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Fact Sheet

GAO Finds Problems with Private Security Contractors in Iraq

On July 28, 2005, the nonpartisan Government Accountability Office (GAO) issued a report entitled *Rebuilding Iraq: Actions Needed to Improve Use of Private Security Providers*. The report examined contractors hired directly by federal agencies to provide security in Iraq, as well as security subcontractors hired by other contractors to protect their personnel and reconstruction projects.

The GAO audit report includes troubling findings regarding high security costs in Iraq and dangerous conflicts between the military and private security contractors.

Friendly Fire Incidents: According to GAO, private security contractors have reported that “they are fired upon by U.S. forces so frequently that incident reports are not always filed.” Some contractors allege that they were fired upon “without provocation.” GAO described two incidents in which gunners in the middle of U.S. military convoys opened fire on passing private security convoys, even after the front of the military convoy had passed without incident.

High Security Costs: GAO found that security costs represented a significant portion of the total funds spent under major reconstruction contracts. Eight of the 15 reconstruction contracts examined by GAO had security costs in excess of 15% of the total contract billings. Security costs exceeded 25% under three of these contracts. These rates do not even reflect all of the security costs under these contracts because they largely exclude the security costs of subcontractors. Salaries for private security personnel are as high as \$33,000 a month.

Reconstruction Projects Have Been Cancelled As a Result: Unexpectedly high security costs resulted in the cancellation or scaling-down of planned reconstruction projects. For example, in March 2005, USAID cancelled two electricity generation projects worth \$15 million to help pay for the increased security costs of another electricity project.

Agencies Are Not Tracking Security Costs: GAO found that the Defense Department, State Department, and USAID were not adequately tracking security costs incurred under reconstruction contracts. According to GAO, “the agencies generally had only limited information readily available on the costs associated with private security providers.”