DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

This appendix provides summaries of the audits listed in Section 4. All information provided is current as of March 31, 2007.

Other Agency Audits

DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL

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

This quarter, DoD OIG continued to expand its oversight activities related to Iraq relief and reconstruction. The DoD OIG field office in Qatar provides oversight, audit, inspection, and investigative support to ongoing DoD operations in Southwest Asia. As of March 31, 2007, DoD OIG has four auditors in Qatar; six additional auditors will be in Qatar by the end of April 2007. In addition to the Qatar field office, DoD OIG Audit has a forward-deployed presence in Iraq, with eight auditors in Baghdad and two additional auditors scheduled to be in place in May 2007. Overall, the DoD OIG Audit division has assigned approximately 130 individuals to ongoing projects related to the war in Iraq.

As of March 31, 2007, the Defense Criminal Investigative Service (DCIS) had two special agents in Baghdad, joining the U.S. Army Criminal Investigation Command (CID), Federal Bureau of Investigation (FBI), and SIGIR in targeting fraud, bribery, kickbacks, and other corruption involving contracting. Two other special agents are stationed in Kuwait. In addition, two DoD OIG personnel continue to be assigned full-time in Baghdad to assist the Ministry of Defense Inspector General.

Since January 2007, the DoD Inspector General has testified three times before the Congress on its GWOT-related oversight efforts:

- January 2007, House Armed Services Committee, “Approaches to Audit of Reconstruction and Support Activities in Iraq”
- February 2007, Senate Armed Services Committee, “Office of Special Plans”
- March 2007, Senate Committee on the Judiciary, “Combating War Profiteering: Are We Doing Enough To Investigate and Prosecute Contracting Fraud and Abuse in Iraq?”

Additionally, on February 26, 2007, DoD established a GWOT Cost of War Senior Steering Group that works across DoD to improve and standardize cost-of-war reporting. DoD OIG is an invited observer to the steering group meetings.
Completed Audits

Management of the Iraq Security Forces Fund—Phase II

During phase II, DoD OIG examined whether the obligations recorded for the Multi-National Security Transition Command-Iraq (MNSTC-I), using the Iraq Security Forces Fund (ISFF), were made in accordance with legislative intent and applicable appropriations law. DoD OIG reviewed a randomly selected sample of 100 obligations made by MNSTC-I (comprising 395 obligation transactions) valued at $3.3 billion, from a universe of 1,074 obligations (comprising 2,114 obligation transactions) and valued at $4.6 billion. As of June 30, 2006, the Commander, MNSTC-I, had obligated $4.6 billion of the $5.2 billion as required by Public Law (P.L.) 109-13. DoD OIG determined that obligations incurred by MNSTC-I for the audit sample of 100 obligations complied with the intent of P.L.109-13. The report was issued on February 12, 2007.

Equipment Status of Deployed Forces within U.S. Central Command

DoD OIG conducted an audit of the Equipment Status of Deployed Forces to review whether U.S. forces in Iraq are equipped in accordance with mission requirements. Specifically, DoD OIG evaluated whether units were provided the required items of equipment and whether equipment modifications satisfied mission requirements. The team of auditors visited Kuwait, Bahrain, Qatar, Afghanistan, and Iraq. Based on responses from approximately 1,100 service members, they experienced shortages of force-protection equipment, such as up-armored vehicles, electronic countermeasure devices, crew-served weapons, and communications equipment. As a result, service members were not always equipped to effectively complete their missions.

DoD OIG recommends that the Army continue to implement the Mission Essential Equipment List process and develop and implement a tracking system for the four steps within the process for all units conducting missions in and deploying to Iraq and Afghanistan. Also, the Army should periodically review the process to determine whether Mission Essential Equipment Lists updated by unit commanders reflect the current warfighting environment and specific missions as they evolve. DoD OIG also recommends that the U.S. Central Command take these steps:

- enforce policy that requires units rotating into theater to conduct a review of current theater requirements for up-armored vehicles, individual body armor, and electronic countermeasure devices within 60 days of arrival in their areas of responsibility
- obtain those updated requirements in a timely manner
- confirm the validity of current theater requirements for sourcing
- provide the updated requirements to the Department of the Army so that the validated theater requirements can be satisfied

In addition, the Request for Forces process did not always ensure that service members who performed missions that they do not
traditionally perform—such as training, provincial reconstruction, detainee operations, and explosive ordnance disposal—received the equipment necessary to perform their wartime mission. As a result, service members performed missions without the proper equipment, used informal procedures to obtain equipment and sustainment support, and canceled or postponed missions while waiting to receive equipment. DoD OIG recommends that the Office of the Secretary of Defense develop and implement policy that addresses inter-service responsibilities for funding, equipping, and sustaining forces performing nontraditional missions. DoD OIG also recommends that the U.S. Central Command enforce existing policies that require Requests for Forces to include detailed equipment requirements for missions to be performed by In Lieu Of forces. The classified report was issued on January 25, 2007.

**Ongoing Audits**

**Internal Controls over Air Force General Funds Cash and Other Monetary Assets**  
(PROJECT NO. D2007-D000FD-0145.000, INITIATED 3/5/2007)

The overall objective of the audit is to determine whether internal controls for Air Force General Funds Cash and Other Monetary Assets are effectively designed and operating to adequately safeguard, account for, and report Cash and Other Monetary Assets. The audit team plans to travel to Iraq during the fourth quarter of FY 2007 as part of the overall effort and is working with DoD personnel in Iraq to facilitate the site visit. The final report is expected to be published during the second quarter of FY 2008.

**Internal Controls over Navy General Fund, Cash, and Other Monetary Assets Held Outside the Continental United States**  
(PROJECT NO. D2007-D000FN-0142.000, INITIATED 2/27/2007)

The overall objective of the audit is to determine whether internal controls for Department of the Navy, General Fund, Cash, and Other Monetary Assets held outside the continental United States are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. The audit team plans to travel to Iraq during the fourth quarter of FY 2007 as part of the overall effort and is working with DoD personnel in Iraq to facilitate the site visit. The final report is expected to be published during the second quarter of FY 2008.

**Management of the Iraq Security Forces Fund-III**  
(PROJECT NO. D2007-D000LQ-0141.000, INITIATED 2/15/2007)

The objective of Phase III is to determine whether MNSTC-I properly accounted for the goods and services purchased for the Iraqi Security Forces using the Iraq Security Forces Fund and whether the delivery of goods and services was properly made to the Iraq Security Forces. The final report is expected to be published during the first quarter of FY 2008.
Internal Controls over Army Cash and Other Monetary Assets Held Outside the Continental United States  
(PROJECT NO. D2007-D000FP-0122.000, INITIATED 2/9/2007)

The overall objective is to determine whether internal controls over Army Cash and Other Monetary Assets held outside the United States are properly safeguarded, recorded, accumulated, and reported. The audit team plans to travel to Iraq during the fourth quarter of FY 2007 as part of the overall effort and is working with DoD personnel in Iraq to facilitate the site visit. The final report is expected to be published during the second quarter of FY 2008.

Audit of U.S. Transportation Command (USTRANSCOM) Compliance with DoD Policy on the Use of Commercial Transport  
(PROJECT NO. D2006-D000AB-0236.000, INITIATED 8/4/2006)

DoD OIG is evaluating whether USTRANSCOM is complying with DoD policy on the use of commercial transport during wartime and whether those policies effectively provide optimal and cost-effective logistics to the warfighter. Specifically, DoD OIG is reviewing an allegation made to the Defense Hotline about the use of commercial sealift services. The report is expected to be published during the fourth quarter of FY 2007.

DoD Training for U.S. Ground Forces Supporting Operation Iraqi Freedom  
(PROJECT NO. D2007-D000LH-0108.000, INITIATED 1/5/2007)

The overall objective is to determine whether U.S. ground forces supporting Operation Iraqi Freedom (OIF) are receiving the 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 the ground forces are receiving the required training. The final report is expected to be published during the fourth quarter of FY 2007.

Audit of Potable and Non-potable Water in Iraq  
(PROJECT NO. D2006-D000LQ-0254.000, INITIATED 9/5/2006)

This audit is a congressional request to determine whether the processes for providing potable and non-potable water to U.S. forces in Iraq are adequate. DoD OIG auditors continue fieldwork in Iraq, including requesting disease and non-battle injury information from U.S. Army Center for Health Promotion and Preventive Medicine, Air Force Institute for Operational Health, and the Joint Medical Workstation. In addition, a team of auditors traveled to various CONUS locations to locate and obtain supporting information. The DoD OIG provided an update to the Congress on March 9, 2007. An audit report is expected during the third quarter of FY 2007.
Audit of the Inspection Process of the Army Reset Program for Equipment for Units Returning from Operation Iraqi Freedom
(PROJECT NO. D2006-D000LH-0246.000, INITIATED 8/30/2006)

DoD OIG is examining the Army Reset Program for equipment of the units that return from Operation Iraqi Freedom to determine the effectiveness of the vehicles’ inspection process after their tour. The project’s initial scope pertained to vehicles; however, the scope was expanded to include equipment, such as missiles, tracked vehicles, communications, and small arms. The project with the expanded scope and objectives was reannounced on January 22, 2007. The audit team met with units in CONUS during the second quarter of FY 2007. In addition, the audit team went to Kuwait during the second quarter of FY 2007 and plans to meet with units in Iraq during the third quarter of FY 2007. The report is expected to be published during the first quarter of FY 2008.

Audit of the Conditional Acceptance and Production of the Army Medium Tactical Vehicles in Support of the Global War on Terror
(PROJECT NO. D2006-D000AE-0225.000, INITIATED 7/21/2006)

DoD OIG is evaluating whether the Army is adequately protecting the U.S. government’s interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicle Program. DoD OIG will also evaluate whether management is cost-effectively producing the Family of Medium Tactical Vehicles as funded in support of GWOT. The draft report is expected to be published during the third quarter of FY 2007.

Audit of the DoD Use of GWOT Supplemental Funding Provided for Procurement and Research, Development, Test, and Evaluation
(PROJECT NO. D2006-D000AE-0241.000, INITIATED 8/4/2006)

DoD OIG is evaluating the adequacy of DoD financial controls over use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation. DoD OIG will also determine whether the funds were placed on contracts and used for purposes stipulated in the congressionally approved supplemental funding for GWOT. A series of reports is expected to be issued, beginning in the fourth quarter of FY 2007.

Audit of Internal Controls Over Out-of-Country Payments
(PROJECT NO. D2006-D000FL-0208.000, INITIATED 5/23/2006)

DoD OIG is evaluating whether internal controls over out-of-country payments supporting GWOT provide reasonable assurance that payments are properly supported and recorded. The audit team is working with DoD OIG personnel in Iraq to identify and obtain supporting documentation. The report is expected to be issued during the third quarter of FY 2007.
Audit of Procurement Policy for Armored Vehicles
(PROJECT NO. D2006-D000CK-0210.000, INITIATED 5/15/2006)

DoD OIG is conducting this audit in response to U.S. Representative Louise M. Slaughter’s request to review DoD procurement policies for armored vehicles. Specifically, DoD OIG is reviewing the procurement history for armored vehicle contracts to Armor Holdings, Inc., and Force Protection, Inc., in support of GWOT. Fieldwork analysis is being completed, and the draft report is being written. The final report is expected to be issued during the third quarter of FY 2007.

Audit of Management of Prepositioned Munitions
(PROJECT NO. D2006-D000LA-0251.000, INITIATED 8/22/2006)

DoD OIG is evaluating the management of prepositioned munitions in the U.S. European Command. Specifically, the evaluation will review the impact of the DoD transformation and the GWOT on the readiness of prepositioned munitions. A draft report was issued on March 26, 2007. A final report is expected to be issued in the third quarter of FY 2007.

Audit of Management of Prepositioned Munitions
(PROJECT NO. D2006-D000LA-0251.000, INITIATED 8/22/2006)

Audit of Management of Prepositioned Munitions
(PROJECT NO. D2006-D000LA-0251.000, INITIATED 8/22/2006)

Audit of the Procurement, Distribution, and Use of Body Armor in the Department of Defense
(PROJECT NO. D2007-D000LF-0054.000, INITIATED 11/9/2006)

This audit is the result of a congressional request by U.S. Representative Louise M. Slaughter. DoD OIG is evaluating the procurement history and practices for body armor and the effect that the Army’s decision to ban the use of personally purchased body armor has on the safety of service members. A draft report is expected to be issued during the third quarter of FY 2007.

Audit of Hiring Practices Used to Staff the Iraqi Provisional Authorities
(PROJECT NO. D2007-D000LC-0051.000, INITIATED 12/14/2006)

DoD OIG is evaluating 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 (ORHA) and the Coalition Provisional Authority (CPA) in Iraq. A draft report is expected to be issued during the fourth quarter of FY 2007.

Supply Chain Management of Clothing, Individual Equipment, Tools, and Administrative Supplies (PROJECT NO. D2006-D000LD-0062.000, INITIATED 12/15/2005)

The audit will evaluate the supply chain management of Clothing and Textile (Class II) Items to determine whether they are being efficiently and effectively obtained. Specifically, the audit will review the requirements determination and procurement processes, the acquisition of selected Class II items, and supply responsiveness, including emergency supplemental funds used to provide Rapid Fielding Initiative program items to soldiers in support of contingency operations. The draft report was issued on March 22, 2007. A final report is expected to be issued in the third quarter of FY 2007.


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

The MNSTC-I advisory team has helped the Iraqis establish policies and procedures for human rights inspections of detainee facilities, for document controls for classified materials, for acquisition and procurement programs, and for the military (uniformed) inspector general system.

To facilitate capacity building and help the Iraqis establish a qualified corps of inspectors, evaluators, auditors, and investigators, the advisors are designing on-the-job training programs and defining interim training requirements. DoD OIG mobile training teams and MNSTC-I advisors have provided training classes and help the Iraqis stand up an educational institution for professional development. The advisors are supported by an Inspections and Evaluations Reach-back Office in DoD OIG Headquarters.


DoD OIG is supporting the Department of State OIG initiative to provide advisory support to the entire Iraqi anticorruption system, which includes the 29 ministerial Inspectors General, the Commission on Public Integrity, the Board of Supreme Audit, and the Central
Criminal Court of Iraq. DoD OIG advisors are helping the Office of Accountability and Transparency, Embassy-Baghdad, to establish an infrastructure and staff to address anticorruption initiatives and principled governance objectives. DoD OIG will provide advisors who will deploy to Iraq on a rotational basis to support this effort. The advisors are supported by an Inspections and Evaluations Reach-back Office in DoD OIG Headquarters.

Audit Research on DoD Contracts Awarded to Parsons Corporation and its Subsidiaries
(PROJECT NO. D2006-D000CK-0273.000, INITIATED 9/29/2006)

The objective is to determine which DoD entities have contracted with Parsons Corporation, the scope of the work being contracted, and the amount of funds under contract. This will be determined for contracts inside and outside the continental United States. Ultimately, this information will be used to select specific contracts for a detailed review. DoD OIG has shared preliminary research with SIGIR and continues to coordinate and share information.

Anti-deficiency Act Investigation of the Operation and Maintenance Appropriation Account 2142020 and 2152020
(PROJECT NO. D2005-D000FD-0300.000, INITIATED 9/15/2005)

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

Evaluation of Department of Defense Intelligence Support to the Combatant Commands in Operation Enduring Freedom and Operation Iraqi Freedom
(PROJECT NUMBER D2007-DINT01-0092, INITIATED 12/15/2006)

The objectives are to examine DoD intelligence community support to the Combatant Commands in Operation Enduring Freedom and Operation Iraqi Freedom, to identify excellence and systemic problems, and to make rec-
ommendations for improvement. This will be a multi-phased project that will evaluate different elements of intelligence support, the scope of which will be narrowed after a preliminary study. A draft report is expected to be issued in the first quarter of FY 2008.

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

(PROJECT NUMBER D2007-D000CK-0144-000, 02/16/2007)

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

**DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL**

**Completed Audits**

**INL Iraq Police Contract (Adnan Palace)**

(AUD/IQ0-07-20, 1/30/2007)

In Iraq, the INL is responsible for assisting in the development of police capabilities. As the program execution office, INL used the IRRF to provide funding for Iraqi police training and assigned the contracting officer representative to monitor contract activities. The DoS Acquisition Management Office provided contracting officer support on behalf of INL.

**Ongoing Audits**

**National Endowment for Democracy Grant Audit**

(4/19/2006)


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

(12/13/2005)

This is an audit of selected DynCorp invoices. The draft report has been issued to DoS.

**Accountability for Contractor-held Government Property and Equipment Supporting Department Programs and Operations in Iraq and Afghanistan**

(9/14/2006)

The objective of the audit is to determine whether DoS can properly account for property and equipment purchased by and furnished to contractors performing work under selected contracts. A draft report on the Afghanistan phase is expected in April 2007. At this time, DoS does not anticipate conducting any work in Iraq for this audit; the work will be limited to Afghanistan.

**Baghdad New Embassy Construction Audit**

This audit is in the planning stage. The objectives are to determine whether the NEC contracts were awarded competitively and whether sole-source awards were justified.

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

This quarter, the U.S. Agency for International Development Office of Inspector General (USAID OIG) completed two audits; five
audits are ongoing. USAID OIG has seven auditors in Iraq, as of March 31, 2007.

During the period, DCAA completed three financial audits for the USAID OIG of costs incurred under contracts and cooperative agreements that the USAID OIG issued to USAID/Iraq with USAID OIG’s transmittal letter. These audits covered $509.6 million in USAID funds and contained questioned costs totaling $3.4 million. At the end of the reporting period, 17 DCAA audits were in process, which were being performed at the request of USAID OIG.

Completed Audits
Audit of USAID/Iraq’s Agriculture Reconstruction and Development Program
(E-267-07-002-P, 1/22/2007)

The audit found that 16 activities achieved their intended outputs, 12 activities were on schedule to achieve their intended outputs, and 1 activity is not likely to achieve its intended output. Significant activities that achieved their intended outputs included seed cleaning equipment procurement and demonstrations, and date palm infrastructure support. The audit also found that USAID/Iraq did not properly administer the contract with the contractor implementing the activities. Specifically, USAID/Iraq did not properly review payment vouchers, document key events, and prepare annual evaluations of contractor performance.

USAID OIG recommended that USAID verify that Cognizant Technical Officers are documenting significant events and key decisions impacting on the design and monitoring of activities.

Follow-up Audit of USAID/Iraq’s Education Activities
The audit found that 7 out of 16 selected intended outputs were achieved, and the Mission was able to provide sufficient documentation to support their achievement. USAID OIG could not determine if two reported outputs were achieved because of the lack of sufficient supporting documentation. The remaining seven intended outputs were not achieved.

The audit reviewed actions taken to address the recommendation from a previous audit report, Audit of USAID/Iraq’s Basic Education Activities (Report No. E-267-06-001-P). This audit recommended that the Mission develop a plan to ensure that the necessary computer equipment was in place to operate the education management information system. Actions taken to address the recommendation from the previous audit were not satisfactory. The computer equipment was not installed, and the education management information system was not operational. USAID OIG recommended that the Mission coordinate with its implementing partner to ensure that the servers are installed and the education management information system is operational.

Ongoing Audits
Audit of USAID/Iraq’s Telecommunication Activities

The main objective of this audit is to determine whether USAID/Iraq’s activities to construct a consolidated fiber network in Iraq achieved their intended results.
Audit of USAID/Iraq’s Planning and Reporting Process of its Activities
The main objective of this audit is to determine whether USAID/Iraq planned and reported on selected activities in accordance with applicable guidance.

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

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

DCAA Audits Related to Iraq for FY 2006 and FY 2007, as of 03/31/2007

<table>
<thead>
<tr>
<th>Description of Audit Area</th>
<th>FYE 2006 Closed</th>
<th>FYE 2007</th>
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<td>Open</td>
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<td>Agreed-Upon Procedures Price Proposal (2)</td>
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<td>Purchase Existence and Consumption (8)</td>
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<td>14</td>
</tr>
<tr>
<td>Other (9)</td>
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</tr>
<tr>
<td>Total</td>
<td>604</td>
<td>431</td>
<td>97</td>
</tr>
</tbody>
</table>

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. Other – Significant types of other audit activities including financial capability audits and Cost Accounting Standards compliance audits

Table L-1
programs are benefiting from participation in the PRTs.

**Audit of USAID/Iraq’s Local Governance Activities**

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

**DEFENSE CONTRACT AUDIT AGENCY (DCAA)**

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.

DCAA plans and performs work on a fiscal year basis. Table L-1 shows both the Iraq-related audits closed during FY 2006 and the audits closed, opened, and planned in FY 2007 (as of March 31, 2007).

**U.S. ARMY AUDIT AGENCY (USAAA)**

Since December 31, 2006, USAAA has completed three audits and has four audits in progress. As of March 31, 2007, USAAA had 15 auditors working in Iraq at Camp Victory, 10 auditors working in Kuwait at Camp Arifjan, and 4 auditors working at various locations throughout Afghanistan.

**Completed Audits**

**Procedures for Managing the Overaged Reparable Items List at the Tactical Wheeled Vehicle Refurbishment Center-Kuwait**

(AUDIT REPORT A-2007-0040-ALL, 1/16/2007)

The Army Supply System maintains some parts that are considered reparable, which requires customers to turn in the damaged part for which they are requesting a replacement. If the item is not turned in within a 10-day grace period, it is considered an Overaged Reparable Item and is reported on an Overaged Reparable Item List (ORIL).

USAAA performed this audit to determine if adequate procedures were in place for managing the ORIL at the Tactical Wheeled Vehicle Refurbishment Center in Kuwait. USAAA performed the audit at the request of the Commander, Army Field Support Brigade-Southwest Asia. The Commander requested the audit because work at the Refurbishment Center was in the process of being transferred to another contractor and the ORIL contained a high number of unresolved items.
The review showed that adequate procedures were not in place to manage reparable items shown on the ORIL for the Refurbishment Center. As of June 13, 2006, the ORIL contained 3,958 items, which were valued at about $4.8 million. USAA identified 2,764 items, valued at about $2.6 million, which could be removed from the list for explainable reasons. For the remaining items, valued at about $2.1 million, a sufficient audit trail did not exist to determine the disposition of the items.

The high number of items on the ORIL resulted from the contractor not following prescribed procedures outlined in Army guidance, and the government not providing sufficient oversight over the contractor’s supply operations. Specifically, the contractor:

• did not properly code requisitions for initial issue items during the early stages of operations at the Center
• transferred some reparable items on hand at the Center to Army units without properly documenting the transfer
• lacked proper documentation to support the disposition of some recoverable items turned in to the General Support Supply Support Activity (SSA) or the Defense Reutilization and Marketing Service
• turned in some reparable parts under an incorrect part number
• did not properly account for some items on hand at the Center

Because the contractor did not follow proper supply procedures, the contractor could not account for about $2.1 million of reparable items. In addition, the government did not provide sufficient oversight over the contractor’s supply operations until the later phases of the contract.


This report addresses the USAAA audit of the cost-effectiveness of transitioning the consolidation and shipping functions performed at the Theater Distribution Center in Kuwait (Task Order 87) from contingency to sustainment contracting. USAAA performed the audit as part of its current audit of Logistics Civil Augmentation Program Operations (LOGCAP) in Support of Operation Iraqi Freedom. USAAA performed this review at the request of the Commander, Coalition Forces Land Component Command (CFLCC) C-4.

USAAA was unable to determine whether it was cost-effective to transition the consolidation and shipping functions performed at the Theater Distribution Center to a sustainment contract because the cost and workload data needed to evaluate the cost-effectiveness of the transition was not readily available. The contingency contractor’s cost accounting system did not segregate costs by function below the task-order level. As a result, USAAA could not calculate, within a reasonable degree of certainty, the actual costs of performing the
consolidation and shipping functions under the contingency contract. Reliable historical workload data related to the consolidation and shipping operations was not available. Without reliable workload information, USAAA was unable to determine whether reductions in workforce requirements under the follow-on contract were the result of a more efficiently managed workforce or a result of efficiencies expected to occur as a result of implementing a new automated system to manage the operations under the follow-on contract, or a combination of both.

As a result, before transitioning the work to a sustainment contract, the Army did not have a sound basis for knowing whether transitioning the work to a sustainment contract would be cost-effective. However, there were several attributes to this action that theoretically would indicate that the transition of this work to a sustainment contract was a good management decision. First, the contract was awarded competitively, which should normally result in fair and reasonable prices. Second, and more important, the contracting office that awarded the follow-on contract is under the direct control of the same agency that has responsibility for operating the facility where the work is performed. This organizational alignment should result in more direct/efficient lines of communication between the contractor and personnel managing the operation. In addition, the USAAA review of recent cost reports indicated that the sustainment contractor had been operating well under budget since assuming the operation.


This report summarizes the results of USAAA audits on the cost-effectiveness of transitioning work under the Logistics Civil Augmentation Program (LOGCAP) contingency contract to sustainment contracts. USAAA performed this audit at the request of the Coalition Forces Land Component Command C4 (CFLCC).

The review showed that, generally, transitioning work from the contingency contract to sustainment contracts should be cost-effective and beneficial to the Army. However, the degree of cost-effectiveness is highly dependent on how well the follow-on contracts are awarded and managed. USAAA reviewed three functions that transitioned from the LOGCAP contract to sustainment contracts and found that, on the surface, the results varied.

- In one case, the cost to perform the work under the follow-on contract was clearly less expensive.
- In another case, the cost of the work performed under the follow-on contract could have been less expensive had the Army not awarded the follow-on work to the highest bidder.
- For the third function USAA reviewed, USAA could not clearly determine whether
the transition of work was cost-effective because sufficient historical cost and workload data was not available to make a comparison. However, theoretically, transitioning this work should be cost-effective assuming the follow-on contract is properly managed.

In all three cases, the commands involved in the transition did not perform cost analyses before their decision to transition work and did not require market and price analyses before requesting invitations for bids or requests for proposals. USAAA also found that CFLCC needed to improve the overall management of administering contracts in its area of responsibility to ensure best value, accountability, and oversight. Specifically, CFLCC had not developed an official transition program to efficiently move requirements to sustainment contracting. And, although the transition of the one function USAAA reviewed was cost-effective, the transition did not constitute a move to sustainment contracting because the function was only transitioned to another existing cost type contract. Additionally, the Army was unable to determine the efficiency of the contingency contractor’s operations because limitations in the contractor’s cost system make it difficult, in some cases, for the Army to determine the cost of work transitioning to sustainment contracts.

USAAA also performed cursory reviews on three additional functions that were transitioned to determine whether similar issues existed, such as whether cost analyses were performed before transitioning the work, and whether sufficient historical cost and workload information was available for the Army to perform cost analyses. In all three cases, USAAA found that similar issues existed. Knowing the full cost of work planned to be transitioned is important because it gives the Army a basis for ensuring that the Army receives the best value when it transitions work to sustainment contracts.

Ongoing Audits

Audit of Logistics Civil Augmentation Program (LOGCAP)

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

- Are services acquired under the LOGCAP contract reasonable and cost-effective solutions for satisfying force requirements?
- Are adequate management structures in place to plan, acquire, and manage services obtained under the LOGCAP contract?
- Is the contract administration over LOGCAP work in Iraq adequate?
- Are adequate internal controls in place over LOGCAP operations in Iraq, especially those areas highly susceptible to fraud, waste, and abuse?
• Does adequate information exist to enable higher levels of management to provide sufficient oversight over LOGCAP operations in Iraq?

These are “umbrella” projects for various audits that are underway on LOGCAP issues in support of Operation Iraqi Freedom. Ongoing work includes coverage of Defense Base Act insurance rates, dining facility operations, supply support activity operations, bulk fuel controls, and the cross-leveling and disposition of government furnished property managed by contractors. Reports are issued as work and the command reply process is completed. Information on the reports will be made available to SIGIR as completed audits.

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

Audit of U.S. Army Contracting Command Southwest Asia-Kuwait
(PROJECT CODE A-2007-ALL-0329)
This audit evaluates whether contracting operations were effective and performed in accordance with appropriate laws and regulations.

Management of Shipping Containers in Southwest Asia
(PROJECT CODE A-2007-ALL-0081)
This audit involves work in the United States, Iraq, Kuwait, and Afghanistan. It evaluates whether:
• shipping containers were adequately managed to ensure accountability and to minimize detention charges
• visibility was adequate over equipment and supplies transported to, within, and from the theater of operations
• controls were adequate over payments for the use of containers

GOVERNMENT ACCOUNTABILITY OFFICE
This quarter, the Government Accountability Office (GAO) has issued 12 reports and has 20 ongoing audits on Iraq reconstruction.

Completed Reports

Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight
(GAO-07-308SP, 1/9/2007)
As the United States reviews its plans to secure, stabilize, and rebuild Iraq, GAO has enclosed a series of issue papers for Congressional consideration in developing its oversight agenda for the 110th Congress and analyzing the President’s revised strategy for Iraq. These papers are based on the continuing work of the U.S. Government Accountability Office and the 67 Iraq-related reports and testimonies provided to the Congress since May 2003.
Iraq has had three successful elections, adopted a constitution, and installed its first elected government. At the same time, since the initial ground offensive ended in 2003, the costs to secure and stabilize Iraq have grown substantially, as has the level of violence that afflicts Iraqi society. Such violence stems from an insurgency that has grown more complex and lethal over the past 3½ years and the Sunni-Shi’a conflict, which escalated dramatically in 2006. This instability complicates meaningful political reconciliation among Iraq’s religious and tribal groups, reduces the effectiveness of U.S. and Iraqi reconstruction and capacity-building efforts, and diminishes the hopes and expectations of an Iraqi people without adequate jobs, water, fuel, and electricity. Increasing Iraqi security forces and transferring security responsibilities to them have not resulted in reduced violence. Rather, attacks increased throughout 2006.

Although more Iraqi troops have been trained and equipped, high absenteeism and divided loyalties have limited their overall effectiveness. At the same time, GAO service members are working with great courage and diligence to perform the roles the President has asked of them. Notwithstanding their noble efforts, the U.S. military has sustained significant casualties. In addition, wear and tear on military equipment and growing replacement costs have risen substantially. The resulting stress and strain on American forces have reduced troop readiness levels and the availability of reserve personnel.

The U.S. rebuilding effort in Iraq has focused on helping the Iraqi government establish a sound economy with the capacity to deliver essential services. Although Iraq’s economy has grown and U.S. efforts have helped restore portions of Iraq’s infrastructure, the poor security environment and mismanagement have diminished the overall results of U.S. investments. Iraq will need U.S. and international support, including political and economic incentives, to strengthen its fragile government institutions, which have thus far failed to adequately deter corruption, stimulate employment, or deliver essential services. The enclosures discuss these issues and other critical challenges that the United States and its allies face in the ongoing struggle to help the Iraqis stabilize, secure, and rebuild Iraq.

**Securing, Stabilizing, and Rebuilding Iraq: GAO Audit Approach and Findings**

(GAO-07-385T, 1/18/2007)

GAO and the Inspectors General (IGs) of individual departments and agencies have different roles and responsibilities. The broad audit authority allows GAO to support the Congress through strategic analyses of issues that cut across multiple federal agencies and sources of funding.

GAO’s work spans the security, political, and economic prongs of the U.S. national strategy in Iraq. The broad, cross-cutting nature of this work helps minimize the possibility of overlap and duplication by any individual inspector general.
Based on this work, GAO has made some unique contributions to the Congress. GAO’s past and ongoing work has focused on the U.S. strategy and costs of operating in Iraq, training and equipping the Iraqi security forces, governance issues, the readiness of U.S. military forces, and acquisition outcomes. These are some of the highlights of the work:

- The GAO analysis of the National Strategy for Victory in Iraq recommended that the National Security Council improve the strategy by articulating clearer roles and responsibilities, specifying future contributions, and identifying current costs and future resources.
- In GAO’s examination of the cost of U.S. military operations abroad, GAO recommended that the Secretary of Defense improve the transparency and reliability of DoD’s Global War on Terror (GWOT) obligation data. GAO also recommended that DoD build more funding into the baseline budget once an operation reaches a known level of effort and costs are more predictable.
- In assessing the capabilities of Iraqi security forces, GAO found that overall security conditions in Iraq have deteriorated despite increases in the numbers of trained and equipped security forces. A complete assessment of the Iraqi security forces’ capabilities depends on DoD providing GAO with the readiness levels of each Iraqi unit.
- GAO found that DoD faces significant challenges in maintaining U.S. military readiness for overseas and homeland missions and in sustaining rotational deployments of duty, especially if the duration and intensity of current operations continue at the present pace.
- In assessing the impact of ongoing military operations in Iraq on military equipment, GAO found that the Army and the Marine Corps have initiated programs to reset (repair or replace) equipment and are likely to incur large expenditures in the future.
- In reviewing efforts to secure munitions sites and provide force protection, GAO recommended that DoD conduct a theater-wide survey and risk assessment of unsecured conventional munitions in Iraq and incorporate storage site security into strategic planning efforts.
- In assessing acquisition outcomes, GAO found that DoD often entered into contract arrangements with unclear requirements, which posed additional risks to the government. DoD also lacked the capacity to provide sufficient numbers of contracting, logistics, and other personnel, thereby hindering oversight efforts.

In April 2005, an international peer review team gave the GAO quality assurance system a clean opinion—only the second time a national audit institution has received such a rating from a multinational team. Thus, the Congress and the American people can have confidence that GAO’s work is independent, objective, and reliable.

Continuing military operations in Iraq and Afghanistan are taking a heavy toll on the condition and readiness of the Army’s equipment. Harsh combat and environmental conditions in theater over sustained periods exacerbates the wear and tear on equipment. Since FY 2002, the Congress has appropriated about $38 billion to the Army for the reset (repair, replacement, and modernization) of equipment that has been damaged or lost as a result of combat operations. As operations continue in Iraq and Afghanistan and the Army’s equipment reset requirements increase, the potential for reset costs to significantly increase in future DoD annual budgets also increases. For example, the Army estimates that it will need about $12-13 billion per year for equipment reset until operations cease, and up to two years thereafter.

This testimony addresses (1) the extent to which the Army can track and report equipment reset expenditures in a way that confirms that funds appropriated for reset are expended for that purpose, and (2) whether the Army can be assured that its equipment reset strategies will sustain future equipment readiness for deployed as well as non-deployed units while meeting ongoing requirements.

GAO’s preliminary observations are based on audit work performed from November 2005 through December 2006.

Defense Logistics: Improved Oversight and Increased Coordination Needed to Ensure Viability of the Army’s Prepositioning Strategy (GAO-07-144, 2/15/2007)

Prepositioned military equipment and supplies on ships and overseas on land have become an integral part of the U.S. defense strategy. However, the Army’s program has faced long-standing management challenges, including equipment excesses and shortfalls, invalid or poorly defined requirements, and maintenance problems. In P.L. 109-163, the Congress required the Army to conduct an assessment of its prepositioning programs and required GAO to assess (1) whether the Army’s report addressed the areas required by the Congress, and (2) the major challenges the Army continues to face in its prepositioning program. GAO analyzed the Army’s report and other information obtained from the Joint Staff, the Army, and its subordinate commands to identify the issues affecting the Army’s prepositioning program. GAO also visited prepositioned equipment sites in South Carolina, Europe, South Korea, and Kuwait.


DoD has relied extensively on contractors to undertake major reconstruction projects and provide support to its deployed forces, but these efforts have not always achieved desired outcomes. Further, the Iraqi government must
be able to reduce violence, sustain reconstruction progress, improve basic services, and make a positive difference in the daily lives of the Iraqi people.

This statement discusses (1) factors affecting DoD’s ability to promote successful acquisition outcomes on its contracts for reconstruction and for support to deployed forces in Iraq, (2) the deteriorating security situation and the capabilities of the Iraqi security forces, and (3) issues affecting the Iraq government’s ability to support and sustain future reconstruction progress.

The testimony is based upon GAO work on Iraq reconstruction and stabilization efforts, DoD contracting activities, and DoD’s use of support contractors spanning several years. This work was conducted in accordance with generally accepted government auditing standards.


The National Strategy for Victory in Iraq, issued in November 2005, implies a conditions-based linkage between the development of the Iraqi Security Forces (ISF) and the size and shape of the U.S. presence in Iraq. In November 2006, DoD reported to the Congress that although the Iraqi Ministry of Defense and Ministry of Interior had about 323,000 trained and equipped forces, there was a serious shortcoming for both ministries in planning and executing their logistics and sustainment requirements. According to DoD, without a developed logistical system the ISF will require continued Coalition support.

Today’s testimony addresses (1) the current state of ISF’s logistical capabilities, and (2) the challenges that ISF is facing to achieve logistical self-sufficiency. This testimony contains unclassified portions of a classified report that was issued on March 7, 2007.

GAO’s preliminary observations are based on audit work performed from January 2006 through March 2007.


As of February 2007, DoD reported that it had trained and equipped 327,000 Iraqi security forces—a substantial increase from the 142,000 reported in March 2005. The number of Iraqi security forces is more than double that of MNF-I’s January force level of about 153,000 personnel. Although the Iraqi security forces have grown in size and are increasingly leading counterinsurgency operations, they and MNF-I have been unable to reduce the levels of violence in Iraq. Enemy-initiated attacks per day have increased from about 70 in January 2006 to about 160 in December 2006.

Several factors have complicated the development of effective Iraqi security forces and help explain why the reported growth in Iraqi forces has not decreased violence:

- The Iraqi security forces are not a single unified force with a primary mission of countering the insurgency in Iraq. Only one major component of the Iraqi security forces, the Iraqi army, has counterinsur-
gency as its primary mission. The Iraqi army represents about 40% of the 327,000 Iraqi security personnel. The other major component—the Iraqi police—has civilian law enforcement as its primary mission.

• High rates of absenteeism and poor ministry reporting result in an overstatement of the number of Iraqi security forces present for duty. The Ministry of the Interior does not maintain standardized reports on personnel strength. As a result, DoD does not know how many coalition-trained police the ministry still employs or what percentage of the 180,000 police thought to be on the payroll are trained and equipped by the Coalition. In addition, DoD estimates that one-third of Iraqi soldiers are on leave at any one time as they return home to provide money to their families.

• Sectarian and militia influences have divided the loyalties of Iraqi security forces. In November 2006, for example, the Director of the Defense Intelligence Agency stated that the Ministry of Interior and the police were heavily infiltrated by militia members of the Badr Organization and Mahdi Army. According to the 2007 National Intelligence Estimate on Iraq, sectarian divisions have eroded the dependability of many Iraqi army units.

• As GAO previously reported, Iraqi units remain dependent on the Coalition for their logistical, command and control, and intelligence capabilities. As of December 2006, the Coalition was providing significant levels of support to the Iraqi military, including life support, fuel, uniforms, building supplies, ammunition, vehicle maintenance and spare parts, and medical supplies.

The extent of these problems cannot be fully assessed without detailed information on the readiness of each Iraqi unit. MNF-I captures such information in its Transition Readiness Assessments (TRAs), but DoD does not provide this critical information to the Congress. The TRA reports provide information on and identify gaps in areas such as each Iraqi unit’s manpower, equipment, training levels and, as of late 2006, operational effectiveness and reliability. The Congress needs this information to make informed appropriations decisions and engage in meaningful oversight. Despite repeated attempts over many months, GAO has yet to be provided the requested TRA information.

Stabilizing Iraq: Preliminary Observations on Budget and Management Challenges of Iraq’s Security Ministries
(GAO-07-637T, 3/22/2007)

In November 2005, the President issued the National Strategy for Victory in Iraq. According to the strategy, victory will be achieved when Iraq is peaceful, united, stable, secure, well integrated into the international community, and a full partner in the global war on terror.

To help Iraq achieve this, the U.S. is, among other efforts, helping strengthen the capabilities of the Iraq Ministries of Defense and Interior (police forces) so they can assume greater responsibility for the country’s security. The
United States has provided about $15.4 billion to develop Iraqi security forces and institutions.

In this testimony, GAO discusses preliminary observations on (1) U.S. and Iraqi funding to develop and sustain the Iraqi security forces, and (2) key challenges the United States and Iraq face in improving the security ministries’ operations and management.

This statement is based on previous GAO reports, recent fieldwork in Iraq, and budget documents from DoD, U.S. Treasury, and Embassy. GAO added information to this statement in response to comments from MNSTC-I. GAO completed the work in accordance with generally accepted government auditing standards.


Following the invasion of Iraq in March 2003—known as Operation Iraqi Freedom (OIF)—concerns were raised about how DoD secured Iraqi conventional munitions storage sites during and after major combat operations. Because of the broad interest in this issue, GAO conducted this work under the Comptroller General’s authority to conduct evaluations. This report examines (1) the security provided by U.S. forces over Iraqi conventional munitions storage sites and (2) DoD actions to mitigate risks associated with an adversary’s conventional munitions storage sites for future operations on the basis of OIF lessons learned. To address these objectives, GAO reviewed OIF war plans, joint doctrine and policy, and intelligence reports, and interviewed senior DoD officials.


On June 28, 2004, the CPA transferred power to an interim sovereign Iraqi government. The CPA was officially dissolved, and Iraq’s transitional period had begun. Under Iraq’s transitional law, the transitional period included the completion of a draft constitution in October 2005 and two subsequent elections—a referendum on the Iraqi constitution and an election for a permanent government. The Iraqi people approved the constitution on October 15, 2005, and voted for representatives to the Iraq Council of Representatives (COR) on December 15, 2005. The Independent Electoral Commission of Iraq certified the election results on February 10, 2006. On April 22, 2006, the COR elected senior members of the new government, including a president, two vice presidents, a speaker of the COR, and two deputy speakers. This Presidency Council subsequently nominated a prime minister-designate and two deputy prime minister-designates, signaling the start of a constitutionally-mandated 30-day period in which the Prime Minister-designate was required to form his cabinet. On May 20, 2006, the Prime Minister-designate named
his cabinet, which the COR approved the same day, with the Prime Minister and deputy prime ministers also serving temporarily as the Ministers of Defense, Interior, and State for National Security Affairs. On June 8, 2006, the Prime Minister submitted his nominees and the COR approved by a majority vote the Minister of Defense, Minister of Interior, and Minister of State for National Security Affairs. Under United Nations Security Council Resolution 1546, MNF-I has the authority to take all necessary measures to contribute to security and stability in Iraq during this process, working in partnership with the Iraqi government to reach agreement on security and policy issues.

**Ongoing Audits**

**Solatia (Condolence) Payments in Iraq**

This audit addresses these key questions:

1. To what extent has DoD developed regulations, policies, and procedures to award solatia payments in Iraq and Afghanistan, and how do these policies compare to similar payments made by other DoD agencies and U.S. government entities?
2. What guidance has DoD provided to commanders regarding the factors to be considered when making decisions to make solatia payments?
3. How do commanders determine the appropriate level of solatia payments?
4. To what extent does DoD have information regarding the disposition of solatia claims in Iraq and Afghanistan?

**Restore Iraqi Oil Settlement**

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

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

**Iraq Energy**

Restoring the oil and power sectors in Iraq is central to the development of a stable society. This audit aims to address these key questions:

1. What is the nature and extent of funding devoted to oil and electricity sector reconstruction?
2. What are U.S. program goals, and how does the United States measure progress in achieving these goals?
3. What factors have affected the implementation of the U.S. program?
4. What challenges have affected the Iraq government’s ability to develop the oil and electricity sectors?
Accountability for Equipment Provided to Iraqi Forces
(320411, INITIATED 8/2006)

This audit addresses these key questions:
1. What were the requirements for managing and maintaining accountability for U.S.-funded equipment provided to Iraqi Security Forces before October 1, 2005?
2. How did MNSTC-I manage and account for equipment purchased with U.S. funds for Iraqi Security Forces before October 2005?
3. What corrective actions have been taken since October 1, 2005?

Army and Marine Corps Readiness
(350853, INITIATED 9/2006)

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

Iraq Ministry Capacity
(320424, INITIATED 7/2006)

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

Factors Affecting U.S. Support for the Iraqi Security Forces
(350948, INITIATED 12/2006)

This is a follow on engagement to the Iraqi Support Capabilities audit that will explore these questions:
1. How are current plans for the development of ISF logistical, command and control, and intelligence capabilities synchronized with the plan or vision for the future U.S. footprint in Iraq?
2. What factors (e.g., budgetary, training, resources, materiel, etc.) have affected progress, either with the development of ISF support capabilities, or toward the future U.S. footprint in Iraq?

**Insurgents, Militias, and Other Armed Groups in Iraq**  
(320437, INITIATED 8/2006)

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

**Efforts To Stabilize Iraq and Achieve Conditions To Allow the Drawdown of U.S. Troops**  
(320461, INITIATED 10/2006)

This audit will focus on these key activities:
1. Review and analyze updates to the MNF-I/U.S. Embassy Baghdad Campaign Plan and supporting documents to identify conditions that must be achieved before MNF-I can transfer security responsibilities to the Iraq government and security forces.
2. Interview and obtain documents from DoD, DoS, CIA, USAID, MNF-I, and U.S. embassy personnel regarding how they are assessing progress toward achieving the necessary conditions.
3. Review official U.S. reports to determine what progress DoD and civilian U.S. agencies are reporting on meeting the specified conditions, as well as the factors that are contributing to or inhibiting progress. The briefings and reports will be classified.

**DEPARTMENT OF THE TREASURY**

Treasury did not start or complete any audits relating to Iraq reconstruction and relief since the SIGIR December 31, 2006 Quarterly Report. As of March 31, 2007, Treasury has no auditors in Iraq and has no ongoing audits.

**DEPARTMENT OF COMMERCE**

During this period, the Department of Commerce did not initiate any new cases and did not close any cases involving Iraq reconstruction and relief projects. As of March 31, 2007, DoC has no auditors in Iraq and has no ongoing audits related to Iraq.