

## DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

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

### Other Agency Audits

#### **DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL**

The Department of Defense continues to face many challenges in the Global War on Terror (GWOT). The Department of Defense Office of Inspector General (DoD OIG) has identified priorities based on those challenges and has responded by expanding its coverage of GWOT operations and presence in Southwest Asia. DoD OIG has field offices in Qatar, Iraq, and Afghanistan, which enhances its ability to provide audit, inspection, and investigative support to DoD operations in support of GWOT. In addition, DoD OIG has increased its coverage of GWOT-related contracting, programs, and operations by assigning 225 personnel to ongoing projects.

The Defense Criminal Investigative Service (DCIS) has increased its support to the Joint Terrorism Task Forces and Project Shield America activities. During this reporting period, DoD OIG had two special agents in Baghdad and two special agents in Kuwait to target fraud, bribery, kickbacks, and other corruption involving contracting, as well as an advisor helping the Ministry of Defense Inspector General (IG) in Baghdad develop a viable and sustainable IG system in Iraq. Currently, DoD OIG has a team leading a comprehensive

interagency assessment of the management and accountability of weapons, munitions, and explosives in Iraq and Afghanistan. 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.

The DoD Inspector General and the Principal Deputy Inspector General have kept the Congress informed of DoD OIG oversight efforts regarding GWOT by providing briefings and by testifying at congressional hearings:

- On September 20, 2007, the Principal Deputy Inspector General testified at a hearing before the U.S. House Armed Services Committee on “Accountability During Contingency Operations: Preventing and Fighting Corruption in Contracting and Establishing and Maintaining Appropriate Controls on Materiel.”
- In July and August 2007, the Inspector General briefed the Senate Armed Services Committee, House Armed Services Committee, Senate Appropriations Committee, and House Appropriations Committee on the upcoming assessment on weapons accountability in Iraq, Afghanistan, and Kuwait.
- In July 2007, DoD OIG also provided support to the Deputy Secretary of Defense for his testimony before the House Budget Committee on “The Costs of Military Operations and Reconstruction in Iraq and Afghanistan.”

Each DoD OIG component is actively involved in oversight efforts in Iraq. In addition, DoD OIG:

- is working with the Director, Defense Finance and Accounting Service (DFAS), to immediately address accountability issues germane to funds management in a war-time environment
- is an invited observer to the GWOT Cost of War Senior Steering Group that DoD established on February 26, 2007, to improve and standardize cost-of-war reporting. The DoD OIG attended a Senior Steering Group meeting in September 2007.
- is a member of the DoD Panel on Contracting Integrity established by Section 813 of the National Defense Authorization Act for FY 2007 to conduct reviews of progress made by DoD to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse. The DoD OIG attended a meeting held in August 2007.
- held the second Southwest Asia Joint Planning Group on oversight activities in August 2007
- is using a variety of resources to assemble a universe for GWOT contracts in Southwest Asia. DoD OIG is leveraging known contracts/databases maintained by other agencies such as the Defense Contract Audit Agency (DCAA), U.S. Army Audit Agency (USAAA), U.S. Army Criminal Investigation Command (Army CID), DCIS, and SIGIR. In addition to leveraging other resources, DoD OIG has current proj-

ects that will also identify contracts such as the reviews of Controls over the Contractor Common Access Card Life Cycle and Iraq Security Forces Fund. DoD OIG is also using its forward-deployed personnel to assist in identifying existing GWOT contracts in SWA.

- began an assessment on weapons accountability for U.S.-financed or U.S.-purchased weapons, ammunition, and explosives provided to the Iraq Security Forces through the Multi-National Security Transition Command-Iraq

### **Completed Audits/Reviews**

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

(D2007-D000LA-0199.000, COMPLETED 8/14/2007)

The objective of the research project was to determine the control process for issuance and recovery of Common Access Cards provided to contractor personnel in Southwest Asia. DoD OIG also reviewed the procedures used to account for the number of contractor personnel working in Southwest Asia, as well as verify the continued need for the cards. In August 2007, DoD OIG completed the research and announced the “Controls over the Contractor Common Access Card Life Cycle” on August 14, 2007.

### **Ongoing Audits**

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

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

The objective is to determine whether inter-

nal 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 DoD OIG 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 Operation Iraqi Freedom and Operation 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 Armaments, Ground Systems Division. Specifically, DoD OIG will determine whether contract award and administrative procedures were in compliance with federal and DoD policy.

**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 (CACs) provided to contractors are in place and work as intended. Specifically, DoD OIG will determine whether DoD officials (a) issue CACs to contractors, (b) verify the continued need for contractors to possess CACs, and (c) revoke or recover CACs from contractors in accordance with DoD policies and procedures. This project was derived as a result of research of contractor issues, including CACs. Travel to Southwest Asia was deferred until at least January 2008 so initial fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be completed.

**Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan**

(D2007-D000IG-0239.000, INITIATED 7/27/2007)

The objective is to determine whether controls over the distribution of conventional military arms, ammunition, and explosives provided 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, ammunition, and explosives.

**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 (MRAP) Vehicle Program Office is effectively procuring armored vehicles in accordance with the Federal Acquisition Regulation and DoD requirements. Specifically, DoD OIG will review MRAP 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 MRAP 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.

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

(D2007-D000AS-0157.000, INITIATED 3/6/2007)

The objective is to review allegations to the Defense Hotline concerning the acquisition of the Biometric Identification System (a system employed in Iraq) for Access Omnibus contract under the Army's Strategic Services Sourcing contract vehicle. Specifically, DoD

OIG will determine whether source selection procedures were conducted in compliance with federal and DoD policy.

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

(D2007-D000FD-0145.000, INITIATED 3/5/2007)

The objective 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. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be completed.

#### **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 Continental United States (CONUS) are effectively designed and operating to adequately safeguard, record, account, and report Cash and Other Monetary Assets. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be completed.

#### **Management of the Iraq Security Forces Fund—Phase III**

(D2007-D000LQ-0141.000, INITIATED 2/15/2007)

The objective of this congressional request is to determine whether the Multi-National Security Transition Command-Iraq properly accounted for the goods and services purchased for the Iraqi Security Forces using the Iraq Security Forces Fund and whether the delivery of goods and services was properly made to the Iraqi Security Forces. On September 24, 2007, DoD OIG issued a draft report and expects to publish the final report during the first quarter of FY 2008.

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

(D2007-D000FP-0122.000, INITIATED 2/9/2007)

The objective is to determine whether internal controls over Army Cash and Other Monetary Assets held outside of the United States are properly safeguarded, recorded, accumulated, and reported. Travel to Southwest Asia was deferred until January 2008 so fieldwork for the “Accountability of Munitions Provided to the Security Forces of Iraq and Afghanistan” could be complete.

#### **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 (OIF) 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 OIF. Phase I will review the use of observers and controllers in preparing Army units for deployment; Phase II will review equipment levels at Combat Training Centers and Mobilization Centers; Phase III will review theater-specific training requirements and how that training is executed at Combat Training Centers; and Phase IV will review training for Reserve soldiers and units deploying in support of OIF.

#### **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 GOI 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 CPA in Iraq.

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

(D2007-D000LF-0032.000, INITIATED 11/30/2006)  
The objective is to determine whether supplemental funds for the medical mission were properly justified and sufficient controls on their use were implemented as directed by the DoD and Military Department guidelines.

DoD OIG will initially focus on the Defense Health Program portion of supplemental funding for the medical organizations that supported medical backfill and pre- and post-deployment.

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

(D2007-D000LA-0054.000, INITIATED 11/9/2006)  
The objective of this congressional request is to evaluate the procurement history and practices for body armor and the effect that the Army's decision to ban the use of personally purchased body armor has on the safety of Service members.

#### **Potable and Nonpotable Water in Iraq**

(D2006-D000LQ-0254.000, INITIATED 9/5/2006)  
The objective of this congressional request is to determine whether the processes for providing potable and nonpotable water to U.S. forces in Iraq are adequate. The audit was conducted by staff from the Qatar Field Office that forward deployed to Iraq. In addition, a team of auditors traveled to various CONUS locations to locate and obtain supporting documentation. On May 23, 2007, DoD OIG sent a letter to Senator Byron Dorgan that provided him results from its review of four contractor-operated water production sites in Iraq. In June 2007, at the request of the Senate Armed Services Committee, DoD OIG began additional audit fieldwork to address further concerns the Committee had regarding the quality of water at Camp Ar Ramadi.

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

(D2006-D000LH-0246.000, INITIATED 8/30/2006)

The objective is to examine the Army Reset Program for equipment of the units that return from Operation Iraqi Freedom and to determine the effectiveness of the vehicles' inspection process after their tour. The initial scope of this project pertained to vehicles; however, the scope was expanded to include equipment—such as missiles, tracked vehicles, communications, and small arms—and the project with the expanded scope and objectives was reannounced on January 22, 2007. The team met with units in CONUS during the second quarter of FY 2007. In addition, the team went to Kuwait during the second quarter of FY 2007. The DoD OIG Iraq forward operating activity completed fieldwork for units currently in Iraq. On September 17, 2007, DoD OIG issued a draft report and expects to publish the final report during the first quarter of FY 2008.

### **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. 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 will review the adequacy of Air Force financial controls over the use of GWOT supplemental funding provided for procurement and research, development, test, and evaluation (RDT&E); Phase II will determine whether management is effectively preparing the “DoD Supplemental and Cost of War Execution Report” for procurement and RDT&E; and Phase III 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. A draft report was issued on June 29, 2007, for Phase I with the expectations of publishing a series of final reports in the first quarter of FY 2008.

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

(D2006-D000AE-0225.000, INITIATED 7/10/2006)

The objective of Phase I is to determine whether the Army is adequately protecting the government's interest when it includes conditional acceptance provisions in production contracts for the Family of Medium Tactical Vehicles Program. In addition, DoD OIG will evaluate whether management is cost-effectively producing the Family of Medium Tactical Vehicles as funded in support of GWOT. Phase II will determine the number of armored and unarmored medium tactical vehicles in Iraq and Afghanistan; how the Army determined its requirements for armored medium tactical vehicles; and how the Army determined its requirements for crew protection kits and why

crew protection kit production lapsed. A draft report was issued July 30, 2007, for Phase I; the final report was issued during the first quarter of FY 2008.

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

(D2006-D000FL-0208.000, INITIATED 5/23/2006)  
 The objective is to determine whether internal controls over out-of-country payments supporting GWOT provide reasonable assurance that payments are properly supported and recorded. The team is working with the DoD OIG Iraq Field Office to identify and obtain supporting documentation. DoD OIG granted DFAS an additional 90 days to provide supporting documentation.

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

(D2006-D000LD-0062.000, INITIATED 12/15/2005)  
 The objective is to evaluate the supply chain management of Clothing and Textile (Class II) Items to determine whether they are being efficiently and effectively obtained. Specifically, the audit will review the requirements determination and procurement processes, the acquisition of selected Class II items, and supply responsiveness, including emergency supplemental funds used to provide Rapid Fielding Initiative program items to soldiers in support of contingency operations. On March 22, 2007, DoD OIG issued a draft report and expects to publish the final report during the fourth quarter of FY 2007.

**Review of Intelligence Resources at Joint Intelligence Task Force Combating Terrorism (JITF-CT) and Special Operations Command (SOCOM) in Support of OEF and OIF**

(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. A draft report is expected to be issued in the first quarter of FY 2008.

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

(D2007-DINT01-0092.002, INITIATED 6/14/2007)  
 The objective is to evaluate the process and procedures for the requirement, synchronization, and allocation of ISR resources to USPACOM-Philippines under the command and control of the DoD and national systems requested through the DoD collection management and global force management process.

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

(D2006-DIP0E3-0038.001, INITIATED 4/19/2007)  
 The purpose of the assessment was to examine the strengths and weaknesses of DoD support for the security ministry Offices of Inspector

General. The team's objectives are to evaluate the requirements and plans of the ISF Inspectors General; examine the advisory structure and identify future needs of the ISF Inspectors General system, map the current operating environment and anti-corruption initiatives affecting the ISF Inspectors General. A team was sent to Iraq to conduct this assessment from May 7 through June 21, 2007. A draft report is being prepared in corroboration with functional managers in the Multi-National Security Transition Command-Iraq.

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

(DOD PROJECT D2006-DIPoE2-0137; DVA PROJECT 2006-02857-HI-0400, INITIATED 7/24/2006)  
Requested by the Under Secretary of Defense for Personnel and Readiness, the DoD and Department of Veterans Affairs IGs are conducting this interagency evaluation of the care transition laws, regulations, and policies. They will recommend process improvements to provide effective, transparent, and expeditious access to health care and other benefits when wounded service members are identified for separation or retirement.

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

(D2007-D000CK-0144.000, INITIATED 2/16/2007)  
The objective of the research project is to examine DoD GWOT funding for contracts and issues surrounding those contracts.

#### **Advisory Support to Iraqi Ministry of Defence (MoD) and Ministry of Interior (MoI) Offices of the Inspectors General**

(D2006-DIPoE3-0038, INITIATED 7/15/2005)  
DoD OIG advisors assisted the Inspectors General of the Ministry of Defence, Joint Headquarters, and the Ministry of Interior. DoD OIG facilitated the establishment of a new MNSTC-I billet for an IG Integration Officer, which was approved and filled in July 2007. In July 2007, DoD OIG initiated a project to document the lessons learned during its 3-year experience in establishing and developing a viable, sustainable, effective IG system in Iraq. This project will capture the concepts, strategies, options, and practical applications that can be used in other "Stability, Security, Transition, and Reconstruction operations where establishing a federal IG system may be appropriate in nation-building missions."

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

(D2006-DIPoE3-0256, INITIATED 8/23/2006)  
DoD OIG has supported a DoS OIG initiative to provide advisory support to the entire Iraqi anticorruption system, which includes the 31 ministerial inspectors general, the Commission on Public Integrity, Board of Supreme Audit, and Central Criminal Court of Iraq. DoD OIG advisors have helped the Office of Accountability and Transparency, Embassy-Baghdad, establish an infrastructure and staff to address anticorruption initiatives and principled governance objectives. The results of the effort will

be captured in the DoD OIG Iraqi IG Lessons Learned report, due in February 2008.

**Evaluation of the Army Investigations into the Death and Injury of Reuters News Service Employees by U.S. Forces on August 28, 2005**

(2007C003, INITIATED 6/13/2007)

The objective is to determine whether the Army properly conducted the investigation and reached conclusions supported by the evidence—whether members of the 256th Brigade Combat Team conformed to rules of engagement when they killed one Reuters employee and injured another.

**Review of Investigative Documentation Associated with the Fatality of a U.S. Army Corporal during Convoy Operations in Iraq**

(DRAFT REPORT NO. D2007-DIPoE1-0210, INITIATED 5/24/2007)

The Honorable F. James Sensenbrenner requested this review on behalf of the parents of the deceased soldier who was fatally wounded during a supply convoy operation in Iraq on July 24, 2006. The objective will address specific allegations made concerning the July 24 incident and the resulting investigation.

**DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL**

**Completed Audits**

**Audit of the National Endowment for Democracy for Fiscal Years 2003-05**

(AUD/CG-07-33, SEPTEMBER 2007)

The National Endowment for Democracy Act, as amended, mandates that the Department of State Office of Inspector General (DoS OIG) audit the annual financial transactions of the National Endowment for Democracy. DoS OIG reviewed the financial transactions of the Endowment and its four core institutes for FYs 2003-2005 to determine whether they accounted for federal funds, had adequate internal controls, and complied with applicable laws, regulations, policies, and terms of grant agreements. The terms of the grant agreements require the core institutes to be aware of the names of individuals and organizations on terrorist databases and make the grant recipient legally responsible for ensuring compliance with the Executive Order 13224.

In general, DoS OIG found that the Endowment adequately accounted for federal funds, complied with applicable criteria, and implemented recommendations made in DoS OIG's AUD/CG-04-39, July 2004 report. However, the results of DoS OIG's work indicated that the Endowment needs to increase its oversight of the core institutes. DoS OIG found that they had not complied with applicable federal requirements for grant administration. As a result, DoS OIG classified \$215,885 as unal-

lowable for expired grant funds not returned to the Endowment and \$208,069 as unsupported because of a lack of adequate documentation for travel costs. DoS OIG also found that one core institute did not comply with its own revised sub-recipient monitoring policies and procedures, which required the use of accounting questionnaires, numerical risk assessments, and invoice verification to determine the grantees' capabilities and to monitor grant performance.

### **Independent Auditor's Report on the Application of Agreed-upon Procedures Related to Selected DynCorp Invoices**

(AUD/FM-07-41, JULY 2007)

DoS OIG performed certain agreed-upon procedures in response to a Bureau of International Narcotics and Law Enforcement Affairs (INL) request to assess its process for reviewing and approving DynCorp International (DynCorp) invoices related to the Jordan International Police Training Center (JIPTC). DoS OIG assessed INL's process for reviewing and approving invoices for FY 2005 to determine whether the process was effective and invoices were adequately supported. In addition, DoS OIG identified best practices for reviewing and approving invoices from other organizations.

Overall, DoS OIG found that INL did not have an effective process for reviewing and approving DynCorp invoices. For example, INL approved payments without assurance that the work or services were completed

satisfactorily. In general, DoS OIG also found that the JIPTC invoices were not supported by complete, understandable, and clear documentation that complied with federal regulations, DoS acquisition procedures, and contract requirements. For instance, DynCorp did not provide required data to support travel and housing information. Documents submitted to support other expenses were in an unmanageable format and did not provide enough information to support expenses. DoS OIG identified more than \$11.5 million in inadequately supported invoice amounts.

### **Ongoing Audits**

#### **Review of Procurement Competition: New Embassy Compound Baghdad**

(07AUD3034)

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

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

#### **Completed Audits**

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

(REPORT NO. E-267-07-006-P, ISSUED 7/11/07)

The audit found that most Office of Foreign Disaster Assistance activities initiated between October 1, 2004, and September 30, 2006,

to benefit internally displaced persons and vulnerable populations in Iraq achieved their intended results. However, reported information from implementing partners was not always adequately documented and cognizant technical officers were not properly designated.

USAID recommended that USAID/Iraq (a) develop and implement a system to ensure that performance data provided by its implementing partners is supported by documentation that is readily available and (b) issue formal letters to designate the cognizant technical officer for each active agreement in the Iraq program.

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

(REPORT NO. E-267-07-007-P, ISSUED 7/31/07)

The audit found that the local governance activities did not have outputs or baselines to measure progress because USAID/Iraq did not enforce contract requirements that the implementing partner submit implementation and performance management plans which would have set forth baselines and targets. The audit also found that USAID/Iraq did not perform the required contractor performance evaluations.

USAID recommended that USAID/Iraq (a) enforce the terms of the contract to submit a current quarterly implementation plan, (b) establish a procedure to ensure that all future implementation plans are submitted as required, and (c) conduct an evaluation of the contractor's performance.

### **Audit of USAID/Iraq's Participation in Provincial Reconstruction Teams in Iraq**

(REPORT NO. E-267-07-008-P, ISSUED 9/26/07)

Did USAID/Iraq coordinate the area 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?

Are USAID/Iraq programs benefiting from participation in the provincial reconstruction teams?

With regard to the first audit objective, some coordination was taking place between the USAID PRT representatives and the USAID/Iraq sector specialists (cognizant technical officers) in Baghdad, but it was not sufficient. USAID PRT representatives were not always consulted regarding the design and implementation of activities in their areas, and sometimes were not aware of USAID activities in their areas. Further, two out of six cognizant technical officers in Baghdad noted that they were receiving little information from the USAID PRT representatives.

USAID recommended that USAID/Iraq utilize its PRT representatives for site visits and that USAID/Iraq review its procedures and evaluate the coordination between its cognizant technical officers and PRT representatives.

With regard to the second audit objective, USAID/Iraq programs were benefiting from participation in the PRTs in the provision of office space, living quarters, and related logistics for USAID PRT representatives and, in places, USAID's implementing partners.

Further, USAID PRT representatives were provided access to military movements for secure transportation to meetings and work sites. The audit also determined that the PRTs were benefiting from USAID's participation. In most cases, USAID/Iraq already had well-established programs in place, and the PRTs were able to use the work of USAID/Iraq's implementing partners as a tool in working with the provincial councils.

#### **Ongoing Audits**

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

The first objective of this audit is to determine if USAID/Iraq's Community Stabilization Program is achieving its intended results with regard to activities in the community infrastructure and essential services component.

The second object is to determine whether USAID/Iraq designed and implemented its Community Stabilization Program to ensure that Iraqis continue to benefit from its activities after USAID involvement has ended.

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

These are the main objectives of the audit:

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

#### **DEFENSE CONTRACT AUDIT AGENCY**

The Defense Contract Audit Agency'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. Table L-1 shows both the Iraq-related audits closed during FY 2006 and the audits closed and still open in FY 2007 (as of September 30, 2007).

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

As of September 30, 2007 USAAA had 8 auditors working in Iraq (5 at Camp Victory and 3 at the International Zone), 8 auditors working in Kuwait at Camp Arifjan, and 3 auditors working in Afghanistan at the Bagram Airfield.

DCAA AUDITS RELATED TO IRAQ FOR FY 2006 AND FY 2007

DESCRIPTION OF AUDIT AREA	FY 2006	FY 2007	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	159	105	11
Agreed-Upon Procedures Price Proposal (2)	21	13	0
Other Special Requested Audits (3)	142	71	44
Incurred Cost (4)	15	27	124
Labor Timekeeping (5)	76	60	20
Internal Controls (6)	37	32	53
Preaward Accounting Survey (7)	39	6	0
Purchase Existence and Consumption (8)	14	23	14
Cost Accounting Standards (9)	33	39	45
Other (10)	68	47	100
<b>Total</b>	<b>604</b>	<b>423</b>	<b>411</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
9. 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 L-1

**Completed Audits**

**The Army’s Theater Linguist Program in Afghanistan, Operation Enduring Freedom**

(A-2007-0149-ALL, JULY 23, 2007)

This report addresses the U.S. Army Audit Agency’s (USAAA’s) audit of the Theater Linguist Program and associated contracts in Afghanistan. The audit was performed at

the request of Combined Forces Command–Afghanistan. USAAA found that, although the program generally met the command’s linguist needs, the program was not managed in an effective and efficient manner. Specifically:

- The program lacked full visibility over linguists because requirements were not centrally managed, and requests for linguist

services sometimes were not validated before contracting for services.

- Command routinely used different contracting sources to obtain linguist services, which resulted in an unknown number of linguist contracts and unknown numbers and types of linguists in theater.
- Commands within the Afghanistan area of operations did not use prevailing Army guidance to establish linguist's requirements.
- The program office revalidations of requirements were not reasonable and complete and did not cover all categories of linguists, which could result in positions improperly filled.
- Contracting Officer Representatives sometimes did not perform their roles and responsibilities according to applicable guidance.

Because the commands did not articulate their linguist requirements, and the program office did not validate all requirements before contracting, the program office did not have full visibility over the program and theater requirements and had limited knowledge of the number of linguist contracts and marginal oversight over contracts. As a result, there was no assurance that the Army was managing its program in an effective and efficient manner.

USAAA performed a review of the linguist contracts from September to December 2006. USAAA identified 15 linguist contracts in Afghanistan, with a total cost of \$205.3 mil-

lion. USAAA concentrated the review at the four forward operating bases where a Joint Contracting Center was located—Bagram, Kandahar, Salerno, and Kabul. These locations maintained the 15 contracts audited. USAAA identified about \$17.8 million in potential monetary benefits.

#### **Defense Base Act Insurance for the Logistics Civil Augmentation Program, Audit of Logistics Civil Augmentation Program Operations in Support of Operation Iraqi Freedom**

(PROJECT CODE A-2007-0204-ALL, SEPTEMBER 28, 2007)

This report is classified FOR OFFICIAL USE ONLY. USAAA performed the audit as part of the Audit of Logistics Civil Augmentation Program (LOGCAP) Operations in Support of Operation Iraqi Freedom. The Commander, Multi-National Force-Iraq requested the audit. The purpose of the audit was to determine whether adequate controls were in place to minimize costs paid for Defense Base Act insurance under the LOGCAP contract.

#### **Ongoing Audits**

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

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

The Commander, Multi-National Force-Iraq 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. This ongoing work includes coverage of dining facility operations, supply support activity operations, bulk fuel controls, and the cross-leveling and disposition of government furnished property managed by contractors. USAAA anticipates publishing five reports on the results of this work, when the command reply process has been completed. Information on the reports will be provided to SIGIR for future quarterly reporting to the Congress as

“Completed Audits.” Additionally, copies of the reports will be provided to SIGIR.

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

(PROJECT CODE A-2006-ALL-0397)

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

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

(PROJECT CODE A-2007-ALL-0329)

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

### **Audit of Joint Contracting Command-Iraq**

(PROJECT CODE A-2007-ALL-0887.001)

This audit evaluates whether:

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

### **Audit of Joint Contracting Command-Afghanistan**

(PROJECT CODE A-2007-ALL-0887.003)

This audit evaluates whether:

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

### **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 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

### **GOVERNMENT ACCOUNTABILITY OFFICE**

#### **Completed Reports**

#### **Unmanned Aircraft Systems: Advance Coordination and Increased Visibility Needed to Optimize Capabilities**

(GAO-07-836, JULY 11, 2007)

Combatant commanders carrying out ongoing operations rank the need for intelligence, surveillance, and reconnaissance (ISR) capabilities as high on their priority lists. DoD is investing in many ISR systems, including unmanned aircraft systems (UAS), to meet the growing demand for ISR assets to support the warfighter. GAO was asked to evaluate DoD's efforts to integrate UAS into ongoing operations while optimizing the use of all DoD ISR assets. Specifically, this report addresses the extent that (1) DoD has taken steps to facilitate the integration of UAS into combat opera-

tions, and (2) DoD's approach to allocating and tasking its ISR assets considers all available ISR capabilities, including those provided by UAS. GAO also reviewed the extent that DoD evaluates the performance of its ISR assets, including UAS, in meeting warfighters' needs. To perform this work, GAO analyzed data and guidance on the use of ISR assets, and interviewed DoD officials, including those supporting ongoing operations in Iraq and Afghanistan.

#### **Defense Contract Management: DoD's Lack of Adherence to Key Contracting Principles on Iraq Oil Contract Put Government Interests at Risk**

(GAO-07-839, JULY 31, 2007)

In March 2003, the U.S. Army Corps of Engineers (USACE) awarded the \$2.5 billion Restore Iraqi Oil (RIO I) contract to Kellogg Brown & Root to reestablish Iraq's oil infrastructure. The contract was also used to ensure adequate fuel supplies inside Iraq. RIO I was a cost-plus-award-fee type contract that provided for payment of the contractor's costs, a fixed fee determined at inception of the contract, and a potential award fee. The Defense Contract Audit Agency (DCAA) reviewed the ten RIO I task orders and questioned \$221 million in contractor costs. GAO was asked to determine (1) how DoD addressed DCAA's RIO I audit findings and what factors contributed to DoD's decision and (2) the extent to which DoD paid award fees for RIO I and followed the planned process for making that deci-

sion. To accomplish this, DoD OIG reviewed DoD and DCAA documents related to RIO I and interviewed USACE, DCAA, and other officials.

### **Securing, Stabilizing, and Rebuilding Iraq: Iraqi Government Has Not Met Most Legislative, Security, and Economic Benchmarks**

(GAO-07-1195, SEPTEMBER 4, 2007; GAO-07-1220T, SEPTEMBER 4, 2007; GAO-07-1221T, SEPTEMBER 5, 2007; GAO-07-1222T, SEPTEMBER 5, 2007; GAO-07-1230T, SEPTEMBER 7, 2007)

Public Law 110-28 requires GAO to report to the Congress by September 1, 2007, on whether or not the GOI has met 18 benchmarks contained in the act, and the status of the achievement of these benchmarks. The benchmarks stem from commitments first articulated by the GOI in June 2006. In comparison, the act requires the administration to report in July and September 2007 on whether satisfactory progress is being made toward meeting the benchmarks, not whether the benchmarks have been met.

GAO reviewed government documents and interviewed officials from U.S. agencies, the UN, and the GOI. GAO also made multiple visits to Iraq during 2006 and 2007. The analyses were enhanced by approximately 100 Iraq-related audits that GAO has completed since May 2003.

Of its 18 benchmarks, the GOI met 3, partially met 4, and did not meet 11. Overall, key legislation has not been passed, violence

remains high, and it is unclear whether the GOI will spend \$10 billion in reconstruction funds. These results do not diminish the courageous efforts of Coalition forces and progress that has been made in several areas, including Anbar province.

The GOI met one of eight legislative benchmarks: the rights of minority political parties in Iraq's legislature are protected. The GOI has not enacted legislation on de-Ba'athification, oil revenue sharing, provincial elections, amnesty, and militia disarmament. It is unclear whether sectarian violence in Iraq has decreased—a key security benchmark—because it is difficult to measure whether the perpetrators' intents were sectarian in nature, and other measures of population security show differing trends.

As the Congress considers the way forward in Iraq, it should balance the achievement of the 18 Iraqi benchmarks with military progress and homeland security goals, foreign policy goals, and other goals of the United States.

### **Defense Logistics: Army and Marine Corps Cannot Be Assured that Equipment Reset Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements**

(GAO-07-804, SEPTEMBER 19, 2007)

The Congress has appropriated billions of dollars for equipment repair, replacement, and recapitalization, collectively known as equipment reset. Because of the potential for equipment reset costs to affect the DoD future budget requirements and related readiness

concerns, GAO initiated this review under the Comptroller General's authority. GAO's objectives were to determine the extent to which the Army and Marine Corps (1) track and report equipment reset expenditures in a way that confirms that funds appropriated for reset are expended for that purpose and (2) can be assured that their reset strategies will sustain equipment availability while meeting ongoing operational requirements. GAO reviewed equipment reset policies and analyzed related budget data.

**Stabilizing and Rebuilding Iraq: U.S. Ministry Capacity Development Efforts Need an Overall Integrated Strategy to Guide Efforts and Manage Risk**

(GAO-08-117, OCTOBER 1, 2007)

Iraq's ministries were decimated following years of neglect and centralized control under the former regime. Developing competent and loyal Iraqi ministries is critical to stabilizing and rebuilding Iraq. The President received \$140 million in FY 2007 funds and requested an additional \$255 million in FY 2008 to develop the capacity of the Iraq's ministries.

This report assesses (1) the nature and extent of U.S. efforts to develop the capacity of the Iraqi ministries, (2) the key challenges to these efforts, and (3) the extent to which the U.S. government has an overall integrated strategy for these efforts. For this effort, GAO reviewed U.S. project contracts and reports and interviewed officials from the DoS, DoD, and USAID in Baghdad and Washington, D.C.

**Stabilizing and Rebuilding Iraq: Serious Challenges Confront U.S. Efforts To Build the Capacity of Iraqi Ministries, by David M. Walker, Comptroller General of the United States, before the House Committee on Oversight and Government Reform**

(GAO-08-124T, OCTOBER 4, 2007)

The development of competent and loyal government ministries is critical to stabilizing and rebuilding Iraq. The ministries are Iraq's largest employer, with an estimated 2.2 million government workers. U.S. efforts to build the capacity of Iraqi ministries include programs to advise and help Iraqi government employees develop the skills to plan programs, execute budgets, and effectively deliver services. The administration received \$140 million in FY 2007 to fund U.S. capacity-building efforts and requested an additional \$255 million for FY 2008.

This testimony discusses (1) U.S. efforts to develop ministry capacity, (2) the key challenges to these efforts, and (3) the extent to which the U.S. government has an overall integrated strategy.

This statement is based on the report issued at this hearing. To accomplish the report objectives, GAO reviewed reports from and interviewed officials of U.S. agencies, the GOI, United Nations, and World Bank. GAO conducted fieldwork in Washington, D.C.; New York City; Baghdad, Iraq; and Amman, Jordan.

**Ongoing Audits**

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

(PROJECT NUMBER 320461, OCTOBER 2006)

This audit will focus on these key activities:

1. 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?
2. What conditions must be achieved before MNF-I can transfer security responsibilities to the GOI and security forces?
3. How is the U.S. government assessing progress toward achieving the conditions necessary for the drawdown?
4. What progress are U.S. agencies reporting in meeting the specified conditions, as well as the factors that are contributing to or inhibiting progress? This engagement's briefings and reports will be classified.

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

(PROJECT NUMBER 350948, DECEMBER 2006)

This follow-on to a prior review will explore the following:

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?

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

(PROJECT NUMBER 351016, MARCH 2007)

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

**Joint IED Defeat Organization (JIEDDO) Organizational Management Support Capabilities**

(PROJECT NUMBER 351017, MARCH 2007)

In response to the serious threat that Improvised Explosive Devices (IED) pose to U.S. and coalition forces, 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 review JIEDDO's efforts to address IEDs.

1. To what extent has JIEDDO developed a financial management process to effectively report its use of resources?
2. What financial accounting data is available regarding how JIEDDO's funds have been spent?
3. What are the quantities and types of personnel and contractors funded by JIEDDO?

### **Budget Expenditures of Key Iraq Ministries**

(PROJECT NUMBER 320484, MAY 2007)

The expenditure of Iraq's \$10 billion capital projects budget is a key benchmark used to assess U.S. progress in stabilizing and rebuilding Iraq. This project will answer these questions:

1. How much funding has the government of Iraq allocated and expended on capital projects and reconstruction?
2. What factors, if any, affect Iraq's ability to expend its budgets?
3. How has the U.S. government assisted Iraq with its budget execution process?

### **Commander's Emergency Response Program**

(PROJECT NUMBER 351054, JULY 2007)

To what extent has DoD: (1) established project selection criteria to fund projects which advance the program's objectives; (2) coordinated with other agencies and the host gov-

ernments; (3) conducted program oversight, including reviewing funding requests; (4) established performance metrics and assessed program impact; and, (5) obligated and tracked the use of CERP funds?

### **Body Armor Programs and Testing**

(PROJECT NUMBER 351076, 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 (RFP), and other issues. These are the key questions of the project:

1. 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?
2. Is the Army's current RFP testing of body armor systems conducted in accordance with established processes and procedures?
3. Do current solicitation processes ensure that the most appropriate body armor technologies, including viable new or alternative solutions, are provided to our troops?
4. Does DoD have controls in place to ensure that DoD personnel adhere to relevant policies and guidance regarding use of body armor?

**Planning for Iraq Drawdown**

(PROJECT NUMBER 351092, 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.

**FY 2007 GWOT Costs**

(PROJECT NUMBER 350947, DECEMBER 2006)

Because of broad congressional interest, GAO has conducted a series of reviews examining Department of Defense (DoD) funding and reported obligations for military operations in support of Global War on Terrorism (GWOT). To assist the Congress in its oversight role and help it consider future GWOT funding needs, GAO is continuing this work in FY 2007: (1) Assess the adequacy of FY 2007 GWOT funding against DoD’s reported obligations and cost projections. (2) Evaluate the impact of changes in DoD’s GWOT funding guidance on the military services’ regular and supplemental funding requests. (3) Evaluate the steps DoD has taken to improve its cost reporting procedures and the reliability of its reported GWOT obligation data.

**Use of Private Security Contractors in Iraq**

(PROJECT NUMBER 351083, AUGUST 2007)

This audit will focus on these key activities:

1. Why are private security contractors being used in Iraq instead of military or U.S. government civilian personnel?

2. 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?
3. What process is used to ensure that contractor employees are properly trained, qualified, and vetted?
4. What processes are used by contractors and the government to ensure accountability for vehicles and weapons acquired by contractors?

**DEPARTMENT OF THE TREASURY**

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