



## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

April 4, 2006

MEMORANDUM FOR DIRECTOR, IRAQ RECONSTRUCTION MANAGEMENT OFFICE  
COMMANDING GENERAL, JOINT CONTRACTING COMMAND-  
IRAQ/AFGHANISTAN  
COMMANDING GENERAL, GULF REGION DIVISION,  
U.S. ARMY CORPS OF ENGINEERS

**SUBJECT:** Interim Audit Report on the Review of the Equipment Purchased for  
Primary Healthcare Centers Associated with Parsons Global Services,  
Contract Number W914NS-04-D-0006  
(SIGIR-06-016)

We are providing this interim audit report for your information and use. We performed the audit in accordance with our statutory duties contained in Public Law 108-106, as amended, which requires that we provide for the independent and objective conduct of audits, as well as leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of such programs and operations and to prevent and detect waste, fraud, and abuse.

This interim audit report is provided to alert management to concerns we noted on the accountability for and utilization of the \$70 million of medical equipment procured by Parsons Global Services, Inc. (Parsons) for the Primary Healthcare Centers (PHC) construction project. We are reporting these concerns in an interim report in order to provide management timely information and the opportunity to take corrective actions to reduce the risk of accountability shortfalls and ineffective use of the procured medical equipment because certain events may occur before our final report is issued.

**Objectives.** Our overall audit objectives are to determine whether medical equipment acquired by Parsons is properly accounted for and to identify the impact of descoping the PHCs contract on the medical equipment.

**Background.** The contract required Parsons to procure 151 medical equipment sets to equip 150 healthcare centers that Parsons was to build, and to equip one medical Teaching Academy (which was to be constructed by other than Parsons). The cost of this equipment was approximately \$70 million. However, the construction part of the contract was descoped by 9 PHCs in September 2005, and then further descoped by an additional 121 PHCs on March 6, 2006, leaving only 20 centers to be completed by Parsons. In addition, the Teaching Academy was never constructed. Unfortunately, due to the timing of the descoping of the construction, the number of medical equipment sets Parsons was to procure was not descoped and Parsons has already procured and plans to deliver all 151 medical equipment sets to the U.S. government by the end of April 2006. This will leave the U.S. government with a total of 131 medical equipment sets more than required to equip the 20 PHCs currently completed or expected to be completed within the next 30 days. For the configuration of the medical equipment sets, see Appendix A.

## **Planning for Equipment Acceptance, Storage, and Use**

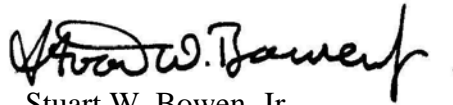
There is no formal written plan as to what specifically will be done with the 131 excess medical equipment sets to be delivered by Parsons in April 2006. In our discussions with Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), Gulf Region Division-Project and Contracting Office (GRD-PCO), and Iraq Reconstruction Management Office (IRMO) representatives responsible for equipment acceptance, storage, and usage we received contradictory information as to where the excess medical equipment would be delivered and stored and how the equipment would be turned over to the U.S. government. We also found differences in number of equipment sets that Parsons planned to deliver and what GRD-PCO expected would be delivered to specific storage locations. In the course of our audit we brought many of these discrepancies to light and received verbal confirmation that the equipment acceptance and storage issues were being worked with all concerned and would be fully coordinated and implemented to ensure accountability and effective utilization. Personnel with each of the US government activities involved (IRMO, JCC-I/A, and GRD-PCO) are doing their best within their respective lanes of responsibility/authority to address the issues. However, without an overall coordinated plan on how the medical equipment will be accepted, stored, secured and used, there is no assurance that individual plans will succeed in providing effective and efficient accountability and use of the medical equipment sets. IRMO, as the direct liaison to the Iraqi government, should take the lead in developing and coordinating a formal plan for the overall storage and use of the medical equipment sets. Some specific concerns we have with the current plans for accountability and use of the medical equipment sets are addressed below.

- **Government Acceptance of Equipment from Parsons.** Parsons representatives advised us that it expects to deliver medical equipment sets to an Iraq Ministry of Health warehouse located in Erbil, Iraq in several shipments and that when each shipment gets to the warehouse a representative at the warehouse will inventory and sign for the equipment. When this is accomplished, Parsons representatives told us that it will have complied with its contract requirements for equipment delivery. However, we were also told that a U.S. government representative may not be at the Iraq Ministry of Health warehouse when the shipments arrive. The U.S. government representative from GRD-PCO responsible for acceptance of the equipment advised us that he plans to make one trip to the warehouse to conduct an inventory when all the equipment has arrived and at that time formally accept on behalf of the US government the equipment from Parsons. Under this scenario a problem may occur if the US government representative inventories the equipment after delivery and count discrepancies are noted. Placement of responsibility for any count discrepancies on Parsons may not be possible because the chain of accountability custody between Parsons and the U.S. government was broken during the time the equipment was stored in the Iraq Ministry of Health warehouse before the U.S. government formally inventoried and accepted the equipment.
- **Storage of Equipment in Iraq Warehouse.** We believe that the U.S. government may not be in a position to assure that the delivered medical equipment sets are properly protected and accounted for while stored in an Iraq Ministry of Health warehouse because of the current political and security uncertainties in Iraq. Additionally, in our discussions with the US government Senior Health Advisor, we were told that the U.S. government plans to complete construction of the remaining centers, in part, using Commanders Emergency Response Program (CERP) funds. These CERP funds will only be made available for the remaining construction of the PHCs if IRMO can provide assurance that equipment for the centers will be available when the PHCs are completed. Prior to storage of the medical

equipment in an Iraq Ministry of Health warehouse, we suggest that a formal evaluation (risk analysis) be made and documented as to the alternatives and probable risk of storing medical equipment sets in an Iraq government controlled warehouse over what may be an extended period of time. A final decision on where to store the medical equipment sets should be made based on results of this evaluation.

This interim report is provided for management's use and appropriate action, and is consistent with the information provided at our meetings held on March 30, 2006, with GRD-PCO; and April 4, 2006, with IRMO, which was attended by the Senior Advisor to the Ministry of Health. No response to this interim report is required, but we will follow-up on the concerns raised in this report and management actions in response to these concerns as we continue our audit.

We appreciate the courtesies extended to the staff. For additional information on this interim report, please contact Mr. Joseph T. (Mickey) McDermott at (703) 604-0982, or by email at [joseph.mcdermott@sigir.mil](mailto:joseph.mcdermott@sigir.mil); or Mr. Frank W. Slayton (914) 360-9371, or by email at [Frank.Slayton@iraq.centcom.mil](mailto:Frank.Slayton@iraq.centcom.mil).



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Inspector General

## Appendix A. Standard Medical Equipment Sets

Description of Medical Equipment	Quantity per center ( <i>Note 1</i> )
Automatic X-ray Film Processor	1 each A & C centers
Hydraulic Dental Chair with work station	2 each all centers
X-ray Simple Bucky	1 each A & C centers
ECG Machine	1 each all centers
Hot Air Sterilizer	1 each all centers
Adult wt. Scale	1 each all centers
Autoclave	1 each C centers
Bilirubinmeter	1 each all centers
Centrifuge	2 each all centers
Hemoglobin meter	2 each all centers
Infant wt. scale	1 each A & B, 2 each C centers
Micro Centrifuge w ruler	1 each all centers
Microscope	2 each all centers
Spectrophotometer	1 each all centers
Diagnostic set	6 each A & B, 5 each C centers
Laboratory incubator	1 each B centers
Digital radiology	1 each B centers
Ultrasound	1 each C centers
Defibrillator	1 each C centers
Infant Incubator	1 each C centers
Infant Resuscitation Unit	1 each C centers
IV Infusion Pump	2 each C centers
Obstetric Birthing Beds	3 each C centers
Resuscitation case	1 each C centers
Fetal Doppler	1 each A & B, 2 each C centers
Suction Unit	3 each C centers
Dental X-ray film processor	1 each A & C centers
Digital precision balance	1 each all centers
Analog intra oral x-ray	1 each A & C centers
Digital intra oral x-ray	1 each B centers
Laboratory Refrigerator	1 each all centers
Water distillatory	1 each all centers
X-ray barrier	2 each all centers
X-ray viewer	6 each all centers
GYN exam table	1 each A & B, 2 each C centers
Patient Bed	11 each C centers
Portable infant incubator	1 each C centers
Laboratory incubator	1 each A & C centers
Mechanical Cell counter	1 each all centers
Artery Forceps	4 each all centers

<b>Description of Medical Equipment</b>	<b>Quantity per center (Note 1)</b>
Bone Cutter	2 each all centers
Bone File	2 each all centers
Carver	6 each all centers
Cement slab-spatula	2 each all centers
Chlorine Meter	1 each all centers
Dental syringe	4 each all centers
ESR Rack	5 each all centers
Examination tools of dentist - mirror	12 each all centers
Examination tools of dentist - tweezers	12 each all centers
Examination tools of dentist - Probe	12 each all centers
Dental excavator	12 each all centers
Forceps	2 each all centers
Root forceps set	4 each all centers
Glucometer	2 each all centers
Hand instruments	4 each all centers
Matrix band	4 each all centers
Matrix retainer	4 each all centers
Nebulizer - manual	1 each all centers
Nebulizer - electronic	2 each all centers
Pipette	4 each all centers
Plugger	6 each all centers
Root elevator	8 each all centers
Scissors	2 each all centers
Dressing Drums	6 each A & B, 10 each C centers
I.V. Stand	8 each C centers
Kidney shape tray	12 each C centers
Surgical instrument sets	4 each C centers
Surgical instrument sets - Sim's speculum	1 each A & B, 3 each C centers
Surgical instrument sets - Episiotomy	2 each C centers
Burs	4 each all centers
Vision testing chart	1 each all centers
Dental retractor	2 each all centers
Slide drier	1 each all centers
Stethoscope - newborn	1 each A & B, 3 each C centers
Shaking water bath	1 each all centers
Stretchers	3 each C centers
Wheelchair	2 each A & B, 3 each C centers
Examination Couch	10 each A & B, 7 each C centers
Blood drawing chair	1 each all centers
Chart - height, weight, age	1 set of 4 charts each all centers
Mobile patient side lamp	6 each A & B, 7 each C centers
Stethoscope	6 each A & B, 3 each C centers
Digital thermometer	6 each A & B, 3 each C centers
Tuning fork set	1 each all centers
Dressing Cart	2 each A & B, 6 each C centers

Description of Medical Equipment	Quantity per center ( <i>Note 1</i> )
Amalgam carrier	4 each all centers
Amalgamator	2 each all centers
Surgical curette	2 each all centers
Surgical scalpel holder	2 each all centers
Amniotomy tool	2 each C centers
Metal bowl for obstetric use with stand	2 each C centers
Couscous Speculum	1 each A & B, 3 each C centers
Sphygmomanometer	6 each A & B, 3 each C centers
<p><b>Note 1</b> - There are three types of centers to which equipment sets will be distributed:  A Type Center - Standard medical center  B Type Center - Medical center with teaching facilities  C Type Center - Medical center with emergency and labor facilities</p>	