

FINANCIAL IMPACT OF SIGIR OPERATIONS

The operations of the Special Inspector General for Iraq Reconstruction (SIGIR) have resulted savings of \$24 million and a total financial and potential financial-related impact of \$1.745 billion involving the Development Fund for Iraq (DFI), Iraq Relief and Reconstruction Fund (IRRF) and other funds and assets. SIGIR audit, investigation, inspection, and evaluation actions have resulted in financial impact by:

1. Recovery of weapons and funds
2. Audit, inspection, and assessment recommendations that enabled reconstruction management officials to:
 - a. Improve efficiency/effectiveness and reduce expenditures
 - b. Implement or improve fund and asset controls
 - c. Enhance construction quality by ensuring adequacy of design specifications, stopping inadequate construction, and preventing re-work
 - d. Increase potential oil revenue
 - e. Avoid waste and unnecessary expenditures

Tables I-1, I-2, and I-3 detail the financial and financial-related impact of SIGIR:

Audit Operations	\$ 391,800,000
Investigative Operations	\$ 13,011,304
Inspection Operations	\$1,339,700,000

Financial-related Impact of SIGIR Audits

SIGIR audit saved \$10.9 million, recovered funds of \$1.4 million, and improved use of \$7.8 million of funds. We also challenged payments of \$306.9 million which included possible duplicate payments, overpayments, and payments for ghost workers and work that was not completed. We also made recommendations that improved property accountability valued at \$64.8 million. The net potential impact of SIGIR audit as of December 31, 2005 is about \$391.8 million.

Financial-related Impact of SIGIR Investigations

SIGIR Investigations reports recovered funds, potential recovered funds as a result of prosecution, and the value of property recovered and returned to the Iraqi government. The \$13.1 million represents 18 investigative actions out of a total of 177 open, closed or referred cases. Recovered funds were seized from subjects identified in ongoing and closed SIGIR investigations. Recoveries are documented from fraudulent payments and seizure of unaccounted for cash. Property seizures reflect the assessed value of currently seized assets purchased with illegally obtained funds and recovered pursuant to criminal investigations.

APPENDIX I

AUDIT PERFORMANCE SUMMARY (Millions)

AUDIT #	DOLLARS SAVED	FUNDS RECOVERED	BETTER USE	CHALLENGED PAYMENTS	IMPROVED ACCOUNTABILITY	TOTAL FINANCIAL AND FINANCIAL RELATED IMPACT
04-003	\$ 10.90					\$10.90
04-011					\$ 64.80	64.80
05-004				204.00 ¹		204.00
05-006				96.60 ²		96.60
05-008				0.04 ³		0.40
05-015				2.70 ⁴		2.70
05-016				1.30 ⁵		1.30
05-017			\$ 7.80			7.80
05-020		\$ 0.20 ⁶		1.80 ⁷		2.00
05-023				0.50		0.50
7/16/05		0.50 ⁸				0.50
9/20/05		0.70 ⁹				0.70
TOTAL	\$ 10.90	\$ 1.40	\$ 7.80	\$ 306.90	\$ 64.80	\$ 391.80

¹ During the Audit of the Oversight of Funds Provided to Iraqi Ministries through the National Budget Process, auditors identified the inadequacy of controls over DFI funds used for salaries of Iraqi employees. Prior to the completion of the audit, management identified and agreed to work to implement corrective action.

² DFI account manager did not properly account for the disposition of this money

³ Potential overpayments: \$40,000

⁴ R3P challenged

⁵ Needless expended, duplicated construction, equipment not needed

⁶ Grant rescinded, money found in bank account: \$154,000

⁷ Work not performed

⁸ Recovery of cash turned in to Comptroller by audit and investigations (Mr Keith Kidd): \$527,456

⁹ Recovery of cash turned in to Comptroller by audit and investigations: \$670,664

TABLE I-1

INVESTIGATIONS PERFORMANCE SUMMARY

	FUNDS RECOVERED	POTENTIAL RECOVERY AS RESULT OF PROSECUTION	VALUE OF PROPERTY RECOVERED AND RETURNED TO IRAQ GOVERNMENT	TOTAL FINANCIAL AND FINANCIAL-RELATED IMPACT
TOTAL	\$11,686,224	\$1,265,570	\$59,510	\$13,011,304

TABLE I-2

Financial-related Impact of SIGIR Inspections

SIGIR Inspections reports the value of potential improved outcome of funds invested. An assessment of the Kirkuk Oil Pipeline disclosed that operational effectiveness could be greatly improved through certain engineering improvements. A plan to implement SIGIR recommendations was initiated by the U.S. Army Corps of Engineers during the timeframe of the assessment. Management's actions have the potential to increase annual oil revenues by \$1,277.5 million annually. The potential improved outcome of funds of \$62.2 million covers eight assessments and includes recommendations that will enhance the effectiveness of projects, ensure that project funds are put to better/more effective use and avoid additional unnecessary expenditures to re-contract for additional work.

INSPECTIONS PERFORMANCE SUMMARY (Millions)

INSPECTIONS #	POTENTIAL IMPROVED OUTCOME OF FUNDS INVESTED	POTENTIAL ANNUAL INCREASE OF IRAQ REVENUE	TOTAL FINANCIAL AND FINANCIAL-RELATED IMPACT
PA-05-001	\$ 11.0		\$ 11.0
PA-05-004	0.7		0.7
PA-05-005 TO 9	27.9		27.9
PA-05-010		\$1,277.5	1,277.5
PA-05-016	7.4		7.4
PA-05-107	0.5		0.5
PA-05-018	2.2		2.2
PA-05-021 TO 24	1.1		1.1
PA-05-029	11.4		11.4
TOTAL	\$ 62.2	\$1,277.5	\$1,339.7

TABLE I-3



