

SIGIR Oversight of U.S.-funded Security-related Activities, Selected Cases and Projects

Project Assessment: Baghdad Police College
PA-06-078.1 & 079.1 and PA-06-078.2 & 079.2
(\$72.25 Million, IRRF, Parsons Delaware, Inc.)

SIGIR visited the Baghdad Police College on six separate occasions from August 2006 to December 2006. The project did not meet contract specifications. Construction deficiencies of such magnitude were identified as to require prompt attention and separate reporting.

Design and construction were inadequate, and in some instances, so inferior that they resulted in hazards to the cadets' health. For example, SIGIR confirmed that the contractor had installed inferior wastewater piping and joined it together improperly. Although the contractor had reportedly repaired and replaced the faulty pipe work, SIGIR's follow-up on-site assessments found continued raw sewage leakage and other plumbing deficiencies. SIGIR inspectors also found inferior concrete construction in several buildings and faulty electrical wiring; these construction deficiencies were directly attributable to the lack of contractor quality control and government quality assurance.

During this inspection, indications of potential fraud were found, and these matters were referred to SIGIR Investigations for appropriate action. The case is now in litigation.



SIGIR Audit 11-003: Iraqi Security Forces: Police Training Program Developed Sizeable Force, but Capabilities Are Unknown

- This audit discusses a number of issues with the Department of Defense's program to train Iraqi police:
- Although the program developed a sizeable force, the capabilities of that force are unknown because no assessments of total force capabilities were made.
- There were weaknesses in program management in (1) program planning and assessments, (2) communications and coordination between organizations performing the training, and (3) oversight of contract police advisors.
- The weaknesses in program management undoubtedly led to inefficiencies and waste.
- The long-term success of the program is dependent on sustainment by the Government of Iraq and its ability to mitigate force structure, corruption, land ownership disputes, and other issues adversely impacting the force.

As U.S.-funded police development nears transition from DoD to INL control, SIGIR plans to continue its oversight of DoS's initiatives to develop Iraqi police forces. SIGIR will examine areas such as the program's goals, timetable, metrics to assess progress, and costs.

Project Assessment: Ministry of Defense Building
PA-07-102
(\$31.5 Million, IRRF, Laguna Construction Company, Inc.)

The Ministry of Defense Building project was successful because the design was adequate prior to construction; quality, detailed workmanship was performed; and adequate quality management oversight enforced the contract specifications for construction quality and completeness. In addition, post-turnover operations management and facility maintenance practices were effective.

The MOD Building is an example of what is possible when all the necessary safeguards are in place and projects are properly planned for and executed by both the contractor and subcontractors, as well as the government representatives overseeing the project.



Challenges Ahead for the Government of Iraq

While the GOI was quick to promise action on protesters' demands, several major—and potentially destabilizing—issues remain unresolved. Tensions rose this quarter along the so-called "Green Line" separating the Kurdistan Region from the rest of Iraq, where U.S. troops have acted as a neutral intermediary for several years. But with the U.S. military's departure seemingly imminent, the long-standing Arab-Kurdish dispute over this region will be a potential tinderbox. Other GOI priorities include increasing the intelligence, logistics, and maintenance capabilities of the Iraqi Security Forces to defend against external threats; establishing a successor account to the Development Fund for Iraq; averting a replay of last summer's electricity riots that forced the Minister of Electricity to resign; and continuing to fund improvements to Iraq's hydrocarbon infrastructure.

SIGIR Audits

SIGIR's Audits Directorate has issued 188 reports, including 6 released this quarter that reviewed:

- Quick Response Fund (QRF).** In Iraq, QRF funds were managed by both the U.S. Agency for International Development (USAID) (\$153 million) and DoS (\$103 million). SIGIR's audit determined that USAID had good management controls in place over its portion of the QRF program, including detailed information showing how its grant money was used. In contrast, SIGIR found that DoS had improved its management controls since 2009, it still has not addressed certain accountability issues and often lacks appropriate documentation detailing how the funds were used and what was achieved.
- USAID Oversight of the Iraq Community Action Program (CAP).** Since 2003, USAID has obligated about \$276 million to Cooperative Housing Foundation International (CHF) to implement CAP, which is currently in its third phase. SIGIR determined that USAID relies too heavily on CHF, other contractors, and external audit agencies for information on program activities.
- USAID Responsiveness to Previous SIGIR Audit Recommendations.** This report found that USAID has implemented all but two of SIGIR's recommendations and has a sound process to track and monitor implementation of SIGIR recommendations. Subsequent reports in this series will review the progress of DoD and DoS in responding to SIGIR recommendations.
- Iraq Relief and Reconstruction Fund 2 (IRRF 2).** SIGIR's review of the status of the \$18.45 billion IRRF 2 determined that, by the end of FY 2010, agencies still had about \$145.25 million in unexpended obligations for orders or contracts requiring future payment. SIGIR also found that

agencies had not obligated about \$402.46 million, and that OMB had not obligated funds totaling \$26.33 million. The failure to obligate these monies means that these nearly \$429 million in unobligated funds could be canceled and returned to the Treasury's General Fund.

- U.S. Army Corps of Engineers (USACE) Gulf Region District (GRD) Management of Security Contractors.** SIGIR found that GRD provides appropriate information to Aegis Defense Services so the company can determine the number of security personnel needed to meet contract requirements.
- USACE Recommendations on Completing or Canceling Projects.** SIGIR concluded that USACE used the criteria it had previously established to arrive at its recommendations for completing or canceling 20 sampled projects.

SIGIR Investigations

As of April 15, 2011, SIGIR investigators are working on 118 open cases. To date, SIGIR's investigative work has resulted in 31 arrests, 56 indictments, 50 convictions, and more than \$144 million in fines, forfeitures, recoveries, and restitution payments. This quarter, SIGIR's investigative work resulted in the conviction of a former U.S. Army major and his wife on all 22 counts of an indictment related to a bribery and money-laundering scheme.

In April, the Council of Inspectors General on Integrity and Efficiency (CIGIE) announced that SIGIR's Investigations Directorate had passed its mandated peer review. The Tennessee Valley Authority's Office of Inspector General conducted the review and cited three best practices as worthy of specific recognition: the SIGIR Prosecutorial Initiative (SIGPRO), SIGIR's forensic audit work, and SIGIR's collaborative efforts with international law enforcement and prosecutorial agencies.

SIGPRO

In late 2009, SIGIR hired three former Department of Justice (DoJ) prosecutors, detailing them back to DoJ's Criminal Division to prosecute fraud cases developed by SIGIR investigators. This quarter, SIGPRO attorneys convinced two federal judges to accept ground-breaking legal arguments that will affect how U.S. laws are enforced in current and future stabilization and reconstruction efforts. In one case, SIGPRO attorneys successfully argued that violations of the federal conflict-of-interest statute are subject to the extraterritorial jurisdiction of the United States. In the second matter, the court accepted a SIGPRO attorney's argument that the Wartime Suspension of Limitations Act operated to suspend the statute of limitations on a crime during the pendency of the war in Iraq.

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SIGIR QUARTERLY REPORT

APR 2011

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

SUSTAINING PROGRESS IN A TIME OF TRANSITION

As the Department of State (DoS) moves forward with its transition plans and U.S. troops prepare to depart Iraq by December 31, 2011, Prime Minister Nuri al-Maliki and his coalition partners continued this quarter with the process of forming a new government. These various transitions create fiscal, political, and security vulnerabilities that, if not carefully tended, could have significant adverse effects. For example, in taking over the police-training mission from the Department of Defense (DoD), DoS will assume enormous management and policy responsibilities—and do so with less than 200 personnel assigned to the mission. It will implement its Police Development Program (PDP) in a still-fragile security environment, working closely with an as-yet-unappointed Minister of Interior, who will oversee Iraq's police. As of mid-April, neither the Ministry of Interior nor the Ministry of Defense had a permanent leader.



Iraqi Police officer in Ramadi instructs fellow officers on proper riot control procedures in March 2011. (U.S. Army photo)

presence and the precise opening dates for new posts outside of Baghdad will be shaped by DoS budgetary constraints.

Democratic Expressions of Discontent

Significant protests occurred in most major Iraqi cities this quarter, with demonstrators denouncing widespread public corruption, poor services, electricity shortages, and high unemployment. Protesters in Baghdad, many of whom were inspired by recent popular reform movements in Tunisia and Egypt, called on the government to improve performance. In the normally tranquil Kurdistan Region, demonstrators took to the streets for many weeks on end, decrying the political stagnation arising from a region dominated for decades by the same two parties and families. There, and elsewhere, clashes between security forces and demonstrators erupted into violence, causing many deaths and injuries.

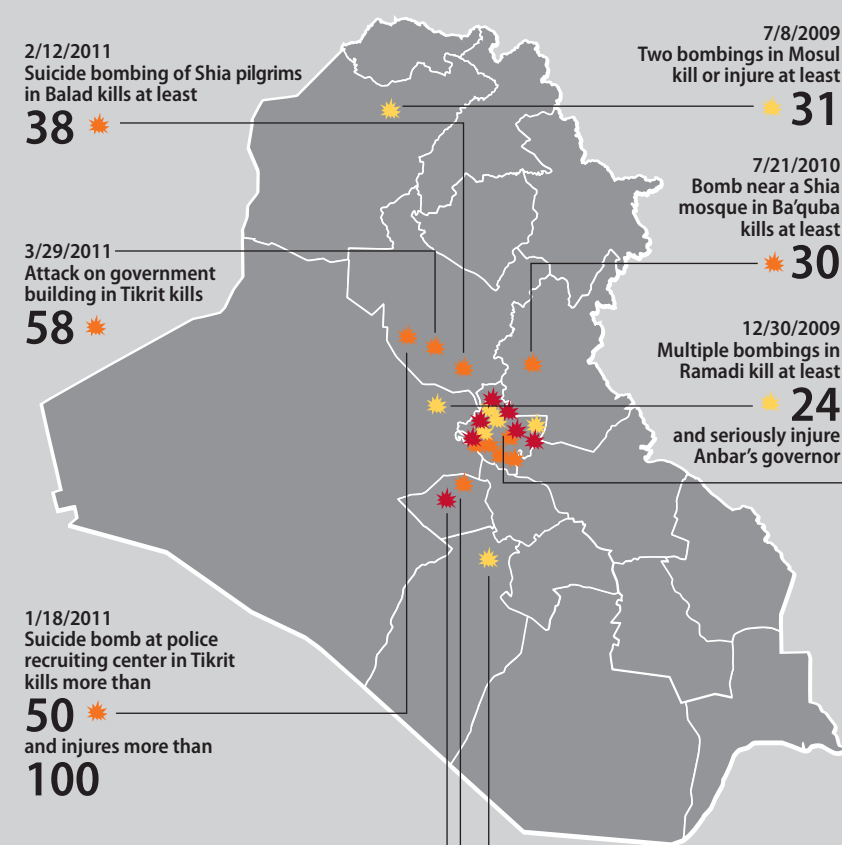
Responding to these events, Prime Minister al-Maliki announced in late February that he would evaluate his ministers' performance over the next 100 days, cautioning that the continued poor performance could cost officials their jobs. The GOI also moved to consider several other responses to the recent protests, including pay cuts for high-ranking officials, improvements to the state-run food distribution system, the rapid implementation of several new electricity projects, and the reform of Iraq's anticorruption laws. In mid-April, the CoR passed legislation repealing Article 136(b) of the Iraqi Criminal Procedure Code, which allowed ministers to shield their subordinates from prosecution. This power had been invoked almost 200 times last year to block corruption investigations. If signed by President Talabani and published in the Official Gazette, the act repealing Article 136(b) will become law, and Iraq will have taken a significant step forward in the battle against corruption.

The Changing Nature of the U.S. Civilian Presence

The largest and most significant mission DoS will take on involves developing the capacities of Iraq's police forces. As part of the PDP, DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) will mentor Iraqi police officials, focusing on advanced democratic-policing skills and upper-level management techniques. The GOI and INL have noted that the PDP program—as currently structured—will reach about 55% of Iraq's more than 300,000 police officers.

As INL adds staff to implement the PDP, others in DoS are simultaneously managing the closure of the Provincial Reconstruction Team (PRT) program. All 14 remaining PRTs will close down by the end of the year. The size of DoS's provincial

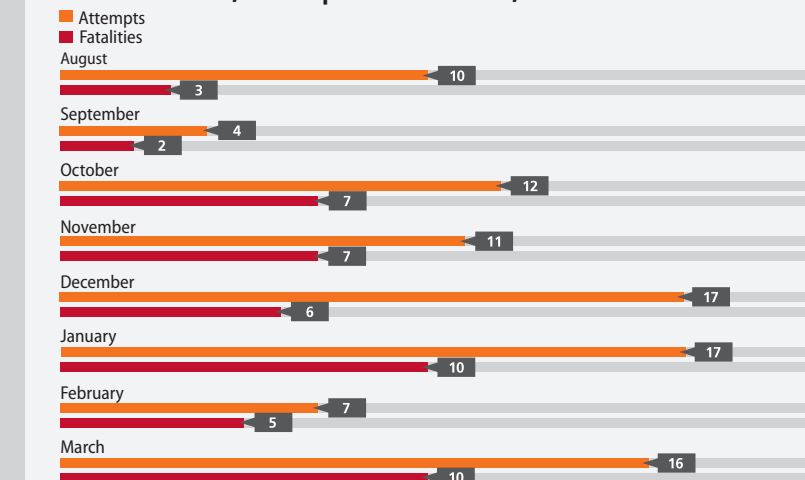
Selected Mass-casualty Attacks, Post-U.S. Troop Withdrawal from Urban Areas, 6/30/2009–4/10/2011



Attacks in Baghdad Province

8/19/2009	Multiple bombings partially destroy Ministries of Finance and Foreign Affairs, killing more than 100 and injuring hundreds more
10/25/2009	Bombings near the Ministry of Justice and the Baghdad Provincial Council headquarters kill 132 and injure at least 500
12/8/2009	Series of attacks on GOI facilities kills at least 110 and injures more than 200
4/4/2010	Suicide bombings near foreign embassies kill 40 and injure more than 220
4/6/2010	Series of bombs destroys apartment buildings in Shia neighborhoods, killing at least 35
6/13/2010	Assault on Central Bank of Iraq kills 26
6/20/2010	Attack on the Trade Bank of Iraq kills 26
7/7/2010	Attacks on Shia pilgrims kill more than 30 and injure at least 99
7/18/2010	Suicide bomb kills more than 40 SOI members
8/17/2010	Suicide bomb at MOD recruiting station kills more than 50 and injures over 100
10/31/2010	Attack on Catholic church kills more than 50 and injures more than 70
11/2/2010	12 bombs in Shia neighborhoods kill more than 60
1/27/2011	Car bombing of funeral kills at least 48

Assassinations, Attempts vs. Fatalities, 8/2010–3/2011



Assassinations on the Rise

Although violence has declined over the past four years, the GOI has had little reprieve from attacks apparently aimed at disrupting its operations. Mass-casualty attacks like the bombings of marketplaces in 2006 and 2007 and the ones that destroyed government buildings in 2008 and 2009 occur much less frequently and are less lethal. But what appears to be a campaign of intimidation and assassination of government officials has been gaining ground.

This quarter, high-ranking military and ministerial officials were again targeted for assassination, and many attempts were successful. On February 8, 2011, an MOD brigadier general was killed when an improvised explosive device detonated outside his residence in western Baghdad. On April 21, the head of the CoR's Integrity Committee barely escaped assassination when three gunmen attacked him as he left for work.



Firefighters work at the site of a bomb attack in Baghdad on July 26, 2010. (Reuters/Saad Shalash)