The seal of the Office of the Special Inspector General for Iraq Reconstruction is a large, circular emblem in the background. It features an eagle with wings spread, perched on a shield with vertical stripes. The eagle holds an olive branch in its right talon and arrows in its left. The shield is topped with a sunburst. The seal is surrounded by text in both English and Arabic. The English text reads "INSPECTOR GENERAL" at the top and "RECONSTRUCTION" at the bottom. The Arabic text reads "مفتش العام" at the top and "إعادة إعمار العراق" at the bottom.

STATUS OF MEDICAL EQUIPMENT
AND OTHER NON-CONSTRUCTION
ITEMS PURCHASED FOR PRIMARY
HEALTHCARE CENTERS

SIGIR-06-030
JANUARY 30, 2007



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

January 30, 2007

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

SUBJECT: Status of Medical Equipment and Other Non-construction Items Purchased for
Primary Healthcare Centers (SIGIR-06-030)

We are providing this 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 programs and operations and to prevent and detect waste, fraud, and abuse. This report discusses our review of controls over and utilization of medical consumables and other non-construction purchases for the primary healthcare centers project which has been subject to delay and de-scoping.

We considered comments received on the draft of this report from the Joint Contracting Command-Iraq/Afghanistan and the Gulf Region Division, U.S. Army Corps of Engineers, when preparing the final report. The comments were addressed in the report, where applicable, and copies of formal agency responses are included in the Management Comments section of this report.

We appreciate the courtesies extended to the staff. For additional information on this report, please contact Mr. Joseph T. McDermott, Assistant Inspector General for Audit, (703-604-0982 / joseph.mcdermott@sigir.mil); or Mr. Glenn Furbish (914-360-3573/ glenn.furbish@iraq.centcom.mil). For the report distribution, see Appendix C.

Stuart W. Bowen, Jr.
Inspector General

cc: See Distribution

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Status of Medical Equipment and Other Non-construction Items Purchased for Primary Healthcare Centers

SIGIR-06-030

January 30, 2007

Executive Summary

Introduction

In July 2006, the Special Inspector General for Iraq Reconstruction (SIGIR) issued a report on medical equipment purchased by Parsons Delaware, Inc., in support of a contract, also issued to Parsons, to construct 150 primary healthcare centers (PHC) throughout Iraq.¹ The executing contractor's name was changed to Parsons Global Services, Inc., (hereafter Parsons) by a contract amendment on April 8, 2005. In addition to the construction, Parsons was to purchase 150 sets of equipment for the clinics plus one set for a medical training facility (for a total of 151 sets), install the equipment in each of the PHCs, provide training on the equipment, and provide a 12-month warranty, at a definitized cost of \$70.4 million. However, between September 8, 2005, and March 3, 2006, the U.S. government made a series of decisions to cease construction on many of the PHCs and the number of PHCs to be completed by Parsons was contractually reduced from 150 to 20 facilities. Although GRD's contract to construct PHC facilities through Parsons was significantly reduced, the overall PHC construction requirement remained. GRD procured medical equipment sets based on this overall requirement. To its credit, GRD did arrange to have the medical equipment sets, furniture, and consumables delivered to storage facilities, thus reducing an extremely high risk of pilferage and susceptibility to damage.

The U.S. Army Corps of Engineers, Gulf Region Division (GRD), has since negotiated firm-fixed-price contracts for constructing PHCs, and currently expects to complete 136 of them. Along with the six PHCs Parsons completed, there are expected to be a total of 142 PHCs (plus the training academy for a grand total of 143).

In April 2006, we issued an interim audit report² to alert management of concerns we had on how that medical equipment would be accepted, stored, secured, and used. Our July report also expressed concerns about the effect prolonged storage would have on the equipment warranty and identified a "lesson learned" for future contract actions regarding the need to fully examine

¹ *Review of the Medical Equipment Purchased for the Primary Healthcare Centers Associated with Parsons Global Services, Inc., Contract Number W914NS-04-D-0006*, (SIGIR-06-025, July 28, 2006).

² *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, April 4, 2006)

the impact that changes to contract terms may have on operational and accountability requirements.

This report updates the status of the medical equipment and discusses our review of controls over and use of medical consumables and other non-construction purchases for the PHC project, which has been subject to delay and de-scoping.

Objectives

We initiated this audit as a review of the medical consumables purchased under contract W27P4B-05-A-5018 for the primary healthcare centers. Subsequent work led us to expand the scope of the audit to include other supporting, non-construction contracts as well. We thus modified the objectives to determine:

- Were the medical consumables, medical equipment, and other non-construction items procured properly controlled?
- Were the plans for their utilization adjusted based on the delay and/or de-scoping of the primary healthcare centers project?

Results

At the time of our July 2006 report on medical equipment, 20 of the 151 medical and dental equipment sets procured under the Parsons contract were physically located at the sites of 20 PHCs that were fully or partially constructed by Parsons. Another 115 full or partial sets were located at a U.S. government-controlled warehouse located in Abu Ghraib, Iraq. Since then, 15 additional sets of equipment have been delivered to the warehouse; the total number of sets in Abu Ghraib was 130, as of July 30, 2006. The location of one set is unknown.

Our July 2006 report also stated that no official government receipt, inspection, or acceptance function had been performed on any of the medical equipment sets at Abu Ghraib and that there were questions about the equipment warranty because of the extended storage. As of July 30, 2006, approximately \$45 million had been disbursed for the medical equipment. Since then, GRD, as the program manager of the PHC project, has examined 102 equipment crates that were damaged, and opened and inspected 61 of the most damaged. GRD found that all of the equipment was accounted for in 59 of the crates, and almost all of the equipment was missing in 2 crates. GRD did not test the medical equipment to ensure that it was in working order. GRD did not open the remaining crates to inventory the equipment because of concern that doing so without a manufacturer's representative present could void any possible remaining warranty; however, GRD did take pictures to document the status of the equipment.

On January 21, 2007, in response to the draft of this report, the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), the command that procured the medical equipment for GRD, informed us that it received a response from one medical equipment manufacturing contractor who stated that the manufacturer warranties on equipment are effective for 15 months from the invoice date or 12 months from the commissioning date (whichever is sooner). This information is consistent with GRD's January 19, 2007, response to us on the draft of this

report. GRD's current plan is to inventory and inspect as they install this equipment at the constructed PHCs.

We identified six other non-construction contracts, awarded to various contractors, with a combined value of about \$43 million. Of these, three were affected by the termination of the PHC construction task orders:

- a \$22.6 million contract for generators, transformers, and cables
- a \$14.4 million contract for PHC furniture
- a \$5.5 million contract for consumable medical supplies³

Approximately \$38 million had been disbursed for these three contracts. GRD and JCC-I/A modified the generator/transformer contract to have the contractor store and secure the items until required at the PHC sites. GRD and JCC-I/A, however, did not take effective action to protect all of the furniture and consumable medical supplies. Specifically:

- The government contracted for 142 sets of furniture for the PHCs under contract W27P4B-05-C-0016. Six sets of furniture were delivered directly to PHC construction sites, 90 sets were delivered to the U.S. government-controlled warehouse in Abu Ghraib, and 46 sets were delivered to the Iraqi Ministry of Health warehouse in Erbil. JCC-I/A reports that the furniture delivered to Abu Ghraib was formally accepted, inventoried, and inspected. Damaged items were corrected by the contractor. However, the furniture at Erbil was formally accepted for payment purposes but was not inventoried and inspected. The furniture at Erbil has also been reported as damaged. The contractor, however, was not notified in a timely manner and is refusing to take responsibility for furniture reported damaged after delivery.
- The U.S. government contracted for 118 sets of consumable medical supplies to provide a 90-day "start-up" supply (approximate) for each PHC. Under contract W27P4B-5-A-5018, a total of 112 sets of consumable medical supplies were delivered to both the Abu Ghraib warehouse and the Iraqi Ministry of Health warehouse in Erbil. Six sets were delivered directly to PHCs under construction. GRD stated that they inventoried these medical supplies at Abu Ghraib, but did not open the boxes. At Erbil we found no evidence that the U.S. government formally accepted, inventoried, or inspected the items.

This report also identifies a lesson learned about the need to fully examine the potential impact of changes in contract terms on other supporting contracts. In this case, a construction contract was terminated, but supporting non-construction items had already been ordered. As a result, the U.S. government needed to develop plans to secure items awaiting construction completion by new contractors on the project.

³ The remaining three contracts were a \$100,000 contract for consumable medical supplies (for expedited delivery); a \$63,000 contract for copiers and printers; and a \$379,000 contract for furniture assembly.

Recommendations

We recommend that the Commanding General, JCC-I/A, in coordination with the Commanding General, GRD, should take these actions:

1. Conduct a complete inventory and inspection of furniture at the Erbil storage facility as soon as practicable.
2. Using the inventory list of all furniture items currently stored at the Erbil storage facility, take appropriate actions to recoup the cost of all items found missing or damaged, or determine how this missing or damaged furniture will be replaced.
3. Conduct a complete inventory and inspection of all of the consumable medical supplies as soon as practicable.
4. Using the inventory list of consumable medical supplies currently stored at both the Abu Ghraib and Erbil storage facilities, take appropriate action to recoup the cost of all items found missing or damaged or, if the items can not be replaced by the contractor, determine how these items will be replaced.

Management Comments and Audit Response

We received written comments on a draft of this report from JCC-I/A and GRD officials who generally concurred with our findings and recommendations. Actions are planned or underway to implement the recommendations. The comments received were fully responsive. These officials also provided technical comments which we have incorporated in the report where appropriate.

Introduction

Background

In November 2003, \$18.6 billion was appropriated under the Emergency Supplemental Appropriations Act for Defense and the Reconstruction of Iraq and Afghanistan (Public Law 108-106). The law created the Iraq Relief and Reconstruction Fund (IRRF), \$18.4 billion of the appropriation was designated for Iraq. Projects in the health care sector include nationwide hospital and clinic improvements, equipment procurement and modernization, and construction of a pediatric facility.

In March 2004 the U.S. government awarded contract W914NS-04-D-0006 to Parsons Delaware, Inc., to construct, among other things, 150 primary healthcare centers (PHCs) throughout Iraq. The executing contractor's name was changed to Parsons Global Services, Inc., (Parsons) by a contract amendment on April 8, 2005. Contract task orders 4, 11, and 12 provided for the design and construction of the 150 PHCs at a definitized cost of about \$88.5 million. In addition, the three task orders provided for the delivery and installation of medical and dental equipment at each center plus one set of equipment for a medical training facility (for a total of 151 sets). The medical equipment to be installed at each center includes x-ray equipment, hematology analyzer, exam tables, patient beds, defibrillator, EEG, ventilator, incubator, and other equipment. The dental equipment to be installed at each center includes dental chairs, lights, cabinets, instruments, supplies, and other equipment. The total definitized cost of the equipment for the 150 PHCs plus a medical training academy is approximately \$70.4 million. Included in the definitized cost for the medical equipment was the requirement for Parsons to install and test the equipment, train clinic personnel on the use of the equipment, and provide a 12 month warranty on the installed equipment.

Between September 8, 2005, and March 3, 2006, the U.S. government made a series of decisions to issue stop work orders to Parsons that reduced the total number of PHCs to be completed by Parsons from 150 to 20 facilities. The causes and impact are reported in our prior audit report, *Management of the Primary Healthcare Centers Construction Projects*.⁴ Although GRD's contract to construct PHC facilities through Parsons was significantly reduced, the overall PHC construction requirement remained. GRD procured medical equipment sets based on this overall requirement. To its credit, GRD did arrange to have the medical equipment sets, furniture, and consumables delivered to storage facilities, thus reducing an extremely high risk of pilferage and susceptibility to damage. GRD has since negotiated firm-fixed-price contracts for constructing PHCs, and currently expects to complete 136 of them. Along with the six PHCs Parsons completed, there are expected to be a total of 142 PHCs (plus the training academy for a grand total of 143).

⁴ See *Management of the Primary Healthcare Centers Construction Projects* (SIGIR-06-011, April 29, 2006).

Prior SIGIR Reports

In addition to our report on the healthcare center construction project discussed above, we have issued two additional audit reports on concerns with the Parsons contract. In March 2006, we initiated an audit to determine if medical equipment associated with primary healthcare centers was properly accounted for. In April 2006, we issued, *Interim Audit Report on the Review of Equipment Purchased for Primary Healthcare Centers Associated with Parsons Global Services, Contract Number W914NS-04-D-0006* (SIGIR-06-016, April 4, 2006), to alert responsible U.S. government agencies of our concerns over certain events that were scheduled to occur before our audit was complete and our final report issued. These concerns included: (1) the lack of written plans for the acceptance storage, and use of the 131 medical equipment sets to be delivered by Parson in April 2006 that were in excess to the current PHC needs as a result of reducing the number of PHCs to be constructed from 150 to 20, and the non-construction of the medical training academy (whose construction was not part of the Parsons contract); (2) the need to ensure U.S. government accountability of the equipment upon delivery to the Iraqi Ministry of Health warehouse in Erbil, Iraq by Parsons; and (3) U.S. government's inability to ensure proper protection and accountability of equipment stored in an Iraqi warehouse.

In July 2006, we issued, *Review of the Medical Equipment Purchased for the Primary Healthcare Centers Associated with Parsons Global Services, Inc., Contract Number W914NS-04-D-0006* (SIGIR-06-025, July 28, 2006). This report stated that GRD and JCC-I/A had decided not to store any equipment at the Iraqi Ministry of Health warehouse, but to require Parsons to deliver all 131 extra equipment sets to the U.S. government-controlled warehouse located in Abu Ghraib, Iraq. This decision alleviated our concern over security of the equipment if stored in an Iraqi warehouse. The report, however, identified a number of additional concerns including (1) neither JCC-I/A nor GRD took appropriate actions to ensure that medical equipment delivered to the Abu Ghraib warehouse was properly accepted, inspected, and inventoried by any authorized U.S. government representative; (2) a large number of the equipment shipping crates had some type of visual damage; and (3) there was a question about whether the 12-month warranty provided by Parsons as part of the basic equipment purchase contract would continue to apply given the delayed delivery to and installation in the PHCs.

This report updates the status of the medical equipment and discusses our review of controls over and use of medical consumables and other non-construction purchases for the PHC project, which has been subject to delay and de-scoping. Although GRD's contract to construct PHC facilities through Parsons was significantly reduced, the overall PHC construction requirement remained. GRD procured medical equipment sets based on this overall requirement. To its credit, GRD did arrange to have the medical equipment sets, furniture, and consumables delivered to storage facilities, thus reducing an extremely high risk of pilferage and susceptibility to damage.

Objectives

We initiated this audit as a review of the medical consumables purchased under contract number W27P4B-05-A-5018 for the primary healthcare centers. Subsequent work led us to expand the scope of the audit to include other supporting non-construction contracts as well. The objectives of this audit were to determine the current status of the medical equipment and other non-construction items associated with the primary healthcare centers and to determine if there was proper planning for other contracts supporting the PHC project when it was terminated. Thus, the objectives of this review were modified to determine:

- Were the medical consumables, medical equipment, and other non-construction items procured properly controlled?
- Were the plans for the plans for their utilization adjusted based on the delay and/or de-scoping of the primary healthcare centers project?

For a discussion of the audit scope and methodology, and a summary of prior coverage, see Appendix A. For definitions of the acronyms used in this report, see Appendix B. For a distribution list of this report, see Appendix C. For a list of audit team members, see Appendix D.

Medical Equipment Sets

Our July 28, 2006, report stated that no official government receipt, inspection, or acceptance function had been performed on any of the medical equipment sets at Abu Ghraib. We also reported that GRD was uncertain about the effect that the delayed delivery and installation at PHCs would have on the equipment warranty. Since then, GRD has inspected some damaged equipment crates but has been reluctant to inspect the remaining undamaged crates to inventory the equipment because of concerns that doing so without a manufacturer's representative present could void any possible warranty remaining. Recently, the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A), the command that procured the medical equipment for GRD, obtained warranty information from one medical equipment manufacturer.

Medical Equipment Inventory

At the time of our July 28, 2006 report, 20 of the 151 medical and dental equipment sets procured under the Parsons contract were physically located at the sites of 20 PHCs that were fully or partially constructed by Parsons. Another 115 full or partial sets were located at a U.S. government-controlled warehouse located in Abu Ghraib, Iraq. The warehouse is operated by PWC Logistics. Since then, the PWC Logistics automated warehouse system shows that an additional 15 sets of equipment have been delivered to the warehouse; the total number of sets stored in the Abu Ghraib warehouse was 130, as of July 30, 2006. The location of one set is unknown. About \$45 million had been disbursed for the medical equipment as of July 30, 2006.

Although we recommended that GRD coordinate with JCC-I/A and conduct a complete inventory and inspection of all of the medical equipment currently stored in the PWC logistics warehouse, as of December 2006, only a limited inspection has been performed. Our concern about the condition of the equipment was driven in large part by an inspection we conducted of the medical equipment crates in May 2006. That inspection found a large number of heavily damaged crates with signs that equipment may be missing. Other crates had signs of rough handling during the delivery process which, because of the sensitivity of some of the medical equipment, could indicate that equipment was damaged. To its credit, in September 2006, GRD conducted an inspection of 102 damaged crates. Of the 102 crates, 41 were not opened because the damage to the crates appeared minimal. However, the remaining 61 crates were opened and the contents inspected. The inspection found that all of the items were accounted for in 59 of the crates, and almost all of the items were missing in 2 crates. GRD did not test the medical equipment to ensure that it was in working order. GRD did not open the remaining crates to inventory the equipment because of concern that doing so without a manufacturer's representative present could void any possible remaining warranty; however, it did take pictures to document the status of the equipment. GRD's current plan is to open the crates at the respective PHCs.

In responding to a recommendation made in the draft of this report to conduct an inventory and inspection as soon as possible, GRD responded that it believes that conducting inventories and equipment functionality tests at the warehouse would have limited or no value in determining responsibility for missing or broken items. Since the U.S. Government has already received the

materials and equipment, it is already out of supplier or manufacturer control and “after-the-fact” inspections at the warehouse would likely be disputed. In addition, in order to test equipment for functionality at the warehouse, the items will first have to be uncrated and assembled by a professional medical equipment team. Providing adequate connections to the necessary infrastructure would be problematic at best and, following testing, the equipment would have to be disassembled, re-packaged, and re-crated in order to be shipped to the ultimate destination. GRD also provided that it believes that equipment testing in a warehouse environment may be confusing or inconclusive, as the results of warehouse testing may be inconsistent with the results of tests conducted in an environment where the equipment would normally be used. We agree with this plan and modified this recommendation based on the inventory actions already taken and planned approach for testing the medical equipment.

Medical Equipment Warranty

The need to expeditiously account for and inspect the medical equipment is driven by uncertainty about the equipment warranty. The Parsons contract required that the medical equipment purchased for the PHCs include a 12-month warranty. GRD previously told us that it believes that the warranty takes effect upon installation of the equipment in the PHCs. However, JCC-I/A has been unable to provide any documentation that describes the precise terms of the warranty agreement. The original plan anticipated that medical equipment would be delivered directly to the PHCs for installation. In our July 2006 report we expressed our concerns about the possible effect that extended storage may have on the warranty and recommended that JCC-I/A, in coordination with GRD clarify the warranty status. However, in a written response to our follow-up questions, JCC-I/A reported that it is still in the process of gathering warranty information from Parsons and has not yet contacted the equipment manufacturers. On January 21, 2007, in response to the draft of this report, JCC-I/A informed us that it received a response from one medical equipment manufacturing contractor who stated that the manufacturer warranties on equipment are effective for 15 months from the invoice date or 12 months from the commissioning date (whichever is sooner). This information is consistent with GRD’s January 19, 2007, response to us on the draft of this report.

In our July 2006 report we expressed our concerns about the possible effect that extended storage may have on the warranty and recommended that JCC-I/A, in coordination with GRD clarify the warranty status. Based on this new information on the warranties being effective for 15 months from the invoice date, we are still concerned. Installation of what set of medical equipment goes where needs to be identified by invoice date as to take advantage of any warranties remaining available.

Other Non-construction Items

We identified six other non-construction contracts, awarded to various contractors, with a combined value of about \$43 million. Of these three were significantly affected by the termination of the PHC construction task orders:

- a \$22.6 million contract for generators, transformers, and cables
- a \$14.4 million contract for PHC furniture
- a \$5.5 million contract for consumable medical supplies

Approximately \$38 million had been disbursed for these three contracts. The three other non-construction contracts were a \$63,000 contract for copiers and printers; a \$100,000 contract for consumable medical supplies; and a \$378,000 contract for furniture assembly.

GRD and JCC-I/A modified the generator/transformer contract to have the contractor store and secure the items until required at the PHC sites. GRD and JCC-I/A, however, did not take effective action to protect all of the furniture and consumable medical supplies.

Generators, Transformers, and Cables

JCC-I/A contracted for generators, transformers, and cables for the PHCs under contract W27P4B-05-0015. The contract has a value of \$22.6 million. As of July 30, 2006, \$18.0 million had been disbursed; specifically, \$6.8 million of total obligations for the transformers and \$11.2 million (of \$15.6 million obligated) for the generators. This contract was modified at a cost of \$1.3 million to have the contractor store and secure the generators and transformers until required at the PHC sites.

Furniture

The government contracted for 142 sets of furniture for the PHCs under contract W27P4B-05-C-0016. The contract has a value of \$14.4 million and JCC-I/A reported that all funds on the contract had been disbursed. According to JCC-I/A, 6 sets were delivered directly to PHCs, 46 sets were delivered to the Iraqi Ministry of Health warehouse in Erbil, and 90 sets were delivered to the U.S. government-controlled warehouse in Abu Ghraib. JCC-I/A reports that the furniture delivered to Abu Ghraib was formally accepted, inventoried and inspected. We previously observed that some furniture stored at Abu Ghraib was damaged, including broken mirrors and damaged chairs. JCC-I/A told us that all problems were corrected by the contractor. However, according to JCC-I/A officials, the furniture at Erbil was formally accepted for payment purposes, but was not inventoried or inspected. Approximately four weeks after delivery, the Iraqi Ministry of Health notified JCC-I/A of damaged furniture. The contractor, however, was not notified in a timely manner and is refusing to take responsibility for furniture reported damaged after delivery. According to GRD, it sent two employees to Erbil in April 2006 to verify the receipt of the furniture and they determined that a follow-up trip would be necessary to fully account for and inspect the goods. However, on November 15, 2006, GRD informed us that the inspection had not occurred. Because a formal inventory and

inspection process was not followed, the opportunity to obtain compensation from the contractor for the damage is at risk

Consumable Medical Supplies

A similar situation as exists for the furniture exists for the consumable medical supplies. The U.S. government contracted for 118 sets of consumable medical supplies to provide a 90-day “start-up” supply (approximate) for each PHC⁵. Contract W27P4B-5-A-5018, has a value of \$5.5 million and JCC-I/A reports that all funds on the contract have been disbursed.⁶

According to GRD, 46 sets were delivered to the Iraqi Ministry of Health warehouse in Erbil and 66 sets along with some miscellaneous overages were delivered to the U.S. government-controlled warehouse in Abu Ghraib. Six sets were delivered directly to PHCs under construction. GRD stated that they inventoried the medical supplies at Abu Ghraib, but did not open the boxes. At Erbil, the consumable supplies were accepted for payment purposes, but were not inspected or inventoried. Nonetheless, payment for the supplies was made. GRD reports that it sent two employees to Erbil in April 2006 to verify the receipt of the furniture and the medical consumables, however, the employees determined that a follow-up trip would be necessary. That inspection has not yet taken place.

⁵ GRD told us that only 118 sets of consumables were ordered for the 150 PHCs due to funding constraints at the time of the order. The expectation was that the quantity of consumables procured would be sufficient for “start-up” and that the remaining consumables could be procured later when funding constraints were removed.

⁶ There was also a \$100,000 disbursement made (contract W91GET-06-M-1017 for expedited delivery) for consumable medical supplies.

Conclusion and Recommendations

Conclusion

In April 2006, we issued an interim audit report that expressed our concern about the government's plans to store excess medical equipment sets resulting from GRD's decision to reduce the number of public healthcare centers to be built under the Parson's contract. In the course of our audit we brought our concerns to appropriate U.S. government officials 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. As a result, GRD decided not to store equipment in an Iraqi-controlled warehouse. In July 2006, we issued our final report on the equipment and included a lesson learned regarding the need to fully examine the potential impact that changes to contract terms may have on accountability requirements. Little else has been done with this equipment since our last report. We believe that the U.S. government needed to develop plans to secure items awaiting construction completion by new contractors on the project.

The medical equipment is in storage at a U.S. government-controlled warehouse, and GRD conducted a partial inspection of damaged crates. The remaining crates have not been inspected, or inventoried, creating a significant risk that the government will ultimately bear responsibility for any missing or damaged items. GRD's current plan is to inventory and inspect as they install this equipment at the constructed PHCs. We agree that this is the best course of action. However, in our July 2006 report we expressed our concerns about the possible effect that extended storage may have on the warranty and recommended that JCC-I/A, in coordination with GRD clarify the warranty status. Based on new information obtained by JCC-I/A on the warranties being effective for 15 months from the invoice date or 12 months from the commissioning date (whichever is earlier), we are still concerned. Installation of what set of medical equipment goes where needs to be identified by invoice date as to take advantage of any warranties remaining available.

We also identified two supporting non-construction contracts, for furniture and consumable medical supplies, for which U.S. government agencies did not take appropriate action to address the need for an inspection and inventory of the items purchased. As with the medical equipment, this creates a risk that the U.S. government will bear responsibility for missing or damaged items.

Recommendations

We recommend that the Commanding General, JCC-I/A, in coordination with the Commanding General, GRD, should take these actions:

1. Conduct a complete inventory and inspection of furniture at the Erbil storage facility as soon as practicable.

2. Using the inventory list of all furniture items currently stored at the Erbil storage facility, take appropriate actions to recoup the cost of all items found missing or damaged, or determine how this missing or damaged furniture will be replaced.
3. Conduct a complete inventory and inspection of all of the consumable medical supplies as soon as practicable.
4. Using the inventory list of consumable medical supplies currently stored at both the Abu Ghraib and Erbil storage facilities, take appropriate action to recoup the cost of all items found missing or damaged or, if the items can not be replaced by the contractor, determine how these items will be replaced.

Management Comments and Audit Response

We received written comments on a draft of this report from JCC-I/A and GRD officials who generally concurred with our findings and recommendations. Actions are planned or underway to implement the recommendations. The comments received were fully responsive. These officials also provided technical comments which we have incorporated in the report where appropriate.

Appendix A – Scope and Methodology

In May 2006, we initiated the audit (Project 6018) as a review of the medical consumables purchased under contract W27P4B-05-A-5018 for the PHCs, but subsequent work led us to expand the scope of the audit to include other non-construction contracts as well. We thus modified the objectives to determine (1) if the medical consumables, medical equipment, and other non-construction items procured were properly controlled, and (2) if the plans for their utilization were adjusted based on the delay and/or de-scoping of the primary healthcare centers project.

To determine the current status of the medical consumables, medical equipment, and other non-construction items we reviewed the equipment purchase documentation gathered during our earlier review of medical equipment and updated it through interviews of responsible GRD, JCC-I/A and Iraq Reconstruction Management Office personnel. We also observed the condition of the crates of medical equipment, furniture, and consumables stored at the PWC-Logistics warehouse in Abu Ghraib, Iraq, on May 9-10, 2006. We documented many of our observations at the warehouse with digital pictures and videos.

To determine if plans for the utilization of the medical consumables, medical equipment, and other non-construction items were adjusted, we interviewed responsible GRD, JCC-I/A and Iraq Reconstruction Management Office personnel.

We performed this audit from May 2006 through November 2006 in accordance with generally accepted government auditing standards.

Use of Computer-Processed Data

We did not use computer-processed data in the performance of this audit.

Prior Coverage

Prior reports related to Primary Healthcare Centers issued by the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) can be accessed on its website <http://www.sigir.mil>.

- *Review of the Medical Equipment Purchased for the Primary Healthcare Centers Associated With Parsons Global Services Inc., Contract Number W914NS-04-D-0006* (SIGIR-06-025, July 28, 2006), concluded that U.S. government agencies did not take appropriate actions to ensure that the medical equipment delivered to the Abu Ghraib warehouse was properly inventoried, inspected, or accepted by any authorized representative. Therefore, the U.S. government did not know what medical equipment had been delivered to the warehouse or the condition of the equipment upon delivery. The accountability failure makes determining who has responsibility for missing or damaged equipment difficult, if not impossible.

- *Management of the Primary Healthcare Centers Construction Projects* (SIGIR-06-011, April 29, 2006), concluded overall that management of the primary healthcare centers construction projects could have been better executed between March 25, 2004 and early July 2005. In July 2005, when government managers recognized that the PHC construction program was in trouble, they started a series of actions eventually resulting in a reduction in the number of centers to be delivered from the 150 to 20. Approximately 121 centers remained partially completed. Because of a strong commitment by both U.S. and Iraqi government managers, efforts are under way to identify the required funds to finalize these centers for the benefit of the Iraqi citizens.
- *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, April 4, 2006), was issued to alert management to our concerns that certain planned events may have on the accountability for and utilization of the medical equipment and to provide management timely information on these potential events and the opportunity to take corrective actions to reduce the risk of accountability shortfalls associated with these events. These concerns included (1) the need to prepare alternative plans for the utilization of 131 medical equipment sets to be delivered by Parsons that were excess to current PHC needs, (2) the need to ensure U.S. government accountability of the equipment upon delivery to the Ministry of Health warehouse at Erbil, and (3) U.S. government's inability to ensure proper protection and accountability of equipment to be stored in an Iraqi warehouse.

Appendix B – Acronyms

GRD	Gulf Region Division, U.S. Army Corps of Engineers
JCC-I/A	Joint Contracting Command-Iraq/Afghanistan
PHC	Primary Healthcare Center
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix C – Report Distribution

Department of State

Secretary of State

Senior Advisor to the Secretary and Coordinator for Iraq

Director of U.S. Foreign Assistance/Administrator, U.S. Agency for International Development

Director, Office of Iraq Reconstruction

Assistant Secretary for Resource Management/Chief Financial Officer, Bureau of Resource Management

U.S. Ambassador to Iraq

Director, Iraq Reconstruction Management Office

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

Inspector General, Department of State

Department of Defense

Secretary of Defense

Deputy Secretary of Defense

Under Secretary of Defense (Comptroller)/Chief Financial Officer

Deputy Chief Financial Officer

Deputy Comptroller (Program/Budget)

Deputy Assistant Secretary of Defense-Middle East, Office of Policy/International Security Affairs

Inspector General, Department of Defense

Director, Defense Contract Audit Agency

Director, Defense Finance and Accounting Service

Director, Defense Contract Management Agency

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

Commanding General, Gulf Region Division*

Chief Financial Officer, U.S. Army Corps of Engineers

Auditor General of the Army

U.S. Central Command

Commanding General, Multi-National Force-Iraq

Commanding General, Multi-National Corps-Iraq

Commanding General, Multi-National Security Transition Command-Iraq

Commander, Joint Area Support Group-Central

Other Federal Government Organizations

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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
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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

*Recipient of the draft audit report.

Appendix D – Audit Team Members

This report was prepared and the review was conducted under the direction of Joseph T. McDermott, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction. The staff members who contributed to this report include:

Karen Bell

Glenn Furbish

W. Dan Haigler

William E. Shimp

Clifton Spruill

Management Comments

Joint Contracting Command-Iraq/Afghanistan



HEADQUARTERS
JOINT CONTRACTING COMMAND-IRAQ/AFGHANISTAN
APO AE 09348



Reply to
FIJC-PARC-I

21 January 2007

MEMORANDUM FOR Special Inspector General for Iraq Reconstruction

SUBJECT: Status of Medical Equipment and Other Non-Construction Items Purchased for Primary Healthcare Centers, Draft Audit Report (SIGIR 06-030, January 9, 2007)

This draft report was provided with recommendations and request for input on the report itself to the Commanding General, JCC-I/A, to be coordinated with the Commanding General, GRD. GRD has formally responded to SIGIR, addressing the recommendations and other areas of the report. The GRD response was provided to JCC-I/A subsequent to submission to SIGIR. JCC-I/A takes no exceptions to the response.

However, JCC-I/A will address some areas of the report. These are as follows:

Page ii

Results

Draft Report....However, at present the Joint Contracting Command – Iraq/Afghanistan (JCC-I/A), the command that procured the medical equipment for GRD, does not know if the warranty remains in force. JCC-I/A reports that it is working with GRD to resolve the status of the warranty.....

and Page 5

Draft Report. ...The Parsons contract required that the medical equipment purchased for the PHCs include a 12-month warranty. GRD previously told us that it believes that the warranty takes effect upon installation of the equipment in the PHCs. However, JCC-I/A has been unable to provide any documentation that describes the precise terms of the warranty agreement.....

JCC-I/A Comments for both Page ii and Page 5 above. There are two medical equipment BPAs. One is with General Electric (GE) and one is to AIBanna Scientific Drug Bureau for installation and commission of the medical equipment and to train Ministry of Health personnel on that equipment. GE will only install, commission and train for GE equipment. AIBanna will install, commission and train for all other medical equipment. JCC-I/A asked both companies for warranty information. JCC-I/A received an immediate response from GE, stating that the manufacturer warranties are effective for 15 months from the invoice date or 12 months from the commissioning date, whichever is sooner. The AIBanna Company forwarded our request to Symphony who purchased all other medical equipment on behalf of Parsons, the prime contractor. As of 17 January 2007 JCC-I/A has yet to receive a response from AIBanna or Symphony about the warranty of all other medical equipment. JCC-I/A has requested warranty information from Parsons; however, Parsons has not responded to this request. In addition, JCC-I/A was not privy to the original agreement between Parsons and their subcontractor, Symphony. JCC-I/A does not maintain invoices and relies upon the program office to process, inspect and receive government items purchased under the contract. This equipment was purchased by Symphony as a subcontract to Parsons under their cost reimbursement contract for construction

of the primary healthcare centers. All warranty documentation, invoices and pay vouchers are with Symphony.

Page iii

Draft Report. ...GRD and JCC-I/A, however, did not take effective action to protect all of the furniture and consumable medical supplies.....

JCC-I/A Comments. JCC-I/A understood the original intent was to have the equipment delivered for "just-in-time" installation. The re-direction to Abu Ghraib was the plan to protect the furniture and consumable medical supplies.

Page 2

Draft Report ... (1) neither JCC-I/A nor GRD took appropriate actions to ensure that medical equipment delivered to Abu Ghraib warehouse was properly accepted, inspected and inventoried by any authorized U.S. Government representative; (2) a large number of the equipment shipping crates had some type of visual damage; and (3) there was a question about whether the 12-month warranty provided by Parsons as part of the basic equipment purchase contract would continue to apply given the delayed delivery to and the installation in the PHCs.

JCC-I/A Comments. Again, the redirection to Abu Ghraib was a fix to address the over-arching issue of Parsons' failure to construct the PHCs. JCC-I/A did accompany GRD program personnel in an inspection and inventory, which pre-dated the issuance of contracts to install and commission.

Page 4

Draft Report. ...at present the JCC-I/A, the command that procured the medical equipment for GRD, does not know if the warranty remains in force. JCC-I/A reports that it is working with GRD to resolve the issue.

JCC-I/A Comments. JCC-I/A understands the fundamental reality that all warranties, albeit medical equipment or any other warranty item, are handled on a case-by-case basis. This medical equipment was procured by Symphony as a subcontractor under the Parsons contract. It was delivered by a subcontractor at differing times through the duration of the contract. Our approach continues to be committed to obtaining the greatest value in equipment and warranty and we are working to resolve this warranty issue with all the relevant stakeholders.

Page 5

Draft Report. However, JCC-I/A has been unable to provide any documentation that describes the precise terms of the warranty agreement. The original plan anticipated that medical equipment would be delivered directly to the PHCs for installation....

JCC-I/A Comments. This is correct. JCC-I/A continues to posture both Parsons and Symphony for the warranty agreement.

Page 5

Draft Report ...JCC-I/A reported that it is still in the process of gathering warranty information from Parsons and has not yet contacted the equipment manufacturers.....

JCC-I/A Comments. JCC-I/A has postured Parsons for its agreement with its subcontractor. Their subcontractor is not an equipment manufacturer. JCC-I/A's position is that any and all warranty information can and should come from the sources doing business with the Government. Obtaining warranty information from the equipment manufacturers should be an occurrence of last resort.

Page 6

Draft Report ...GRD and JCC-I/A, however, did not take effective action to protect all of the furniture and consumable medical supplies....

JCC-I/A Comments. Same comments as above. JCC-I/A understood the original intent was to have the equipment delivered for "just-in-time" installation. The re-direction to Abu Ghraib was the plan to protect the furniture and consumable medical supplies.

Page 6

Draft Report ...According to JCC-I/A official, the furniture was accepted in order to pay the contractor, but the officer accepting the furniture did not inspect or inventory the furniture.

JCC-I/A Comments. The DD 250 in JCC-I/A files indicates the furniture was accepted by a representative of PCO, which is now GRD.

Page 8

Draft Report ...However, JCC-I/A remains uncertain about the warranty rights are and has been slow to gather that information....

JCC-I/A Comments. JCC-I/A was able to effectively engage the contractor on the recently awarded BPAs with GE and AlBanna. AlBanna sent the request for warranty rights information to Symphony, the subcontractor. JCC-I/A received an immediate response from GE, as previously discussed. Symphony acknowledged the request and promised a reply as soon as they could check the warranty. JCC-I/A is waiting for the reply from Symphony.

Page 8

Draft Report ...We also identified two supporting non-construction contracts, for furniture and consumable medical supplies, for which JCC-I/A did not take appropriate action to address the need for inspection and inventory of the items purchased. As with medical equipment, this creates a risk that the U.S. Government will bear responsibility for missing or damaged items.

JCC-I/A Comments. JCC-I/A was never consulted or requested to assist the customer in inspecting or inventorying the furniture or consumable medical supplies. The report inaccurately assigns this responsibility to JCC-I/A.

Four recommendations were addressed to JCC-I/A for coordination with GRD. GRD provided a direct, formal response. JCC-I/A has reviewed the GRD response and generally concurs. The recommendations are addressed as follows:

- Ia. Conduct a complete inventory and inspection of furniture at the Erbil storage facility as soon as possible.

JCC-I/A Response. Concur with GRD response that an inventory and inspection of the furniture located at the Erbil storage facility will be conducted.

1b. Using the inventory of all furniture items currently stored at the Erbil storage facilities, take appropriate actions to recoup the cost of all items found missing or damaged or determine how this missing or damaged furniture will be replaced.

JCC-I/A Response. Concur.

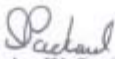
1e. Conduct a complete inventory and inspection of all the consumable medical supplies as soon as possible.

JCC-I/A Response. Concur with GRD response and approach.

1d. Using the inventory listing of consumable medical supplies currently stored at both the Abu Ghraib and Erbil storage facilities, take appropriate action to recoup the cost of all items found missing or damaged or, if the items cannot be replaced by the contractor, determine how these items will be replaced.

JCC-I/A Response. Concur with GRD response and plan of action to replace missing items at time of delivery to completed PHC facilities.

The JCC-I/A point of contact for questions regarding this response is Ruth Anne James, Phone: 703-544-6979.


Douglas W. Packard
Principal Assistant Responsible
for Contracting – Iraq.

Management Comments

Gulf Region Division, U.S. Army Corps of Engineers



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
GULF REGION DIVISION
BAGHDAD, IRAQ
APO AE 09348

CEGRD-CG

19 January 2007

MEMORANDUM FOR Special Inspector General for Iraq Reconstruction, US Embassy Annex,
M-202, Old Presidential Palace, APO AE 09316

SUBJECT: Draft SIGIR Audit Report – Status of Medical Equipment and Other Non-
Construction Items Purchased for Primary Healthcare Centers (SIGIR-06-030)

1. This memorandum provides the U.S. Army Corps of Engineers, Gulf Region Division response to the subject draft audit report.
2. The Gulf Region Division concurs with the recommendations contained in the draft report. We have provided additional information regarding the conclusions and discussion in this draft report. See the enclosure for details.
3. Thank you for the opportunity to review the draft report and provide our written comments for incorporation in the final report.
4. If you have any questions, please contact Mr. Milton Naumann at (540) 665-5021 or via email Milton.L.Naumann@tac01.usace.army.mil

Encl

A handwritten signature in black ink, appearing to read "Michael J. Walsh".

MICHAEL J. WALSH
Brigadier General, USA
Commanding

COMMAND REPLY

SIGIR Draft Audit Report – Status of Medical Equipment and Other Non-Construction Items Purchased for Primary Healthcare Centers (SIGIR-06-030)

Recommendation and Command Comments

Page iii. Recommendations

We recommend that the Commanding General, JCC-I/A, in coordination with the Commanding General, GRD:

Recommendation 1. Conduct a complete inventory and inspection of furniture at the Erbil storage facility as soon as possible.

Actions Taken. Concur. GRD will conduct a complete inventory and inspection of furniture at the Erbil storage facility.

Recommendation 2. Using the inventory of all furniture items currently stored at the Erbil storage facilities, take appropriate actions to recoup the cost of all items found missing or damaged or determine how this missing or damaged furniture will be replaced.

Actions Taken. Concur. GRD will take appropriate actions to recoup the cost of items found missing or damaged. Using existing Blanket Purchase Agreements, GRD plans to replace items identified as missing or broken at the time of delivery to the PHC facilities.

Recommendation 3. Conduct a complete inventory and inspection of all of the consumable medical supplies as soon as possible.

Actions Taken. Concur in part. Public Warehouse Corporation (PWC), GRD Reconstruction Logistics, and Programs personnel inspected and inventoried all of the consumable medical supplies at the Abu Ghraib warehouse in the summer of 2006. GRD will conduct additional inventory and inspection in conjunction with deliveries to PHCs as they are completed.

Recommendation 4. Using the inventory listing of consumable medical supplies currently stored at both the Abu Ghraib and Erbil storage facilities, take appropriate action to recoup the cost of all items found missing or damaged or, if the items cannot be replaced by the contractor, determine how these items will be replaced.

Actions Taken. Concur. GRD will take appropriate action to recoup the cost of items found missing or damaged. Using existing Blanket Purchase Agreements, GRD plans to replace items that are identified as missing or broken at the time of delivery to the PHC facilities.

Enclosure

Additional Comments

GRD Overall Comment. The report fails to recognize the efforts that GRD took to mitigate the risks involved in securing and protecting the medical equipment, consumables and furniture. If GRD hadn't arranged to have these items delivered to the storage facilities, the items would have been at an extremely high risk for pilferage and susceptible to damage. GRD took previously unprecedented actions during the inspection and inventory process. This process included taking pictures of the condition of the packaging and crating of all items at the Abu Ghraib warehouse to document any observed damages. GRD continues to maintain control and oversight with weekly equipment accountability reports. In relation to the Erbil warehouse, the Ministry of Health controls this facility. It is in the Ministry's best interest to exercise control and oversight of the medical items stored there since they are the ultimate benefactor of the items when delivered to the PHC facilities.

Page i. Introduction.

Draft Report. Due to the timing of the contract modification, however, the U.S. Government did not reduce the number of medical equipment sets to be procured by Parsons to correspond with the reduction in facilities.

GRD Comments. GRD's contract to construct PHC facilities through Parsons was significantly reduced; however, the overall PHC construction requirement remained. GRD procured medical equipment sets based on this overall requirement.

Draft Report. The U.S. Army Corps of Engineers-Gulf Region Division (GRD) has since negotiated firm-fixed-price contracts for constructing additional PHCs, and expects to build 135 of them. Along with the seven PHCs Parsons completed, there are expected to be a total of 142 PHCs.

GRD Comments. Recommend rewording to read, "The U.S. Army Corps of Engineers-Gulf Region Division (GRD) has since negotiated firm-fixed-price contracts for constructing PHCs, and currently expects to complete 136 of them. Along with the six PHCs Parsons completed, there are expected to be a total of 142 PHCs (plus the training academy for a grand total of 143).

Page iii Results

Draft Report. The Government contracted for 118 sets of consumable medical supplies to provide approximately a 90-day supply for each PHC.

GRD Comments. Recommend rewording to read, "The Government contracted for 118 sets of consumable medical equipment supplies to provide an estimated 90-day supply for each PHC.

Page 4

Draft Report. We still believe that knowing what equipment items were received and the condition of the medical equipment at the time it was received is necessary to make an objective determination of who has responsibility for missing or damaged equipment (Parsons or the U.S. Government). GRD's current plan is to open the crates at the respective PHCs.

GRD Comments. GRD believes that conducting inventories and equipment functionality tests at the warehouse would have limited or no value in determining responsibility for missing or broken items. Since the U.S. Government has already received the materials and equipment, it is already out of supplier or manufacturer control and "after-the-fact" inspections at the warehouse would likely be disputed. In addition, in order to test equipment for functionality at the warehouse, the items will first have to be uncrated and assembled by a professional medical equipment team. Providing adequate connections to the necessary infrastructure would be problematic at best and, following testing, the equipment would have to be disassembled, re-packaged, and re-crated in order to be shipped to the ultimate destination. A similar process would be necessary for furniture. We also believe that equipment testing in a warehouse environment may be confusing or inconclusive as the results of warehouse testing may be inconsistent with the results of tests conducted in an environment where the equipment would normally be used. Ultimately, performing such inspections would not be an efficient use of funds or the work force.

Page 5

Draft Report. The Parsons contract required that the medical equipment purchased for the PHCs include a 12-month warranty. GRD previously told us that it believes that the warranty takes effect upon installation of the equipment in the PHCs. However, JCC-I/A has been unable to provide any documentation that describes the precise terms of the warranty agreement.

GRD Comments. JCC-I/A has informed us that manufacturer warranties are effective for 15 months from the invoice date or 12 months from the commissioning date (whichever is earlier).

Page 7

Draft Report. We were unable to determine why only 118 sets of consumable were ordered for the 150 PHCs.

GRD Comments. GRD has determined that only a limited amount of medical equipment consumables was procured due to funding constraints at the time of order. The Government expectation was that the quantity of consumables procured would be sufficient for "start-up" and that the remaining consumables could be procured later when funding constraints were removed.

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Public Affairs	<p>Denise Burgess Assistant Inspector General for Public Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone: 703-428-1217 Fax: 703-428-0818 Email: PublicAffairs@sigir.mil</p>