

ATTESTATION ENGAGEMENT  
CONCERNING THE AWARD OF  
NON-COMPETITIVE CONTRACT  
DACA63-03-D-0005 TO  
KELLOGG, BROWN, AND ROOT  
SERVICES, INC.

**REVISED**

**REPORT NUMBER SIGIR-05-019**

**SEPTEMBER 30, 2005**



## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

September 30, 2005

MEMORANDUM FOR DIRECTOR, DEFENSE RECONSTRUCTION SUPPORT  
OFFICE  
CHIEF OF ENGINEERS AND COMMANDER, U.S. ARMY  
CORPS OF ENGINEERS  
COMMANDER, U.S. ARMY CORPS OF ENGINEERS,  
SOUTHWESTERN DIVISION

SUBJECT: Attestation Engagement Report Concerning the Award of  
Non-Competitive Contract DACA63-03-D-0005 to Kellogg, Brown,  
and Root Services, Inc. (Report No. SIGIR 05-019)

We are providing this report for your information and use. We performed the procedures enumerated in Appendix C, which were requested by the Defense Reconstruction Support Office, because a potential conflict of interest existed with respect to the subject contract for the public accounting firm that the Defense Reconstruction Support Office had engaged to perform the attestation engagement of all non-competitively awarded contracts issued for the Coalition Provisional Authority using funds from the Development Fund for Iraq. That particular attestation engagement was initiated at the behest of the United Nations' International Advisory and Monitoring Board.

This report does not contain recommendations; therefore, no written response to this report is required. We appreciate the courtesies extended to our staff by the representatives of the U.S. Army Corps of Engineers, Southwestern Division and the Defense Contract Audit Agency. For additional information on this report, please contact Mr. Joseph T. McDermott at [joseph.mcdermott@sigir.mil](mailto:joseph.mcdermott@sigir.mil) or at (703) 428-1100 or Mr Brian M. Flynn at [brian.flynn@sigir.mil](mailto:brian.flynn@sigir.mil) or at (703) 428-1404. For the report distribution, see Appendix H.

A handwritten signature in black ink that reads "Stuart W. Bowen, Jr." with a period at the end.

Stuart W. Bowen, Jr.  
Inspector General

# Special Inspector General for Iraq Reconstruction

Report Number SIGIR 05-019

September 30, 2005

(Project No. SIGIR-2005-13)

## Attestation Engagement Concerning the Award of Non-Competitive Contract DACA63-03-D-0005 to Kellogg, Brown, and Root Services, Inc.

### Executive Summary

**Introduction.** The Special Inspector General for Iraq Reconstruction (SIGIR) was asked by the DoD's Defense Reconstruction Support Office to provide an attestation on a non-competitively awarded contract that Kellogg, Brown & Root obtained prior to the advent of the 2003 Iraq war. We performed agreed-upon procedures to determine whether the non-competitive award of the contract was appropriately justified and whether the goods and services delivered and billed for were those required under the contract. As the following report substantiates, we conclude that the use of the non-competitive contract was appropriately justified and that the goods and services delivered and billed for were those required under the contract.

United Nations Security Council Resolution 1483 (UNSCR 1483), dated May 22, 2003, noted the establishment of the Development Fund for Iraq (DFI). UNSCR 1483 authorized the Coalition Provisional Authority (CPA), in consultation with the Iraqi interim administration, to direct disbursements from the DFI. Paragraph 14 of UNSCR 1483 directs that the DFI shall be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq. The CPA ceased to exist on June 28, 2004, and the CPA Administrator passed governing authority to the Interim Iraqi Government.

Pursuant to paragraph 12 of UNSCR 1483, the International Advisory and Monitoring Board (IAMB) requested that the Department of Defense (DoD) enter into a contract with an internationally-recognized accounting firm for the audit of non-competitive contracts awarded by the CPA (and funded from the DFI). The purpose of the audit was to determine whether disbursements of DFI funds under non-competitive contracts were consistent with the transparency provision in paragraph 14 of UNSCR 1483 and whether there was sufficient documentation to justify the non-competitive awards.

**Objective.** We performed the agreed-upon procedures enumerated in Appendix C, which were requested by the Defense Reconstruction Support Office, because a potential conflict of interest existed (with respect to the subject contract) for the internationally-recognized accounting firm that the Defense Reconstruction Support Office engaged to perform an attestation engagement of all non-competitively awarded contracts issued for the CPA using DFI funds.

The procedures we performed were agreed to by the Defense Reconstruction Support Office and the IAMB. We performed those procedures solely to assist in assessing whether disbursements of DFI funds for non-competitive contract DACA63-03-D-0005 awarded to Brown and Root Services, a division of Kellogg, Brown, and Root, were consistent with the transparency provision in paragraph 14 of UNSCR 1483 and whether there was sufficient documentation to justify the non-competitive award.

The overall objectives of this attestation engagement were to determine whether adequate documentation existed that: (1) a non-competitive contract was justified; (2) a fair and reasonable price was obtained; (3) the contracting official had the authority to enter into a non-competitive contract; (4) goods and services received and paid for under the contract were the goods and services provided for in the contract; and (5) the total amount of disbursements under the contract did not exceed the total contract amount.

**Results** The agreed-upon procedures that we performed disclosed that:

1. The non-competitive award of contract number DACA63-03-D-0005 to Brown, and Root Services, a division of Kellogg, Brown and Root, was properly justified.
2. The contract is a cost-plus award-fee (CPAF) indefinite delivery, indefinite quantity (IDIQ) contract. Final determination of fair and reasonable price is not made until the final incurred cost audit by the Defense Contract Audit Agency.
3. The only individual authorized by United States Code, Title 41, Section 253 to approve non-competitive contracting actions in excess of \$50 million is the Assistant Secretary of the Army (Acquisition, Logistics and Technology). The Justification and Approval for the contract was signed by the Assistant Secretary of the Army (Acquisition, Logistics and Technology).
4. The goods and services received and paid for with DFI funds under the contract were the goods and services provided for in the contract.
5. The total amount of DFI fund disbursements under the contract did not exceed the total amount obligated for the contract.

**Recommendations.** Because we did not identify any adverse findings, this report does not contain any recommendations.

# Table of Contents

---

<b>Executive Summary</b>	i
<b>Introduction</b>	
Background	1
Objective	1
<b>Finding</b>	
Agreed-Upon Procedures and Results	3
<b>Appendixes</b>	
A. Scope and Methodology	7
B. Prior Audit Coverage	9
C. Agreed-Upon Procedures To Be Performed	14
D. Summary of Agreed-Upon Procedure Results	17
E. Schedule of Non-Competitive Contract Justification	20
F. Schedule of Disbursements	22
G. Acronyms	26
H. Report Distribution	27
I. Attestation Engagement Team Members	29

# **Background**

---

## **Introduction**

The Special Inspector General for Iraq Reconstruction (SIGIR) was asked by the DoD's Defense Reconstruction Support Office to provide an attestation on a non-competitively awarded contract that Kellogg, Brown & Root obtained prior to the advent of the 2003 Iraq war. We performed agreed-upon procedures to determine whether the non-competitive award of the contract was appropriately justified and whether the goods and services delivered and billed for were those required under the contract. As the following report substantiates, we conclude that the use of the non-competitive contract was appropriately justified and that the goods and services delivered and billed for were those required under the contract.

United Nations Security Council Resolution 1483 (UNSCR 1483), dated May 22, 2003, noted the establishment of the Development Fund for Iraq (DFI). UNSCR 1483 authorized the Coalition Provisional Authority (CPA), in consultation with the Iraqi interim administration, to direct disbursements from the DFI. Paragraph 14 of UNSCR 1483 directs that the DFI shall be used in a transparent manner to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, for the costs of Iraqi civilian administration, and for other purposes benefiting the people of Iraq.

The DFI was the primary financial vehicle to channel revenue from ongoing Iraqi oil sales, unencumbered Oil for Food deposits, and repatriated Iraqi assets into the relief and reconstruction of Iraq. During the CPA's administration of Iraq, the CPA Comptroller managed the DFI and the Program Review Board (PRB), which included voting representatives from the CPA, Iraqi interim administration, United Kingdom, Australia and the Council for International Coordination, was responsible for recommending expenditures of resources from the DFI. The CPA ceased to exist on June 28, 2004, and the CPA Administrator passed governing authority to the Interim Iraqi Government.

As provided in paragraph 12 of UNSCR 1483, the International Advisory and Monitoring Board (IAMB) requested that the Department of Defense (DoD) enter into a contract with an internationally-recognized accounting firm for the audit of non-competitive contracts awarded by the CPA and funded by the DFI. The purpose of the audit was to determine whether disbursements of DFI funds under such contracts were consistent with the transparency provision in paragraph 14 of UNSCR 1483 and whether there was sufficient documentation to justify the non-competitive awards.

## **Objective**

We performed the agreed-upon procedures enumerated in Appendix C, which were requested by the Defense Reconstruction Support Office because a potential conflict of interest existed (with respect to the subject contract) for the internationally-recognized accounting firm that the Defense Reconstruction Support Office engaged to perform an attestation engagement of all non-competitively awarded contracts issued for the CPA using DFI funds.

The procedures we performed were agreed to by the Defense Reconstruction Support Office and the IAMB. We performed those procedures solely to assist in assessing whether disbursements of DFI funds for non-competitive contract DACA63-03-D-0005 (awarded to Brown and Root Services, a division of Kellogg, Brown and Root [KBR]) were consistent with the transparency provision in paragraph 14 of UNSCR 1483 and whether there was sufficient documentation to justify the non-competitive award.

The overall objectives of this attestation engagement were to determine whether adequate documentation existed that: (1) a non-competitive contract was justified; (2) a fair and reasonable price was obtained; (3) the contracting official had the authority to enter into a non-competitive contract; (4) goods and services received and paid for under the contract were the goods and services provided for in the contract; and (5) the total amount of disbursements under the contract did not exceed the total contract amount.

## **Agreed-Upon Procedures and Results**

---

The United States Army Corps of Engineers (USACE) properly justified and obtained approval from the Assistant Secretary of the Army (Acquisition, Logistics and Technology) for the non-competitive award of contract DACA63-03-D-0005. In addition, the goods and services received under the contract, and paid for with DFI funds, were the goods and services required under the contract. And the total amount of DFI fund disbursements did not exceed the total amount obligated for the contract.

### **Non-Competitive Award Documentation and Price Reasonableness**

On March 8, 2003, the USACE Fort Worth District Contracting Division awarded a non-competitive contract to KBR. This cost-plus award-fee (CPAF) indefinite-delivery indefinite-quantity (IDIQ) contract, numbered DACA63-03-D-0005, was awarded by USACE, pursuant to United States Code, Title 10, Section 2304(c)(1), which allows non-competitive contracting when only one responsible source is available and no other supplies or services will satisfy agency requirements.

**Justification and Approval.** Our review determined that prior to awarding the contract, USACE properly prepared and submitted its justification for the non-competitive contracting action. The accuracy and completeness of the justification was certified by the contracting officer. The justification specifically stated that the requirement was restricted to a sole source due to the necessity that a contract be immediately available to implement the Contingency Support Plan (CSP), in case armed conflict with Iraq occurred before a competition could be conducted. The execution of the CSP would see to the repair and continuity of operations of the Iraqi oil infrastructure. USACE emphasized that complete familiarity with the CSP and access to proprietary essential elements was necessary to maintain and implement the CSP. In addition, because the CSP was and remains classified, any other contractor would require substantial time to assure appropriate facilities and personnel clearances to enable their review of the CSP. KBR already had a cadre of individuals cleared for the plan's classified aspects. As such, KBR, which developed the CSP under a previously competitively awarded contract, was the only contractor able to satisfy the requirements for immediate execution of the CSP. As required by United States Code, Title 41, Section 253, for contracting actions in excess of \$50 million, the Assistant Secretary of the Army (Acquisition, Logistics and Technology) approved the award of the sole source contract on February 28, 2003.

**Price Reasonableness.** The Justification and Approval document for contract DACA63-03-D-0005 contained a signed statement from the Contracting Officer that the contract was a CPAF/IDIQ contract and that costs would be continuously monitored to ensure that they were fair and reasonable and properly allocated. The process begins with the price proposal submitted by the contractor and continues through DCAA price proposal audit, task order definitization, and DCAA internal control audits. Final determination of fair and reasonable price is not made until the final incurred cost audit by DCAA.



## **DFI Funded Task Orders**

Ten task orders were issued under the CPAF/IDIQ contract DACA63-03-D-0005. Initially, the task orders were funded with U. S. Army Operations and Maintenance funds. However, beginning in September 2003, the PRB voted to fund some of the task orders with DFI funds. Task Orders 0001 through 0004 and part of task order 0005 were funded using U. S. Army Operations and Maintenance funds. Task Order 0005 was also funded with Iraqi seized and vested funds, as well as DFI funds. Task Orders 0006 through 0010 were funded with DFI funds. From September 2003 to March 2004, the PRB voted to provide, on a reimbursable basis, nearly \$1.4 billion in DFI funds for the procurement and distribution of fuel products and Iraqi oil infrastructure restoration.

**Task Order Supplies and Services.** The statements of work for Task Orders 0005, and 0007 through 0010 provide support for Iraq oil restoration and for fuel distribution. Specifically, these task orders required the repair of fuel products distribution systems, and the procurement, importation and distribution of refined products (liquid products) and gas products (mixtures of propane and butanes referred to as LPG) to meet the domestic demand for commercial and private use of fuel within Iraq. In addition, the contractor was to monitor fuel demand and availability as necessary to prevent localized or large-scale fuel shortfalls.

The statement of work for Task Order 0006 provides for restoration of essential oil infrastructure. Specifically, the effort required was intended to support actions required to restore the pipeline crossing the Tigris River; install 50 kilometers of pipeline from Kirkuk to the Tigris River; and install emergency back-up generation capability at various locations.

## **Transparency of Contracting Action and Related Disbursements**

The procedures for assessing transparency, which were previously agreed to by the Defense Reconstruction Support Office and the IAMB required that we obtain and examine authoritative receipt, invoicing, and disbursement documents related to DFI-funded contracting actions executed pursuant to this contract. See Appendix C for details on the agreed upon procedures.

**Receiving Reports.** USACE did not use a Material Inspection and Receiving Report, form DD 250, when recording the receipt of goods and services on contract DACA63-03-D-0005. Instead, an electronic receiving report was generated in the Corps of Engineers Financial Management System (CEFMS).

According to the stateside Administrative Contracting Officer (ACO), the assisting field ACO in Iraq did not have access to CEFMS. As such, when an invoice was received from the contractor, the stateside ACO would place a phone call to the field ACO, identify the invoice, and determine whether the goods or services were delivered. The field ACO, upon receiving a copy of the invoice, would confirm the receipt of goods or services. The ACO or other authorized USACE personnel would then sign-off on the receiving report in CEFMS. The field ACO maintained a daily log of work performed, and, in the case of the fuel procurement and distribution, he maintained an accounting of the amount of fuel received.

Our review of the receiving reports generated in CEFMS revealed that the amount of goods and services signed-off for in CEFMS matched the goods and services identified in the contract file. The goods and services received included the repair of fuel product distribution systems, the procurement and transportation of refined fuel products, the construction of a pipeline, and the installation of emergency back-up generation capability.

**Contractor Invoices.** Invoices submitted by KBR did not contain descriptive information identifying the supplies and services rendered. Instead, the bulk of the line items contained in the invoices were subcontractor names and amounts owed. Attached to each invoice or group of invoices was a voucher signed and dated by a Defense Contract Audit Agency (DCAA) auditor approving “provisional payment subject to later audit.” The DoD Financial Management Regulation requires approval of invoices and vouchers for cost-plus fixed-fee or other reimbursement contracts by the ACO or his authorized representative, in this case, the DCAA auditor. We relied on the work of DCAA auditors in identifying supplies and services.

The DCAA auditors used a six-step process to review and approve contractor invoices for provisional payment, one of which was the testing of subcontractor invoices to determine whether they support the contractor’s billed costs. In addition to the provisional approval of invoices, DCAA auditors reviewed contractor proposals, comparing costs to the scope of work. A DCAA supervisory auditor audited invoices for Task Orders 0005 and 0007 through 0010 and verified that the invoices were for the procurement and distribution of fuel products. The DCAA supervisory auditor also reviewed the back-up data for the proposal for work under Task Order 0006, which involved reconstruction drilling for oil pipelines.

Based on our review of the invoicing documents and our discussions with DCAA auditors concerning their provisional approval of contractor invoices, as well as our review of receiving reports, we determined that KBR submitted 91 invoices dated on or before April 30, 2005. We also determined that the goods and services identified in the invoices conformed to the goods and services identified in the receiving reports.

**Disbursements.** Disbursements were made in accordance with contract terms except for two instances where late payments resulted in interest penalties.

Our review determined that USACE made a total of 46 disbursements totaling nearly \$1.2 billion on or before April 30, 2005. The disbursements included nearly \$6 thousand in interest penalties. See Appendix F for disbursement details.

The contract required payment on invoices by USACE to the contractor within 30 days of the invoice’s receipt. Task Order 0005 cited the 30-day payment requirement. However, payment terms were not defined for Task Orders 0006 through 0010. According to the ACO, USACE made a request to the Deputy Assistant Secretary of the Army (Policy and Procurement) for the endorsement of accelerated payment methods on contract DACA63-03-D-0005, due to the shortened terms under KBR subcontracts for fuel delivery. On December 22, 2003, the Deputy Assistant Secretary of the Army (Policy and Procurement) issued a memorandum in response to USACE’s request for acceleration granting the Contracting Officer authority to make interim invoice payments within 14 days of invoice receipt. In all but the two instances in which late payments resulted in interest penalty, USACE made disbursements in accordance with the required payment terms.

Our review and comparison of disbursement documents in CEFMS for task orders 0005 through 0010 determined that the total amount of PRB-approved disbursements were made on or before April 30, 2005 for each task order and each disbursement was equal to or less than the authorized amounts identified in the funding documents. The following table shows the total disbursements made on or before April 30, 2005, as well as the funding by task order assigned by USACE.

<b>Task Order</b>	<b>Disbursed on or Before April 30, 2005</b>	<b>Total Funding</b>
0005	\$478,918,294.32	\$545,000,000.00
0006	\$187,005,803.90	\$220,000,000.00
0007	\$277,500,711.89	\$325,000,000.00
0008	\$153,000,000.00	
0009	\$55,080,000.01	
0010	\$17,337,655.37	\$277,235,126.64
<b>Totals</b>	<b>\$1,168,842,465.49</b>	<b>\$1,367,235,126.64</b>

As seen in the table above, the PRB voted to provide, on a reimbursable basis, nearly \$1.4 billion in DFI funds for the procurement and distribution of fuel products and the restoration of the Iraqi oil infrastructure. To support these efforts, USACE disbursed nearly \$1.2 billion on or before April 30, 2005, pursuant to the task orders we reviewed.

## **Recommendations**

Because we did not identify any adverse findings, this report does not contain any recommendations.

## **Appendix A. Scope and Methodology**

---

We performed the agreed-upon procedures enumerated in Appendix C, which were requested by the Defense Reconstruction Support Office because a potential conflict of interest existed for the internationally-recognized accounting firm that the Defense Reconstruction Support Office engaged to perform an attestation engagement of all non-competitively awarded contracts issued for the Coalition Provisional Authority using DFI funds with respect to contract DACA63-03-D-0005 awarded to Brown and Root Services, a division of KBR.

The procedures we performed were agreed to by the Defense Reconstruction Support Office and the IAMB. We performed those procedures solely to assist in assessing whether disbursements of DFI funds for non-competitive contract DACA63-03-D-0005 awarded to KBR, and funded by the DFI, was consistent with the transparency provision in paragraph 14 of UNSCR 1483 and whether there was sufficient documentation to justify the non-competitive award.

The sufficiency of the agreed-upon procedures is solely the responsibility of the Defense Reconstruction Support Office and IAMB. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix C either for the purpose for which this report has been requested or for any other purpose.

We performed attestation work at the USACE, Southwestern Division offices in Dallas, Texas to review applicable documentation and contract management procedures. We interviewed representatives of the U.S. Army Corps of Engineers Contracting Office and its Resource Management Office. We also conducted telephone interviews with representatives of the Defense Contract Audit Agency regarding contract auditing actions and procedures.

We obtained read only access to the USACE's CEFMS system to review receiving reports and disbursements made on Task Orders 0005 through 0010 of contract DACA63-06-D-0005. In addition, we obtained and reviewed Coalition Provisional Authority PRB service request and funding documents, identifying the type of service requested and the amount of Iraqi vested and DFI funds obligated, as well as a Funding Authorization Document identifying the amount of seized funds obligated. We also obtained and reviewed contractor submitted invoices dated between October 2003 and April 2005.

We obtained and reviewed the following laws and regulations as they pertain to non-competitive contracting and the use of DFI funds:

- Title 41, United States Code, Section 253
- UNSCR 1483
- Coalition Provisional Authority Memorandum Number 4
- Federal Acquisition Regulation, Part 6
- Defense Federal Acquisition Regulation Supplement, Part 206
- Department of Defense Financial Management Regulation, Volume 10

We conducted this agreed-upon procedures engagement from August through September 2005 in accordance with generally accepted government auditing standards established by the United States Government Accountability Office for attestation engagements.

**Use of Computer-Processed Data.** We relied on computer-processed data contained in the CEFMS. We tested the accuracy of the data we used from CEFMS by obtaining supporting documentation for a judgmental sample of the items. Our limited testing indicated that CEFMS data was accurate for our purposes.

## Appendix B. Prior Audit Coverage

---

### **Reports Involving DFI Funds Under Contract DACA63-03-D-0005.**

Our review of prior audit reports related to this attestation engagement of the use of DFI funds under Contract Number DACA63-03-D-0005 awarded by USACE to KBR identified reports issued by the: (1) Government Accountability Office (GAO); and (2) Defense Contract Audit Agency (DCAA). The scope, procedures, and key findings of those reports are summarized below.

**Government Accountability Office.** Reports can be accessed on its website at <http://www.gao.gov>.

GAO-04-605, “Rebuilding Iraq Fiscal Year 2003 Contract Award Procedures and Management Challenges,” June 1, 2004

Scope: Review of reconstruction contracts funded, in whole or in part, with U.S. appropriated funds.

Procedures: Focused review on high-dollar value contracts and task orders and on contracts using other than full and open competition.

Key Findings: Agencies generally complied with applicable laws and regulations. The Army Corps of Engineers properly awarded a sole-source contract for rebuilding Iraq’s oil infrastructure to the only contractor DoD had determined was in a position to provide the services within the required time frame. The Army Corps of Engineers documented the rationale in a written justification and had the justification approved by the appropriate official.

GAO-04-869T, “Contract Management Contracting for Iraq Reconstruction and Global Logistics Support,” June 15, 2004

Scope: Testimony before the Committee on Government Reform, U.S. House of Representatives by the Comptroller General of the United States.

Procedures: Discussion of the above report (GAO-04-869T) and preliminary findings on the military’s use of global logistics support contracts.

Key Findings: The contracting officer’s written justification for the sole-source contract to restore Iraq’s oil infrastructure outlined the rationale for the decision. The justification was approved by the Army’s senior procurement executive, as required. GAO reviewed the justification and approval documentation and determined that it generally complied with applicable legal standards.

**Defense Contract Audit Agency (DCAA).** DCAA offers a wide variety of products and services to contracting officers. The products and services include, but are not limited to: (1) audits of proposal costs to assist contracting officers in negotiating fair

and reasonable prices for contracts under consideration; (2) reviews of invoices for interim payments from contractors to assist the contracting officer in determining if they warrant provisional payment subject to subsequent audit; (3) audits of contractors internal control systems; and (4) upon completion of contracts, audits of the incurred costs reported by contractors.

With respect to Task Orders 0005 through 0010, under contract DACA63-03-D-0005, Task Order 0005 was definitized on July 29, 2005. The other task orders have not yet been definitized. As a result DCAA has not yet issued reports on the costs incurred. However, DCAA has issued price proposal audits and financial analyses to assist the contracting officer in negotiating fair and reasonable prices for the task orders. DCAA has also reviewed vouchers submitted by KBR for work performed under Task Orders 0005 through 0010.

**Price Proposal Audits and Financial Analyses.** DCAA provided the USACE Contracting Officer 23 price proposal audits, revised or supplemental price proposal audits, and financial analyses. Revised price proposal reports were issued at the request of the Contracting Officer as he agreed to or directed task order revisions.

<u>Task Order</u>	<u>DCAA Report Number</u>	<u>Report Date</u>	<u>Description</u>
5	3311-2004 K17 9000 55	10/8/04	Report on Audit of Proposal
5	3311-2005 K21 0000 16	1/11/05	Report on Audit of Revised Proposal
5	3311-2005 K21 0000 24	2/25/05	Report on Audit of Revised Proposal
5	3311-2005 K21 0000 24-S1	4/16/05	Supplemental Report on Audit of Revised Proposal
5	----	5/26/05	Memo - Financial Analyses in Support of Delivery Order 05
6	3311-2004 K21 0000 28	9/16/04	Report on Audit of Proposal
6	2131-2004 R27 0000 02-S1	8/5/04	Supplement to Report on Assist Audit of Definitization Costs
6	2131-2004 R27 0000 05	8/17/04	Report on Assist Audit of Sampled Items for Material Costs
6	3311-2005 K21 0000 33	7/29/05	Report on Audit of Proposal
7	3311-2004 K21 0000 07	9/17/04	Report on Audit of Proposal
7	3311-2005 K21 0000 17	1/12/05	Report on Audit of Revised Proposal
7	3311-2005 K21 0000 25	2/25/05	Report on Audit of Revised Proposal
7	----	6/29/05	Memo - Financial Analyses in Support of Delivery Order 07
8	3311-2004 K21 0000 08	8/31/04	Report on Audit of Proposal
8	3311-2005 K21 0000 18	1/19/05	Report on Audit of Revised Proposal
8	3311-2005 K21 0000 26	2/25/05	Report on Audit of Revised Proposal
8	----	6/29/05	Memo - Financial Analyses in Support of Delivery Order 08
9	3311-2004 K21 0000 11	8/30/04	Report on Audit of Proposal
9	3311-2005 K21 0000 19	2/3/05	Report on Audit of Revised Proposal
9	----	6/29/05	Memo - Financial Analyses in Support of Delivery Order 09

Task Order	Report DCAA Report Number	Date	Description
10	3311-2004 K21 0000 12	8/31/04	Report on Audit of Proposal
10	3311-2005 K21 0000 20	2/3/05	Report on Audit of Revised Proposal
10	----	6/29/05	Memo - Financial Analyses in Support of Delivery Order 10

**Scope:** An examination of the KBR proposals and revised proposals to determine if the proposed costs were acceptable as a basis for the Contracting Officer to negotiate a fair and reasonable price.

**Procedures:** Evaluation of the contractor's internal controls; examination, on a test basis, of evidence supporting amounts in the contractor's proposal; assessment of accounting principles used and significant estimates made by the contractor; evaluation of the overall proposal presentation; and use of technical specialist when needed.

**Key Findings:** The price proposal audit reports included numerous comments on the details of price proposals submitted by KBR. As indicated in Table 1 below, the latest versions of the price proposal audit reports at the time of our attestation engagement for Task Orders 0005 through 0010 question in total \$208,491,382 in costs proposed by KBR. The audit reports also include findings that: (1) the contractor's proposals as submitted were not acceptable for negotiation of a fair and reasonable price; (2) supporting data for subcontract costs were not always adequate; and (3) proposals were not prepared in all respects in accordance with applicable Cost Accounting Standards and appropriate provisions of the Federal Acquisition Regulation.

Task Order	DCAA Audit Report Number	Report Date	DCAA Questioned Costs
5	3311-2005-K21-0000 24-S1	4/16/2005	\$84,446,016
6	3311-2005-K21-0000 33	7/29/2005	\$32,077,520
7	3311-2005-K21-0000 25	2/25/2005	\$35,681,321
8	3311-2005-K21-0000 26	2/25/2005	\$22,780,683
9	3311-2005-K21-0000 19	2/3/2005	\$19,902,697
10	3311-2005-K21-0000 20	2/3/2005	\$13,603,145
<b>Total</b>			<b>\$208,491,382</b>

**Note:** The DCAA Contract Audit Manual defines questioned costs as those amounts on which audit action has been completed and which DCAA auditors did not consider acceptable as contract costs. Because task order costs have not yet been definitized, questioned costs do not represent unallowable costs which USACE has accepted for payment. They are costs which KBR submitted with its proposal which DCAA is advising the contracting officer to consider as not acceptable. The contracting officer uses the DCAA audit conclusions in definitizing the contractor's proposal.



**Invoice Reviews.** Though no audit reports were issued, DCAA also made limited reviews of invoices submitted by KBR and approved them for provisional payment subject to subsequent audit. Our review and discussions with DCAA auditors identified 91 invoices dated on or before April 30, 2005 that had been submitted by KBR for Task Orders 0005 through 0010. DCAA uses a six step process in reviewing contractor invoices for provisional payment:

1. The math used on the invoice is checked.
2. The indirect rates used are verified.
3. Cumulative costs are compared to amounts in DCAA records.
4. Cumulative invoice costs are verified to be within overall funding limits.
5. The contractor's job ledgers are tested to insure that invoiced costs do not exceed the job ledger amounts.
6. A sample of transactions from larger invoices is tested to determine if subcontractor invoices support billed costs.

**Related Prior Reports** Our review of prior audit reports also identified related reports addressing other than full and open competition for Iraq relief and reconstruction contracts that did not involve either the use of DFI funds, the USACE or KBR. Such reports were issued by: (1) SIGIR; (2) Department of Defense, Inspector General; (3) U.S. Agency for International Development, Inspector General; (4) Army Audit Agency; and (5) Klynveld Peat Marwick Goerdeler, Limited Liability Partnership (KPMG). We reviewed, but have not summarized those reports below. The government reports are available at the indicated website addresses.

**Special Inspector General for Iraq Reconstruction Reports** (formerly the Coalition Provisional Authority, Inspector General). Reports can be accessed on its website at <http://www.sigir.mil>.

Report No. 04-005, "Award of Sector Design-Build Construction Contracts," July 23, 2004

Report No. 04-013, "Coalition Provisional Authority's Contracting Processes Leading Up To and Including Contract Award," July 27, 2004

**Department of Defense, Inspector General.** Reports can be accessed on its website at <http://www.dodig.mil>.

Report No. D-2004-057, "Acquisition Contracts Awarded for the Coalition Provisional Authority by the Defense Contracting Command-Washington," March 18, 2004

**U.S. Agency for International Development, Inspector General.** Reports can be accessed on its website at <http://www.usaid.gov/oig/public/public1.htm>.

Report No. A-267-05-005P, "Audit of USAID's Compliance with Federal Regulations in Awarding the Contract for Security Services in Iraq to Kroll Government Services International Inc.," January 6, 2005

Report No. A-000-04-004-P, "Audit of USAID's Compliance with Federal Regulations in Awarding the Iraq Basic Education Phase II Contract," September 23, 2004

Report No. E-266-04-003-P, "Audit of USAID's Compliance with Federal Regulations in Awarding the Iraq Phase II Reconstruction and Rehabilitation, Program Advisors and Oversight Contract," August 6, 2004

Report No. A-000-04-003-P, "Capping Report on the Audit of USAID's Compliance with Federal Regulations in Awarding the Iraq Phase I Contracts," May 19, 2004

**Army Audit Agency.** Reports can be accessed on its website at <https://www.aaa.army.mil/reports.htm>.

Audit Report A-2005-0194-ALA, "Program Management in Support of Iraq Reconstruction Project and Contracting Office, Washington, DC," May 26, 2005

**Klynveld Peat Marwick Goerdeler Limited Liability Partnership (KPMG).**

KPMG Report, "Independent Accountants' Report on Applying Agreed-Upon Procedures to Documentation Justifying Non-Competitively Awarded Contracting Actions For the Period June 29, 2003 through June 28, 2004

KPMG Report, "Independent Accountants' Report on Applying Agreed-Upon Procedures to Documentation Related to Non-Competitively Awarded Contracting Actions For the Period June 29, 2003 through April 30, 2005

# Appendix C. Agreed-Upon Procedures To Be Performed

---

## Procedures – Documentation of Non-Competitive Awards

Documentation of Non-Competitive Award (Federal Acquisition Regulation (FAR) Part 6 Criteria):

*Note: Applicable to contracts, non-competitively awarded by United States (U.S.) agencies other than the CPA.*

1. From applicable government entity, obtain contract files that were non-competitively awarded by U.S. agencies other than the CPA. Examine written evidence obtained from contract files and identify existence of the following items:
  - a. U.S. government agency and/or contracting activity issuing the contract. Summarize the agency and/or contracting activity issuing the contract for each contract file in a supplemental reporting schedule.
  - b. Description of supplies or services identified in the contract. Summarize description of supplies or services for each contract file in a supplemental reporting schedule.
  - c. Citation to statutory authority permitting the non-competitive contracting action as referenced in FAR Part 6 Criteria. Summarize statutory citation and description for each contract file in a supplemental reporting schedule.
  - d. Description of contractors' unique qualifications or nature of the acquisition supporting the statutory authority cited in support of the non-competitive contracting action. Summarize description of qualifications for each contract file in a supplemental reporting schedule.
  - e. Description of U.S. government agency efforts made to obtain multiple offers including listing of offerors that expressed, in writing, an interest in the acquisition.
  - f. Contracting officer explicit determination that the anticipated cost is fair and reasonable.
  - g. Description of the market research conducted and the results or a statement of the reasons why market research was not conducted.
  - h. Contracting officer certification that the justification is accurate and complete to the best of the contracting officer's knowledge and belief.
2. Obtain from the government entity awarding the contract (e.g., U.S. Army Corps of Engineers) a list of names of personnel authorized to approve non-competitive contracting actions in excess of \$5 million. For each contract file obtained in Procedure 1, identify the name of the U.S. Army Corps of Engineers personnel

approving the non-competitive contracting action and agree the name to list of personnel authorized to approve noncompetitive contract actions in excess of \$5 million provided by the U.S. Army Corps of Engineers.

### **Procedures – Transparency of Contracting Action and Related Disbursements**

1. Obtain related contract files and results of procedures performed regarding the documentation of non-competitive contract number DACA63-03-D-0005 awarded by the U.S. Army Corps of Engineers to Kellogg, Brown, and Root Services, Inc and attach the supplemental reporting schedules included in that report to this agreed-upon procedures report.
2. Obtain a list of Iraqi ministries from the Project and Contracting Office (PCO). For each contract file obtained in Procedure 1, identify the specific ministry for which goods or services were contracted and agree the identified ministry to the list provided by the PCO. Summarize the Iraqi ministry for each contract file in a supplemental reporting schedule.
3. Obtain all authoritative receipt documents evidencing the receipt of goods or services (e.g. Form DD 250) for each contract file obtained in Procedure 1. For each receipt document, identify and examine evidence that each was dated on or before April 30, 2005, and identify description of goods or services and delivery requirements and agree to the description of goods or services and delivery requirements included in the contract file (e.g., task order, contract, etc.). Summarize the description and delivery requirements for each contract file in a supplemental reporting schedule.
4. Obtain all invoicing documents or other requests for payment for each contract file obtained in Procedure 1. For each invoicing document or other request for payment, identify and examine evidence that each was dated on or before April 30, 2005, and identify description of goods or services and agree to the description of goods or services identified on the authoritative receipt documents obtained in Procedure 3.
5. Obtain all disbursement documents for each contract file obtained in Procedure 1. For each disbursement document, identify and examine evidence of payment terms and conditions and agree the payment terms and conditions included in the contract file (e.g., task order, contract, etc.) and assess whether disbursements were made in accordance with the payment terms and conditions identified in the contract files.
6. Obtain list of personnel authorized to approve an invoicing document or other requests for payment from the government entity that awarded the contract. For each invoicing document or other requests for payment obtained in Procedure 4, examine evidence of an approving signature by a U.S. government official and agree the name of that official to the list of authorized personnel.
7. For each disbursement document obtained in Procedure 5, identify and examine evidence that the disbursement was made on or before April 30, 2005. Agree amounts to be disbursed as evidenced on each disbursement document to the invoicing document or other request for payment obtained in Procedure 4.

8. For each contract file obtained in Procedure 1, compute the total amount of the disbursements evidenced on each disbursement document that was disbursed from the Development Fund for Iraq Disbursing Office on or before April 30, 2005, obtained in Procedure 5 and determine that the total amount of these disbursements for each contract file is equal to or less than authorized amounts identified in the contractual requirements contained in the contract file.

## Appendix D. Summary of Agreed-Upon Procedure Results

---

Summary of Contracting Actions and Findings						
Contracting Activity	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas	U.S. Army Corps of Engineers Fort Worth District, Fort Worth, Texas
Task Order	0005	0006	0007	0008	0009	0010
Value	\$872,887,112	\$213,238,847	\$325,000,000	\$180,000,000	\$64,800,000	\$29,999,983
Scope of Work	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Construct 50 Kilometers of pipeline. Install emergency back-up generation capability.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.
Iraqi Ministry for which Services were Contracted Agrees to Ministry Listed in Documentation	No Exceptions Oil	No Exceptions Oil	No Exceptions Oil	No Exceptions Oil	No Exceptions Oil	No Exceptions Oil

**Summary of Contracting Actions and Findings Continued**

<b>Task Order</b>	<b>0005</b>	<b>0006</b>	<b>0007</b>	<b>0008</b>	<b>0009</b>	<b>0010</b>
<b>Dated on or before April 30, 2005 and Delivery Requirements on Receipt Documents and Contract File Agree</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions
<b>Dated on or before April 30, 2005 and Invoicing and Receipt Documents Agree</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions
<b>Payment Terms &amp; Conditions on Disbursement Documents and Contract File Agree</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions
<b>Disbursements Made in Accordance with Terms and Conditions in Contract File</b>	No Exceptions	Exception Noted: Interest Penalty for Late Payment	No Exceptions	No Exceptions	No Exceptions	Exception Noted: Interest Penalty for Late Payment

**Summary of Contracting Actions and Findings Continued**

<b>Task Order</b>	<b>0005</b>	<b>0006</b>	<b>0007</b>	<b>0008</b>	<b>0009</b>	<b>0010</b>
<b>Approving Signature on Invoicing Document Agrees to Name of Individual on List of Authorized Personnel</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions
<b>Amounts to be Disbursed on Disbursement Document Agree to Amounts on Invoicing Documents</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exception	No Exceptions
<b>Total Disbursements Made Equal to or Less Than Amount Authorized in Contract</b>	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions	No Exceptions



## Appendix E. Schedule of Non-Competitive Contract Justification

Schedule of Non-Competitive Contract DACA63-03-D-0005 and Task Orders 0005 Through 0010							
Contract/Task Order	0005	0006	0007	0008	0009	0010	
<b>Contract Value</b>	\$872,887,112	\$213,238,847	\$325,000,000	\$180,000,000	\$64,800,000	\$29,999,983	
<b>Scope of Work</b>	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Construct 50 Kilometers of pipeline. Install emergency back-up generation capability.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	Assess and repair fuel product distribution systems and procure and transport refined products and gas products for commercial and private use within Iraq.	
<b>Existence of Documentation Justifying Reason for Non-competitive Contracting Action</b>	Yes - Included in Justification and Approval of Other Than Full or Open Competition	Yes - Included in Justification and Approval of Other Than Full or Open Competition	Yes - Included in Justification and Approval of Other Than Full or Open Competition	Yes - Included in Justification and Approval of Other Than Full or Open Competition	Yes - Included in Justification and Approval of Other Than Full or Open Competition	Yes - Included in Justification and Approval of Other Than Full or Open Competition	
<b>Reason Justifying Non-competitive Contracting Action is in Agreement with the Former Coalition Provisional Authority Memorandum 4 Criteria</b>	Only one responsible source and no other supplies or services will satisfy agency requirements.	Only one responsible source and no other supplies or services will satisfy agency requirements.	Only one responsible source and no other supplies or services will satisfy agency requirements.	Only one responsible source and no other supplies or services will satisfy agency requirements.	Only one responsible source and no other supplies or services will satisfy agency requirements.	Only one responsible source and no other supplies or services will satisfy agency requirements.	

<b>Contract/Task Order</b>	<b>0005</b>	<b>0006</b>	<b>0007</b>	<b>0008</b>	<b>0009</b>	<b>0010</b>
<b>Existence of Evidence that Describes Circumstance(s) for Foregoing Competition</b>	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.	Contractor previously developed a Contingency Support Plan (CSP) under a competitively awarded contract. This sole source contract would involve the implementation of the CSP, a classified plan.
<b>Existence of a Description of Effort to Obtain Competition</b>	Yes - USACE conducted limited consultations with industry.	Yes - USACE conducted limited consultations with industry.	Yes - USACE conducted limited consultations with industry.	Yes - USACE conducted limited consultations with industry.	Yes - USACE conducted limited consultations with industry.	Yes - USACE conducted limited consultations with industry.
<b>Existence of Contracting Officer's Signature Evidencing Fair and Reasonable Price Determination</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>Authorized Approval of Non-competitive Contracting Action</b>	Yes - Approved	Yes - Approved	Yes - Approved	Yes - Approved	Yes - Approved	Yes - Approved

## Appendix F. Schedule of Disbursements

DFI Disbursements for Non-Competitive Contract DACA63-03-D-0005 Task Order 0005							
Task Order	DFI Obligations	Date of Payment	DFI Disbursement Amount	Support for Goods Received	Invoice Number	Invoice Amount	Interest Amount
0005		25-Nov-03	\$22,174,640.48	ACO Signature CEFMS	031034ut163	\$35,780,217.11*	
		19-Dec-03	\$66,568,971.44	Contracting Officer Signature CEFMS	0311304ut166	\$66,568,971.44	
		23-Dec-03	\$53,508,452.23	ACO Signature CEFMS	0311304ut802	\$53,508,452.23	
		05-Jan-04	\$66,070,459.12	ACO Signature CEFMS	0312304ut162 & 0312304ut802	\$66,070,459.12	
		15-Jan-04	\$53,392,471.58	ACO Signature CEFMS	0312304ut805	\$53,392,471.58	
		28-Feb-04	\$90,000,000.00	ACO Signature CEFMS	0401304ut162	\$106,584,629.54	
		28-Feb-04	\$16,584,629.54	ACO Signature CEFMS	0401304ut162-Split	See Above	
		17-Feb-04	\$33,026,815.66	ACO Signature CEFMS	0401304ut800	\$33,026,815.66	
		02-Mar-04	\$36,728,691.31	Contracting Officer Signature CEFMS	0402304ut163016	\$36,728,691.31	
		16-Mar-04	\$25,431,285.74	ACO Signature CEFMS	0402304ut168-017	\$25,431,285.74	
		19-Apr-04	\$15,431,877.22	ACO Signature CEFMS	0403304ut801	\$15,431,877.22	
<b>Total Task Order 0005</b>	<b>\$545,000,000.00</b>		<b>\$478,918,294.32</b>			<b>\$492,523,870.95</b>	

\*DFI funds were used to pay only part of the total invoice costs.

**DFI Disbursements for Non-Competitive Contract DACA63-03-D-0005 Task Order 0006**

<b>Task Order</b>	<b>DFI Obligations</b>	<b>Date of Payment</b>	<b>DFI Disbursement Amount</b>	<b>Support for Goods Received</b>	<b>Invoice Number</b>	<b>Invoice Amount</b>	<b>Interest Amount</b>
<b>0006</b>		01-Mar-04	\$36,817,287.66	ACO Signature CEFMS	0402304ut162	\$36,817,287.66	
		16-Mar-04	\$2,141,215.51	ACO Signature CEFMS	0402304ut171-002	\$2,141,215.51	
		23-Mar-04	\$18,069,444.37	ACO Signature CEFMS	0403304ut163-003	\$18,069,444.37	
		19-Apr-04	\$10,545,865.39	ACO Signature CEFMS	0403304ut804	\$10,545,865.39	
		11-May-04	\$1,243,699.42	ACO Signature CEFMS	0404304ut165	\$1,243,699.42	
		26-May-04	\$16,314,509.42	Contracting Officer Signature CEFMS	0405304ut164 & 0405304ut807	\$16,314,509.42	
		08-Jul-04	\$18,748,390.21	ACO Signature CEFMS	0406304ut164-007	\$18,748,390.21	
		28-Jul-04	\$17,570,587.33	Contracting Officer Signature CEFMS	0406304ut804-008	\$17,570,587.33	
		17-Aug-04	\$2,816,926.82	ACO Signature CEFMS	0407304ut803 & 804-009	\$2,816,926.82	
		08-Sep-04	\$15,228,867.04	ACO Signature CEFMS	0408304ut173-010	\$15,228,867.04	
		15-Oct-04	\$5,809,706.06	ACO Signature CEFMS	0409304ut184 & 802-011	\$5,803,902.16	\$5,803.90
		03-Nov-04	\$3,274,004.67	ACO Signature CEFMS	0410304ut161-012	\$3,274,004.67	
		08-Dec-04	\$2,918,533.90	Authorizing Signature CEFMS	0411304ut161-013	\$2,918,533.90	
		06-Jan-05	\$697,010.63	Contracting Officer Signature CEFMS	0412304ut161 & 0411304ut181	\$697,010.63	
		10-Feb-05	\$19,703,868.44	ACO Signature CEFMS	0501304ut161 & 176	\$19,703,868.44	
		14-Mar-05	\$15,105,887.03	ACO Signature CEFMS	0502304ut185,186,187	\$15,105,887.03	
<b>Total Task Order 0006</b>	<b>\$220,000,000.00</b>		<b>\$187,005,803.90</b>			<b>\$187,000,000.00</b>	<b>\$5,803.90</b>

**DFI Disbursements for Non-Competitive Contract DACA63-03-D-0005 Task Orders 0007 and 0008**

<b>Task Order</b>	<b>DFI Obligations</b>	<b>Date of Payment</b>	<b>DFI Disbursement Amount</b>	<b>Support for Goods Received</b>	<b>Invoice Number</b>	<b>Invoice Amount</b>	<b>Interest Amount</b>
<b>0007</b>		28-Jan-04	\$80,757.97	ACO Signature CEFMS	0401304ut163	\$80,757.97	
		17-Feb-04	\$22,235,468.10	ACO Signature CEFMS	0401304ut1801	\$22,235,468.10	
		02-Mar-04	\$38,037,829.85	Contracting Officer Signature CEFMS	0402304ut164003	\$38,037,829.85	
		16-Mar-04	\$99,434,278.18	ACO Signature CEFMS	0402304ut170-004	\$99,434,278.18	
		23-Mar-04	\$35,067,973.25	ACO Signature CEFMS	0403304ut162-005	\$35,067,973.25	
		19-Apr-04	\$82,644,404.54	ACO Signature CEFMS	0403304ut803	\$82,644,404.54	
<b>Total Task Order 0007</b>	<b>\$325,000,000.00</b>		<b>\$277,500,711.89</b>			<b>\$277,500,711.89</b>	
<b>0008</b>		12-Mar-04	\$2,348,269.32	ACO Signature CEFMS	0402304ut169-001	\$2,348,269.32	
		23-Mar-04	\$51,951,071.04	ACO Signature CEFMS	0403304ut161-002	\$51,951,071.04	
		19-Apr-04	\$66,815,727.93	ACO Signature CEFMS	0403304ut802	\$66,815,727.93	
		11-May-04	\$7,316,667.97	ACO Signature CEFMS	0404304ut163	\$7,316,667.97	
		26-May-04	\$24,568,263.74	Contracting Officer Signature CEFMS	0405304ut162 & 0405304ut804	\$24,568,263.74	
<b>Total Task Order 0008</b>	<b>See Combined Total at Task Order 0010</b>		<b>\$153,000,000.00</b>			<b>\$153,000,000.00</b>	

DFI Disbursements for Non-Competitive Contract DACA63-03-D-0005 Task Orders 0009 and 0010									
Task Order	DFI Obligations	Date of Payment	DFI Disbursement Amount	Support for Goods Received	Invoice Number	Invoice Amount	Interest Amount		
0009		18-Apr-04	\$17,386,363.48	ACO Signature CEFMS	0403304ut807	\$17,386,363.48			
		11-May-04	\$28,320,315.03	ACO Signature CEFMS	0404304ut166	\$28,320,315.02			
		26-May-04	\$9,373,321.50	Contracting Officer Signature CEFMS	0405304ut165 & 0405304ut808	\$9,373,321.50			
<b>Total Task Order 0009</b>	<b>See Combined Total at Task Order 0010</b>		<b>\$55,080,000.01</b>			<b>\$55,080,000.00</b>			
0010		11-May-04	\$7,304,275.77	ACO Signature CEFMS	0404304ut167	\$7,304,275.77			
		26-May-04	\$6,084,552.50	Contracting Officer Signature CEFMS	0405304ut166 & 0405304ut809	\$6,084,552.50			
		20-Jul-04	\$2,746,639.35	ACO Signature CEFMS	040604ut163-003	\$2,746,639.35			
		17-Aug-04	\$1,183,233.21	Contracting Officer Signature CEFMS	0407307ut805 & 806-004	\$1,183,233.21			
		15-Oct-04	\$18,954.54	ACO Signature CEFMS	0409307ut182 & 800-005	\$18,937.97			\$16.57
<b>Total Task Order 0010</b>			<b>\$17,337,655.37</b>			<b>\$17,337,638.80</b>			<b>\$16.57</b>
<b>Total Task Orders 0008 to 0010</b>	<b>\$277,235,126.64</b>		<b>\$225,417,655.38</b>			<b>\$225,417,638.80</b>			<b>\$16.57</b>

## Appendix G. Acronyms

---

ACO	Administrative Contracting Officer
CEFMS	Corps of Engineers Financial Management System
CPA	Coalition Provisional Authority
CPAF	Cost Plus Award Fee
CSP	Contingency Support Plan
DFI	Development Fund for Iraq
DCAA	Defense Contract Audit Agency
DoD	Department of Defense
GAO	Government Accountability Office
IAMB	International Advisory and Monitoring Board
IDIQ	Indefinite Delivery, Indefinite Quantity
KBR	Kellogg, Brown, and Root Services, Inc.
KPMG	Klynveld Peat Marwick Goerdeler Limited Liability Partnership
PRB	Program Review Board
UNSCR	United Nations Security Council Resolution
USACE	U.S. Army Corps of Engineers

# **Appendix H. Report Distribution**

---

## **Department of State**

Secretary of State

Senior Advisor to the Secretary and Coordinator for Iraq

U.S. Ambassador to Iraq

Director, Iraq Reconstruction Management Office

Inspector General, Department of State

## **Department of Defense**

Secretary of Defense

Deputy Secretary of Defense

Director, Defense Reconstruction Support Office

Under Secretary of Defense (Comptroller)/Chief Financial Officer

Deputy Chief Financial Officer

Deputy Comptroller (Program/Budget)

Inspector General, Department of Defense

## **Department of the Army**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology

Principal Deputy to the Assistant Secretary of the Army for Acquisition,  
Logistics, and Technology

Deputy Assistant Secretary of the Army (Policy and Procurement)

Director, Project and Contracting Office

Commanding General, Joint Contracting Command – Iraq/Afghanistan

Assistant Secretary of the Army for Financial Management and Comptroller

Chief of Engineers and Commander, U.S. Army Corps of Engineers

Commander, Gulf Region Division

Commander, Southwestern Division

Auditor General of the Army

## **U.S. Central Command**

Commanding General, Multi-National Force – Iraq

Commanding General, Multi-National Security Transition Command – Iraq

Commander, Joint Area Support Group – Central

## **Other Defense Organizations**

Director, Defense Contract Audit Agency



## **Other Federal Government Organizations**

Director, Office of Management and Budget

Comptroller General of the United States

Inspector General, Department of the Treasury

Inspector General, Department of Commerce

Inspector General, Department of Health and Human Services

Inspector General, U.S. Agency for International Development

Mission Director – Iraq, U.S. Agency for International Development

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

### **U.S. Senate**

Senate Committee on Appropriations

    Subcommittee on Defense

    Subcommittee on State, Foreign Operations and Related Programs

Senate Committee on Armed Services

Senate Committee on Foreign Relations

    Subcommittee on International Operations and Terrorism

    Subcommittee on Near Eastern and South Asian Affairs

Senate Committee on Homeland Security and Governmental Affairs

    Subcommittee on Federal Financial Management, Government Information and International Security

    Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia

### **U.S. House of Representatives**

House Committee on Appropriations

    Subcommittee on Defense

    Subcommittee on Foreign Operations, Export Financing and Related Programs

    Subcommittee on Science, State, Justice and Commerce and Related Agencies

House Committee on Armed Services

House Committee on Government Reform

    Subcommittee on Management, Finance and Accountability

    Subcommittee on National Security, Emerging Threats and International Relations

House Committee on International Relations

    Subcommittee on Middle East and Central Asia

## **Appendix I. Attestation Engagement Team Members**

---

The Office of the Special Inspector General for Iraq Reconstruction, prepared this attestation engagement report. The Office of the Special Inspector General for Iraq Reconstruction staff members who contributed to the report include:

Brian Flynn

Lynne Champion