**SIGIR AUDITS**

From October 31, 2009, to January 30, 2010, SIGIR issued five audits addressing a wide range of reconstruction issues. They included:

- A report on the Department of State’s management of democracy grants to the International Republican Institute and the National Democratic Institute
- A report on the Department of State’s management of a contract to DynCorp to support the police training program in Iraq
- A report on the cost, management, and outcome of contracts awarded to Wamar to provide vehicles and to repair and refurbish turbines
- A report updating SIGIR’s forensic audit efforts
- A report addressing concerns about a contract to study future needs for the Iraq Reconstruction Management System (IRMS)

SIGIR currently has eight ongoing audits, and others are expected to start this quarter. SIGIR performs audit work under generally accepted government auditing standards.

For a list of these audit products, see Table 4.1.

**Completed SIGIR Audits This Quarter**

*Wamar International Successfully Completed Contracts, but Unanticipated Problems Affected Costs and Schedules (SIGIR 10-007, 1/2010)*

**Introduction**

SIGIR has a legislative requirement to prepare a final forensic audit report on amounts made available for Iraq reconstruction. To fulfill this requirement, SIGIR has undertaken audits examining major Iraq reconstruction contracts. The objective of these audits is to review the key requirements and provisions of the contracts to determine contract costs, outcomes, and oversight, emphasizing issues related to vulnerabilities to fraud, waste, and abuse.

This audit focused on three contracts awarded to Wamar International, Inc. (Wamar): one indefinite-delivery/indefinite-quantity contract to purchase and deliver armored vehicles for U.S. and Iraqi forces and two firm-fixed-price contracts to inspect and repair turbine generators at power plants near Baghdad. The contracts were funded mostly from the Iraq Relief and Reconstruction Fund (IRRF), the Economic Support Fund (ESF), and the Iraq Security Forces Fund (ISFF). According to SIGIR’s October 30, 2008 Quarterly Report, Wamar was in the top 10 of contractors receiving ESF funds: about $70 million had been obligated. The Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) administered the contracts, and the U.S. Army Corps of Engineers, Gulf Region Division (GRD), provided contract performance oversight.

**Results**

SIGIR found that Wamar successfully completed the three contracts and that JCC-I/A and GRD

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**Table 4.1**

<table>
<thead>
<tr>
<th>Report Number</th>
<th>Report Title</th>
<th>Date Issued</th>
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<tr>
<td>10-007</td>
<td>Wamar International Successfully Completed Contracts, but Unanticipated Problems Affected Costs and Schedules</td>
<td>1/2010</td>
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<td>10-008</td>
<td>Long-standing Weaknesses in Department of State’s Oversight of DynCorp Contract for Support of the Iraqi Police Training Program</td>
<td>1/2010</td>
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<td>10-010</td>
<td>Department of State Contract To Study the Iraq Reconstruction Management System</td>
<td>1/2010</td>
</tr>
<tr>
<td>10-011</td>
<td>Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, and Abuse—Interim Report #2</td>
<td>1/2010</td>
</tr>
<tr>
<td>10-012</td>
<td>Department of State Grant Management: Limited Oversight of Costs and Impact of International Republican Institute and National Democratic Institute Democracy Grants</td>
<td>1/2010</td>
</tr>
</tbody>
</table>
actively carried out their management and oversight responsibilities, though some management and contract problems affected costs and schedules.

The 2004 contract, competitively awarded to Wamar to purchase and deliver armored vehicles (W914NS-04-D-0121), was mostly successful, although eight vehicles were stolen, and other vehicles were delivered late. Wamar replaced the stolen vehicles at no cost to the government. At completion of the two-and-one-half-year contract in December 2006, Wamar had successfully delivered 245 armored vehicles to U.S. and Iraqi forces at a cost of $32.96 million. The cost of some vehicles increased because of changes in U.S. government requirements, including adding special features to the basic vehicle. Further, after the theft of the vehicles, the U.S. government decided to fly the vehicles into Baghdad to prevent further thefts at a cost of about $10,000 per vehicle. This added about $2.0 million to total contract costs.

The two contracts awarded to Wamar to inspect and repair six turbine generators (W9GXY-06-C-0050 and W9GXY-07-0014) were generally successful even though the work cost more and took longer to complete than planned. Contract documents revealed that the two inspection contracts were competitively awarded and that Wamar’s proposals represented the best overall value to the U.S. government and to the Iraq Ministry of Electricity (MOE). However, costs under the first contract, awarded in 2006, increased from $24.01 million to $34.82 million, and the performance period for the inspections was extended from fall 2006 to September 2008. Costs under the second contract, awarded in 2007, increased from $14.92 million to $25.42 million, and the performance period for the inspections was extended from fall 2007 to September 2008. Cost and schedule changes were due mainly to unanticipated repairs identified during the inspections and a fire at one of the generators. Additionally, the MOE delayed contractor access for some inspections, which increased costs. These problems were out of the control of Wamar.

JCC-I/A and GRD actively and effectively carried out their management and oversight responsibilities on the inspection contracts and resolved the few contract performance and personnel problems that occurred. SIGIR identified some administrative and management problems, including GRD-prepared independent government estimates, which were overstated, and numerous JCC-I/A narrative and math errors on the first contract. At the time of this report, JCC-I/A had not financially closed out the contracts, nor had it located the contract files from which to conduct this closeout.

Recommendations
Previous SIGIR reports have included recommendations and/or lessons learned to address issues related to cost increases and schedule changes on Iraq reconstruction projects. The major issues identified in this report—changes in contract cost and schedules, and contract administration and project management—have been addressed. Accordingly, SIGIR includes no recommendations or lessons learned in this report.

Management Comments and Audit Response
SIGIR provided a draft of this report to responsible agencies for comment. Both the U.S. Army Corps of Engineers and JCC-I/A concurred with the report.
Iraq, Jordan Support (AIJS) Division is primarily responsible for oversight of the DynCorp contract. SIGIR examined INL’s oversight of the task orders because they cost over $2.5 billion, and INL has had a history of weak oversight of the task orders. Specifically, SIGIR examined: (1) the costs, funding, and award process for the largest and most recent task orders; (2) DoS oversight of the task orders; and (3) the status of INL’s implementation of SIGIR’s prior recommendations.

**Results**

INL continues to exhibit weak oversight of the DynCorp task orders for support of the Iraqi police training program. INL lacks sufficient resources and controls to adequately manage the task orders with DynCorp. As a result, over $2.5 billion in U.S. funds are vulnerable to waste and fraud. The In-country Contracting Officer Representatives (ICOR), who are critical to overseeing DynCorp’s performance and expenditures under the current task order, do not perform adequate reviews and tests to ensure that: (1) the costs submitted by DynCorp on invoices are allowable under the contract/task order, supported by appropriate documentation, and correct; (2) U.S. government property managed by DynCorp is adequately controlled; (3) lease agreements negotiated on behalf of the U.S. government protect the U.S. government’s interests; and (4) the government receives the services at the performance standards specified in the task order. As DoS takes responsibility for the police training program from DoD in 2011 and DoS continues to oversee contracts costing the American taxpayers hundreds of millions of dollars, it will be critical for DoS to have in place effective management and controls of those contracts to ensure that U.S. funds are effectively and efficiently spent.

Inadequate resources and controls are not new problems. As early as 2005, INL was told that its staffing had not increased commensurate with its workload and that it needed to strengthen its oversight of the contracts for Iraq and Afghanistan. In 2007, INL was again told that its poor oversight of the contract for Iraq had put millions of dollars at risk. In a hearing and in responses to audit reports, INL officials have repeatedly stated they recognized the problems and had initiatives to increase staff and improve management and oversight of the contract for Iraq. However, INL has fallen far short on those initiatives.

INL stated that it plans to increase the number of ICORs in Iraq to 11; there were 3 in November 2009. However, SIGIR believes the ICORs need additional guidance to clearly specify their responsibilities and more oversight to determine what they are or are not doing. Until that guidance is developed and implemented, INL is in no position to accurately determine how many additional ICORs it needs. SIGIR believes that more than 3 ICORs are needed but does not believe INL has demonstrated it needs 11.

Because of weak oversight of the DynCorp contract in Iraq from its start in 2004, INL is reconciling all historical invoices. Although SIGIR was told in October 2007 that the reconciliation effort would take 3 to 5 years to complete by a full complement of 11 personnel, the reconciliations will likely take longer because INL has not fully staffed the effort. In addition, reconciliation efforts have been adversely impacted by high error rates on invoices and poor or missing support documentation. Moreover, the workload will likely increase because of the problems found with the current invoice review process.

**Recommendations**

Because weak contract administration and oversight have been long-standing issues that INL has not corrected, SIGIR recommends that

1. the Deputy Secretary of State for Management and Resources direct an immediate examination of the Afghanistan, Iraq, Jordan Support Division’s personnel and operations to determine if the Division is structured, staffed, and managed to effectively and efficiently oversee the contracts under its responsibilities.

2. Until such an examination can be conducted, SIGIR recommends that the Assistant
Secretary, INL, direct the Chief of AJS to develop detailed guidance for ICORS, assign specific responsibilities to each ICOR, determine how many ICORS are needed in Iraq to accomplish assigned responsibilities, and staff the invoice reconciliation effort to validate historical invoices within the next two years.

Management Comments and Audit Response
INL agreed with SIGIR’s recommendations. It did not agree with SIGIR’s position that $2.5 billion in U.S. funds are vulnerable to waste and fraud. Because of the serious control weaknesses identified in this and prior audits, SIGIR maintains its position.

Department of State Contract To Study the Iraq Reconstruction Management System (SIGIR 10-010, 1/2010)

Introduction
In late 2004, the U.S. Army Corps of Engineers Gulf Regional Division (GRD) and the Project and Contracting Office developed the Iraq Reconstruction Management System (IRMS). The IRMS was originally intended to be a data base for projects funded by the IRRF. However, through the years, data has been added from ISFF projects, Commander’s Emergency Response Program (CERP) projects, and ESF projects.

SIGIR’s last IRMS report was issued in July 2008 and was intended to assess the overall data system management, policies, procedures, uses, and benefits. However, in the course of conducting the review, SIGIR learned that GRD was preparing a draft plan for the future of the IRMS. As a result, SIGIR stopped its review and issued a report to alert the Embassy and GRD of certain issues that needed to be addressed.

Foremost, SIGIR pointed out that when the IRMS was initiated in 2004, it had a design life of five years (completing in 2009). A life-cycle maintenance program was not implemented, and the system, then in its fourth year of operation, was becoming operationally unreliable and unstable. SIGIR also reported that the IRMS had had few system upgrades, and many of its critical system components were no longer under warranty. In some cases, the manufacturer no longer supported the system. SIGIR recommended that the U.S. Ambassador to Iraq and the Commanding General, Multi-National Forces-Iraq, jointly direct the establishment of an interagency planning process to address the future operation and use of the IRMS.

In written comments on a draft of SIGIR’s July 2008 report, GRD stated that it had authorized one of its contractors to conduct a study of the IRMS and that the study would consider factors such as the system’s age, compatibility of hardware platforms, and software and network infrastructure. The study would also provide GRD with recommendations for the future needs of stakeholders.

DoS did not respond to the July 2008 draft report until December 20, 2008, but concurred with all the report recommendations. In the response, the U.S. Ambassador appointed the Iraq Transition Assistance Office (ITAO) as the executive agent for the IRMS. In addition, the Ambassador stated that the recommendation regarding current and future system requirements of stakeholders and the need for a common operating picture was particularly important.

As of November 2009, neither GRD nor ITAO had developed the plans they had committed to in their formal comments to SIGIR’s draft report.

Results
SIGIR believes that the long delay in taking action to improve IRMS has largely negated any potential benefits from improving or developing a replacement for IRMS. About 95% of the funds appropriated for the reconstruction of Iraq to date have been spent, and the need for an improved management information system for the remaining funds is likely to be marginal. Additionally, the plan to turn IRMS hardware and software over to the Government of Iraq has been dropped. Given
this, investing $5 million for a replacement system that will not be available until October 2010 at the earliest will not likely provide any meaningful improvements or benefits to either the Embassy or any other IRMS users. Moreover, the principal agencies that will be involved in reconstruction beyond October 2010 have existing systems that can track reconstruction activities.

Recommendations
SIGIR recommends that, absent information showing the need to develop a replacement system for the IRMS, the U.S. Ambassador to Iraq direct that the Iraq Transition Assistance Office cancel that part of the contract with Enterprise Information Systems to develop a new web-based system to replace Iraq Reconstruction Management System.

Management Comments
The Embassy stated that it did not concur with SIGIR’s recommendations. It believes it should continue the contract because it “hopes to get a fresh perspective from [Enterprise Information Systems] and the possible directions ITAO can take on the future of the IRMS information.” Although SIGIR continues to believe that the primary purpose of the contract was the development of a new system, we do recognize that developing a course of action for IRMS information is important. Therefore, SIGIR modified its draft recommendation to make clear that unless the information gathered under the contract provides some sound reasons to continue IRMS, SIGIR continues to believe that the Embassy should cancel the remaining system development tasks.

Iraq Reconstruction Funds: Forensic Audits Identifying Fraud, Waste, Abuse—Interim Report #2
(SIGIR 10-011, 1/2010)

Introduction
Public Law 108-106 requires SIGIR to prepare a final forensic audit report on all funding appropriated for the reconstruction of Iraq, which to date totals over $50 billion. This interim report presents the results of SIGIR’s ongoing forensic auditing program, including an update on the review of agency expenditures and an update on SIGIR’s efforts to identify questionable financial activity. The report also presents information on data-mining methodology and discusses the metrics SIGIR is using to measure progress. SIGIR is reporting results quarterly, and a final cumulative report will eventually address all available reconstruction funds.

SIGIR’s first report summarized the results of a series of audits of major reconstruction contracts that were intended, in part, to identify internal control weaknesses. Because such weaknesses provide opportunities for fraud, waste, and abuse, SIGIR has used the results from these audits to develop targeted forensic auditing approaches to identify instances of possible wrongdoing.

SIGIR continues its forensic review of DoD, DoS, and USAID expenditures. These reviews systematically examine Iraq reconstruction program expenditures to identify anomalies in transactional data that may indicate fraud, waste, or abuse. SIGIR’s approach combines automated data mining with standard audit and investigative techniques to detect questionable transactions and develop relevant evidence for use in administrative actions or civil or criminal fraud prosecutions.

SIGIR has also initiated a review of Iraq reconstruction program areas known to have weaknesses in internal controls. This effort focuses on programs that afford easy access to cash with weak controls over expenditures.

Results
Since the last report, SIGIR has reviewed an additional 51,000 transactions valued at $17.3 billion, bringing the total transactions reviewed to 73,000 transactions valued at $28 billion. SIGIR continues to identify numerous anomalous transactions, including payments that may be duplicates, payments to possibly fictitious or generic vendors, notable variances in payment activity, payments
occurring prior to or on the date of invoice, and oddly sequential contractor invoices. SIGIR also identified payments to firms with what appear to be fictitious addresses and payments to possibly suspended or debarred contractors. To date, SIGIR has identified almost $340 million in transactions, involving approximately 800 vendors, that require additional investigation.

SIGIR is in the process of determining whether any of the anomalous transactions are actually fraudulent or improper, by examining the transactions and reviewing relevant contract file documentation. Due to the number of transactions that must be examined, SIGIR is prioritizing work using risk factors such as transaction type, amount, and prior history of questionable activity. A SIGIR forensic audit team is currently focusing on possible duplicate payments associated with DoD expenditures.

In addition, a SIGIR initiative that focuses on programs that afford easy access to cash associated with weak controls over expenditures continues to identify instances of questionable activity. As a result of this effort, to date SIGIR has opened 27 criminal investigations involving 36 subjects. Detailed information regarding ongoing criminal investigations will not be presented in these reports.

The results of SIGIR’s forensic audit efforts will generally be reported in the aggregate and specific findings will be included where appropriate and useful. We are also providing lessons learned that can be applied to other contingency operations, such as in Afghanistan.

**Recommendations**

SIGIR makes no recommendations in this report; this is an informational report only.

**Management Comments**

Because this audit report does not contain recommendations, management comments were not required.
is a case-by-case decision and should be based on a cost and benefits analysis. Absent such analysis, there is no basis to assess the appropriateness of security costs.

Current DRL officials could not explain why the apparent risks associated with these grants, as evidenced by the high security costs, were accepted because they were not assigned to manage these grants until after they had been awarded. They noted, however, that DRL received direction from the Congress to ensure grant activities occurred. Nevertheless, the officials explained that DRL does not have a set formula to gauge an appropriate level for security costs per grant, and shifting circumstances may dictate security requirements.

SIGIR also found that DRL’s oversight of IRI and NDI grants is limited. First, DRL manages the grant program from Washington, D.C., which limits face-to-face interaction with grantee personnel in Iraq and impacts insight into grantee activities. Second, DRL does not require that progress reports follow guidelines established by DRL in grant agreements. For example, grantees are encouraged to submit progress reports that identify the level and type of activities conducted for the period along with supporting documentation to provide evidence that activities occurred. NDI included supporting documentation in 22 of the 23 reports it submitted; IRI included supporting documents for only 3 of the 29 reports it submitted. Moreover, progress reports did not provide expenditure data by objective, as suggested in the grant. IRI and NDI submitted quarterly financial reports identifying total expenditures, but the reports do not break down expenditures into categories such as security or training. Although relevant guidance does not require such detailed data, the information would benefit DRL’s oversight of the program.

Recommendations
SIGIR recommends the U.S. Secretary of State improve DRL oversight of grants by directing DRL to:

1. review and document the reasonableness of grantee budgets for activities not directly associated with executing grant objectives, to include security and other indirect costs, as well as the costs versus benefits of awarding grants with significant non-direct program costs;
2. request for current grants and require for future grants that grantees report quarterly expenditures on major cost categories; and
3. assess the appropriateness of establishing a program manager position in Iraq versus maintaining democracy advisors as DRL representatives in Iraq.

SIGIR also recommends that the Deputy Secretary of State for Management and Resources direct an examination of DRL’s personnel and operations to determine if the Bureau is structured and staffed to effectively and efficiently oversee the grants under its responsibility.

Management Comments
DRL concurred with three of the draft report recommendations but did not concur with a draft recommendation that it amend grant agreements to require grantees to report quarterly expenditures on major cost categories. DRL stated that formal amendments to current grants, as well as expired grants, may not be useful, but they will request this of grantees receiving future grants. SIGIR modified this recommendation related to cost category reporting to reflect the DRL comment.

Ongoing and Planned Audits
SIGIR primarily conducts performance audits that assess the economy, efficiency, effectiveness, and results of Iraq reconstruction programs, often with a focus on the adequacy of internal controls and the potential for fraud, waste, and abuse. This includes a series of focused contract audits of major Iraq reconstruction contracts, which will support SIGIR’s response to congressional direction for a “forensic audit” of U.S. spending associated with Iraq reconstruction.
Ongoing Audits

SIGIR is currently working on these audits:

- Project 1006: Audit of Transaction Data for the Development Fund for Iraq
- Project 1004: Audit of the Sons of Iraq Program
- Project 1003: Audit of the Status of the Iraq Security Forces Fund
- Project 9030: Audit of Plans To Transition and Maintain Iraq Reconstruction Contract Files to Permanent Storage Facilities
- Project 9028: Audit of the Program Management Practices for the Iraqi Police Training Program
- Project 9026: Audit of the Commander’s Emergency Response Program Projects within the Baghdad International Airport Economic Zone
- Project 9023: Audit on Projects To Develop the Iraqi Special Operations Forces
- Project 9019: Audit of Efforts Under a Stanley Baker Hill Contract To Address Deficiencies in U.S.-funded Health Projects
- Projects 9005, 9012, and 9013: Audits of Appropriation, Obligation, and Expenditure Transaction Data Related to Iraq Relief and Reconstruction of the Department of Defense, Department of State, and the U.S. Agency for International Development

Planned Audits

SIGIR’s audit planning is aligned with three key goals contained in its strategic audit plan:

- improving business practices and accountability in managing contracts and grants associated with Iraq reconstruction
- assessing and strengthening the economy, efficiency, and effectiveness of programs and operations, designed to facilitate Iraq reconstruction
- providing independent, objective leadership and recommendations on policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq

SIGIR’s strategic plan recognizes the legislative mandate to complete a forensic audit report on all amounts appropriated or otherwise made available for Iraq reconstruction. As part of that effort, SIGIR has completed 17 focused contract audits dealing with outcomes, costs, and the oversight associated with major reconstruction contracts in Iraq, as well as vulnerabilities to fraud, waste, and abuse. Additional contract audits are ongoing, and others are planned. These audits will increasingly focus on contracts funded by the ISFF and ESP.

SIGIR also is turning more of its resources to its forensic auditing initiatives and has published its second report on these efforts. Moreover, to continue to provide leadership and recommendations on policies designed to address deficiencies in reconstruction and stabilization efforts in Iraq, SIGIR will address issues related to the downsizing of the DoD presence in Iraq and the transition of reconstruction activities to DoS.


Since 2004, SIGIR has published 160 audit reports addressing a wide range of topics, such as oversight of contracts and specific reconstruction programs, as well as the cost and oversight of protective services contractors. Throughout its tenure, SIGIR audits have identified serious deficiencies in the management of contracts and reconstruction activities; made recommendations to improve economy and efficiency of U.S. operations and make activities less vulnerable to fraud, waste, and abuse; and provided lessons learned for use in other major reconstruction endeavors.

Much of SIGIR’s audit results can be attributed to its significant and permanent presence in Iraq. This presence has enabled SIGIR to provide real-time audits—often starting and completing within six months—that address critical reconstruction issues. SIGIR’s in-country audit activities also enable face-to-face communications and relationship building with DoD, DoS, and Iraqi officials and provide an in-depth and historical knowledge of the reconstruction program in the country.
SIGIR has worked proactively with previous and current U.S. ambassadors and commanding generals, providing insights on issues that need to be addressed. For example, in August 2009, SIGIR provided the commanding general and the U.S. ambassador information regarding areas that needed to be dealt with to ensure a smooth transition as reconstruction management shifts from DoD to DoS, as U.S. presence downsizes, and as the ministerial capacity of the Government of Iraq (GOI) increases.

External confirmation of SIGIR Audits’ capabilities and commitment to professionalism occurred this past year as SIGIR underwent and passed the Council of Inspectors General on Integrity and Efficiency-mandated external peer review of its system of quality control. SIGIR received a clean opinion. SIGIR’s peer review for the year ending July 31, 2009, was conducted by the National Science Foundation’s Office of Inspector General in accordance with Government Auditing Standards and guidelines established by the Council of Inspectors General on Integrity and Efficiency. On November 20, 2009, Allison C. Lerner, Inspector General of the National Science Foundation, wrote, in pertinent part,

In our opinion, the system of quality control for the SIGIR audit organization in effect for the year ended July 31, 2009, has been suitably designed and complied with to provide SIGIR with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail. SIGIR has received a peer review rating of pass…

This review found that SIGIR audits met all the requirements of Generally Accepted Auditing Standards as identified by the Comptroller General of the United States. SIGIR’s Audits Directorate continues to monitor and oversee U.S. reconstruction activities in Iraq.

Audits Have Addressed Major Issues and Recommended Numerous Improvements in the Management of Reconstruction Activities

In the course of its work, SIGIR has identified broad recurring issues that were the key contributing causes to the deficiencies noted in the body of SIGIR’s audits and lessons learned, which could be applicable to reconstruction in other contingency operations. Moreover, SIGIR has made 399 recommendations to improve reconstruction activities in Iraq, which encompass a wide array of management issues. Management has already agreed to and implemented 269 of these recommendations. When taken together, this information provides an important starting point for managing reconstruction activities in a contingency environment.

To illustrate, in July 2008, SIGIR issued an audit report that identified four persistent issues affecting the management of reconstruction activities in Iraq:

- The need to better understand the problems associated with implementing reconstruction programs in an unstable security environment. For example, security issues and their costs were often not adequately taken into consideration in designing and implementing reconstruction activities and estimating costs.
- The impact of not having an integrated management structure to provide clear lines of authority on program coordination and successful delivery of projects. The lack of such unity of command led to situations where the U.S. government could not determine the full extent of all agencies activities on a single issue such as anticorruption or capacity development.
- The importance of anticipating staffing needs and reducing staff turnover.
- Recognition of how essential working closely with host governments is to the long-term success of U.S. investments in reconstruction projects.

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Additionally, SIGIR audits of contracts have pointed out numerous areas where contract management needed to be improved to provide better economy and efficiency and make the contract less vulnerable to fraud, waste, and abuse.

In response, SIGIR made recommendations to deal with these management problems. In a number of cases a single recommendation addressed more than one of the issues outlined above. To illustrate, SIGIR has provided:

- more than 150 recommendations to improve program management, including the need to adequately staff offices and reduce staff turnover
- more than 70 recommendations to improve interagency coordination and cooperation and to better share information
- more than 160 recommendations to improve oversight of contracts and contractors to encourage economy and efficiency and minimize the potential for fraud, waste, and abuse
- more than 150 recommendations to improve accountability and internal control weaknesses, such as inadequate review of contractor invoices, inadequate contractor oversight, missing or incomplete documentation of contract actions, and inadequate staffing
- more than 30 recommendations to work more closely with the GOI in areas such as designing and transferring projects to improve the prospects that the GOI will sustain U.S.-funded facilities and programs so that U.S. efforts will not be wasted

Additionally, SIGIR has provided recommendations to improve the management, efficiency, and outcome of essential, high-cost programs that will continue even as the U.S. reconstruction effort in Iraq scales back:

- SIGIR has issued seven reports and made 19 recommendations addressing the need to improve the management of the CERP. This $3.65 billion program authorizes U.S. field commanders to use these funds to respond to relief and reconstruction requirements that immediately assist indigenous populations and achieve focused effects.
- SIGIR has issued, to varying degrees, more than 25 reports—one this quarter—on U.S. efforts to develop functioning Iraqi Security Forces. This effort takes on increasing importance as the U.S. military footprint decreases and now that the principal agency created to implement this goal—the Multi-National Security Transition Command-Iraq—has been subsumed into the U.S. Forces-Iraq. SIGIR has made 54 recommendations regarding ministerial capacity development, oversight of weapons provided the ISF, asset transfer, use of CERP funds, anticorruption efforts, and other topics, including logistics, maintenance responsibilities, and security forces personnel training.

With the implementation of SIGIR’s audit recommendations, agencies have made progress in improving their operations:

- DoS has made progress in its efforts to organize and implement an anticorruption program in Iraq.
- DoD improved its support for Iraq’s ability to maintain and repair small arms issued to its security forces through a centralized armoring facility.
- DoD has improved the oversight and use of contractors in the Iraq reconstruction program.

Nevertheless, agencies have yet to implement a number of SIGIR recommendations addressing important issues. For example,

- As early as 2006, SIGIR identified the need for greater coordination among agencies providing reconstruction assistance. In January 2006, SIGIR recommended that the Commanding General, Multi-National Force-Iraq, direct program managers and subordinate commands to “coordinate plans and funding for the sustainment of large CERP construction projects and projects that have strategic value with DoS.” That recommendation remains open,
SIGIR OVERSIGHT

SIGIR Audits Have Had Major Impacts
SIGIR’s audits have had major financial and non-financial impacts in improving the management of reconstruction programs in Iraq. Through January 31, 2010, SIGIR audits saved and recovered about $81.79 million and improved the use of $229.72 million in taxpayer funds (See Figure 4.2). SIGIR also challenged payments of $14.74 million, including possible duplicative payments, overpayments, or payments for work that was not completed. Two-thirds of the funds saved emanated from recommendations regarding the equipment purchased for primary healthcare centers and the need for invoice review of the Iraqi police training program. SIGIR also determined that nearly $200 million in funding for the police training program could be put to better use elsewhere. SIGIR continues to document ways to save additional funds.

SIGIR continues to find examples of activities being conducted without coordinating with other U.S. assistance agencies.

- **DoD has yet to implement a number of recommendations to improve the management of ISFF to develop the ISF.** For example, as early as October 2006, SIGIR noted deficiencies in the planning and implementation of Iraqi police and military training programs and recommended that DoD identify Iraqi local and national police forces logistics personnel and Iraqi Army logistics personnel requirements and formulate a plan for training these personnel. Out of the 54 recommendations noted above, 24 remain open.

- **DoD also has yet to implement 13 of the 19 recommendations to improve management of the CERP program.** As such, problems continue in maintaining complete project records, in developing clear and precise criteria to select projects, and in transferring and sustaining large-scale projects.

SIGIR recommendations to improve the processes to transfer U.S.-built facilities to the GOI have also not been fully implemented; six of the ten recommendations remain open and deal with important issues, such as:

- establishing a single uniform process for the various agencies transferring completed reconstruction projects to the GOI
- completing an assessment of the GOI’s capacity to maintain the transferred assets
- developing a plan, based on the assessment of GOI’s capacity, to develop GOI’s capacity to maintain transferred capacity

SIGIR also continues to identify specific instances where GOI sustainment of projects is at risk. All SIGIR audit reports can be found on the SIGIR website: www.sigir.mil.

**Figure 4.2**
**Impact of SIGIR Audit**

<table>
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<td>Dollars Saved/Recovered</td>
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<tr>
<td>Funds Put to Better Use</td>
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<td>Challenged Payments</td>
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SIGIR Recommendations to Improve the Processes to Transfer U.S.-Built Facilities to the GOI Have Also Not Been Fully Implemented; Six of the Ten Recommendations Remain Open and Deal with Important Issues, Such as:

- Establishing a single uniform process for the various agencies transferring completed reconstruction projects to the GOI
- Completing an assessment of the GOI’s capacity to maintain the transferred assets
- Developing a plan, based on the assessment of GOI’s capacity, to develop GOI’s capacity to maintain transferred capacity.

SIGIR also continues to identify specific instances where GOI sustainment of projects is at risk. All SIGIR audit reports can be found on the SIGIR website: www.sigir.mil.

SIGIR Audits Have Had Major Impacts
SIGIR’s audits have had major financial and non-financial impacts in improving the management of reconstruction programs in Iraq. Through January 31, 2010, SIGIR audits saved and recovered about $81.79 million and improved the use of $229.72 million in taxpayer funds (See Figure 4.2). SIGIR also challenged payments of $14.74 million, including possible duplicative payments, overpayments, or payments for work that was not completed. Two-thirds of the funds saved emanated from recommendations regarding the equipment purchased for primary healthcare centers and the need for invoice review of the Iraqi police training program. SIGIR also determined that nearly $200 million in funding for the police training program could be put to better use elsewhere. SIGIR continues to document ways to save additional funds.

SIGIR Recommendations to Improve the Processes to Transfer U.S.-Built Facilities to the GOI Have Also Not Been Fully Implemented; Six of the Ten Recommendations Remain Open and Deal with Important Issues, Such as:

- Establishing a single uniform process for the various agencies transferring completed reconstruction projects to the GOI
- Completing an assessment of the GOI’s capacity to maintain the transferred assets
- Developing a plan, based on the assessment of GOI’s capacity, to develop GOI’s capacity to maintain transferred capacity.

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