau for Consular Affairs, in coordination with DoD and Homeland Security, should develop and disseminate a clear definition of what constitutes work qualifying an Iraqi as an interpreter/translator.

The Bureau for Consular Affairs should verify staffing and resource needs to meet the expected increase of SIV applications and should request additional funds to sustain staffing and resource needs to efficiently and effectively manage the SIV programs in Iraq.

The Bureau of Population, Refugees, and Migration should verify resource needs to meet the expected increase of SIV applications and should request additional funds to sustain staffing and resource needs to efficiently and effectively manage the SIV programs in Iraq.

The Bureau for Consular Affairs, in coordination with DoD and Homeland Security, should develop and disseminate a clear definition of what constitutes "experienced or is experiencing an ongoing serious threat" as a result of applicant's employment with the U.S. government.

The Bureau for Consular Affairs, in coordination with DoD and Homeland Security, should develop and disseminate a clear definition of what constitutes "faithful and valuable service" for supervisors documenting applicant's performance.

### **U.S. Refugee Admissions Program (USRAP) for Iraq**

(NUMBER 08MERO3001, JUNE 30, 2008)

**Objectives:** Assess the prospects for meeting program goals, identify impediments to more rapid processing, and assess the effectiveness of the cooperative agreements with overseas processing entities (OPEs). Also, evaluate the coordination among U.S. government agencies on refugee issues

**Findings:** The U.S. government is on track to meet, and possibly exceed, its goal of resettling 12,000 Iraqi refugees in the United States in FY 2008. As of April 1, 2008, 2,630 Iraqi refugees have arrived in the United States, and another 5,820 have been approved for refugee status but had yet to travel. DoS projects that more than 8,000 Iraqi refugees will be interviewed by Department of Homeland Security Citizen and Immigrant Services (DHS/USCIS) adjudicators for refugee resettlement by June 30, 2008. The average approval rate for a UN High Commissioner for Refugees (UNHCR) referral obtaining U.S. government refugee status in the region is 70%. DoS OIG believes when the 2,630 who have arrived and 5,820 who are approved (but yet to travel) are added to the several thousands of possible new arrivals, the total should meet or exceed the administration's FY 2008 goal of 12,000.

**Recommendation:** The Bureau of Population, Refugees, and Migration should develop a detailed plan for establishing a refugee processing operation in Baghdad. The plan should include an analysis of a small overseas processing entity operation (4-7) versus a large one (more than 30), taking into consideration (1) the size of the vulnerable refugee population dependent

on Baghdad processing and (2) future funding requirements.

### **Ongoing Audits**

#### **Review of Procurement Competition: New Embassy Compound Baghdad (07AUD3034, INITIATED APRIL 2007)**

This audit is in the draft report stage. The objectives are to determine whether the New Embassy Compound contractors were awarded competitively and whether sole-source awards were justified.

#### **Joint Review of Blackwater Contract for Worldwide Personal Protective Services (DOS OIG PROJECT NO. 08-AUD-3016; SIGIR PROJECT NO. 8019, INITIATED MARCH 2008)**

**Objectives:** Determine the contracting process, the requirements and provisions of the contract, the costs and funding sources of the contract, and how DoS administered the contract to oversee Blackwater's performance.

This audit is in the fieldwork stage.

#### **Audit of Contract Administration, NEC Baghdad (08AUD3023, INITIATED JULY 2008)**

Objectives are to determine whether OBO and its Emergency Project Coordination Office (EPCO) effectively oversaw and certified the construction of the NEC Baghdad in accordance with applicable requirements and standards.

### **Review on the Role, Staffing, and Effectiveness of Diplomatic Security in the Development and Implementation Personal Protective Services (PPS) in Iraq (08MERO3003, INITIATED JUNE 2008)**

**Objectives:** Review what studies and needs assessments were conducted by the Bureau of Diplomatic Security to determine PPS requirements, factors which led to the decision for three separate contractors to perform protection services in Iraq, and what mechanisms are in place to ensure personal protective services assets are utilized in an efficient and effective manner.

This project is in the fieldwork stage.

### **Review on the Implementation of Recommendations from the Report of the Secretary of State’s Panel on Personal Protective Services in Iraq (commonly known as the Kennedy Report on Personal Protective Service (WPPS) in Iraq (08MERO3004, INITIATED JUNE 2008)**

**Objectives:** Review the current status of implementing recommendations from the Kennedy Report by the three WPPS contractors in Iraq—Blackwater, DynCorp International, and Triple Canopy; conduct an analysis of what recommendations, if any, have not been implemented; review and evaluate DoS tracking of the implementation and effectiveness of the Kennedy Report recommendations.

This project is in the fieldwork stage.

### **Review of the Activities of DynCorp International and Triple Canopy under the State Department’s Worldwide Personal Protective Service Contracts (WPPS) in Iraq**

(08MERO3005, INITIATED JUNE 2008)

**Objectives:** Review the requirements, provisions, and objectives of the contract; the indicators that have been established to measure performance; and how DoS administered the contract to oversee DynCorp International and Triple Canopy’s performance.

This review is in the fieldwork stage.

## **U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL**

### **Completed Audits**

This quarter, the USAID Office of Inspector General (USAID OIG) issued two audits related to Iraq reconstruction.

### **Audit of USAID/Iraq’s Marla Ruzicka War Victims Assistance Fund (REPORT NO. E-267-08-002-P, ISSUED APRIL 3, 2008)**

This audit was conducted to determine if USAID/Iraq complied with provisions contained in public laws to ensure that funds appropriated for the Marla Fund were used as intended. The audit found that USAID/Iraq was complying with provisions contained in public laws to ensure that funds were used as intended, however there were some areas in which USAID/Iraq could increase the positive impact of the fund.

Marla Fund benefits in Iraq, unlike a similar fund in Afghanistan, were limited to civilians harmed only by U.S. or Coalition forces military operations. Also, Marla Fund projects were not consistently prioritized by all implementing partners within Iraq. One partner concentrated its funding principally on community infrastructure projects rather than families of victims. Furthermore, USAID/Iraq had no plan to ensure the sustainability of assistance to civilian war victims in Iraq after USAID funding ceases.

USAID OIG recommended that USAID/Iraq: Reconsider its practice of limiting Marla Fund beneficiaries to Iraqi civilians who suffered losses caused solely by U.S. and Coalition forces; encourage Marla Fund implementing partners to focus future projects on families in dire need rather than community infrastructure projects; determine whether funds should be reallocated to implementing partners operating in regions in which those funds could be better used; and develop a plan to address the future sustainability of assistance to civilian Iraqi war victims.

### **Audit of USAID/Iraq's Management of Its Official Vehicle Fleet**

**(REPORT NO. E-267-08-003-P,  
ISSUED JUNE 24, 2008)**

Since 2003, USAID/Iraq has had responsibility for 188 official vehicles, many of which were armored, with a total acquisition value of approximately \$25.1 million. The audit was conducted to determine whether USAID/Iraq's official vehicle fleet was managed in accordance with USAID's policies and procedures. The audit found that USAID/Iraq managed many aspects of its official vehicle fleet in accordance with

USAID's policies and procedures. USAID/Iraq had taken action to dispose of 99 excess vehicles, but needed to take further action to dispose of as many as 64 additional excess vehicles to reach the optimal number of official vehicles justified by its staffing level. The estimated value of the 64 excess vehicles totaled approximately \$2.2 million as of March 5, 2008. The Office of Inspector General/Iraq made seven recommendations to improve USAID/Iraq's management of its official vehicle fleet, including disposing of excess vehicles, better maintaining of vehicle records, using authorized technicians to replace damaged ballistic glass, and requiring defensive driver and surveillance training.

### **Ongoing Audits**

#### **Audit of USAID/Iraq's Community Action Program**

The objective of this audit is to determine whether USAID/Iraq's Community Action Program activities have achieved the planned results and what the impact has been of those results.

#### **USAID/Iraq's Agribusiness Program**

The objective of this audit is to determine whether USAID/Iraq's Agribusiness Program has achieved the planned results and the impact of those results.

#### **USAID/Iraq's National Capacity Development Program**

The objective of this audit is to determine whether USAID/Iraq's National Capacity Development Program has achieved the planned results and what the impact has been of those results.

### **Audit of USAID/Iraq's Monitoring and Evaluation Performance Program**

The audit has two objectives:

- Is the Monitoring and Evaluation Performance Program, Phase II, producing monitoring and evaluation reports that are timely, relevant, and useful for performance management?
- Is USAID/Iraq using MEPP II program results to manage its portfolio?

### **DEFENSE CONTRACT AUDIT AGENCY**

The Defense Contract Audit Agency's (DCAA's) services 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.

The DCAA plans and performs work on a fiscal year basis. The Table N-2 on the next page shows both the Iraq-related audits closed during FY 2007 and the audits closed and still open in FY 2008, as of June 30, 2008.

### **U.S. ARMY AUDIT AGENCY**

As of June 30, 2008, the U.S. Army Audit Agency (USAAA) had 12 auditors working in Southwest Asia, including 5 in Iraq, 2 in Afghanistan, and 5 in Kuwait.

#### **Completed Audits**

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

(AUDIT REPORT A-2008-0098-ALL, APRIL 3, 2008)

At the request of the Office of the Deputy Chief of Staff, G-4, USAAA audited whether Army activities in Iraq maintained adequate visibility over shipping containers located in the Iraq Theater of operations. This report was part of an overall audit of the Management of Shipping Containers in Southwest Asia, which consisted of simultaneous audits occurring in Kuwait, Afghanistan, and CONUS. The audit of selected activities in Iraq determined that visibility issues existed with the data in the Integrated Booking System Container Management Module (IBS-CMM), the automated system used to manage and track shipping containers in the Southwest Asia area of operations. Specifically, key personnel and activities sometimes weren't taking the actions needed to ensure the visibility data was accurate and complete. Actions needed included conducting physical inventories, recording containers properly in the automated system, reporting missing or lost containers, and tracking containers. Without these actions, there was a measurable loss of visibility data that affected command's ability to make sound container management decisions. For example, in the Iraq area of operations, the Army had lost visibility over

## DCAA AUDITS RELATED TO IRAQ FOR FY 2007 AND FY 2008

DESCRIPTION OF AUDIT AREA	FY 2007	FY 2008	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	105	40	10
Agreed-upon Procedures Price Proposal (2)	13	0	0
Other Special Requested Audits (3)	71	39	70
Incurred Cost (4)	27	35	117
Labor Timekeeping (5)	60	25	40
Internal Controls (6)	32	18	63
Preaward Accounting Survey (7)	6	4	3
Purchase Existence and Consumption (8)	23	9	24
Cost Accounting Standards (9)	39	31	67
Other (10)	47	35	99
<b>Total</b>	<b>423</b>	<b>236</b>	<b>493</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. Incurred 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. Cost Accounting Standards – Audits of Contractor Disclosure Statements and compliance with Cost Accounting Standards
10. Other – Significant types of other audit activities including compliance with Truth in Negotiations Act, audits of provisional billing rates, and audits of claims and termination settlement proposals

TABLE N-2

23,437 containers valued at approximately \$61.8 million.

Overall, these problems occurred because of shortfalls in:

**Command emphasis:** MNF-I and subordinate activities did not sufficiently emphasize and enforce applicable container management practices and guidance to ensure visibility was maintained over containers in the Iraq area of operations.

**Training:** The container control officer (CCO) and senior leadership were not provided fundamental container management training specific for operational areas to ensure they

clearly understood their container management responsibilities.

**Force structure and capabilities:** Container management duties and responsibilities were not owned or controlled by one organization. Instead, multiple commands had responsibilities over containers, which created difficulties in implementing guidance and making changes to improve effectiveness of operations.

Improvements in these key areas were critical to overcoming the challenges associated with managing containers during contingency operations.

**Completed Audits (Outside of Theater In Support of OIF/OEF):****Reset Metrics/Field Level Reset  
(AUDIT REPORT A-2008-0120-ALM,  
APRIL 30, 2008)**

At the request of the Secretary of the Army, USAAA evaluated the adequacy of metrics the Army used to measure the effectiveness of the FY 2007 reset program. This audit report addresses field level reset and is one of a series of four reports.

The field level reset metric was being reported as designed, but it did not measure all the funds the Army applied to field level reset. The metric measured reset success by the number of brigades in progress or completed with field level reset. However, this accounted for only a fraction of the funds the Army obligated for this purpose. Of the \$3.7 billion that the Congress allocated for field level reset, USAAA focused on about \$3.1 billion attributable to ground equipment. The Army reprogrammed some of this funding during the fiscal year, leaving approximately \$2.5 billion for field level reset. Of this amount, the metric failed to measure more than \$1 billion because the funds were used to complete work that was not attributable to specific brigades. Also, the Army report to the Congress did not clarify that a brigade that had completed field level reset sometimes was not ready to deploy because it may have been missing equipment that would be filled from the national equipment pool, new procurement, or other sources.

The Army's procedures for reporting to the Congress the status of brigades undergoing field level reset also needed improvement. U.S. Army

Materiel Command, the activity responsible for preparing this information and forwarding it to DA to include in the congressional report, did not have formalized business rules establishing when a brigade would be reported complete with reset. In addition, its subordinate activity, U.S. Army Sustainment Command, relied on contractor teams to report field level reset status because it could not rely on the information in standard Army systems. However, Sustainment Command did not report these deficiencies to system proponents; thus, it was unlikely that data in those systems would be improved. This was especially important because the new Automated Reset Management Tool, which is intended to be the Army's focal point for reset information, relies heavily on data from those systems.

Although the Army effectively obligated reset funds in a timely manner, it did not monitor execution data at a brigade level. This occurred because the Army allocated field level reset funding by installation instead of brigade, and it had no method for monitoring funding attributable to a specific unit. Often, the amount of funding provided to an installation did not correlate to the number of units reset at that installation. Further, the Army did not have a good historical basis to determine how much it should cost to reset a brigade. This information is crucial in evaluating the efficiency of the Army's field level reset program.

**Operational Loss Requirements  
(AUDIT REPORT A-2008-0142-ALM,  
MAY 12, 2008)**

During 2002, the Army began experiencing increased equipment losses because of contingency operations in Afghanistan and Iraq. Those losses are replaced through a process of identifying operational losses, reporting them through the chain of command to DA, and programming for their replacement. At the request of the Office of the Deputy Chief of Staff, G-4, USAAA audited the Army's process for identifying operational losses and programming for their replacement in FYs 2007/2008.

USAAA concluded that the process was lengthy and inefficient, units did not comply with guidance, and guidance was unclear or incomplete. For four of the six weapon systems reviewed, the Army took an average of 180 days to identify an operational loss as a requirement for replacement. Reporting delays were inherent in the process, and the Army lacked real-time visibility over equipment losses. In addition, programmed replacements didn't match operational losses because the Army needed to submit requirements without complete data on actual losses. Specifically, requirements submitted for:

- FY 2007 supplemental funding exceeded operational losses for some weapon systems and were understated for others.
- FY 2008 supplemental funding was based on projected losses because of the timing of the requirements request. Requirements were overstated relative to previous losses and developed without a clear methodology or approval for projecting the losses.

For FYs 2005-2008, the Army identified requirements to replace operational losses for the six weapon systems USAAA reviewed totaling 355 aircraft and vehicles. However, the Army identified only 269 equipment losses for these systems from FY 2002 through April 2007. Programmed replacements did not match operational losses. The process, coupled with the two to four year procurement lead-time for end-items, delayed replacements. These delays could lead to a diminished fleet and could negatively affect unit readiness.

The Office of the Deputy Chief of Staff, G-4, recognized it needed improved visibility over equipment losses. In March 2006, the office began a Lean Six Sigma initiative to automate the loss reporting process. The initiative identified improvements to the process, but experienced delays implementing many improvement tasks. Consequently, the process still needs improvement to support readiness in this time of increased operational tempo.

**Accounting for Seized Assets and  
Development Fund for Iraq Balances  
(AUDIT REPORT A-2008-0109-FFM,  
MAY 22, 2008)**

USAAA performed this audit at the request of the Assistant Secretary of the Army, Financial Management and Comptroller (ASA[FM&C]) to determine if residual balances maintained by DA in three deposit fund accounts were reasonable and available for transfer to the GOI. The fund accounts were 21X6095 (Collection for Seized Assets Account), 21X6098 (Disbursement of Seized Assets Account), and 21X6840 (Disburse-

ment of Development Fund for Iraq [DFI]).

USAAA found that the residual balances maintained by DA for the three deposit fund accounts were reasonable; however, the residual balances in the Disbursement of Seized Assets and DFI Accounts were not ready for transfer. Specifically, Third Army and DA did not maintain adequate visibility over the unliquidated obligations (ULO). As a result, the residual balances in the Disbursement of Seized Assets and the DFI Accounts were not yet available for transfer to the GOI.

Procedures were not in place for Third Army and DA to maintain visibility over ULO; rather, theater personnel were contacted to provide information on an as-needed basis. Without information on the ULO status, USAAA was unable to determine the likelihood that these funds were going to be disbursed or estimate when the disbursements would occur. As a result, DA did not know the true status of the accounts and could not make plans to return the funds.

By taking action to develop an Aged ULO Status Report for ULOs, Third Army could provide DA information it needed to develop a plan for returning the residual balances to the GOI.

USAAA also found that ASA(FM&C) maintained funds in each of the three accounts that were not distributed for use to either Third Army or the U.S. Army Corps of Engineers (USACE). This undistributed balance, collectively valued at about \$36.9 million, could be transferred to the GOI pending confirmation from Third Army and USACE fund managers that no foreseeable needs exist.

### **Reset Metrics/Lessons Learned (AUDIT REPORT A-2008-0160-ALM, JUNE 17, 2008)**

This is the final report in a series of four reports addressing the Army's reset metrics. At the request of the Office of the Secretary of the Army, USAAA reviewed procurement, sustainment, and field level reset metrics the Army reported to the Congress. USAAA evaluated the degree to which the metrics demonstrated the positive outcomes associated with FY 2007 Title IX supplemental funding for reset. This report highlights overarching themes noted while conducting the audits.

Although the Army's report to the Congress generally demonstrated the positive effects of the FY 2007 Title IX supplemental funding, the report did not always align resources used with outcomes achieved with those resources. For example, the sustainment level reset workload reported as complete in FY 2007 was oftentimes funded with prior year funds and work funded in FY 2007 was carried forward into FY 2008. If workflow was consistent by type and quantity, the outcomes would be offset, but neither the type nor quantity was consistent. In addition, the field level reset metric did not capture at least \$1.1 billion that was not attributable to a specific brigade. As a result, the report did not provide an accurate perspective of outcomes the Army achieved with the influx of the \$17.1 billion in supplemental funds.

Additionally, the Army chose to submit its report monthly, rather than quarterly as the Congress required. This placed an additional burden on personnel in the field and increased the risk of inaccurate reporting. Further, the Congress

stated that the report should include information on expenditures, but the Army reported only obligations.

The Army's reset metrics are an important tool. The metrics should be accurate and reliable, demonstrating the positive effects of the reset program to the Congress and showing that the Army is efficiently and effectively stewarding reset funds. The Army took many positive actions, both in response to USAAA audit efforts and as a result of its own lessons learned, and it incorporated those changes in its reporting format and reset fragmentary orders. Additionally, the Army established a reset pilot program to improve the reset process and to identify potential enhancements to support the Army Force Generation model.

#### **Time Sensitive Issue/Automatic Reset Induction Overstatement of Field Reset Requirements**

**(AUDIT REPORT A-2008-0172-ALM, JUNE 24, 2008)**

This report provides details of an issue that needed immediate management attention. During the ongoing audit of automatic reset induction (ARI), USAAA identified an error in the FY 2008 budget build process that caused field reset requirements funded with FY 2008 Operations and Maintenance, Army (OMA) reset funds to be overstated.

The Army OMA reset distribution process overstated FY 2008 OMA field reset requirements by about \$27.6 million because the U.S. Army Sustainment Command (ASC) included field requirements for 101 ARI line item numbers

in its submission for the FY 2008 reset requirements budget distribution request. Commands were required to separately designate ARI items in their budget projections. Although personnel in the Office of the Army's Deputy Chief of Staff, G-4 reviewed individual submissions to identify duplicate ARI items, they did not identify the duplication in ASC's submission because it was received too late in the process for a detailed review. Consequently, the submission included requirements at both the depot level and field level for those 101 ARI items. The Office of the Deputy Chief of Staff, G-4 agreed with the USAAA recommendation to use the mid-year FY 2008 budget review process to reallocate the \$27.6 million for other valid reset needs.

#### **Management of Shipping Containers in Southwest Asia/Continental United States (AUDIT REPORT A-2008-0145-ALL, JUNE 25, 2008)**

At the request of the Deputy Chief of Staff, G-4, USAAA audited whether the Army activities maintained adequate visibility over shipping containers in CONUS. This report was part of the overall audit of the Management of Shipping Containers in Southwest Asia, which consisted of simultaneous audits occurring in Kuwait, Iraq, and Afghanistan.

The USAAA audit of selected Army depots and installations in CONUS determined that visibility issues existed with the data in the Army's designated container management system—Army Container Asset Management System (ACAMS). However, USAAA found responsible Army personnel sometimes did not take the

needed actions that would result in sufficient visibility over the shipping containers using ACAMS data. Specifically, they did not:

- Account for containers in ACAMS.
- Input maintenance, usage, and status codes in ACAMS.

USAAA also determined that there were instances of duplication in ACAMS, which gave the false impression of a higher number of containers available for distribution.

The problems occurred because Army activities did not have sufficient resources (funding and personnel) to take needed actions to attain a reasonable degree of visibility over shipping containers within their purview. At the activities visited, USAAA found shortfalls with:

container management processing procedures

- ACAMS training
- adequate number of personnel
- DoD biennial inventories
- maintenance inspections and repairs

To gain control over the visibility of shipping containers, the Army must take action by securing funding and putting into practice a container management program. In the absence of the base funding needed to establish visibility and control over containers, visibility over the critical transportation assets will continue to be in question.

### **Ongoing Audits**

#### **Follow-up Audit of Asset Visibility and Container Management**

(PROJECT CODE A-2007-ALL-0081.002, INITIATED 2Q/FY07)

Determine if U.S. Central Command implemented agreed-on recommendations and fixed the problems identified in the previous audit report.

#### **Management of Shipping Containers in SWA—Kuwait**

(PROJECT CODE A-2007-ALL-0081.003, INITIATED 2Q/FY07)

Determine if the Army maintained adequate visibility over shipping containers to and from the Southwest Asia theater of operations.

#### **Management of Shipping Containers in SWA—Afghanistan**

(PROJECT CODE A-2007-ALL-0081.005, INITIATED 2Q/FY07)

Determine if the Army maintained adequate visibility over shipping containers to within and from the Southwest Asia theater of Operations.

#### **Retrograde Operations in SWA/Kuwait**

(PROJECT CODE A-2007-ALL-0858.000, INITIATED 3Q/FY07)

1. Determine whether retrograde operations in the Southwest Asia area of operations are managed in an effective and cost-efficient manner.
2. Determine whether adequate accountability and visibility are maintained over retrograded materiel and equipment.

### **Retrograde Operations in SWA/Kuwait (Rear Support)**

(PROJECT CODE A-2007-ALL-0858.001,  
INITIATED 4Q/FY07)

1. Determine whether retrograde operations in the Southwest Asia area of operations are managed in an effective and cost-efficient manner.
2. Determine whether adequate accountability and visibility are maintained over retrograded materiel and equipment.

### **Contracting Operations at the Joint Contracting Command - Iraq/Afghanistan Victory**

(PROJECT CODE A-2007-ALL-0887.002,  
INITIATED 4Q/FY07)

Determine if goods and services acquired under contract were properly justified, awarded, and administered.

### **CID Assist/Government Furnished Equipment - CSSC-K**

(PROJECT CODE A-2008-ALL-0201.001,  
INITIATED 1Q/FY08)

For the Combat Support Services Contract-Kuwait, issued by the U.S. Army Contracting Command, Southwest-Asia, determine if the government property administrator failed to maintain property accountability to conceal theft and did not deposit checks paid for lost, damaged, or destroyed equipment.

### **Container Detention Billing for the Global War on Terrorism, Military Surface Deployment and Distribution Command (PROJECT CODE A-2007-ALR-0259.002, INITIATED 2Q/FY08)**

Are container detention charges relating to the Global War on Terrorism billed to the responsible activity?

### **Use of Role Players at Combat Training Centers (CTCs)**

(PROJECT CODE A-2007-FFF-0415.000,  
INITIATED 2Q/FY07)

1. Is the Army's process for acquiring role-players for the Combat Training Centers effective and efficient?
2. Is the logistical support provided for role-players at the Combat Training Centers consistent and cost-effective?
3. Does the Army adequately manage its role-players at the Combat Training Centers?

### **Temporary Change of Station Orders and Housing for Mobilized Soldiers**

(PROJECT CODE A-2007-FFS-0917.000,  
INITIATED 3Q/FY07)

1. Are policy and procedures governing the development of TCS orders adequate to ensure valid travel entitlements and proper authorizations?
2. Are policy and procedures governing the approval for payment of travel vouchers adequate to ensure care and prudent use of travel funds for mobilized soldiers?
3. Do Army installations have sufficient and cost-effective lodging to support soldiers mobilizing to the National Capital Region?

## Rapid Fielding Initiative (RFI)

(PROJECT CODE A-2007-ALA-0410.000, INITIATED 4Q/FY07)

Validate RFI requirements; adequate process to resource RFI acquisitions; and plans to institutionalize RFI.

## Operational Purchases of IT Equipment, Systems, and Services/Forces Command

(PROJECT CODE A-2005-FFI-0487.000, INITIATED 4Q/FY05)

1. Were controls over operational purchases and leases of information technology and communications equipment, systems, and services by U.S. Army Forces Command (FORSCOM) deploying units effective and operating?
2. Did units use appropriate funding sources for information technology and communications equipment purchases made in support of deployments?

## Operational Purchases of IT Equipment, Systems and Services/Iraq and Kuwait

(PROJECT CODE A-2005-FFI-0487.001, INITIATED 3Q/FY06)

Were controls over purchases and leases of information technology and communications equipment, systems, and services in place and operating effectively for units deployed in support of Operation Iraqi Freedom?

## Body Armor Requirements

(PROJECT CODE A-2007-FFD-0067.000, INITIATED 2Q/FY07)

1. Has the Army established adequate quantitative requirements for the procurement of body armor?

2. Does the Army have an adequate fielding plan for body armor?

## Impact of Mine Resistant Ambush Protected Vehicle Acquisitions on Other Systems

(PROJECT CODE A-2007-ALA-0978.000, INITIATED 4Q/FY07)

Did the Army adequately adjust requirements for new/existing systems impacted by MRAP acquisition?

## Automatic Reset Items—Retrograde

(PROJECT CODE A-2008-ALM-0312.000, INITIATED 2Q/FY08)

Is Automatic Reset Induction effectively supporting equipment requirements in the Army Force Generation (ARFORGEN) model?

## Contracts for Reset

(PROJECT CODE A-2007-ALM-0306.000, INITIATED 3Q/FY07)

Did the Army have adequate oversight of field-level reset requirements to effectively plan for contract maintenance support?

## Army Reserve Premobilization Training

(PROJECT CODE A-2008-FFS-0101.000, INITIATED 2Q/FY08)

1. Are pre-mobilization training requirements adequately identified and executed for the Army Reserve?
2. Are all necessary unit and individual training requirements completed prior to mobilization?
3. Are training requirements maximized at pre-mobilization to minimize post-mobilization training requirements?

**National Guard Premobilization Training  
(PROJECT CODE A-2008-FFS-0353.000,  
INITIATED 1Q/FY08)**

1. Are pre-mobilization training requirements adequately identified and executed for the Army Reserve?
2. Are all necessary unit and individual training requirements completed prior to mobilization?
3. Are training requirements maximized at pre-mobilization to minimize post-mobilization training requirements?

**Property Book Unit Supply Enhanced,  
3d Infantry Division (ID)  
(PROJECT CODE A-2008-ALR-0307.000,  
INITIATED 2Q/FY08)**

Determine if units used the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data.

**Property Book Unit Supply Enhanced,  
10th Mountain Division  
(PROJECT CODE A-2008-ALR-0360.000,  
INITIATED 2Q/FY08)**

Determine if units used the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data.

**Property Book Unit Supply Enhanced,  
I Corps  
(PROJECT CODE A-2008-ALR-0357.000,  
INITIATED 2Q/FY08)**

Determine if units used the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data.

**Use of Role Players Armywide (less  
Combat Training Centers (CTCs)  
(PROJECT NUMBER A-2008-FFF-0148.000,  
INITIATED 1Q/FY08)**

1. Is the acquisition and use of role-players for training cost-effective?
2. Is the logistical support provided to role-players consistent and cost-effective?
3. Is the oversight and administration of role-player contractors adequate?

**Establishing Rates for Shipping  
Containers  
(PROJECT CODE A-2007-ALR-0259.001,  
INITIATED 3Q/FY07)**

Are customer billing rates for break-bulk and container shipments based on appropriate costs?

**Army Foreign Language  
Program—Contracting  
(PROJECT CODE A-2007-ZBI-0344.003,  
INITIATED 1Q/FY08)**

1. Determine if the Army Foreign Language Program adequately identifies and receives contracted linguists to support mission requirements.
2. Determine if procedures and practices for awarding and justifying language contracts were adequate and in the best interest of the Army.

**DOL Workload Supporting Reset  
(PROJECT CODE A-2008-ALM-0311.000,  
INITIATED 2Q/FY08)**

Did the Army Garrison have an adequate process in place to identify and meet field-level reset requirements in support of ARFORGEN?

**Management of the Prepositioned Fleet at Combat Training Centers**

(PROJECT CODE A-2008-FFF-0044.000, INITIATED 2Q/FY08)

1. Are the pre-positioned fleets adequately configured?
2. Are rotational units effectively using the pre-positioned fleets?
3. Are the maintenance costs for the pre-positioned fleets reasonable?

**Property Book Unit Supply Enhanced; ACP**

(PROJECT CODE A-2008-ALR-0039.000, INITIATED 1Q/FY08)

Determine if units used the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data.

**Audit of Army Corps of Engineers Contracting Functions in Iraq (Gulf Region Division)**

(PROJECT CODE A-2008-ALL-0318.000, INITIATED 2Q/FY 2008)

The overall objective is to evaluate contracting practices and procedures at the Gulf Region Division. Specific objectives are to determine if:

- contract requirements were correctly identified and resulted in acquisitions that met the needs of the Army
- deliverables were monitored to ensure that products and services were provided in accordance with terms of the contracts
- contract closeout practices for terminated contracts were adequate and in the best interest of the Army

**Audit of Government Property Provided to Contractors—Kuwait Base Operations**

(PROJECT CODE A-2008-ALL-0204.000, INITIATED 2Q/FY 2008)

This audit evaluates whether the Army has adequate management and visibility over government property provided to contractors for base operations in Kuwait.

**Management of Shipping Containers in Southwest Asia**

(PROJECT CODE A-2007-ALL-0081.000, INITIATED 4Q/FY 2006)

This audit involves work in the United States, Iraq, Kuwait, and Afghanistan. It evaluates whether:

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

**Audit of Joint Contracting Command-Iraq—Baghdad**

(PROJECT CODE A-2007-ALL-0887.001, INITIATED 4Q/FY 2007)

This audit evaluates whether:

- services acquired under contracts were properly justified and cost-effective
- contracts were properly awarded and administered

### **Audit of LOGCAP Operations in Support of OIF—Power Generators**

(PROJECT CODE A-2007-ALL-0212.001, INITIATED 4Q/FY 2007)

This audit is being performed in Iraq. It evaluates whether contractor-acquired power generators were effectively managed and used under the LOGCAP III Contract.

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

(PROJECT CODE A-2007-ALL-0329-000, INITIATED 1Q/FY 2007)

This audit evaluates whether contracting operations were effective and performed in accordance with appropriate laws and regulations.

### **Retrograde Operations in Southwest Asia**

(PROJECT CODE A-2006-ALL-0397-000, INITIATED 3Q/FY 2006)

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.

### **Accountability of Contractors on the Battlefield**

(A-2007-FFS-0553.000, INITIATED 4Q/FY07)

This audit addressed these questions:

1. Has the Army established direct authority and identified the roles and responsibilities for accountability of contractors on the battlefield?
2. Does SPOT provide accurate, complete and relevant information for functional management of deployed Army contractor assets in theater?

3. Are the existing and proposed new processes and procedures for accounting for Army contractors within Iraq and Kuwait adequate?

### **Audit of Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan—Balad**

(A-2008-ALL-0319.000, INITIATED 2Q/FY 2008)

Determine if goods and services acquired under contract were properly justified, awarded, and administered.

### **Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan—Bagram**

(A-2008-ALL-0320.001, INITIATED 2Q/FY 2008)

Determine if goods and services acquired under contract were properly justified, awarded, and administered.

## **GOVERNMENT ACCOUNTABILITY OFFICE**

### **Completed Reports**

#### **Military Operations: Actions Needed To Better Guide Project Selection Commander's Emergency Response Program and Improve Oversight in Iraq** (GAO-08-736R, JUNE 23, 2008)

DoD has established broad selection criteria for CERP projects, which gives significant discretion to commanders in determining the types of projects to undertake. CERP is intended to provide commanders a source of funds that allow them to respond to urgent, small-scale humanitarian relief and reconstruction needs that will immediately assist the local Iraqi population. However, DoD guidance provides no definition

for small-scale or urgent, which leaves commanders with the responsibility of developing their own definitions. Commanders typically defined urgent as restoring a basic human need, such as water and electricity, or projects identified by the local Iraqi government as its most pressing requirement for the area. While the majority of CERP projects have cost less than \$500,000, the number of projects costing more than \$500,000 has increased significantly. Some of these projects cost millions of dollars and are estimated to take more than one year to complete. According to DoD officials, factors contributing to the increasing number of CERP projects costing more than \$500,000 include the lack of other available reconstruction money.

DoD officials told GAO that they are satisfied with the broad CERP guidance and that any modification, specifically defining small-scale and urgent, might affect the program's flexibility, which is a large part of what makes it such an attractive tool for commanders to use.

While the MNC-I project approval process provides some oversight, the Army and MNC-I have limited oversight of CERP in Iraq. MNC-I develops implementing guidance for CERP in Iraq and approves all projects costing \$500,000 or more, but has no role in the approval process for projects costing less than \$500,000.

**Recommendations:** To improve the program and management, GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Comptroller) to revise DoD's CERP guidance to include:

- definitions of small-scale and urgent
- a requirement that units that execute CERP projects provide project monitoring to ensure

that contractors have met the contract specifications.

Furthermore GAO recommends that the Secretary of Defense develop performance measures or indicators for CERP and use these indicators and other information to evaluate project effectiveness and sustainability as well as the program's budget requests.

In addition, GAO recommends that the Chairman of the Joint Chiefs of Staff direct the Commander of CENTCOM to direct the Commander of MNF-I to take steps to gain greater visibility of projects costing less than \$500,000, such as obtaining and reviewing summary information on the status of projects, completion rates, and impact of projects on the community.

### **Securing, Stabilizing, and Rebuilding Iraq: Progress Report: Some Gains Made, Updated Strategy Needed (GAO-08-837, JUNE 23, 2008)**

Since 2001, the Congress has appropriated about \$640 billion for the Global War on Terror, mostly for operations in Iraq. In January 2007, the President announced The New Way Forward to stem violence in Iraq and enable the GOI to foster national reconciliation. This new strategy established goals and objectives to achieve over 12 to 18 months, or by July 2008.

GAO discusses progress in meeting key goals in The New Way Forward:

- improve security conditions
- develop capable Iraqi security forces
- help the GOI enact key legislation, spend capital budgets, and provide essential services

GAO also discusses U.S. strategies for Iraq. GAO reviewed documents and interviewed officials from U.S. agencies, the UN, and the GOI. GAO also had staff stationed in Baghdad. Since May 2003, GAO has issued more than 130 Iraq-related audits, which provided baseline information for this assessment. GAO prepared this report under the Comptroller General's authority.

**Recommendation:** GAO recommends that DoD and DoS, in conjunction with relevant U.S. agencies, develop an updated strategy for Iraq that defines U.S. goals and objectives after July 2008 and addresses the long-term goal of achieving an Iraq that can govern, defend, and sustain itself.

DoD and DoS disagreed with this recommendation, stating that The New Way Forward strategy remains valid but the strategy shall be reviewed and refined as necessary. GAO reaffirms the need for an updated strategy given the important changes in Iraq since January 2007. An updated strategy should build on recent gains, address unmet goals and objectives, and articulate the U.S. strategy beyond July 2008.

### Ongoing Audits

#### Status of Economic Support Funds for Iraq (PROJECT NUMBER 320587, INITIATED MARCH 2008)

In FY 2006 and FY 2007, the Congress appropriated more than \$3 billion for the Economic Support Fund (ESF) for Iraq, including funding to support projects in Iraq's provinces. Recent reports show large undisbursed funds in 2007 ESF funds. The report will address the following:

- What is the status of obligations and disbursements for ESF funding for 2006 through 2008,

and how are these funds being used?

- To what extent are DoS and other agencies meeting expected time frames in obligating and proceeding with the projects and other activities funded by ESF?
- Do U.S. agencies face challenges in proceeding with ESF projects and activities; if so what are these challenges?

#### Contracting in Iraq and Afghanistan (PROJECT NUMBER 120724, INITIATED FEBRUARY 2008)

The Fiscal Year 2008 National Defense Authorization Act directs GAO to report annually on contracts for work performed in Iraq or Afghanistan. This report will address these key questions:

- How many contracts and tasks orders were awarded during the reporting period, and what was their total value?
- How many active contracts and task orders were there, and what was their total value?
- To what extent were competitive procedures used to award the contracts?
- How many contractor personnel worked on the contracts during the reporting period, and how many of those performed security functions?
- How many contractor personnel were killed or wounded?

## Analysis of DoD's Fiscal Year 2008 Costs and Funding for the Global War on Terrorism

(PROJECT NUMBER 351155, INITIATED JANUARY 2008)

As of May 2007, THE Congress had provided about \$542.9 billion to DOD for the Global War on Terrorism (GWOT). GAO's objectives on this engagement are to:

Examine and evaluate data in selected GWOT cost-reporting categories to determine how components are following DoD guidance in identifying and reporting GWOT obligations and the extent of internal controls for GWOT cost reporting.

Evaluate the basis for DoD's FY 2009 GWOT request, to include the guidance and key assumptions used in determining what funding will be required for the fiscal year.

Assess the outlook of DoD's FY 2008 funding and reported obligations for GWOT and how this might impact the potential requirements for FY 2009 GWOT funding.

## Staffing of Provincial Reconstruction Teams in Iraq and Afghanistan

(PROJECT NUMBER 320572, INITIATED JANUARY 2008)

Provincial Reconstruction Teams (PRT) in Iraq and Afghanistan have been a key method for the United States to help stabilize and deliver reconstruction assistance to these countries. As a result, the Congress has expressed great interest in assessing whether the staffing of PRTs has been timely and effective. In response to this interest,

GAO will determine:

- how DoS and DoD developed staffing models and requirements for PRTs in Iraq and Afghanistan
- the extent to which DoS, DoD, and other agencies have been able to fully implement the PRT staffing plans
- the funding streams that have been used to support PRT activities

## Iraqi Security Forces and the Transfer of Security Responsibilities

(PROJECT NUMBER 320557, INITIATED DECEMBER 2007)

The United States has provided approximately \$19.2 billion to train and equip Iraqi military and police forces and is also supporting non-governmental tribal security groups. This report will address these questions:

- What types and amounts of training, equipment, and other support has the United States provided for Iraqi security forces?
- What progress has been made in developing effective, non-sectarian Iraqi security forces?
- To what extent has the Multi-National Force-Iraq transferred security responsibilities to Iraqi security forces and the GOI?
- What factors are contributing or inhibiting progress in both areas?

**U.S. and International Assistance for Iraq Refugees and Internally Displaced Persons (PROJECT NUMBER NOT AVAILABLE, INITIATED NOVEMBER 2007)**

According to the UN High Commissioner for Refugees (UNHCR), there may be more than four million displaced Iraqis worldwide. The magnitude of refugees and internally displaced persons (IDPs)—comprising nearly 20% of Iraq’s population—represents a growing humanitarian crisis and is potentially destabilizing to Iraq and neighboring countries. Since 2003, the U.S. government has reportedly provided almost \$1 billion for refugees and IDPs. GAO will address these questions:

- What is the nature and extent of U.S. funding for assistance to Iraqi refugees and IDPs?
- What are the goals of U.S. and UN efforts to assist Iraqi refugees and IDPs, and what progress has been made?
- What challenges do the United States and the international community face in the efforts to assist Iraqi refugees and IDPs?

**DoD Plans for Unmanned Aircraft (PROJECT NUMBER 351086, INITIATED OCTOBER 2007)**

DoD continues to increase its unmanned aircraft systems (UAS). This report will answer the following key questions:

- To what extent has DoD made progress in developing procedures and performance measures for UAS?
- To what extent has DoD developed plans to support its inventory of UAS, and what factors may impact its ability to support these systems?
- What plans does DoD have to integrate addi-

tional UAS into the CENTCOM area of operations, and what factors may limit its ability to fully integrate their capabilities?

- To what extent would an executive agent for UAS address longstanding challenges related to the management of UAS?
- To what extent are current UAS capabilities meeting the needs of combatant commander, and what additional capabilities traditionally created for manned platforms are needed in these systems?

**Body Armor Programs and Testing (PROJECT NUMBER 351076, INITIATED AUGUST 2007)**

Broad public interest and a June 2007 hearing on body armor raised several issues related to the Army’s testing of new solutions, current solicitations (RFPs), and other issues. These are the key questions of the project:

- To what extent was the Army’s May 2006 test of Pinnacle’s “Dragon Skin” body armor conducted in accordance with established testing processes and procedures?
- Is the Army’s current RFP testing of body armor systems conducted in accordance with established processes and procedures?
- Do current solicitation processes ensure that the most appropriate body armor technologies, including viable new or alternative solutions, are provided to the troops?
- Does DoD have controls in place to ensure that DoD personnel adhere to relevant policies and guidance regarding use of body armor?

## **Use of Private Security Contractors in Iraq (PROJECT NUMBER 351083, INITIATED AUGUST 2007)**

These questions will be addressed:

- Why are private security contractors being used in Iraq instead of military or U.S. government civilian personnel?
- What is the number of private security contractor employees working in Iraq for the U.S. government and the total costs of employing these contractors?
- What process is used to ensure that contractor employees are properly trained, qualified, and vetted?
- What processes are used by contractors and the government to ensure accountability for vehicles and weapons acquired by contractors?

## **Planning for Iraq Drawdown (PROJECT NUMBER 351092, INITIATED AUGUST 2007)**

The objective of this review is to assess DoD's planning process and plans for the eventual drawdown of U.S. forces in Iraq.

## **DoD Use of Individual Augmentees (PROJECT NUMBER NOT AVAILABLE, INITIATED AUGUST 2007)**

The Congress has expressed concern about DoD's reliance on units performing non-traditional roles and missions and individual augmentees (IAs) in support of current operations, specifically in the areas of selecting, training, and equipping these positions.

These key questions will be addressed:

- To what extent do the services define and track units deploying in support of non-traditional

roles and missions?

- To what extent have efforts to select, train, and equip these units met theater requirements, and what impact have they had on the services and unit personnel?
- How do the services define and track the use of IAs deploying in support of current operations?
- To what extent do the services have procedures in place to select, train, and equip IAs to meet theater requirements for joint assignments?

## **U.S. Forces Rotation Readiness (PROJECT NUMBER NOT AVAILABLE, INITIATED JULY 2007)**

The Congress has been concerned about the impact of ongoing operations on military readiness and DoD's ability to train and maintain qualified and ready forces. These are the key questions to be addressed:

- To what extent can the Army and the Marine Corps provide trained and ready forces for increased requirements in Iraq, as well as other ongoing operations?
- To what extent can the services provide trained and ready forces to meet the requirements of selected contingency war plans of the regional combatant commands?
- To what extent has DoD assessed its risk in meeting the requirements of selected high-priority war plans and any alternatives or trade-offs that must be made to meet these requirements?

**Sexual Assault in DoD**  
(PROJECT NUMBER 351062,  
INITIATED JUNE 2007)

This report will address:

- To what extent have DoD and the military services developed and implemented policies and procedures to prevent, respond to, and resolve reported sexual assault cases?
- To what extent do DoD and the Coast Guard have visibility over reported sexual assaults involving service members in order to enhance their capability to prevent and respond to a sexual assault?
- Determine the extent to which DoD and the military services have established medical and mental health services to respond to the needs of victims of sexual assault.

**Deployed Soldiers Medical Status**  
(PROJECT NUMBER NOT AVAILABLE,  
INITIATED APRIL 2007)

With DoD deploying more soldiers as part of its continuing military operations, the Congress is concerned that DoD is sending soldiers to combat with medical conditions that should have precluded them from being deployed. The key questions are:

- How do services' policies, guidelines, and procedures implement DoD guidelines and differ across the services for documenting service members' medical limitations prior to deployment?
- To what extent is the Army adhering to its policies, guidelines, and procedures for assessing and changing physical profiles that document

soldiers' medical limitations?

- To what extent has the Army deployed soldiers with serious medical conditions, and to what extent have these soldiers been placed in positions or assigned duties that take into account their limitations?

**Fuel Demand at Forward Locations**  
(PROJECT NUMBER 351172,  
INITIATED MARCH 2008)

U.S. military forces rely heavily on petroleum-based fuel to conduct operations. Mobile ground forces operating at forward-deployed locations require vast quantities of fuel to operate combat and support vehicles; generate power; and move troops, equipment, and supplies. This heavy fuel demand presents a significant logistics burden on the battlefield.

**Key Questions:**

1. To what extent has DoD identified systemic fuel demand issues at its forward deployed locations?
2. What actions, if any, has DoD taken toward reducing the military's dependence on fuel at forward-deployed locations?

**Urgent Wartime Requirements**  
(PROJECT NUMBER 351236,  
INITIATED JUNE 2008)

The changing tactical conditions in South-west Asia have highlighted the need for DoD to respond rapidly to wartime needs for new capabilities. DoD has been moving toward a joint process to meet these needs that would reduce

duplication and costs. However, it is unclear whether DoD has fully and effectively implemented its joint process to that end.

**Key Questions:**

1. To what extent are DoD components using their own respective processes to respond to urgent wartime needs rather than the joint process?
2. How effective is the joint process in reducing duplication of effort, capability costs, and providing timely response to urgent wartime requirements?
3. What barriers or limitations exist in the joint process, and what actions have the services and DoD taken to address these limitations?

**Joint IED Defeat Organization (JIEDDO) Strategic Management**

(PROJECT NUMBER 351230, INITIATED 6/2008)

DoD Joint IED Defeat Organization' (JIEDDO) mission is to improve the U.S. military's capability for defending against improvised explosive device (IED) attacks. GAO reviews have continued to raise concerns about JIEDDO's ability to strategically manage and to achieve its objectives.

**Key Questions:**

1. What progress has JIEDDO made in developing its strategic plan and the critical sub-elements needed to clearly define its mission and achieve its objectives?
2. To what extent has DoD identified all department-wide IED defeat activities and to what degree has JIEDDO led, advocated, and coordinated these activities?

3. To what extent has the Office of the Secretary of Defense provided direction and oversight for JIEDDO operations and activities?

**Joint IED Defeat Organization (JIEDDO) Technology Assessment Management (PROJECT NUMBER 351231, INITIATED 6/2008)**

The DoD Joint IED Defeat Organization's (JIEDDO) mission is to improve the U.S. military's capability for defending against improvised explosive device (IED) attacks, by quickly and flexibly identifying, evaluating, selecting, developing, and fielding counter-IED solutions including technological solutions.

**Key Questions:**

1. To what extent has JIEDDO developed its processes to identify, evaluate, select and develop appropriate and effective counter-IED technologies and other solutions?
2. To what extent has JIEDDO developed processes and mechanisms necessary to anticipate and rapidly respond to current and future threats?

**Joint Improvised Explosive Devices Defeat Organization Processes To Coordinate Counter-improvised Explosive Devices Intelligence Support**

(PROJECT NUMBER 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?

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

**(PROJECT NUMBER 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 GOI 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 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.

### **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 June 30, 2008, the Department of Treasury has no plans to conduct any work in the future. As of June 30, 2008, the Department of Treasury has no auditors in Iraq and no ongoing audits related to Iraq.

### **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 June 30, 2008, the Department of Commerce has no plans to conduct any work in the future. As of June 30, 2008, the Department of Commerce has no auditors in Iraq and no ongoing audits related to Iraq.