

SEC. 842. INVESTIGATION OF WASTE, FRAUD, AND ABUSE IN WARTIME CONTRACTS AND CONTRACTING PROCESSES IN IRAQ AND AFGHANISTAN.

(a) AUDITS REQUIRED.--Thorough audits shall be performed in accordance with this section to identify potential waste, fraud, and abuse in the performance of--

(1) Department of Defense contracts, subcontracts, and task and delivery orders for the logistical support of coalition forces in Iraq and Afghanistan; and

(2) Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Iraq and Afghanistan.

(b) AUDIT PLANS.--

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(1) The Department of Defense Inspector General shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(1), consistent with the requirements of subsection (g), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(2) The **Special Inspector General** for Iraq Reconstruction shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(2) relating to Iraq, consistent with the requirements of subsection (h), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(3) The **Special Inspector General** for Afghanistan Reconstruction shall develop a comprehensive plan for a series of audits of contracts, subcontracts, and task and delivery orders covered by subsection (a)(2) relating to Afghanistan, consistent with the requirements of subsection (h), in consultation with other Inspectors General specified in subsection (c) with regard to any contracts, subcontracts, or task or delivery orders over which such Inspectors General have jurisdiction.

(c) PERFORMANCE OF AUDITS BY CERTAIN INSPECTORS GENERAL.--The **Special Inspector General** for Iraq Reconstruction, during such period as such office exists, the **Special Inspector General** for Afghanistan Reconstruction, during such period as such office exists, the Inspector General of the Department of Defense, the Inspector General of the Department of State, and the Inspector General of the United States Agency for International Development shall perform such audits as required by subsection (a) and identified in the audit plans developed pursuant to subsection (b) as fall within the respective scope of their duties as specified in law.

(d) COORDINATION OF AUDITS.--The Inspectors General specified in subsection (c) shall work to coordinate the performance of the audits required by subsection (a) and identified in the audit plans developed under subsection (b) including through councils and working groups composed of such Inspectors General.

(e) JOINT AUDITS.--If one or more audits required by subsection (a) and identified in an audit plan developed under subsection (b) falls within the scope of the duties of more than one of the Inspectors General specified in subsection (c), and such Inspectors General agree that such audit or audits are best pursued jointly, such Inspectors General shall enter into a memorandum of understanding relating to the performance of such audit or audits.

(f) SEPARATE AUDITS.--If one or more audits required by subsection (a) and identified in an audit plan developed under subsection (b) falls within the scope of the duties of more than one of the Inspectors General specified in subsection (c), and such Inspectors General do not agree that such audit or audits are best pursued jointly, such audit or audits shall be separately performed by one or more of the Inspectors General concerned.

(g) SCOPE OF AUDITS OF CONTRACTS.--Audits conducted pursuant to subsection (a)(1) shall examine, at a minimum, one or more of the following issues:

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- (1) The manner in which contract requirements were developed.
- (2) The procedures under which contracts or task or delivery orders were awarded.
- (3) The terms and conditions of contracts or task or delivery orders.
- (4) The staffing and method of performance of contractors, including cost controls.
- (5) The efficacy of Department of Defense management and oversight, including the adequacy of staffing and training of officials responsible for such management and oversight.
- (6) The flow of information from contractors to officials responsible for contract management and oversight.

(h) SCOPE OF AUDITS OF OTHER CONTRACTS.--Audits conducted pursuant to subsection (a)(2) shall examine, at a minimum, one or more of the following issues:

- (1) The manner in which contract requirements were developed and contracts or task and delivery orders were awarded.
- (2) The manner in which the Federal agency exercised control over the performance of contractors.
- (3) The extent to which operational field commanders were able to coordinate or direct the performance of contractors in an area of combat operations.
- (4) The degree to which contractor employees were properly screened, selected, trained, and equipped for the functions to be performed.
- (5) The nature and extent of any incidents of misconduct or unlawful activity by contractor employees.
- (6) The nature and extent of any activity by contractor employees that was inconsistent with the objectives of operational field commanders.
- (7) The extent to which any incidents of misconduct or unlawful activity were reported, documented, investigated, and (where appropriate) prosecuted.

(i) INDEPENDENT CONDUCT OF AUDIT FUNCTIONS.--All audit functions under this section, including audit planning and coordination, shall be performed by the relevant Inspectors General in an independent manner, without consultation with the Commission established pursuant to section 841 of this Act. All audit reports resulting from such audits shall be available to the Commission.

Subtitle F--Contracts in Iraq and Afghanistan

SEC. 861. MEMORANDUM OF UNDERSTANDING ON MATTERS RELATING TO CONTRACTING.

(a) MEMORANDUM OF UNDERSTANDING REQUIRED.--The Secretary of Defense, the Secretary of State, and the Administrator of the United States Agency for International Development shall, not later than July 1, 2008, enter into a memorandum of understanding regarding matters relating to contracting for contracts in Iraq or Afghanistan.

(b) MATTERS COVERED.--The memorandum of understanding required by subsection (a) shall address, at a minimum, the following:

(1) Identification of the major categories of contracts in Iraq or Afghanistan being awarded by the Department of Defense, the Department of State, or the United States Agency for International Development.

(2) Identification of the roles and responsibilities of each department or agency for matters relating to contracting for contracts in Iraq or Afghanistan.

(3) Responsibility for establishing procedures for, and the coordination of, movement of contractor personnel in Iraq or Afghanistan.

(4) Identification of common databases that will serve as repositories of information on contracts in Iraq or Afghanistan and contractor personnel in Iraq or Afghanistan, including agreement on the elements to be included in the databases, including, at a minimum--

(A) with respect to each contract--

(i) a brief description of the contract (to the extent consistent with security considerations);

(ii) the total value of the contract; and

(iii) whether the contract was awarded competitively; and

(B) with respect to contractor personnel--

(i) the total number of personnel employed on contracts in Iraq or Afghanistan;

(ii) the total number of personnel performing security functions under contracts in Iraq or Afghanistan; and

(iii) the total number of personnel working under contracts in Iraq or Afghanistan who have been killed or wounded.

(5) Responsibility for maintaining and updating information in the common databases identified under paragraph (4).

(6) Responsibility for the collection and referral to the appropriate Government agency of any information relating to offenses under chapter 47 of title 10, United States Code (the Uniform Code of Military Justice) or chapter 212 of title 18, United States Code (commonly referred to as the Military Extraterritorial Jurisdiction Act), including a clarification of responsibilities under section 802(a)(10) of title 10, United States Code (article 2(a) of the Uniform Code of Military Justice), as amended by section 552 of the John Warner National STAT.254Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364).

(c) IMPLEMENTATION OF MEMORANDUM OF UNDERSTANDING.--Not later than 120 days after the memorandum of understanding required by subsection (a) is signed, the Secretary of Defense, the Secretary of State, and the Administrator of the United States Agency for International Development shall issue such policies or guidance and prescribe such regulations as are necessary to implement the memorandum of understanding for the relevant matters pertaining to their respective agencies.

(d) COPIES PROVIDED TO CONGRESS.--

(1) MEMORANDUM OF UNDERSTANDING.--Copies of the memorandum of understanding required by subsection (a) shall be provided to the relevant committees of Congress within 30 days after the memorandum is signed.

(2) REPORT ON IMPLEMENTATION.--Not later than 180 days after the memorandum of understanding required by subsection (a) is signed, the Secretary of Defense, the Secretary of State, and the Administrator of the United States Agency for International Development shall each provide a report to the relevant committees of Congress on the implementation of the memorandum of understanding.

(3) DATABASES.--The Secretary of Defense, the Secretary of State, or the Administrator of the United States Agency for International Development shall provide access to the common databases identified under subsection (b)(4) to the relevant committees of Congress.

(4) CONTRACTS.--Effective on the date of the enactment of this Act, copies of any contracts in Iraq or Afghanistan awarded after December 1, 2007, shall be provided to any of the relevant committees of Congress within 15 days after the submission of a request for such contract or contracts from such committee to the department or agency managing the contract.

## SEC. 862. CONTRACTORS PERFORMING PRIVATE SECURITY FUNCTIONS IN AREAS OF COMBAT OPERATIONS.

(a) REGULATIONS ON CONTRACTORS PERFORMING PRIVATE SECURITY FUNCTIONS.--

(1) IN GENERAL.--Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense, in coordination with the Secretary of State, shall prescribe regulations on the selection, training, equipping, and conduct of personnel performing private security functions under a covered contract in an area of combat operations.

(2) ELEMENTS.--The regulations prescribed under subsection (a) shall, at a minimum, establish--

(A) a process for registering, processing, accounting for, and keeping appropriate records of personnel performing private security functions in an area of combat operations;

(B) a process for authorizing and accounting for weapons to be carried by, or available to be used by, personnel performing private security functions in an area of combat operations;

(C) a process for the registration and identification of armored vehicles, helicopters, and other military vehicles operated by contractors performing private security functions in an area of combat operations;

(D) a process under which contractors are required to report all incidents, and persons other than contractors are permitted to report incidents, in which--

(i) a weapon is discharged by personnel performing private security functions in an area of combat operations;

(ii) personnel performing private security functions in an area of combat operations are killed or injured; or

(iii) persons are killed or injured, or property is destroyed, as a result of conduct by contractor personnel;

(E) a process for the independent review and, if practicable, investigation of--

(i) incidents reported pursuant to subparagraph (D); and

(ii) incidents of alleged misconduct by personnel performing private security functions in an area of combat operations;

(F) requirements for qualification, training, screening (including, if practicable, through background checks), and security for personnel performing private security functions in an area of combat operations;

(G) guidance to the commanders of the combatant commands on the issuance of--

(i) orders, directives, and instructions to contractors performing private security functions relating to equipment, force protection, security, health, safety, or relations and interaction with locals;

(ii) predeployment training requirements for personnel performing private security functions in an area of combat operations, addressing the requirements of this section, resources and assistance available to contractor personnel, country information and cultural training, and guidance on working with host country nationals and military; and

(iii) rules on the use of force for personnel performing private security functions in an area of combat operations;

(H) a process by which a commander of a combatant command may request an action described in subsection (b)(3); and

(I) a process by which the training requirements referred to in subparagraph (G)(ii) shall be implemented.

(3) AVAILABILITY OF ORDERS, DIRECTIVES, AND INSTRUCTIONS.--The regulations prescribed under subsection (a) shall include mechanisms to ensure the provision and availability of the orders, directives, and instructions referred to in paragraph (2)(G)(i) to contractors referred to in that paragraph, including through the maintenance of a single location (including an Internet website, to the extent consistent with security considerations) at or through which such contractors may access such orders, directives, and instructions.

(b) CONTRACT CLAUSE ON CONTRACTORS PERFORMING PRIVATE SECURITY FUNCTIONS.--

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(1) REQUIREMENT UNDER FAR.--Not later than 180 days after the date of the enactment of this Act, the Federal Acquisition Regulation issued in accordance with section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) shall be revised to require the insertion into each covered contract (or, in the case of a task order, the contract under which the task order is issued) of a contract clause addressing the selection, training, equipping, and conduct of personnel performing private security functions under such contract.

(2) CLAUSE REQUIREMENT.--The contract clause required by paragraph (1) shall require, at a minimum, that the contractor concerned shall--

(A) comply with regulations prescribed under subsection (a), including any revisions or updates to such regulations, and follow the procedures established in such regulations for--

(i) registering, processing, accounting for, and keeping appropriate records of personnel performing private security functions in an area of combat operations;

(ii) authorizing and accounting of weapons to be carried by, or available to be used by, personnel performing private security functions in an area of combat operations;

(iii) registration and identification of armored vehicles, helicopters, and other military vehicles operated by contractors and subcontractors performing private security functions in an area of combat operations; and

(iv) the reporting of incidents in which--

(I) a weapon is discharged by personnel performing private security functions in an area of combat operations;

(II) personnel performing private security functions in an area of combat operations are killed or injured; or

(III) persons are killed or injured, or property is destroyed, as a result of conduct by contractor personnel;

(B) ensure that all personnel performing private security functions under such contract are briefed on and understand their obligation to comply with--

(i) qualification, training, screening (including, if practicable, through background checks), and security requirements established by the Secretary of Defense for personnel performing private security functions in an area of combat operations;

(ii) applicable laws and regulations of the United States and the host country, and applicable treaties and international agreements, regarding the performance of the functions of the contractor;

(iii) orders, directives, and instructions issued by the applicable commander of a combatant command relating to equipment, force protection, security, health, safety, or relations and interaction with locals; and

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(iv) rules on the use of force issued by the applicable commander of a combatant command for personnel performing private security functions in an area of combat operations; and

(C) cooperate with any investigation conducted by the Department of Defense pursuant to subsection (a)(2)(E) by providing access to employees of the contractor and relevant information in the possession of the contractor regarding the incident concerned.

(3) **NONCOMPLIANCE OF PERSONNEL WITH CLAUSE.**--The contracting officer for a covered contract may direct the contractor, at its own expense, to remove or replace any personnel performing private security functions in an area of combat operations who violate or fail to comply with applicable requirements of the clause required by this subsection. If the violation or failure to comply is a gross violation or failure or is repeated, the contract may be terminated for default.

(4) **APPLICABILITY.**--The contract clause required by this subsection shall be included in all covered contracts awarded on or after the date that is 180 days after the date of the enactment of this Act. Federal agencies shall make best efforts to provide for the inclusion of the contract clause required by this subsection in covered contracts awarded before such date.

(5) INSPECTOR GENERAL REPORT ON PILOT PROGRAM ON IMPOSITION OF FINES FOR NONCOMPLIANCE OF PERSONNEL WITH CLAUSE.--Not later than March 30, 2008, the Inspector General of the Department of Defense shall submit to Congress a report assessing the feasibility and advisability of carrying out a pilot program for the imposition of fines on contractors for personnel who violate or fail to comply with applicable requirements of the clause required by this section as a mechanism for enhancing the compliance of such personnel with the clause. The report shall include--

- (A) an assessment of the feasibility and advisability of carrying out the pilot program; and
- (B) if the Inspector General determines that carrying out the pilot program is feasible and advisable--
  - (i) recommendations on the range of contracts and subcontracts to which the pilot program should apply; and
  - (ii) a schedule of fines to be imposed under the pilot program for various types of personnel actions or failures.

(c) AREAS OF COMBAT OPERATIONS.--

(1) DESIGNATION.--The Secretary of Defense shall designate the areas constituting an area of combat operations for purposes of this section by not later than 120 days after the date of the enactment of this Act.

(2) PARTICULAR AREAS.--Iraq and Afghanistan shall be included in the areas designated as an area of combat operations under paragraph (1).

(3) ADDITIONAL AREAS.--The Secretary may designate any additional area as an area constituting an area of combat operations for purposes of this section if the Secretary determines that the presence or potential of combat operations in STAT.258such area warrants designation of such area as an area of combat operations for purposes of this section.

(4) MODIFICATION OR ELIMINATION OF DESIGNATION.--The Secretary may modify or cease the designation of an area under this subsection as an area of combat operations if the Secretary determines that combat operations are no longer ongoing in such area.

(d) EXCEPTION.--The requirements of this section shall not apply to contracts entered into by elements of the intelligence community in support of intelligence activities.

SEC. 863. COMPTROLLER GENERAL REVIEWS AND REPORTS ON CONTRACTING IN IRAQ AND AFGHANISTAN.

(a) REVIEWS AND REPORTS REQUIRED.--

(1) IN GENERAL.--Every 12 months, the Comptroller General shall review contracts in Iraq or Afghanistan and submit to the relevant committees of Congress a report on such review.

(2) MATTERS COVERED.--A report under this subsection shall cover the following with respect to the contracts in Iraq or Afghanistan reviewed for the report:

- (A) Total number of contracts and task orders awarded during the period covered by the report.
- (B) Total number of active contracts and task orders.
- (C) Total value of all contracts and task orders awarded during the reporting period.

(D) Total value of active contracts and task orders.

(E) The extent to which such contracts have used competitive procedures.

(F) Total number of contractor personnel working on contracts during the reporting period.

(G) Total number of contractor personnel, on average, who are performing security functions during the reporting period.

(H) The number of contractor personnel killed or wounded during the reporting period.

(I) Information on any specific contract or class of contracts that the Comptroller General determines raises issues of significant concern.

(3) SUBMISSION OF REPORTS.--The Comptroller General shall submit an initial report under this subsection not later than October 1, 2008, and shall submit an updated report every year thereafter until October 1, 2010.

(b) ACCESS TO DATABASES ON CONTRACTS.--The Secretary of Defense and the Secretary of State shall provide full access to the databases described in section 861(b)(4) to the Comptroller General for purposes of the reviews carried out under this section.

#### SEC. 864. DEFINITIONS AND OTHER GENERAL PROVISIONS.

(a) DEFINITIONS.--In this subtitle:

(1) MATTERS RELATING TO CONTRACTING.--The term "matters relating to contracting", with respect to contracts in Iraq and Afghanistan, means all matters relating to awarding, funding, managing, tracking, monitoring, and providing oversight to contracts and contractor personnel.

(2) CONTRACT IN IRAQ OR AFGHANISTAN.--The term "contract in Iraq or Afghanistan" means a contract with the Department of Defense, the Department of State, or the United States Agency for International Development, a subcontract at any tier issued under such a contract, or a task order or delivery order at any tier issued under such a contract (including a contract, subcontract, or task order or delivery order issued by another Government agency for the Department of Defense, the Department of State, or the United States Agency for International Development), if the contract, subcontract, or task order or delivery order involves work performed in Iraq or Afghanistan for a period longer than 14 days.

(3) COVERED CONTRACT.--The term "covered contract" means--

(A) a contract of a Federal agency for the performance of services in an area of combat operations, as designated by the Secretary of Defense under subsection (c) of section 862;

(B) a subcontract at any tier under such a contract; or

(C) a task order or delivery order issued under such a contract or subcontract.

(4) CONTRACTOR.--The term "contractor", with respect to a covered contract, means the contractor or subcontractor carrying out the covered contract.

(5) PRIVATE SECURITY FUNCTIONS.--The term "private security functions" means activities engaged in by a contractor under a covered contract as follows:



(A) Guarding of personnel, facilities, or property of a Federal agency, the contractor or subcontractor, or a third party.

(B) Any other activity for which personnel are required to carry weapons in the performance of their duties.

(6) RELEVANT COMMITTEES OF CONGRESS.--The term "relevant committees of Congress" means each of the following committees:

(A) The Committees on Armed Services of the Senate and the House of Representatives.

(B) The Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives.

(C) The Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

(D) For purposes of contracts relating to the National Foreign Intelligence Program, the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives.

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SEC. 886. ENHANCED AUTHORITY TO ACQUIRE PRODUCTS AND SERVICES PRODUCED IN IRAQ AND AFGHANISTAN.

(a) IN GENERAL.--In the case of a product or service to be acquired in support of military operations or stability operations in Iraq or Afghanistan (including security, transition, reconstruction, and humanitarian relief activities) for which the Secretary of Defense makes a determination described in subsection (b), the Secretary may conduct a procurement in which--

(1) competition is limited to products or services that are from Iraq or Afghanistan;

(2) procedures other than competitive procedures are used to award a contract to a particular source or sources from Iraq or Afghanistan; or

(3) a preference is provided for products or services that are from Iraq or Afghanistan.

(b) DETERMINATION.--A determination described in this subsection is a determination by the Secretary that--

(1) the product or service concerned is to be used only by the military forces, police, or other security personnel of Iraq or Afghanistan; or

(2) it is in the national security interest of the United States to limit competition, use procedures other than competitive procedures, or provide a preference as described in subsection (a) because--

(A) such limitation, procedure, or preference is necessary to provide a stable source of jobs in Iraq or Afghanistan; and

(B) such limitation, procedure, or preference will not adversely affect--

(i) military operations or stability operations in Iraq or Afghanistan; or

(ii) the United States industrial base.

(c) PRODUCTS, SERVICES, AND SOURCES FROM IRAQ OR AFGHANISTAN.--For the purposes of this section:

(1) A product is from Iraq or Afghanistan if it is mined, produced, or manufactured in Iraq or Afghanistan.

(2) A service is from Iraq or Afghanistan if it is performed in Iraq or Afghanistan by citizens or permanent resident aliens of Iraq or Afghanistan.

(3) A source is from Iraq or Afghanistan if it--

(A) is located in Iraq or Afghanistan; and

(B) offers products or services that are from Iraq or Afghanistan.

#### SEC. 1003. AUTHORIZATION OF ADDITIONAL EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2007.

Amounts authorized to be appropriated to the Department of Defense for fiscal year 2007 in the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364) are hereby adjusted, with respect to any such authorized amount, by the amount by which appropriations pursuant to such authorization are increased by a supplemental appropriation or by a transfer of funds, or decreased by a rescission, or any thereof, pursuant to the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110-28).

#### SEC. 1004. MODIFICATION OF FISCAL YEAR 2007 GENERAL TRANSFER AUTHORITY.

Section 1001(a) of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364; 120 Stat. 2371) is amended by adding at the end the following new paragraph:

"(3) EXCEPTION FOR CERTAIN TRANSFERS.--The following transfers of funds shall be not be counted toward the limitation in paragraph (2) on the amount that may be transferred under this section:

"(A) The transfer of funds to the Iraq Security Forces Fund under reprogramming FY07-07-R PA.

"(B) The transfer of funds to the Joint Improvised Explosive Device Defeat Fund under reprogramming FY07-11 PA.

"(C) The transfer of funds back from the accounts referred to in subparagraphs (A) and (B) to restore the sources used in the reprogrammings referred to in such subparagraphs."

#### SEC. 1205. REAUTHORIZATION OF COMMANDERS' EMERGENCY RESPONSE PROGRAM.

(a) AUTHORITY.--Subsection (a) of section 1202 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3455- 3456) is amended--

(1) in the heading, by striking "Fiscal Years 2006 and 2007" and inserting "Fiscal Years 2008 and 2009"; and

(2) in the matter preceding paragraph (1)--

(A) by striking "fiscal years 2006 and 2007" and inserting "fiscal years 2008 and 2009"; and

(B) by striking "\$500,000,000" and inserting "\$977,441,000".

(b) QUARTERLY REPORTS.--Subsection (b) of such section is amended by striking "fiscal years 2006 and 2007" and inserting "fiscal years 2008 and 2009".

**SEC. 1221. MODIFICATION OF AUTHORITIES RELATING TO THE OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION.**

(a) PURPOSES.--Subsection (a)(1) of section 3001 of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (Public Law 108-106; 117 Stat. 1234-1238; 5 U.S.C. App., note to section 8G of Public Law 95-452) is amended by striking "to the Iraq Relief and Reconstruction Fund" and inserting "for the reconstruction of Iraq".

(b) ASSISTANT INSPECTORS GENERAL.--Subsection (d)(1) of such section is amended by striking "the Iraq Relief and Reconstruction Fund" and inserting "amounts appropriated or otherwise made available for the reconstruction of Iraq".

(c) SUPERVISION.--Subsection (e)(2) of such section is amended by striking "the Iraq Relief and Reconstruction Fund" and inserting "amounts appropriated or otherwise made available for the reconstruction of Iraq".

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(d) DUTIES.--Subsection (f)(1) of such section is amended by striking "to the Iraq Relief and Reconstruction Fund" and inserting "for the reconstruction of Iraq".

(e) PERSONNEL, FACILITIES, AND OTHER RESOURCES.--Subsection (h) of such section is amended--

(1) in paragraph (1), by inserting after "pay rates" the following: ", and may exercise the authorities of subsections (b) through (i) of section 3161 of title 5, United States Code (without regard to subsection (a) of such section)"; and

(2) in paragraph (3), by striking "my enter" and inserting "may enter".

(f) REPORTS.--Subsection (i) of such section is amended by striking "to the Iraq Relief and Reconstruction Fund" each place it appears and inserting "for the reconstruction of Iraq".

(g) DEFINITIONS.--Subsection (m) of such section is amended--

(1) in the heading, by striking "Appropriate Committees of Congress Defined" and inserting "Definitions";

(2) by striking "In this section, the term" and inserting the following: "In this section--

"(1) the term";

(3) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(4) in paragraph (1)(B) (as redesignated by paragraph (3) of this subsection), by striking "and International Relations" and inserting "Foreign Affairs, and Oversight and Government Reform";

(5) by striking the period at the end and inserting "; and"; and

(6) by adding at the end the following:

"(2) the term 'amounts appropriated or otherwise made available for the reconstruction of Iraq' means amounts appropriated or otherwise made available for any fiscal year--

"(A) to the Iraq Relief and Reconstruction Fund, the Iraq Security Forces Fund, and the Commanders' Emergency Response Program authorized under section 1202 of the National Defense Authorization for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3455-3456); or

"(B) for assistance for the reconstruction of Iraq under--

"(i) the Economic Support Fund authorized under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.);

"(ii) the International Narcotics Control and Law Enforcement account authorized under section 481 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291); or

"(iii) any other provision of law.".

(h) TERMINATION DATE.--Subsection (o) of such section is amended--

(1) in paragraph (1), to read as follows:

"(1) The Office of the Inspector General shall terminate 180 days after the date on which amounts appropriated or otherwise made available for the reconstruction of Iraq that are unexpended are less than \$250,000,000.'; and

(2) in paragraph (2)--

(A) by striking "funds deemed to be"; and

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(B) by striking "to the Iraq Relief and Reconstruction Fund" and inserting "for the reconstruction of Iraq".

#### SEC. 1222. LIMITATION ON AVAILABILITY OF FUNDS FOR CERTAIN PURPOSES RELATING TO IRAQ.

No funds appropriated pursuant to an authorization of appropriations in this Act may be obligated or expended for a purpose as follows:

(1) To establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq.

(2) To exercise United States control of the oil resources of Iraq.

#### SEC. 1223. REPORT ON UNITED STATES POLICY AND MILITARY OPERATIONS IN IRAQ.

(a) Report--

(1) IN GENERAL.--Subsection (c) of section 1227 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3465; 50 U.S.C. 1541 note) is amended--

(A) in paragraph (2), by striking "Iraq." and inserting the following: "Iraq, including--

"(A) enacting a broadly-accepted hydrocarbon law that equitably shares revenue among all Iraqis;

"(B) adopting laws necessary for the conduct of provincial and local elections, taking steps to implement such laws, and setting a schedule to conduct provincial and local elections;

"(C) reforming current laws governing the de-Baathification process in a manner that encourages national reconciliation;

"(D) amending the Constitution of Iraq in a manner that encourages national reconciliation;

"(E) allocating and beginning expenditure of \$10 billion in Iraqi revenues for reconstruction projects, including delivery of essential services, and implementing such reconstruction projects on an equitable basis; and

"(F) making significant efforts to plan and implement disarmament, demobilization, and reintegration programs relating to Iraqi militias.";

(B) by striking paragraph (3) and inserting the following:

"(3) A detailed description of the Joint Campaign Plan, or any subsequent revisions, updates, or documents that replace or supersede the Joint Campaign Plan, including goals, phases, or other milestones contained in the Joint Campaign Plan. Specifically, the description shall include the following:

"(A) An explanation of conditions required to move through phases of the Joint Campaign Plan, in particular those conditions that must be met in order to provide for the transition of additional security responsibility to the Iraqi Security Forces, and the measurements used to determine progress.

"(B) An assessment of which conditions in the Joint Campaign Plan have been achieved and which conditions have not been achieved. The assessment of those conditions STAT.374that have not been achieved shall include a discussion of the factors that have precluded progress.

"(C) A description of any companion or equivalent plan of the Government of Iraq used to measure progress for Iraqi Security Forces undertaking joint operations with Coalition Forces.'; and

(C) by adding at the end the following:

"(7) An assessment of the levels of United States Armed Forces required in Iraq for the six-month period following the date of the report, the missions to be undertaken by the Armed Forces in Iraq for such period, and the incremental costs or savings of any proposed changes to such levels or missions.

"(8) A description of the range of conditions that could prompt changes to the levels of United States Armed Forces required in Iraq for the six-month period following the date of the report or the missions to be undertaken by the Armed Forces in Iraq for such period, including the status of planning for such changes to the levels or missions of the Armed Forces in Iraq.".

(2) EFFECTIVE DATE.--The amendments made by paragraph (1) shall apply with respect to each report required to be submitted to Congress under section 1227(c) of the National Defense Authorization Act for Fiscal Year 2006 on or after the date of the enactment of this Act.

(b) CONGRESSIONAL BRIEFINGS REQUIRED.--Such section is further amended by adding at the end the following:

"(d) CONGRESSIONAL BRIEFINGS REQUIRED.--Not later than 30 days after the submission of the first report under subsection (c) on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 2008, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff shall meet with the congressional defense committees to brief such committees on the matters described in paragraphs (7) and (8) of subsection (c) contained in the report. Not later than 30 days after the submission of each subsequent report under subsection (c), appropriate senior officials of the Department of Defense shall meet with the congressional defense committees to brief such committees on the matters described in paragraphs (7) and (8) of subsection (c) contained in the report."

SEC. 1224. REPORT ON A COMPREHENSIVE SET OF PERFORMANCE INDICATORS AND MEASURES FOR PROGRESS TOWARD MILITARY AND POLITICAL STABILITY IN IRAQ.

(a) REPORT.--Section 9010(c) of the Department of Defense Appropriations Act, 2007 (division A of Public Law 109-289; 120 Stat. 1307) is amended--

(1) in paragraph (1)(B)--

(A) by striking "and trends" and inserting "trends"; and

(B) by adding at the end before the period the following: ", and progress made in the transition of responsibility for the security of Iraqi provinces to the Iraqi Security Forces under the Provincial Iraqi Control (PIC) process"; and

(2) in paragraph (2)--

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(A) in subparagraph (C)(i), by adding at the end before the semicolon the following: ", without any support from Coalition Forces";

(B) by redesignating subparagraphs (D) through (J) as subparagraphs (F) through (L), respectively;

(C) by inserting after subparagraph (C) the following:

"(D) The amount and type of support provided by Coalition Forces to the Iraqi Security Forces at each level of operational readiness.

"(E) The number of Iraqi battalions in the Iraqi Army currently conducting operations and the type of operations being conducted.";

(D) by redesignating subparagraphs (H) through (L) (as redesignated by subparagraph (B) of this paragraph) as subparagraphs (I) through (M), respectively;

(E) by inserting after subparagraph (G) (as redesignated by subparagraph (B) of this paragraph) the following:

"(H) The level and effectiveness of the Iraqi Security Forces under the Ministry of Defense in provinces where the United States has formally transferred responsibility for the security of the province to the Iraqi Security Forces under the Provincial Iraqi Control (PIC) process.'; and

(F) in subparagraph (I) (as redesignated by subparagraphs (B) and (D) of this paragraph)--

(i) in clause (iv), by striking "and" at the end;

(ii) in clause (v), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(vi) the level and effectiveness of the Iraqi Police and other Ministry of Interior Forces in provinces where the United States has formally transferred responsibility for the security of the province to the Iraqi Security Forces under the Provincial Iraqi Control (PIC) process."

(b) EFFECTIVE DATE.--The amendments made by subsection (a) shall apply with respect to each report required to be submitted to Congress under section 9010 of the Department of Defense Appropriations Act, 2007 on or after the date of the enactment of this Act.

#### SEC. 1511. IRAQ FREEDOM FUND.

(a) IN GENERAL.--Funds are hereby authorized to be appropriated for fiscal year 2008 for the Iraq Freedom Fund in the amount of \$207,500,000.

(b) TRANSFER.--

(1) TRANSFER AUTHORIZED.--Subject to paragraph (2), amounts authorized to be appropriated by subsection (a) may be transferred from the Iraq Freedom Fund to any accounts as follows:

(A) Operation and maintenance accounts of the Armed Forces.

(B) Military personnel accounts.

(C) Research, development, test, and evaluation accounts of the Department of Defense.

(D) Procurement accounts of the Department of Defense.

(E) Accounts providing funding for classified programs.

(F) The operating expenses account of the Coast Guard.

(2) NOTICE TO CONGRESS.--A transfer may not be made under the authority in paragraph (1) until five days after the date on which the Secretary of Defense notifies the congressional defense committees in writing of the transfer.

(3) TREATMENT OF TRANSFERRED FUNDS.--Amounts transferred to an account under the authority in paragraph (1) shall be merged with amounts in such account and shall be made available for the same purposes, and subject to the same conditions and limitations, as amounts in such account.

(4) EFFECT ON AUTHORIZATION AMOUNTS.--A transfer of an amount to an account under the authority in paragraph (1) shall be deemed to increase the amount authorized for such account by an amount equal to the amount transferred.

SEC. 1512. IRAQ SECURITY FORCES FUND.

(a) AUTHORIZATION OF APPROPRIATIONS.--Funds are hereby authorized to be appropriated for fiscal year 2008 for the Iraq Security Forces Fund in the amount of \$3,000,000,000.

(b) USE OF FUNDS.--

(1) IN GENERAL.--Funds appropriated pursuant to subsection (a) shall be available to the Secretary of Defense for the purpose of allowing the Commander, Multi-National Security Transition Command-Iraq, to provide assistance to the security forces of Iraq.

(2) TYPES OF ASSISTANCE AUTHORIZED.--Assistance provided under this section may include the provision of equipment, supplies, services, training, facility and infrastructure repair, renovation, construction, and funding.

(3) SECRETARY OF STATE CONCURRENCE.--Assistance may be provided under this section only with the concurrence of the Secretary of State.

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(c) AUTHORITY IN ADDITION TO OTHER AUTHORITIES.--The authority to provide assistance under this section is in addition to any other authority to provide assistance to foreign nations.

(d) TRANSFER AUTHORITY.--

(1) TRANSFERS AUTHORIZED.--Subject to paragraph (2), amounts authorized to be appropriated by subsection (a) may be transferred from the Iraq Security Forces Fund to any of the following accounts and funds of the Department of Defense to accomplish the purposes provided in subsection (b):

(A) Military personnel accounts.

(B) Operation and maintenance accounts.

(C) Procurement accounts.

(D) Research, development, test, and evaluation accounts.

(E) Defense working capital funds.

(F) Overseas Humanitarian, Disaster, and Civic Aid account.

(2) ADDITIONAL AUTHORITY.--The transfer authority provided by paragraph (1) is in addition to any other transfer authority available to the Department of Defense.

(3) TRANSFERS BACK TO THE FUND.--Upon determination that all or part of the funds transferred from the Iraq Security Forces Fund under paragraph (1) are not necessary for the purpose provided, such funds may be transferred back to the Iraq Security Forces Fund.

(4) EFFECT ON AUTHORIZATION AMOUNTS.--A transfer of an amount to an account under the authority in paragraph (1) shall be deemed to increase the amount authorized for such account by an amount equal to the amount transferred.



(e) NOTICE TO CONGRESS.--Funds may not be obligated from the Iraq Security Forces Fund, or transferred under the authority provided in subsection (d)(1), until five days after the date on which the Secretary of Defense notifies the congressional defense committees in writing of the details of the proposed obligation or transfer.

(f) CONTRIBUTIONS.--

(1) AUTHORITY TO ACCEPT CONTRIBUTIONS.--Subject to paragraph (2), the Secretary of Defense may accept contributions of amounts to the Iraq Security Forces Fund for the purposes provided in subsection (b) from any person, foreign government, or international organization. Any amounts so accepted shall be credited to the Iraq Security Forces Fund.

(2) LIMITATION.--The Secretary may not accept a contribution under this subsection if the acceptance of the contribution would compromise or appear to compromise the integrity of any program of the Department of Defense.

(3) USE.--Amounts accepted under this subsection shall be available for assistance authorized by subsection (b), including transfer under subsection (d) for that purpose.

(4) NOTIFICATION.--The Secretary shall notify the congressional defense committees, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, in writing, upon the acceptance, and upon the transfer under subsection (d), of any contribution under this subsection. Such notice shall specify the source and amount of any amount so accepted and the use of any amount so accepted.

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(g) QUARTERLY REPORTS.--Not later than 30 days after the end of each fiscal-year quarter, the Secretary of Defense shall submit to the congressional defense committees a report summarizing the details of any obligation or transfer of funds from the Iraq Security Forces Fund during such fiscal-year quarter.

(h) DURATION OF AUTHORITY.--Amounts authorized to be appropriated or contributed to the Iraq Security Forces Fund during fiscal year 2008 are available for obligation or transfer from the Iraq Security Forces Fund in accordance with this section until September 30, 2009.

(b) CLASSIFIED INFORMATION.--Nothing in this subtitle shall be interpreted to require the handling of classified information or information relating to intelligence sources and methods in a manner inconsistent with any law, regulation, executive order, or rule of the House of Representatives or of the Senate relating to the handling or protection of such information.

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CERP \$977,441,000

IFF 207,500,000

the Iraq Security Forces Fund in the amount of \$3,000,000,000