

DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

This appendix provides summaries of the audits listed in Section 6. All information provided is current, as of September 30, 2010.

Defense Contract Audit Agency

The services of the Defense Contract Audit Agency (DCAA) include professional advice to acquisition officials on accounting and financial matters to assist them in the negotiation, award, administration, and settlement of contracts.

In addition to DCAA's involvement in the negotiation and award of contracts, significant resources are also dedicated to overseeing the allowability,

allocability, and reasonableness of incurred and billed costs. Procedures that govern the costs incurred in-country are also tested through reviews of contractor timekeeping, subcontract management, and cash management/disbursement.

Finally, to ensure that adequate internal controls are in place regarding the contractor's policies and procedures, DCAA performs audits associated with critical internal control systems, with an emphasis on estimating, subcontract management, and billing systems.

DCAA plans and performs work on a fiscal year basis. Table F.1 shows both the Iraq-related audits closed during FY 2009 and the audits closed and still open in FY 2010 (as of September 30, 2010).

TABLE F.1
DCAA AUDITS RELATED TO IRAQ, FOR FY 2009 AND FY 2010

DESCRIPTION OF AUDIT AREA	FY 2009	FY 2010	
	CLOSED	CLOSED	OPEN
Price Proposals (1)	119	105	19
Other Special Requested Audits (2)	33	38	53
Incurred Cost (3)	25	47	222
Labor Timekeeping (4)	67	29	38
Internal Controls (5)	29	32	87
Pre-award Accounting Survey (6)	5	8	10
Purchase Existence and Consumption (7)	28	5	16
Cost Accounting Standards (8)	22	48	97
Other (9)	30	26	97
Total	358	338	639

Note:

1. Price Proposals—Audits of price proposals submitted by contractors in connection with the award, modification, or repricing of government contracts or subcontracts
2. Other Special Requested Audits—Audit assistance provided in response to special requests from the contracting community based on identified risks
3. Incurred Cost—Audits of costs charged to government contracts to determine whether they are allowable, allocable, and reasonable
4. Labor Timekeeping—Audits to determine if the contractor consistently complies with established timekeeping system policies and procedures for recording labor costs
5. Internal Controls—Audits of contractor internal control systems relating to the accounting and billing of costs under government contracts
6. Preaward Accounting Survey—Preaward audits to determine whether a contractor's accounting system is acceptable for segregating and accumulating costs under government contracts
7. Purchase Existence and Consumption—The physical observation of purchased materials and services and related inquiries regarding their documentation and verification of contract charges
8. 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 F.2
DCIS INVESTIGATIONS

INVESTIGATIVE STATUS	PROCUREMENT FRAUD	PUBLIC CORRUPTION	THEFT/TECH PROTECT/OTHER	TOTAL
Open	9	30	8	47
Closed	5	3	1	9
Totals	14	33	9	56

Defense Criminal Investigative Service

DCIS continues to conduct criminal investigations in support of DoD GWOT efforts through investigative resources in Southwest Asia; Wiesbaden, Germany; and continental U.S. task force investigations focusing on public corruption and fraud in the Southwest Asia theater. In conjunction with DoD OIG's renewed emphasis on oversight of spending related to Iraqi development, DCIS has continued to deploy special agents to Iraq, Kuwait, and Afghanistan to conduct criminal investigations in support of DoD operations. Six-month rotational details to Iraq and Kuwait commenced in September 2006. Six-month rotations to Afghanistan commenced in 2008. As of September 30, 2010, DCIS has deployed 7 special agents and one administrative staff member to Iraq, 1 special agent to Kuwait, and 8 special agents to Afghanistan.

Open Cases

DCIS currently has 47 open investigations being worked jointly with SIGIR, including four projects. One case was closed during this period.

Department of Defense Office of Inspector General

DoD continues to face many challenges in executing its Overseas Contingency Operations (OCO). The Department of Defense Office of Inspector General (DoD OIG) has identified priorities based on those challenges and high-risks and has responded by expanding coverage of OCO

operations and its presence in Southwest Asia. As the Department continues its OCO, such as Operations New Dawn and Enduring Freedom, DoD OIG plans to stay focused on issues important to accomplish the mission and ensure that the Department makes efficient use of its resources to support the warfighter.

The DoD OIG-led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO-related oversight activities. The Group held its fourteenth meeting in August 2010.

Completed Audits/Reviews

DoD Needs to Improve Management and Oversight of Operations at the Theater Retrograde—Camp Arifjan, Kuwait

(D-2010-091, ISSUED SEPTEMBER 30, 2010)

DoD officials did not effectively manage Theater Retrograde operations. Specifically, Army and Defense Contract Management Agency (DCMA) officials did not ensure that contractor personnel complied with contract requirements and applicable regulations when processing materiel at the Theater Retrograde. Army and DCMA officials also did not ensure the contractor had sufficient staffing at the Theater Redistribution Center to meet container processing requirements. This occurred because Army officials did not develop and implement effective policies and procedures for processing materiel at the Theater Retrograde. In addition, Army and DCMA officials did not resolve all deficiencies identified during performance reviews and did not perform administrative functions in accordance with their appointment letters and the Federal Acquisition Regulation. As a

result, DoD remains at an increased risk that a foreign country or adversary could gain a military or economic advantage over the United States, which could impact national security. In addition, officials will continue to be exposed to increased safety risks and serviceable materiel may not be reused to its maximum potential. DoD may also be receiving a reduced value for the services performed, paying undue award fees, and wasting resources by purchasing the same materiel in the unprocessed containers for use in other overseas contingency operations. The DoD OIG commends the Army and DCMA for taking immediate action to address issues identified during the audit.

Accountability and Disposition of Government Furnished Property in Conjunction with the Iraq Drawdown—Logistics Civil Augmentation Program

(D-2010-088, ISSUED SEPTEMBER 30, 2010)

Generally, DoD had adequate accountability over LOGCAP government furnished property (GFP). DoD OIG estimated that the LOGCAP contractor could account for 443,918 of the 458,408 GFP items (96.8 percent) in the sample frame. However, at some of the sites visited, DoD OIG identified accountability issues that needed management's attention. To address those issues, DoD OIG issued nine memorandums during the audit requesting management action. Unresolved requests for management action were reissued as recommendations in this report. DoD OIG also identified systemic issues concerning the management and disposition of GFP items located at the LOGCAP contractor's Fair, Wear, and Tear yards. This occurred because the Defense Contract Management Agency did not require the contractor to include Fair, Wear, and Tear yard management processes or care and disposition instructions specific to export-controlled GFP (such as ballistic plates and ballistic blankets) in its property control procedures. Management improvements at the Fair, Wear, and Tear yards will ensure a more effective and efficient transfer and disposal of LOGCAP GFP and ensure that

export-controlled property is properly protected, identified for reutilization, or demilitarized.

Weaknesses in Oversight of Naval Sea Systems Command Ship Maintenance Contract in Southwest Asia

(D-2010-087, ISSUED SEPTEMBER 27, 2010)

The results of this audit are For Official Use Only.

Kuwait Contractors Working in Sensitive Positions Without Security Clearances or CACs

(D-2010-085, ISSUED SEPTEMBER 22, 2010)

Combat Support Services Contract-Kuwait (CSCC-K) contractor employees worked in sensitive positions without the required security clearance. Combat Support Associates (CSA), the CSCC-K contractor, had employees in sensitive positions with no record of security clearances or without valid clearances, an incorrectly identified sensitive position, and incomplete security files. CSA officials also allowed contractor employees to remain in sensitive positions without a security clearance after they were informed they were in violation of the contract. Lastly, the Army did not ensure all contractors had the common access cards required for base access. This occurred because CSA officials did not identify and track all positions or obtain the required clearance for all employees. Additionally the Defense Contract Management Agency (DCMA) did not provide oversight of the contractor's security program in accordance with the contract or DCMA's Theater Quality Plan.

Evaluation of Efforts to Identify, Contact, and Provide Access to Care for Personnel Exposed to Sodium Dichromate at Qarmat Ali, Iraq, in 2003

(SPO-2010-006, ISSUED SEPTEMBER 17, 2010)

In 2003, the U.S. Army Corps of Engineers contracted KBR, a contractor, to restore Iraq's oil industry following combat operations. The Qarmat Ali water treatment plant was one of several hundred facilities that required restoration. While conducting renovation and providing site security,

Army soldiers, U.S. Army civilian employees, KBR workers, and other USACE contractors were exposed to industrial hazards, including sodium dichromate, which contains hexavalent chromium, a known carcinogen. The Senate Armed Services Committee requested an evaluation of the adequacy and timeliness of the Department's efforts to identify and contact soldiers who were exposed, or who potentially were exposed, and ensure they had access to appropriate care.

The Army conducted adequate efforts to identify and contact military and DoD civilian personnel in a reasonably timely manner, subsequent to a request from Congress in June 2008. While these efforts were thorough, not all identified personnel could be found or were willing to respond once located. As of September 2010, representatives from the Department of the Army, Army National Guard headquarters of the four impacted states, and USACE, identified 972 living DoD military or civilian personnel who potentially served at Qarmat Ali in 2003, and reported having contacted 895 (92 percent) of them. Identified individuals had the opportunity to receive medical care. However, military and civilian personnel received care through different procedures.

Serving and former soldiers of all components who served in Operation Iraqi Freedom were and still are eligible for inclusion in the Gulf War Registry, and can receive an exposure specific medical evaluation offered by the Department of Veterans Affairs. Civilian employees of DoD generally received health care from civilian providers. Exposed civilians were offered the opportunity to talk with a trained DoD medical care provider. There was no process to ensure DoD civilians who were exposed to sodium dichromate received medical examinations similar to those offered to active and former soldiers as part of the VA's Gulf War Registry.

USACE should notify all current and former military personnel who were identified as having served at the Qarmat Ali facility in 2003 of their eligibility for the VA's Gulf War Registry and associated sodium dichromate exposure-related

medical evaluation. Further, DoD should publicize the eligibility of active duty personnel who served at the Qarmat Ali facility in 2003 for the VA's Gulf War Registry; review policy and procedures for active duty personnel eligible to undergo the VA's Gulf War Registry medical evaluation; and develop and publicize a means to offer DoD civilians who served at Qarmat Ali in 2003 an exam and medical surveillance similar to what the VA avails to military personnel and veterans.

Implementation of Predator/Sky Warrior Acquisition Decision Memorandum Dated May 19, 2008

(D-2010-082, ISSUED SEPTEMBER 10, 2010)

The results of this audit are For Official Use Only.

Army Use of Time-and-Materials Contracts in Southwest Asia

(D-2010-081, ISSUED AUGUST 27, 2010)

Army contracting and DoD program officials did not properly award and administer Time and Material contracts and task orders for work performed in Southwest Asia. Specifically, contracting and program officials awarded contracts and task orders with invalid sole-source justifications or unfair competition (10 of 18), did not negotiate reasonable prices (17 of 18), and did not justify their use of the T&M contract type (12 of 18). These conditions occurred because contracting and program officials ignored acquisition regulations. In addition, contracting and program officials did not perform adequate contractor surveillance for the 18 contracts and task orders because of inadequate organization and planning by the Army officials responsible for contractor oversight. DoD OIG identified potential monetary benefits for the government of \$3,688,338.

Observations from Oversight Organizations Impacting Operations Iraqi Freedom and Enduring Freedom Beginning FY 2003 Through FY 2009

(SDIG-SWA-10-01, ISSUED AUGUST 27, 2010)

This report provides a historical look at oversight activities in Southwest Asia beginning FY 2003 through FY 2009. This product represents the combined oversight work of the members of the Joint Planning Group for Southwest Asia. DoD OIG identified 715 products (606 reports, 5 hearings, and 104 related testimonies) related to Operations Iraqi and Enduring Freedom issued by the oversight community, beginning FY 2003 through FY 2009. From FY 2003 through FY 2009, the oversight community issued 2,486 recommendations to improve processes in Operations Iraqi and Enduring Freedom and 1,553 (62 percent) of these recommendations were closed as of March 1, 2010.

Air Force Military Personnel Entitlement Pay in Support of Contingency Operations

(D-2010-077, ISSUED AUGUST 23, 2010)

The Air Force Financial Service Center did not always have complete documentation to support amounts paid for Air Force military personnel entitlement pay in support of contingency operations. Specifically, the AFFSC could not adequately support contingency operation entitlements for 34 of the 70 Air Force military personnel reviewed. The 34 Air Force military personnel entitlements account for \$57,595 of the \$161,278 contingency operation entitlement payments reviewed. AFFSC also did not stop payments timely and did not always pay Air Force military personnel accurately. Continuing the contingency operation entitlement pay resulted in collection actions to correct erroneous payments of 8 of the 70 Air Force military personnel reviewed. In addition, AFFSC underpaid 25 of the 70 Air Force military personnel reviewed and overpaid 5 of the 70 Air Force personnel reviewed by nominal amounts. These conditions occurred because the AFFSC did not establish a Managers Internal Control program and an

adequate Quality Control Examination Program to ensure documents were available to support contingency operation entitlement payments. As a result, AFFSC made improper payments. In addition, the lack of supporting documentation limited the Air Force's ability to detect overpayments and underpayments, stop payments timely, and discover improper payments and fraud.

Foreign Allowances and Differentials Paid to DoD Civilian Employees Supporting Overseas Contingency Operations

(D-2010-075, ISSUED AUGUST 17, 2010)

DoD Components' Human Resources Offices (HROs) authorized inaccurate foreign allowances and differentials to a projected 8,686 of 11,691 DoD civilian employees supporting overseas contingency operations. The Office of the Deputy Under Secretary of Defense for Civilian Personnel Policy (ODUSD[CPP]) did not provide uniform guidance to the DoD Components' HROs to accurately and consistently authorize foreign allowances and differentials. In addition, the ODUSD(CPP) did not monitor DoD Components' HROs to ensure proper implementation and effectiveness of the DoD foreign allowances and differentials program. As a result, the Defense Finance and Accounting Service (DFAS) potentially made improper foreign allowances and differentials payments totaling a projected \$57.7 million to DoD civilian employees supporting overseas contingency operations.

Air Force Use of Time-and-Materials Contracts in Southwest Asia

(D-2010-078, ISSUED AUGUST 16, 2010)

Officials at the Air Force Center for Engineering and the Environment (AFCEE) did not adequately monitor the title II contractors working in Southwest Asia and did not adequately review invoices because the title II contracting officer's representatives did not conduct site visits to Southwest Asia and, according to the contracting officer, there were not enough personnel to review invoices. As a result, AFCEE has no assurance that the contractors

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were working efficiently and effectively, and AFCEE paid for \$24.3 million in labor costs that were not part of the contract. Additionally, AFCEE did not fully support award decisions for the task orders because officials did not comply with the FAR. As a result, officials put AFCEE at risk for overcharges and labor inefficiencies by the contractor and could not be sure that the labor prices were fair and reasonable.

Controls Over Unliquidated Obligations for Department of the Army Contracts

(D-2010-073, ISSUED JULY 19, 2010)

Eight Army fund holders did not adequately validate and maintain sufficient documentation supporting their review for 92 of 94 Army unliquidated obligations for the FY 2009 phase I and II triannual review periods. Army triannual review guidance did not provide clear criteria for reviewing and validating unliquidated obligations. Also, Army fund holders did not follow DoD guidance on maintaining supporting documentation. As a result, the Army had no assurance that unliquidated obligations valued at approximately \$125.8 million represented valid Army needs at the time of the reviews. The Army should also deobligate approximately \$4.4 million related to invalid unliquidated obligations and review approximately \$11 million for obligations for which validity is unknown. Additionally, the Army may have lost the use of \$11.2 million in Operations and Maintenance funds that were canceled. Accurate and timely reviews of unliquidated obligations may identify available funds for other needed requirements. Further, Army Material Command (AMC) and its major subordinate command, Aviation and Missile Command, erroneously reported and certified unliquidated obligations for Operation and Maintenance funds on the FY 2009 phase I and II triannual review confirmation statements. In addition, AMCOM erroneously deobligated unliquidated obligation balances for Operation and Maintenance funds. This occurred because AMC and AMCOM had not established internal controls

over the triannual review process. The Army is at an increased risk of losing funds that were not adequately reviewed in a timely manner.

Ongoing Audits

Army Warfighter Field Operations Customer Support Contract

(PROJECT NO. D2010-D000AS-0266.000, INITIATED AUGUST 9, 2010)

DoD OIG is beginning the first in a series of audits relating to the Warfighter Field Operations Customer Support (FOCUS) contract. For the initial project, DoD OIG is determining whether Army officials are translating mission requirements into appropriate contractual instruments and are conducting appropriate oversight of the Warfighter FOCUS contract in accordance with Federal and DoD policies. Specifically, DoD OIG will determine whether contracting officials adhered to Federal and DoD policies for subcontracting in a contingency environment while administering the Warfighter FOCUS contract.

Evaluation of the DoD Combating Trafficking in Persons (CTIP) Program

(PROJECT NO. D2009-DIPoE3-0260.000, INITIATED AUGUST 5, 2010)

DoD OIG plans to review Department of Defense compliance with CTIP statutes, executive direction, and department policy. Specifically, DoD OIG plans to (1) review a sample of Department of Defense contracts for compliance with the "Trafficking Victims Protection Act of 2000," (Title 22, U.S. Code, Chapter 78), as amended; (2) summarize Department of Defense CTIP investigative efforts; and (3) evaluate Department of Defense component compliance with and performance to DoDI 2200.01.

Special Operations Forces Plans for the Drawdown and Reset of Property in Iraq
(PROJECT NO. D2010-D000JA-0241.000,
INITIATED JULY 21, 2010)

DoD OIG is evaluating the Special Operations Forces' plans for the drawdown and reset of assets in Iraq. This includes ensuring a process exists for the proper transfer, reset, or disposal of assets. Specifically, DoD OIG will determine whether the Special Operations Forces drawdown plan defines clear roles, responsibilities, and lines of reporting; addresses issues including property accountability, visibility, reset, and return; and sets realistic milestones for the initiation and completion of drawdown and reset activities.

Drawdown and Reset of Equipment in Iraq - Supply Support Activity and Central Receiving and Shipping Point Operations in Iraq
(PROJECT NO. D2010-D000JB-0219.000,
INITIATED MAY 7, 2010)

DoD OIG is conducting this audit in response to a U.S. Central Command request to focus oversight on asset accountability to ensure that U.S. funded assets are properly accounted for and that there is a process for the proper transfer, reset, or disposal of assets. The overall objective is to determine whether DoD is effectively managing operations at the Supply Support Activities and Central Receiving and Shipping Points in Iraq. Specifically, DoD OIG plans to evaluate the process for the disposition of equipment leaving Iraq and whether that process ensures timely accountability, visibility, and redistribution of the equipment to efficiently and effectively meet DoD needs. DoD OIG plans to also determine whether adequate security procedures are in place to ensure that equipment shipped from Iraq is received at its intended destination.

Realignment of Contractor Support in Response to the Drawdown of U.S. Forces from Iraq

(PROJECT NO. D2010-D000JB-0211.000,
INITIATED MAY 6, 2010)

DoD OIG is reviewing the planning and management of actions taken to adjust contractor support in response to the drawdown of U.S. forces from Iraq. Specifically, DoD OIG plans to evaluate the process and methodology used to determine descope actions associated with the LOGCAP contract.

Material Purchases Made Through Partnership Agreements at Anniston Army Depot

(PROJECT NO. D2010-D000CE-0190.000,
INITIATED MARCH 23, 2010)

DoD OIG is evaluating material purchases made at Anniston Army Depot through partnership agreements with private-sector firms. Specifically, DoD OIG plans to determine whether the partnership agreements with original equipment manufacturers are effective in minimizing the cost of direct materials to the depot.

Contracting for U.S. Facilities in Iraq

(PROJECT NO. D2010-D000JB-0158.000,
INITIATED FEBRUARY 17, 2010)

DoD OIG is determining whether ongoing and planned contracts to build or refurbish U.S. facilities in Iraq are based on valid requirements and in consideration of the drawdown of the U.S. forces from Iraq.

DoD Countermining and Improvised Explosive Device Defeat Systems Interrogation Arm

(PROJECT NO. D2010-D000AE-0139.000,
INITIATED JANUARY 29, 2010)

This audit is the continuation of the audit initiated under D2009-D000AE-0102.000, "DoD Countermining and Improvised Explosive Device Defeat Systems Contracts," announced on December 9, 2008. The overall audit objective is to determine whether DoD procurement efforts for countermining

and improvised explosive device defeat systems used in Iraq and Afghanistan were developed, awarded, and managed in accordance with Federal and Defense acquisition regulations. Specifically, DoD OIG plans to determine whether the Joint Improvised Explosive Device Defeat Organization and Army procurement efforts for the interrogation arm used on Husky and RG-31 vehicles in Iraq and Afghanistan were developed, contracted, and managed in accordance with Federal and Defense acquisition regulation

Material Purchases Made Through the Partnership Agreement with Sikorsky Aircraft Corporation at Corpus Christi Army Depot

(PROJECT NO. D2010-D000CH-0077.001, INITIATED NOVEMBER 18, 2009)

DoD OIG is evaluating material purchases made at Corpus Christi Army Depot through partnership agreements with private-sector firms. Specifically, DoD OIG plans to determine whether the partnership agreements in place with original equipment manufacturers are effective in minimizing the cost of direct materials to the depot.

Material Purchases Made Through the Partnership Agreement with the Boeing Company at Corpus Christi Army Depot

(PROJECT NO. D2010-D000CH-0077.000, INITIATED NOVEMBER 17, 2009)

DoD OIG is evaluating material purchases made at Corpus Christi Army Depot through partnership agreements with private-sector firms. Specifically, DoD OIG plans to determine whether the partnership agreements in place with original equipment manufacturers are effective in minimizing the cost of direct materials to the depot.

Controls Over the Disposition of Equipment at the Defense Reutilization and Marketing Office at Camp Arifjan, Kuwait

(PROJECT NO. D2010-D000JA-0054.000, INITIATED OCTOBER 27, 2009)

DoD OIG is conducting this audit in response to a U.S. Central Command request to focus oversight on U.S.-funded assets to ensure that they are properly accounted for and that there is a process for their proper transfer, reset, or disposal. DoD OIG is evaluating whether adequate policies and procedures are in place to ensure the proper disposition of equipment at the Defense Reutilization and Marketing Office at Camp Arifjan, Kuwait. Specifically, DoD OIG is evaluating whether adequate controls exist to ensure the proper receipt, inspection, coding, and disposition of equipment in accordance with applicable guidance.

Logistics Civil Augmentation Program IV Support Contract

(PROJECT NO. D2010-D000AS-0031.000, INITIATED OCTOBER 27, 2009)

DoD OIG is determining whether the Logistics Civil Augmentation Program IV support contract was managed and administered in accordance with federal and DoD guidance.

Commercial Vendor Services Compliance With Federal Tax Reporting Requirements for Contractors Supporting Operations in Southwest Asia

(PROJECT NO. D2009-D000FH-0292.000, INITIATED SEPTEMBER 23, 2009)

DoD OIG is determining whether the Commercial Vendor Services in Iraq complied with federal tax reporting requirements for payments to contractors in support of operations in Southwest Asia for calendar years 2006 through 2008.

Review of Army Response to Sodium Dichromate Exposure at Qarmat Ali Iraq
(PROJECT NO. D2009-DIPOE3-0306.000, INITIATED SEPTEMBER 11, 2009)

The project plans to review the U.S. Army's actions regarding the exposure of personnel to sodium dichromate at the Qarmat Ali water injection facility in 2003. The review is being conducted in response to a request from seven members of the United States Senate's Democratic Policy Committee questioning efforts of the U.S. Army and contractors to protect the safety and health of government and contractor personnel at this site.

Assessment of U.S. Government Efforts to Transition the Security Assistance Mission Supporting the Government of Iraq from Department of Defense Authority to Department of State Authority
(PROJECT NO. D2009-DOOSPO-0287.000, DATE INITIATED NOT REPORTED)

DoD OIG plans to determine whether (1) U.S. government goals, objectives, plans, and guidance are issued and operative for the transition of the Iraqi Security Assistance Mission from Department of Defense authority to an office of security cooperation under Department of State authority and (2) ongoing U.S. efforts to provide security assistance to the Government of Iraq are adversely impacted by the drawdown plans of U.S. Forces-Iraq and the implementation of those plans.

Assessment of U.S. Government Efforts to Develop the Logistics Sustainment Capability of the Iraq Security Forces
(PROJECT NO. D2009-D00SPO-0286.000, INITIATED AUGUST 11, 2009; AMENDED FEBRUARY 19, 2010)

DoD OIG plans to determine whether (1) the planning and operational implementation of efforts by U.S. forces to train, advise and assist in the development of an enduring logistics sustainability capability for ISF are effective and (2) the plans, training, preparations, and designated missions of

the U.S. Forces-Iraq A&T, the U.S. advisory and assistance brigades, and sustainment brigades to train, advise, and assist in the development of an enduring logistics sustainability capability for Iraqi Security Forces are synchronized with in-country plans, operational assumptions and needs.

Contracts Supporting Base Operation in Kuwait

(PROJECT NO. D2009-D000AS-0266.000, INITIATED JULY 31, 2009)

DoD OIG plans to determine whether DoD properly managed and administered contracts supporting base operations in Kuwait. Specifically, DoD OIG plans to determine whether the contract management and administration complied with federal and DoD policies. A series of reports is planned for this project. DoD OIG issued Report No. D-2010-085 on September 22, 2010, regarding contractors working in key positions without security clearances or common access cards.

Contracts Supporting the Broad Area Maritime Surveillance Program

(PROJECT NO. D2009-D000AS-0247.000, INITIATED JULY 10, 2009)

DoD OIG plans to determine whether DoD officials properly managed and administered the contracts supporting the Broad Area Maritime Surveillance Program. Specifically, DoD OIG plans to determine whether the contract management and administration complied with federal and DoD policies.

International Oil Trading Company Contracts to Supply Fuel to U.S. Troops in Iraq

(PROJECT NO. D2009-D000CH-0244.000, INITIATED JULY 7, 2009)

DoD OIG initiated this audit in response to a request from Congress. DoD OIG is reviewing the Defense Energy Support Center's decision to award the International Oil Trading Company a series of contracts for the delivery of fuel through Jordan to U.S. troops in Iraq. Specifically, DoD OIG is determining whether prices paid were fair and

reasonable, whether an exclusive supply arrangement had an impact on prices, and whether the fuel needs to be supplied through Jordan.

Assessment of the Defense Hotline Allegations Concerning Traumatic Brain Injury Research Integrity in Iraq

(PROJECT NO. D2009-D00SPO-0242.00, INITIATED JUNE 11, 2009)

DoD OIG is conducting an inquiry of Research Integrity Misconduct in Iraq at the request of the DoD Hotline to determine if clinical research using an unapproved medication was conducted on U.S. service members with Traumatic Brain Injury in Iraq.

Marine Corps Fulfillment of Urgent Universal Need Statements for Laser Dazzlers

(PROJECT NO. D2009-D000AE-0210.000, INITIATED APRIL 28, 2009)

DoD OIG initiated this audit in response to the Assistant Commandant of the Marine Corps request for addressing allegations of mismanagement in fulfilling Urgent Universal Need Statements for laser dazzlers. DoD OIG is determining whether acquisition managers in the U.S. Marine Corps effectively responded to the urgent needs of deployed Marines in acquiring a nonlethal laser dazzler capability in accordance with federal and Defense acquisition regulations.

FY 2008 Marine Corps Global War on Terror-Related Costs Processed Through the Standard Accounting, Budgeting and Reporting System

(PROJECT NO. D2009-D000FG-0183.000, INITIATED APRIL 7, 2009)

DoD OIG plans to determine whether the Marine Corps accurately reported FY 2008 costs related to the Global War on Terror. DoD OIG is reviewing whether Marine Corps documentation substantiates operation and maintenance obligations processed through the Standard Accounting, Budgeting and Reporting System.

Army and Navy Small Boats Maintenance Contracts

(PROJECT NO. D2009-D000AS-0163.000, INITIATED MARCH 2, 2009)

DoD OIG is determining whether contracts providing ship repair and maintenance to the U.S. Army operations in Bahrain and Navy operations in Bahrain, Qatar, and United Arab Emirates were properly managed and administered. Specifically, DoD OIG is reviewing competition, contract type, and contract oversight. A series of reports is planned. DoD OIG issued Report No. D-2010-087 on September 27, 2010, regarding weaknesses in oversight of Naval Sea Systems Command ship maintenance contract in Southwest Asia. DoD OIG issued Report No. D-2010-064 on May 21, 2010, regarding Army Vessels Maintenance Contracts in Southwest Asia. In addition, DoD OIG issued Report No. D-2010-005 on November 3, 2009, regarding internal controls weaknesses with securing classified information. DoD OIG plans to issue additional reports for this project.

Controls Over the Common Access Card in Non-Department of Defense Agencies

(PROJECT NO. D2009-D000JA-0136.000, INITIATED JANUARY 30, 2009)

DoD OIG is determining whether controls over common access cards provided to civilians and contractors working for non-Department of Defense agencies were in place and worked as intended.

Deployment of the Standard Procurement System in the Joint Contracting Command Iraq/Afghanistan

(PROJECT NO. D2009-D000FB-0112.000, INITIATED JANUARY 5, 2009)

DoD OIG is determining whether the deployment of the Standard Procurement System (to include the Standard Procurement System-Contingency configuration) in the Joint Contracting Command Iraq/Afghanistan, was properly planned and executed. A series of reports is planned. DoD OIG

issued Report No. D-2010-050, a classified report, on May 21, 2010, regarding the Standard Procurement System Synchronization Utility.

Maintenance and Support of the Mine Resistant Ambush Protected Vehicle

(PROJECT NO. D2009-D000CK-0100.000, INITIATED DECEMBER 9, 2008)

DoD OIG is determining whether mine resistant ambush protected vehicle program and contracting officials are adequately supporting mine resistant ambush protected vehicle maintenance requirements and appropriately awarding and administering maintenance contracts. A series of reports is planned. DoD OIG issued Report No. D-2010-050, a classified report, on May 21, 2010, regarding the government oversight of field service representative and instructor services in support of the Mine Resistant Ambush Protected Vehicle Program.

Army Acquisition Actions in Response to the Threat to Light Tactical Wheeled Vehicles

(PROJECT NO. D2009-D0000AE-0007.000, INITIATED SEPTEMBER 29, 2008)

DoD OIG is determining whether the Army effectively managed efforts to develop, test, and acquire armor solutions for light tactical wheeled vehicles. These solutions are needed in response to the threat to High Mobility Multi-Purpose Wheeled Vehicle variants and use in developing the next-generation vehicle for Global War on Terror. In addition, DoD OIG is determining whether DoD exercised adequate operational test and live-fire test oversight of the Army's High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) program. DoD OIG issued Report D-2010-039 on January 29, 2010. DoD OIG plans on issuing a follow-on report to this project.

DoD Body Armor Contracts

(PROJECT NO. D2008-D000CD-0256.000, INITIATED AUGUST 7, 2008)

DoD OIG is examining the contracts and contracting process for body armor and related test facilities. Specific objectives include evaluating the

background and qualifications of the contractors, the criteria for awarding the contracts, the quality assurance process, and any relationships that may exist between the contractors and government officials. DoD OIG's review of the quality assurance process plans to include reviewing the results of First Article Testing and Lot acceptance Testing for the body armor contracts. DoD OIG issued Report D-2010-029 on December 21, 2009, discussing the contract award of DoD body armor contracts. DoD OIG plans to issue additional reports related to this project.

Internal Controls and Data Reliability in the Deployable Disbursing System

(PROJECT NO. D2007-D000FL-0252.000, INITIATED AUGUST 31, 2007)

The overall objective is to determine whether the internal controls over transactions processed through the Deployable Disbursing System are adequate to ensure the reliability of the data processed. The audit series plans to include financial information processed by disbursing stations supporting the Global War on Terror and plans to also follow up on "Internal Controls Over Out-of-Country Payments," (Project No. D2006-D000FL-0208.000). The first report, D-2009-054, addresses U.S. Marine Corps (USMC) processed disbursement transactions that contain classified information into unclassified DoD systems. The second report, D-2010-037, addresses USMC commercial and miscellaneous payments processed through the Deployable Disbursing System. The third report, D-2010-038, addresses the identification of classified information in an unclassified DoD system and an unsecured DoD facility.

Department of State Office of Inspector General

Completed Audits

The Department of State Office of Inspector General (DoS OIG) completed two audits related to Iraq for the quarter ending September 30, 2010.

Evaluation of the Logistics Civil Augmentation Program for Embassy Baghdad

(MERO-A-10-12, ISSUED AUGUST 31, 2010)

The objectives were to evaluate and assess the contractor's compliance with contract terms and conditions, task order terms and conditions, and applicable laws and regulations.

Embassy Baghdad Internal Controls for Overtime Pay

(AUD/CG-10-25, ISSUED JUNE 30, 2010)

The objectives were to determine whether Embassy supervisory personnel properly authorized and approved for Embassy Baghdad employees and whether Embassy supervisory personnel and employees complied with Department regulations and standards concerning overtime.

Ongoing Audits

Review of Embassy Baghdad Transition Planning—Phase II (DoD Downsizing)

(PROJECT NO. 10MERO3016, INITIATED JULY 2010)

This project is a follow-on review of the transition planning mechanisms in place within the Department and between the Department and the U.S. military and the Government of Iraq; what decisions and actions Department planners have completed concerning key transition issues, including ICASS, security, logistical support, transportation, and the status of regional offices and Provincial Reconstruction Teams; and how the Department is planning to meet the expected costs associated with increased Department roles and responsibilities. This review is in the draft report stage.

Compliance Follow-Up Review of Embassy Baghdad

(PROJECT NO. 10-ISP-3023, INITIATED JUNE 2010)

The objectives are to evaluate the implementation and effectiveness of recommendations provided during the Embassy Baghdad inspection report, July 2009. This review is in the final report stage.

Government Accountability Office

Completed Reports

Iraqi—U.S. Cost-Sharing: Iraq Has a Cumulative Budget Surplus, Offering the Potential for Further Cost-Sharing

(GAO-10-304, ISSUED SEPTEMBER 13, 2010)

Since 2003, the United States has reported obligating \$642 billion for U.S. military operations in Iraq and provided about \$24 billion for training, equipment, and other services for Iraqi security forces. To assist Congress in overseeing efforts to encourage the Iraqi government to contribute more toward the cost of securing and stabilizing Iraq, this report provides information on (1) the amount and availability of Iraq's budget surplus or deficit, (2) the amount of Iraq's financial deposit balances, and (3) the extent to which Iraq has spent its financial resources on security costs. To conduct this audit, GAO analyzed Iraqi financial data, reviewed U.S. and Iraqi documents, and interviewed U.S. and Iraqi officials.

GAO analysis of Iraqi government data showed that Iraq generated an estimated cumulative budget surplus of \$52.1 billion through the end of 2009. This estimate is consistent with the method that Iraq uses to calculate its fiscal position. Adjusting for \$40.3 billion in estimated outstanding advances as of September 2009 reduces the amount of available surplus funds to \$11.8 billion. In April 2010, a senior Ministry of Finance official stated that advances should be deducted from

the budget surplus because they are committed for future expenditures or have been paid out. According to this official and Board of Supreme Audit reports on Iraq's financial statements, advances include funds for letters of credit, advance payments on domestic contracts, and other advances. However, Iraq's Board of Supreme Audit has raised concerns that weaknesses in accounting for advances could result in the misappropriation of government funds and inaccurate reporting of expenditures. Furthermore, the composition of some of these advances is unclear; about 40 percent of the outstanding advances through 2008 are defined as "other temporary advances." Under the terms of a February 2010 International Monetary Fund (IMF) arrangement, Iraq agreed to prepare a report on its outstanding advances, which will identify those advances that are recoverable and could be used for future spending, and set a time schedule for their recovery. This Iraqi report is to be completed by September 30, 2010. Another means of assessing Iraq's fiscal position is to examine its financial deposit balances. Iraqi government data and an independent audit report show that, through the end of 2009, Iraq had accumulated between \$15.3 billion and \$32.2 billion in financial deposit balances held at the Central Bank of Iraq, the Development Fund for Iraq in New York, and state-owned banks in Iraq. This range reflects a discrepancy between the amount of government-sector deposits reported by the Central Bank of Iraq to the IMF and the amount that the Ministry of Finance asserts is available for government spending. In November 2009, the Ministry of Finance reclassified \$16.9 billion in state-owned banks as belonging to state-owned enterprises and trusts, leaving \$15.3 billion of \$32.2 billion available to the Iraqi government for other spending. The IMF is seeking clarification on the amount of financial deposits that is available for government spending. Under the terms of Iraq's 2010 arrangement with the IMF, the Ministry of Finance is required to complete a review of all central government accounts and return any idle

balances received from the budget to the central Iraqi Treasury by March 31, 2010. As of August 2010, according to the IMF, this review was still under way. Iraqi government data show that Iraq's security ministries--the Ministries of Defense and Interior--increased their spending from 2005 through 2009 and set aside about \$5.5 billion for purchases through the U.S. Foreign Military Sales program. However, over this 5-year period, these ministries did not use between \$2.5 billion and \$5.2 billion of their budgeted funds that could have been used to address security needs. The administration is requesting \$2 billion in additional U.S. funding in its fiscal year 2011 budget request to support the training and equipping of Iraq's military and police. GAO believes that Congress should consider Iraq's available financial resources when reviewing the administration's fiscal year 2011 budget request and any future funding requests for securing and stabilizing Iraq. Also, GAO recommends that the Departments of State and the Treasury work with the Iraqi government to further identify available resources.

Warfighter Support: Actions Needed to Improve the Joint Improvised Explosive Device Defeat Organization's System of Internal Control

(GAO-10-660, ISSUED JULY 1, 2010)

In 2006, the Department of Defense (DoD) established the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to lead, advocate, and coordinate all DoD actions to defeat improvised explosive devices (IEDs). Since 2007, GAO has reported on several issues related to JIEDDO's management and transparency of operations. In response to the 2008 National Defense Authorization Act conference report, mandating that GAO review JIEDDO's efforts, this report addresses the extent to which JIEDDO has (1) measured the effectiveness of its efforts and investments, (2) adhered to its review and approval process for developing counter-IED initiatives, and (3) taken action to address overall internal control weaknesses previously reported by

DETAILED SUMMARY OF OTHER AGENCY OVERSIGHT

GAO. To address these objectives, GAO analyzed relevant documents and discussed with relevant officials their guidance, oversight, and internal control processes to carry out JIEDDO operations. GAO also conducted case studies of 56 of 497 initiatives JIEDDO's initiative management system.

While JIEDDO has developed various output performance measures, it has not yet developed a means for reliably measuring the overall effectiveness of its efforts and investments to combat IEDs. Federal internal control standards require that organizations, such as JIEDDO, establish performance measures that compare the results of a program with its intended purpose. GAO recognizes that developing outcome measures that address JIEDDO's overall effect is difficult, but JIEDDO has not developed or followed through with a consistent process or plan to gather appropriate data and evaluate the fundamental effectiveness of the individual initiatives it has fielded. Some other limiting factors, according to JIEDDO officials, are that warfighters operating in theater face competing priorities that interfere with collecting data, and available data may not be consistently recorded and maintained. However, in the absence of a consistent process or plan for evaluating and collecting data from individual initiatives, JIEDDO will not be well-positioned to determine robust performance metrics and procedures to assess whether it is achieving DoD's counter-IED mission. JIEDDO has a review and approval process for developing counter-IED initiatives; however, it has not fully adhered to this process. Of the 56 initiatives GAO reviewed, JIEDDO excluded 26 from this process, and for the 30 that did go through the process, 22 did not show that they followed all of the required steps of the process. According to DoD's directive, all of JIEDDO's counter-IED initiatives are to go through this process, but JIEDDO's instruction designates non-counter-IED initiatives as overhead, and specifies that overhead will not go through this process. However, neither DoD's directive nor JIEDDO's instruction specifically define what constitutes a counter-IED initiative and what should be

considered overhead. As a result, GAO found some initiatives designated as overhead which at the time were similar to others then designated as meeting an immediate counter-IED need or later given that designation. With respect to the 22 initiatives that did not follow all required process steps, some of their required documentation needed to confirm approval decisions was incomplete or missing. Without following the requirements of the process, DoD lacks the transparency and accountability of funds spent by JIEDDO. GAO identified several significant internal control system weaknesses that have been present at JIEDDO since GAO's first review in 2007. Beyond those identified in this report, those weaknesses extend to other areas such as financial and human capital management. Although JIEDDO has taken some steps in the past to address these weaknesses, those efforts have not been successful. According to federal standards, internal control is a major part of managing an organization. Some underlying reasons for JIEDDO's lack of progress in addressing these weaknesses include a lack of sustained management attention in following through with corrective actions; challenges with retention and expertise of personnel; and a lack of sufficient acquisition expertise with breadth and depth to understand the programs. GAO recommends JIEDDO take actions to improve (1) its processes for assessing effectiveness of counter-IED initiatives, (2) adherence to its initiative review and approval process, and (3) its overall internal control system. GAO also recommends DoD monitor JIEDDO's progress in improving its internal controls. DoD concurred with these recommendations.

Ongoing Audits

Task Force for Business and Stability Operations (TFBSO)

(PROJECT NO. 351525, INITIATED AUGUST 13, 2010)

The Task Force for Business and Stability Operations (TFBSO) mission is to reduce violence, enhance stability, and restore economic normalcy in areas where unrest and insurgency have created an

environment of economic hardship and violence. This review focuses on four key questions:

- To what extent has the mission of the Task Force changed since 2006, and has DoD developed plans to institutionalize the Task Force's mission and expand its scope to other countries?
- To what extent has DoD evaluated the Task Force's activities, including establishing goals and metrics to measure outcomes?
- To what extent does the Task Force coordinate its activities with other programs?
- To what extent are the task force's activities similar or dissimilar to other programs, and do opportunities exist to achieve greater efficiencies among programs?

The Augmentation of Army Brigade Combat Teams to Advise and Assist Foreign Security Forces

(PROJECT NO. 351514, INITIATED JUNE 14, 2010)

The Army is augmenting certain brigade combat teams with additional leaders to advise and assist Iraqi and Afghan security forces. Previously, the Army had created teams of individual leaders, operating separately from brigade combat teams, for this mission. GAO's key questions are:

- To what extent has the Army defined the roles and missions of augmented brigade combat teams?
- To what extent has the Army defined the training and resourcing requirements for augmented brigade combat teams, and to what extent have the Army and DoD assessed their use for security force assistance?
- To what extent has the Army been able to fill the requirements for augmented brigade combat teams, and what impacts, if any, is this having on reported Army readiness?

Final Drawdown from Iraq (Phase V)

(PROJECT NO. 351476, INITIATED APRIL 2010)

This review focuses on four key questions:

- To what extent have DoD's retrograde processes and IT systems ensured the accountability, visibility, and timely disposition of equipment?
- To what extent has DoD planned for and begun to execute the tasks necessary to draw down the remaining U.S. military personnel and equipment from Iraq between September 1, 2010, and December 31, 2011?
- To what extent has DoD met its goal of increasing the proportion of local national contractors performing work in Iraq and ensured adequate oversight?
- What other factors may impact DoD's ability to effectively and efficiently complete the withdrawal of forces and equipment, and what contingency plans does the department have in place?

U.S Strategy and Joint Campaign Plan for Iraq

(PROJECT NO. 320734, INITIATED NOVEMBER 2009)

GAO's key questions are:

- To what extent does the 2010 Joint Campaign Plan for Iraq include key planning elements called for by military doctrine for campaign planning as defined by Joint Publication 5-0?
- What are the current conditions and projected needs for the security situation in Iraq and the capability of the Iraqi Security Forces?
- To what extent have the Departments of Defense and State developed plans to address risks to the campaign?

Annual Mandated Review of Contracting in Afghanistan and Iraq

(PROJECT NO. 120874, INITIATED NOVEMBER 2009)

This review plans to focus on four key questions:

- What is the number and value of contracts, grants, or cooperative agreements issued by, or for, DoD, State, and USAID with performance in Iraq or Afghanistan during FY 2009 and the first

half of FY 2010, and to what extent were they competitively awarded?

- How many contractor/grantee/agreement personnel, including those performing security functions, worked on these contracts/grants/agreements?
- How many contract/grant/agreement personnel were killed or injured?
- What is the status of the agencies' efforts to implement the July 2008 MOU on contracting in Iraq and Afghanistan?

U.S. Military Burn Pit Operations in Iraq and Afghanistan

(PROJECT NO. 361123, INITIATED AUGUST 2009)

Many U.S. military bases in Iraq and Afghanistan dispose of waste by burning it in open pits. Some reports indicate the fumes from these pits may cause short- and long-term harm to U.S. personnel serving near such operations. The five key questions are:

- To what extent is open pit burning taking place at U.S. military installations in Iraq and Afghanistan?
- What pollutants are emitted during open pit burning?
- What monitoring, if any, does the U.S. government conduct of air pollution emissions from open pit burning?
- How extensive is the air pollution caused by open pit burning, and what is the exposure level to U.S. personnel?
- What are the alternatives to open pit burning, and to what extent has the U.S. government pursued these alternatives?

DoD Health Care Personnel Contingency Operations Requirements Review

(PROJECT NO. 351393, INITIATED AUGUST 2009)

DoD's military health care professionals are needed to support combat contingency operations to treat injured military personnel and save lives. This review will focus on three key questions:

- To what extent have DoD and the services identified their wartime health care personnel requirements?
- What challenges, if any, are DoD and the services encountering in meeting their wartime health care personnel requirements?
- To what extent do DoD and the services have or use the tools they need to meet their wartime health care personnel requirements?

Close-out of Iraq Contracts

(PROJECT NO. 120931, INITIATED JULY 2009)

Since 2003, DoD awarded more than 80,000 contracts worth tens of billions of dollars to support post-conflict reconstruction and stability efforts.

GAO's key questions are:

- What is the number and value of contracts to be closed-out in Iraq, and to what extent does DoD have the resources to close-out these contracts in a timely manner?
- To what extent has the Department established procedures to ensure that the contractors' costs are allowable, allocable, and reasonable?
- To what extent has DoD established a process to identify and disseminate lessons learned during the contract close-out process to help improve further acquisition efforts?

U.S., Iraqi, and International Efforts to Address Challenges in Reintegrating Displaced Iraqis

(PROJECT NO. 320654, INITIATED MARCH 2009)

The UN reports that over 4.8 million Iraqis have been displaced, including about 2.8 million within Iraq. In April 2009, GAO issued a report on assistance to Iraqi refugees in Jordan and Syria. In anticipation of a growing number of returns from within and outside Iraq, the international community has encouraged Iraq to develop plans to reintegrate displaced Iraqis. This engagement plans to focus on challenges in reintegrating Iraqis returning from other countries and those displaced within Iraq. This report plans to address the following:

- What challenges do the United States, Iraq, and the international community face in reintegrating displaced Iraqis?
- What actions have they taken to address these challenges?
- What gaps remain, and what more needs to be done to address these challenges?

U.S. Army Audit Agency

As of September 30, 2010, USAAA had 36 auditors deployed to Southwest Asia: 10 in Iraq, 18 in Afghanistan, and 8 in Kuwait.

Completed Audits

Controls Over Logistics Civil Augmentation Program (LOGCAP)–White Property, Iraq (A-2010-0204-ALL, ISSUED SEPTEMBER 28, 2010)

USAAA performed the audit at the request of the Deputy Chief of Staff, G-4. This was the final of three audits on the visibility, management, and use of Army property in the possession of the LOGCAP contractor. USAAA reported the contractor maintained good accountability for its property but needed to do a better job cross-leveling inventory to fill requirements. Review of contractor property at two bases in Iraq showed a 99 percent inventory accuracy rate. Further, data fields contained in the property book records were generally complete and averaged an accuracy rate of 96 percent. Controls were sufficient to ensure requirements for new equipment were valid and justified, but the contractor sometimes did not follow its own procedures when cross-leveling equipment to fill requirements with existing inventory. Auditors found \$17.4 million of contractor purchases were missing cross-leveling certification. Of this amount, \$744,000 of the purchases could have been satisfied with existing inventory. This occurred because of a lack of sufficient government oversight and the contractor not using all available inventories to fill requirements.

Life Support Contracts for U.S. Forces at Basra, Iraq, Joint Contracting Command, Iraq and Regional Contracting Command, Basra, Iraq (A-2010-0197-ALL, ISSUED SEPTEMBER 23, 2010)

USAAA conducted this audit at the request of the Commander, Joint Contracting Command–Iraq/Afghanistan, to evaluate the cost-effectiveness of the base life support sustainment contracts at Basra, Iraq. USAAA concluded that collectively the contracts were not cost effective. Auditors reviewed 13 contracts representing 16 different services and found contract costs were \$76.8 million, or 103 percent, higher than the independent government cost estimates totaling \$37.9 million. The cost increases occurred due to a rush by both Joint Contracting Command and the 10th Mountain Infantry Division to award the contracts because of British forces leaving and U.S. forces needing base life support. Consequently, the contracts were poorly developed. To remedy the situation, Contracting Command issued several modifications that increased costs by about \$18.9 million to over \$95.7 million in the first year of award. This brought the total cost of the 13 contracts to about the same amount as LOGCAP contracts at similar sized forward operating bases. Additionally, auditors found irregularities with units providing contract oversight. For instance, units directed contractors to perform services outside the scopes of their contracts. These irregularities contributed to payments to a contractor for items not received, increased contract costs, and instances of units receiving unauthorized services from contractors at no charge. Command activities agreed with the recommendations and reported taking corrective actions. The Assistant Secretary of the Army (Acquisition, Logistics and Technology) provided the official Army position and concurred with the recommendations and the commands' corrective actions.

Contracting Operations, Joint Contracting Command – Iraq/Afghanistan, Salerno Regional Contracting Center, Afghanistan

(A-2010-0198-ALL, ISSUED SEPTEMBER 21, 2010)

USAAA performed this audit at the request of the Commander, Joint Contracting Command-Iraq/Afghanistan. Although the Regional Contracting Center was successfully accomplishing its contracting mission by promptly awarding contracts to meet customer needs, some contracts awarded in FY 2008 were not properly justified, awarded, or administered. Issues in these areas occurred because (1) management oversight over operations was not sufficient, (2) requiring activities and the Contracting Center were not sufficiently performing short-, mid-, and long-term planning, (3) the requiring activity did not have sufficient organizational structures and procedures in place to develop high-quality contract requirements and properly monitor contractor performance, and (4) the high operational tempo environment and other challenges led to more emphasis being placed on awarding contracts than on developing sound contract requirements, monitoring contractor performance, and performing other administrative functions.

Contracting Operations, Joint Contracting Command–Iraq/Afghanistan, Regional Contracting Center–Fenty (Jalalabad), Afghanistan

(A-2010-0196-ALL, ISSUED SEPTEMBER 21, 2010)

USAAA performed this audit at the request of the Commander, Joint Contracting Command-Iraq/Afghanistan. Although the Regional Contracting Center was successfully accomplishing its contracting mission by promptly awarding contracts to meet customer needs, some contracts awarded in FY 2008 and first quarter FY 2009 were not properly justified, awarded, or administered. Issues in these areas occurred because requiring activities were not sufficiently performing short-, mid-, and long-term planning and did not have sufficient organizational structures and procedures in place to properly monitor contractor performance, and

because the high operational tempo environment and other challenges led to more emphasis being placed on awarding contracts than on developing sound contract requirements, monitoring contractor performance, and performing other administrative functions. In addition, improvements were needed to make sure all contracts were properly closed out and unused funds were deobligated.

Reserve Component Post Mobilization Training

(A-2010-0185-FFS, ISSUED SEPTEMBER 20, 2010)

This report is protectively marked For Official Use Only (FOUO). The audit evaluated the processes for identifying and completing post-mobilization training requirements for the Reserve Components. Auditors found that some training completed at mobilization stations did not appropriately prepare units to meet their theater mission. Some units reviewed were training on tactics, techniques, and procedures that were no longer used in theater, and some units did not perform sufficient hands-on training. Units and First Army did not effectively coordinate whether specific mission-dependent training would be completed during pre- or post-mobilization. The report has 14 recommendations to improve post-mobilization training processes to ensure soldiers and units complete necessary training before deployment to prepare them fully for mission requirements in theater. The Army's G-3/5/7 provided the official Army position and agreed with the report's recommendations and the responses from its subordinate commands.

Contracting Activities in Iraq During and After Force Drawdown

(A-2010-0176-ALC, ISSUED SEPTEMBER 7, 2010)

This report is protectively marked For Official Use Only (FOUO). USAAA reported while multiple Army organizations were developing plans for contracting operations during and after the force drawdown in Iraq, there was a lack of centralized management and oversight of planning efforts at the DA level. As such, there was reduced assurance the Army had fully developed the scope of contract

services and associated contracting personnel staffing levels needed during and after the drawdown. Also, the Army had not identified which contracts, if any, will transition to other agencies or governments as a result of the drawdown. This occurred because the Army's roles and responsibilities as the DoD Executive Agent for contracting in Iraq were not clearly defined, and because there was a lack of contract planning guidance and procedures for the drawdown. The lack of centralized management and oversight increased the risks of ineffective contracted support to the war fighter, drawdown delays, excessive contract costs, and possible fraud, waste, and abuse. The Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) agreed to take actions that met the intent of the recommendations in the report.

Access Control Program, Area Support Group–Kuwait

(A-2010-0153-ALL, ISSUED SEPTEMBER 3, 2010)

This report is protectively marked For Official Use Only (FOUO). USAAA performed this audit at the request of the Commander, Area Support Group–Kuwait (ASG-KU). For the most part, the Access Control Program for ASG-KU met program objectives. ASG-KU had a very thorough process in place for screening applicants before issuing security badges allowing access to ASG-KU-controlled installations, and sound procedures were in place at contractor-operated primary entry control points at ASG-KU-controlled installations. However, some areas needed improvement. Specifically, ASG-KU did not (1) have clear procedures for allowing short-term access to installations, (2) have sufficient procedures for allowing access at two installations where military personnel manned entry control points, and (3) ensure accountability for access equipment. Also, the contractor responsible for operating the program (1) allowed some of its employees to obtain installation access badges without providing all mandatory documentation and to log on to government information systems using unsound procedures, and (2) did

not manage personally identifiable information in accordance with prescribed procedures.

Non-Standard Equipment Sustainment

(A-2010-0160-ALM, ISSUED AUGUST 31, 2010)

This report is protectively marked For Official Use Only (FOUO). The Office of the Deputy Chief of Staff, G-4 requested this audit to identify improvements in the Army's method of sustaining its tactical nonstandard equipment (NSE). USAAA found that the Army took some critical steps to improve sustainment for some of its tactical NSE. However, the Army did not have the needed processes in place to determine sustainment strategies. Sustainment plans did not exist or planners did not fully support requirements for some of the sample items reviewed. This occurred because the Army did not have oversight of tactical NSE before rapid equippers issued the equipment and did not formally assign a project or item manager to all tactical NSE. Further, interim guidance did not address all tactical NSE. As a result, the Army's budget process did not fully capture sustainment requirements for four tactical NSE items reviewed by auditors, and planners overstated sustainment requirements for one sample item. Army visibility systems did not provide managers enough information to manage sustainment of NSE in the Army inventory. Army Materiel Command's NSE database did not include many of the sample items reviewed because NSE policy did not require rapid equippers to populate the database. In addition, the Army's disposition process did not include some sample items that had on hand quantities in Southwest Asia. Command activities agreed with the recommendations or provided alternatives that met the intent of the recommendations and took action to achieve the potential monetary benefits identified during the audit.

Pilot Program for Defense Base Act Insurance, Headquarters, U.S. Army Corps of Engineers

(A-2010-0152-ALL, ISSUED AUGUST 31, 2010)

This report is protectively marked For Official Use Only (FOUO). The Assistant Secretary of the Army (Acquisition, Logistics and Technology) and the Corps of Engineers requested this audit based on congressional interest over the Corps' attempt to implement a centralized program for Defense Base Act (DBA) insurance. USAAA found that the centralized concept was conducive to providing more affordable coverage to and increasing participation of smaller contractors on Corps projects and increasing contractor awareness and compliance with DBA insurance requirements. The program also initially appeared to achieve savings when compared to rates some contractors paid before the start of the program. However, as the program progressed into its final stages and converted over to a permanent program, the cost of the insurance increased significantly, which adversely affected the cost-effectiveness of the centralized program. USAAA concluded that this occurred because the Corps did not sufficiently challenge the claims data the carrier used to negotiate higher rates. Also, the Corps was in a difficult position to negotiate lower rates because only one carrier was willing to provide the insurance under a centralized program.

Disposal of Army Equipment and Material into Defense Reutilization and Marketing Office Sites in Iraq

(A-2010-0171-ALL, ISSUED AUGUST 24, 2010)

USAAA initiated this audit at the request of the Director, United States Forces-Iraq (USF-I), J4. USAAA reported that units generally supported the drawdown mission by disposing of unserviceable and non-reparable items at Defense Reutilization and Marketing Office (DRMO) sites. However, two issues needed immediate attention: (1) the Standard Army Retail Supply System at supply support activities in Iraq routed all DRMO-bound shipments to the Balad DRMO instead of the nearest DRMO

and (2) unit personnel sometimes were not aware of disposal requirements or proper disposition procedures for equipment and materials. In addition, they sometimes were not aware of whom to contact for assistance. In response to USAAA's periodic updates during the audit, J4 officials made changes to their disposal processes, correcting the problems identified. Moreover, command's corrective actions fixed the reported conditions.

Followup Audit of Forward Operating Base closures, United States Forces-Iraq

(A-2010-0169-ALL, ISSUED AUGUST 19, 2010)

USAAA performed this followup audit at the request of United States Forces-Iraq (USF-I). The initial audit found that USF-I needed to improve monitoring and documenting base closures in Iraq. Command did not have reliable methods to monitor compliance with the base closure process and ensure commanders complied with established guidance. Command did not have oversight of the document submission process and was not able to enforce compliance with established requirements. The initial audit also identified the need for USF-I to improve guidance and document retention practices for property transfers during base closures, as well as overall property accountability in Iraq. USAAA made 11 recommendations to address these weaknesses and assist command in streamlining the closure process. During the followup audit, USAAA found that USF-I implemented 4 of the 11 recommendations and was implementing the remaining seven. After the review, USF-I took additional actions to implement five of the remaining seven recommendations. On May 10, 2010, USAAA verified that the additional actions fixed the problems and closed the five recommendations. The actions taken helped improve how base closures were monitored and documented and clarified confusing guidance for all levels of command.

Contracting Operations, Joint Contracting Command–Iraq/Afghanistan, Kandahar Regional Contracting Center, Afghanistan
(A-2010-0135-ALL, ISSUED JULY 12, 2010)

This report is protectively marked For Official Use Only (FOUO). USAAA performed this audit at the request of the Commander, Joint Contracting Command–Iraq/Afghanistan. USAAA reported that, although the Regional Contracting Center was successfully accomplishing its contracting mission by awarding contracts in a timely manner to meet customer needs, some contracts awarded in FY 2008 were not properly justified, awarded, or administered. Issues in these areas occurred because (1) requiring activities and the Contracting Center were not sufficiently performing short-, mid-, and long-term planning; (2) the requiring activity did not have sufficient organizational structures and procedures in place to develop high-quality contract requirements and properly monitor contractor performance; and (3) the high operational tempo environment and other challenges led to more emphasis being placed on awarding contracts than on developing sound contract requirements, monitoring contractor performance, and performing other administrative functions.

Controls Over Vendor Payments–Southwest Asia (Phase II)

(A-2010-0126-ALL, ISSUED JULY 8, 2010)

This report is protectively marked For Official Use Only (FOUO). USAAA performed this audit at the request of the Assistant Secretary of the Army (Financial Management and Comptroller). Finance and Storefront offices within Kuwait and Qatar took numerous actions to address the Army's material weakness relating to the lack of a proper audit trail for commercial payments in a contingency environment. However, in spite of actions taken, USAAA found 49 percent of vendor payments still did not meet the minimum criteria to determine if payments were valid and fully supported. In addition, improvements were needed to address the integrity of the automated audit trail because

(1) some units did not receive sufficient pre-deployment and onsite training, (2) working relationships and initiatives between activities in the fiscal triad were not fully synchronized, and (3) command sometimes did not enforce regulatory guidance or include processes in the internal control program to effectively monitor operations.

Ongoing Audits

Bulk Fuel Operations in Iraq

(PROJECT NO. A-2010-ALL-0541.000, INITIATED 4Q/FY 2010)

This audit is being performed in Iraq. It will determine if there are sufficient processes and procedures for efficient throughput of bulk fuels from theater delivery to retail point of issue in Iraq.

Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action–Afghanistan

(PROJECT NO. A-2010-ALL-0480.000, INITIATED 3Q/FY 2010)

This attestation is being performed in Afghanistan. It plans to determine if the corrective actions presented in the USFOR-A LOGCAP course of action decision brief were implemented and provide assurance that requirements were processed through the appropriate review board.

Followup Audit of Retrograde Operations in Southwest Asia–Multi Class Supplies

(PROJECT NO. A-2010-ALL-0260.000, INITIATED 3Q/FY 2010)

This audit is being performed in Iraq. It plans to determine if (1) the Army implemented the recommendations from Audit Report A-2009-0080-ALL, and if so, did the corrective actions fix the problems and (2) the Army has sufficient policies, procedures, and capabilities to effectively retrograde multiclass supplies and materiel from Iraq in support of responsible drawdown operations.

Follow-up Audit of Automatic Reset Induction

(PROJECT NO. A-2010-ALM-0394.000, INITIATED 3Q/FY 2010)

This audit is being performed in the continental United States (CONUS). It plans to evaluate whether the Army fully implemented recommendations addressed in the two quick reaction reports (A-2009-0071-ALM and A-2009-0077-ALM) and whether those recommendations corrected the reported problems.

Followup Audit of Retrograde Operations—Class VII Equipment in Iraq

(PROJECT NO. A-2010-ALL-0258.000, INITIATED 3Q/FY 2010)

This audit is being performed in Iraq. It plans to (1) determine if the Army implemented the recommendations from the prior audit and if corrective actions were effective and (2) evaluate the Army's capabilities and capacities to effectively reset equipment and materiel from Iraq as part of the Responsible Drawdown.

Human Capital Issues—Current Plans (Reachback Capabilities)

(PROJECT NO. A-2010-ALC-0125.003, INITIATED 3Q/FY 2010)

This audit is being performed in the continental United States (CONUS). It plans to determine if the Army maximized the use of reachback capabilities to mitigate contracting personnel shortages.

LOGCAP IV Contract Requirements Determination—Afghanistan

(PROJECT NO. A-2010-ALL-0421.000, INITIATED 2Q/FY 2010)

This audit is being performed in Afghanistan. It plans to determine if the requirements determination and validation processes for the LOGCAP IV contract are in place and operating as intended.

Improvised Explosive Device Defeat (IED-D) Home Station Training

(PROJECT NO. A-2010-FFF-0372.000, INITIATED 2Q/FY 2010)

This audit is being performed in the continental United States (CONUS). It plans to determine whether (1) home station training is effectively providing soldiers proficiency in IED-D tasks in a counter insurgency environment and (2) home station training facilities, including training aids, devices, and simulators, are adequate to conduct effective IED-D individual and unit training.

Excalibur Accountability Gap

(PROJECT NO. A-2010-ALL-0364.000, INITIATED 2Q/FY 2010)

This audit is being performed in Iraq. It plans to determine if there are adequate processes and procedures for establishing accountability over Excalibur ammunition rounds.

Redistribution Property Assistance Teams

(PROJECT NO. A-2010-ALL-0338.000, INITIATED 2Q/FY 2010)

This audit is being performed in Iraq. It plans to determine if agreed-upon Redistribution Property Assistance Teams-related recommendations in Audit Report A-2009-0085-ALL were implemented and corrective actions fixed the problems.

U.S. Equipment Transferred to Iraq

(PROJECT NO. A-2010-ALL-0312.000, INITIATED 2Q/FY 2010)

This audit is being performed in Iraq. It plans to evaluate whether the theater's process for transferring specific property to the government of Iraq, as part of responsible drawdown, conforms to DoD policies and Title X authority.

Disposal of Army Equipment and Materials Into Dump Sites in Iraq

(PROJECT NO. A-2010-ALL-0311.001, INITIATED 2Q/FY 2010)

This audit is being performed in Iraq. It plans to determine if (1) Army units are complying with guidance on the disposal of Army equipment and materials into dump sites in Iraq and (2) Army units' use of dump sites is enhancing the draw-down mission in Iraq.

Controls Over Vendor Payments Phase II—Afghanistan

(PROJECT NO. A-2010-ALL-0103.000, INITIATED 2Q/FY 2010)

This audit is being performed in Afghanistan. It plans to determine if the Army has effective controls to ensure the accuracy of vendor payments for contingency operations in Southwest Asia (Afghanistan).

Forward Operating Base Closures—Property Transfers to Government of Iraq

(PROJECT NO. A-2010-ALL-0232.000, INITIATED 1Q/FY 2010)

This audit is being performed in Iraq. It plans to evaluate the process for creating forward operating base closure transfer packages and determine if the process can be streamlined.

Controls over Shipping Container Accountability and Visibility - Iraq

(PROJECT NO. A-2009-ALL-0593.000, INITIATED 4Q/FY 2009)

This audit is being performed in Iraq. It plans to determine if (1) command had sufficient controls over the accountability and visibility of shipping containers to support Responsible Drawdown operations in Iraq, (2) command had sufficient procedures to determine the condition of government owned/leased shipping containers to support Responsible Drawdown operations in Iraq, and (3) command had sufficient procedures to ensure contents of shipping containers were properly

identified and packed to mitigate damage during transit to support Responsible Drawdown operations in Iraq.

Camp Buehring Fuel Farm Operations - Kuwait

(PROJECT NO. A-2009-ALL-0590.000, INITIATED 4Q/FY 2009)

This audit is being performed in Kuwait. It plans to determine whether controls over fuel farm operations at Camp Buehring were adequate to ensure proper accountability and limit access at fuel points.

Contract for Recycling and Disposing of Waste Material at Camp Steeler, Iraq

(PROJECT NO. A-2009-ALL-0571.000, INITIATED 4Q/FY 2009)

This audit is being performed in Iraq. It plans to determine if the contractor performed according to the terms, specifications, and conditions of the contract. The sub-objectives are to evaluate the sufficiency of controls over (1) payments to the contractor, (2) delivery of material for recycling and costs associated with recycling, and (3) delivery and use of fuel.

Commander's Emergency Response Program - Afghanistan

(PROJECT NO. A-2009-ALL-0531.000, INITIATED 4Q/FY 2009)

This audit is being performed in Afghanistan. It plans to determine if the program in Afghanistan had sufficient internal controls in place to ensure commanders and unit personnel implemented the program properly.

Controls over Vendor Payments—Southwest Asia (Phase II)

(PROJECT NO. A-2009-ALL-0118.000, INITIATED 2Q/FY 2009)

This audit is being performed at various locations in Southwest Asia. It plans to determine if the Army has effective controls to ensure the accuracy

of vendor payments for contingency operations in Southwest Asia.

Logistics Civil Augmentation Program (LOGCAP) III, Contract Close-out

(PROJECT NO. A-2009-ALC-0093.000, INITIATED 1Q/FY 2009)

This audit is being performed in the continental United States (CONUS) and various locations in Southwest Asia. It plans to determine if the Army has procedures and controls in place to effectively close out the Logistics Civil Augmentation Program III contract to ensure proper payment of its legitimate liabilities and deobligations of unused funds.

Government Property Provided to Contractors—Kuwait Base Operations

(PROJECT NO. A-2008-ALL-0204.000, INITIATED 2Q/FY 2008)

This audit is being performed in Kuwait. It will determine whether the Army has sufficient management and visibility over government property provided to the contractor performing bulk fuel operations in Kuwait.

U.S. Agency for International Development Office of Inspector General

Completed Audits

This quarter, the USAID Office of Inspector General (USAID OIG) issued one performance audit related to Iraq reconstruction. USAID OIG issued no financial audit reports this quarter. Fifteen financial audits are underway that DCAA is conducting for USAID OIG.

Audit of USAID/Iraq's Implementation of the Iraq Financial Management Information System

(E-267-10-002-P, ISSUED JULY 19, 2010)

The Iraq Financial Management Information System was designed to help the Iraqi Government formulate, execute, and monitor central government budgets. The system was developed under two contracts between USAID and BearingPoint, Inc., that ran from July 2003 through July 2009 for a total cost of \$37.4 million.

The audit report concluded that after about six years of effort, USAID/Iraq was not successful implementing the Iraq Financial Management Information System and has not achieved its intended results—to help the Government of Iraq to formulate, execute and monitor central government budgets. The Iraq Financial Management Information System is not implemented nor is it being used as the system of record by the Government of Iraq. The report discusses key contract deliverables that were not provided and numerous system functionality problems. According to the mission, problems with the project were, to a large extent, due to non-cooperation by the Government of Iraq.

The report made a recommendation that USAID/Iraq develop a strategy for correcting system deficiencies, and USAID/Iraq agreed with the recommendation. According to the mission, all funding has concluded, and USAID/Iraq is not planning any further funding of the system because of the lack of support from the Ministry of Finance.

Ongoing Audits

Survey of USAID/Iraq's Prime Recipients Compliance with Audit Requirements for Its Sub-Recipients

(INITIATED 4Q/FY 2010)

The objective is to determine whether prime recipients have complied with the audit requirements established by the ADS for subrecipient audits.

Audit of Audit of USAID/Iraq’s Microfinance Activities Under its Provincial Economic Growth Program

(INITIATED 3Q/FY 2010)

The objective is to evaluate if USAID/Iraq’s microfinance activities are achieving their main goal of increasing access to inclusive and sustainable financial services in Iraq.

Audit of USAID/Iraq’s Nonexpendable Property

(INITIATED 3Q/FY 2010)

The objective is to determine if USAID/Iraq has managed its nonexpendable property in accordance with USAID guidance.

Audit of USAID/Iraq’s Payroll Payments to Foreign Service Nationals, Third Country Nationals, and U.S. Personal Services Contractors

(INITIATED 2Q/FY 2010)

The objective is to evaluate if USAID/Iraq properly calculated and disbursed payroll payments to its foreign service national, third country national, and U.S. personal services contractor workforce in accordance with established regulations, policies, and procedures.

Audit of USAID/Iraq’s Community Action Program III Activities

(INITIATED 1Q/FY 2010)

The objective is to evaluate if USAID/Iraq’s Community Action Program III is achieving its main goals.

Audit of USAID/Iraq’s Agriculture Private Sector Development—Agribusiness Program

(INITIATED 1Q/FY 2010)

The objective is to evaluate if USAID/Iraq’s agribusiness program is achieving its main goals.

Survey of Incidents Reported by Private Security Contractors of USAID/Iraq’s Contractors and Grantees

(INITIATED 4Q/FY 2009)

The objectives are to determine the number of serious security incidents that occurred during the two-year period ending June 30, 2009, and to determine if USAID/Iraq has effectively implemented recommendations made in a prior OIG audit report on private security contractors (“Audit of USAID/Iraq’s Oversight of Private Security Contractors in Iraq,” E-267-09-002-P, dated March 4, 2009).

U.S. Department of the Treasury

During this period, the Department of Treasury did not conduct any work related to, in support of, or in Iraq. Additionally, as of September 30, 2009, the Department of Treasury has no plans to conduct any work in the future and will no longer be reported on in this section.

Department of Commerce

During this period, the Department of Commerce did not conduct any work related to, in support of, or in Iraq. Additionally, as of September 30, 2009, the Department of Commerce has no plans to conduct any work in the future and will no longer be reported on in this section. ♦