

**IRAQI POLICE DEVELOPMENT PROGRAM:
OPPORTUNITIES FOR IMPROVED
PROGRAM ACCOUNTABILITY AND
BUDGET TRANSPARENCY**



CELEBRATING THE ISSUANCE OF SIGIR AUDITS' 200TH REPORT

**SIGIR 12-006
OCTOBER 24, 2011**

Report Documentation Page

Form Approved
OMB No. 0704-0188

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1. REPORT DATE 24 OCT 2011		2. REPORT TYPE		3. DATES COVERED 00-00-2011 to 00-00-2011	
4. TITLE AND SUBTITLE Iraqi Police Development Program: Opportunities for Improved Program Accountability and Budget Transparency				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Office of the Special Inspector General for Iraq Reconstruction, 2530 Crystal Drive, Arlington, VA, 22202-3940				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			



SIGIR

Special Inspector General for IRAQ Reconstruction

Summary of Report: SIGIR 12-006

Why SIGIR Did This Audit

On October 1, 2011, the Department of Defense (DoD) transferred responsibility for managing the continuing training of the Iraqi police to the Department of State (DoS). DoS is executing this effort through its new Iraqi Police Development Program (PDP), which seeks to assist the Government of Iraq (GOI) to strengthen police forces' capabilities so that they can better maintain internal security. DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) has the management lead and will provide advisors to mentor, advise, and train senior Iraqi police personnel.

In this audit, the Special Inspector General for Iraq Reconstruction (SIGIR) examined whether DoS/INL has a plan for the program possessing sound requirements and cost estimates, and whether DoS identified the funds and other resources that the GOI will contribute to the program, as required by law. We also examined related issues, such as security and overhead, that could affect program operations and costs.

Recommendations

SIGIR makes three recommendations to the Secretary of State, highlighting the need for (1) an adequate current assessment of the Iraqi police forces, (2) a more comprehensive and detailed program plan, and (3) a written agreement with the GOI ensuring its financial participation and agreement with the program's scope.

Matters for Congressional Consideration

SIGIR believes that, before additional funds are committed to the program, the Congress might consider requiring DoS to provide detailed data on (1) projected program costs, (2) existing funds available to meet FY 2012 operational costs, and (3) expected GOI contributions.

Management Comments and Audit Response

The DoS agrees with SIGIR's recommendations and notes that this report will aid in strengthening operational systems and controls for the PDP. Other DoS comments are addressed in the report as appropriate.

October 24, 2011

IRAQI POLICE DEVELOPMENT PROGRAM: OPPORTUNITIES FOR IMPROVED PROGRAM ACCOUNTABILITY AND BUDGET TRANSPARENCY

What SIGIR Found

Our audit initially was impaired by DoS's lack of cooperation, which resulted in limited access to key officials and documents. After an exchange of letters on this issue, the access problems were mitigated. Our somewhat limited discussions with and documents obtained from DoS officials, along with documents obtained from other sources, allowed us to determine that:

- DoS does not have a current assessment of Iraqi police forces' capabilities upon which to base its program. Such an assessment is essential for effective program targeting. Further, DoS does not have a sufficiently comprehensive and detailed PDP plan that provides specifics on what is to be accomplished, including intermediate and long term milestones, benchmarks to assess progress and accomplishments, and transparency of and accountability for costs and performance outcomes.
- DoS has reduced the size of the PDP since 2009 to offset increases in estimated costs and anticipated budget reductions. While it requested about \$887 million for the program in FY 2012, current plans are to phase in a smaller and less costly program. Earlier this year, DoS, for the first phase of the program, reduced the number of planned advisors from 190 to 115 and eliminated the aircraft transport capability. INL officials estimate the FY 2012 cost for Phase 1 to be about \$500 million.
- Spending plans indicate that only a relatively small portion of program funds—about 12%—will be used to pay for advising, mentoring, and developing the Iraqi police forces. The vast preponderance of money will fund security and life support. INL officials told us that they will seek ways to reduce costs of security, life support, and other overhead.
- With the program now notably pared down, DoS plans to use remaining FY 2010 and FY 2011 funds to pay some FY 2012 operational costs. INL data indicates that as much as \$200 million to \$300 million could be available for this purpose. DoS did not provide SIGIR with sufficiently detailed data on current obligations, expenditures, and budgets, including the use of PDP funds to pay for Embassy operations (security, life support, and aircraft) that support the program.
- DoS has not yet secured written commitments from the GOI regarding either its support for the PDP or its planned financial contributions, even though (1) DoS has written policy guidelines requiring GOI matching contributions and (2) congressional language appropriating funds for Iraq assistance specifies the use of these guidelines.

We believe this audit raises serious concerns regarding the PDP's long-term viability. The continual downsizing of the program, the planned use of unspent funds, and the lack of transparency regarding the use of program funds for "Embassy platform" purposes (e.g., security, life support, and aviation) raise red flags about the program's fund requirements. This report identifies opportunities for improved program accountability and budget transparency, which, if acted on, will strengthen the likelihood of program success.



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

October 24, 2011

MEMORANDUM FOR THE U.S. SECRETARY OF STATE
U.S. SECRETARY OF DEFENSE

SUBJECT: Iraqi Police Development Program: Opportunities for Improved Program Accountability and Budget Transparency (SIGIR 12-006)

We are providing this audit report for your information and use. The report discusses the Department of State's plans for the Iraqi Police Development Program, for which it became responsible on October 1, 2011. We performed this audit in accordance with our statutory responsibilities contained in Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. This law provides for independent and objective audits of programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq, and for recommendations on related policies designed to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, and abuse. This audit was conducted as Project 1106.

In finalizing this report, we considered written comments dated October 14, 2011, from the Department of State on a draft of this report. We addressed these comments as appropriate and the comments are printed in their entirety in Appendix D.

We appreciate the courtesies extended to our staff. For additional information on the report, please contact Glenn Furbish, Assistant Inspector General for Audits (Washington, D.C.), (703) 604-1388/ glenn.furbish@sigir.mil, or Jim Shafer, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 604-0894/ james.shafer@sigir.mil.

A handwritten signature in black ink, appearing to read "Stuart W. Bowen, Jr." with a period at the end.

Stuart W. Bowen, Jr.
Inspector General

cc: U.S. Ambassador to Iraq
Commander, U.S. Central Command
Commanding General, U.S. Forces-Iraq

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Iraq Police Development Program: Opportunities for Improved Program Accountability and Budget Transparency

SIGIR 12-006

October 24, 2011

Introduction

On October 1, 2011, the Department of Defense (DoD) transferred to the Department of State (DoS) responsibility for managing the Police Development Program (PDP) to assist the Government of Iraq (GOI) develop police forces capable of maintaining internal security. DoS's Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the program. DoD and DoS have been planning the transfer for about two years, and INL has already received about \$745 million to support the PDP. Specifically, INL received \$450 million in FY 2010 to support the program's start-up requirements, and about \$295 million for program operational costs in the 4th quarter of FY 2011. DoS has requested about \$887 million for FY 2012 to maintain program operations for the program's first year.

INL anticipates at least a five-year program but states that, beginning in the fourth year, the program will require fewer resources as it will have built sufficient GOI capacity. The GOI's Ministry of Interior (MOI) oversees the Iraqi police forces in 15 of Iraq's 18 provinces, with the Kurdistan Regional Government responsible for the remaining 3 provinces.

Background

Since 2003, the United States has spent about \$8 billion to train, staff, and equip Iraqi police forces to maintain domestic order and deny terrorists a safe haven within Iraq. Within DoS, INL is responsible for developing policies and managing programs that strengthen law enforcement and other rule of law institutional capabilities outside the United States.¹

In 2003, INL was assigned initial responsibility for the Iraqi police training program and funded it. The Department of Justice's International Criminal Investigation Training and Assistance Program was also involved. However, program responsibility was transferred to DoD in 2004 due to the Iraq security situation, the scale of the task, and the need to ensure unity of command and effort. Specifically, on May 11, 2004, National Security Presidential Directive 36² assigned the mission of organizing, training, and equipping Iraq's security forces, including the police, to the U.S. Central Command, until the Secretaries of State and Defense agreed that DoS should take on that responsibility.

The DoD Program Built a Sizeable Force That Iraq Ministry of Interior Now Oversees

The DoD-run Iraqi police training program built a sizeable force. According to a May 2003 assessment conducted for the Coalition Provisional Authority, the Iraqi police force under Saddam Hussein numbered

¹ Presidential Decision Directive 71, February 24, 2000, directed DoS to strengthen criminal justice systems in support of U.S. peace operations and other complex contingencies. The Secretary of State designated INL as the primary focal point for rule of law matters.

² United States Government Operations in Iraq, 5/11/2004.

about 58,000. By 2010, DoD reported that there were 412,000 police in the force.³ The Special Inspector General for Iraq Reconstruction (SIGIR) previously reported on problems in obtaining the true number of assigned and trained police.⁴ SIGIR has also reported on the lack of performance metrics to assess the DoD program.

The Iraqi MOI oversees the nation's police forces in 15 of Iraq's 18 provinces⁵ including:

- The Iraqi Police Service, which comprises patrol and station police, as well as specialists such as forensic experts, assigned throughout 15 of Iraq's provinces. Its mission is to enforce the law, safeguard the public, and provide internal security at the local level.
- The Federal Police, which is a bridging force between the Iraqi Police Service and the Iraqi Army, allowing MOI to project police capabilities across provinces. It could be used to counter large-scale civil disobedience and to attend to national emergencies.
- The Border Police, which staff border forts and ports of entry to protect Iraq's borders from unlawful entry.⁶
- The Oil Police, which provide security for Iraq's oil infrastructure.
- The Facilities Protection Services, which protect Iraqi government buildings.

Although coalition forces initially managed and conducted police training, the MOI assumed the management of all police training centers, colleges, and stations in 2006. The MOI funds, staffs, and manages training centers, colleges, and police stations in 15 of 18 provinces in Iraq. Iraqi police instructors lead classroom instruction, and Iraqi officials manage all programs. The MOI operates 3 police colleges and 28 training centers, while the Kurdistan MOI operates 2 police colleges and 6 training centers.

DoS Transition Planning Began in 2009

The Strategic Framework Agreement between the United States and Iraq, signed in November 2008, provided a basis for continuing bilateral law enforcement and judicial training. One provision directed cooperation on enhancing law enforcement. The PDP grew out of this agreement.

In 2009, DoS identified three options for assuming responsibility for the PDP. The options resulted from an interagency study of the DoD-led program. The option selected was endorsed as the approved concept of operations by the National Security Council's Deputies Committee⁷ in August 2009. At that time, the

³ *Measuring Stability and Security in Iraq*, Department of Defense Report to Congress in accordance with the Department of Defense Supplemental Appropriations Act 2008, 6/2010.

⁴ *Interim Analysis of Iraqi Security Force Information Provided by the Department of Defense Report, Measuring Stability and Security in Iraq*, SIGIR 08-015, 4/25/2008; and *Challenges in Obtaining Reliable and Useful Data on Iraqi Security Forces Continue*, SIGIR 09-002, 10/21/2008.

⁵ The Iraq MOI does not oversee the police forces in the Kurdistan region. Those forces are overseen by the Kurdistan MOI. Future references to the MOI will be limited to the Iraqi MOI, unless noted.

⁶ Officially known as the Directorate of Border Enforcement and the Ports of Entry Directorate.

⁷ The National Security Council's Deputies Committee is a senior sub-Cabinet interagency committee dealing with national security issues. The organization and function are detailed in the February 2009 Presidential Policy Directive-1.

transition from DoD to DoS was planned for the summer of 2011—the date was later changed to October 1, 2011.

The DoS options paper identified the following guiding principles for an effective and credible PDP:

- The U.S. government has provided sufficient entry-level police training.
- The Iraqis are ready to assume greater responsibility for developing their internal security, desire a less intrusive mentoring and advisory program, and require ready access to qualified U.S. advisors.
- The MOI needs effective assistance to build managerial and administrative skills at Baghdad and provincial headquarters.
- Higher-order training is required to build specialized criminal investigative skills.
- Assistance in curriculum development, instructor development, and training academy management is required at the three police colleges and 17 provincial police academies.
- Enhanced border integrity is an essential element for future Iraqi security.

In preparing for the transfer, DoD drew down its much more extensive program to sync with INL's planned program levels. In doing so, it reduced the number of civilian police advisors from over 600 and redeployed police advisors from 12 camps around the country. The INL program will operate mainly out of three locations—Baghdad, Basrah, and Erbil. INL officials said that, as they begin operating the program from these locations, they recognize that the program will have to be conducted under the difficult and dangerous security environment that exists in Iraq.

Other Organizations Have Supported Iraqi Police Development

DoD and DoS have provided most of the U.S. support for the program to help train, staff, and equip Iraqi police forces. However, other U.S. organizations also have supported the program, in some cases with funding from INL. For example, the Federal Bureau of Investigations, Department of Homeland Security, and the Bureau of Alcohol, Tobacco, Firearms, and Explosives each provide specialized training as needed or requested. Also, the MOI requested that the Federal Bureau of Investigation assist in developing a federal investigation academy. Since 2005, the Department of Homeland Security has trained Iraqi personnel on a variety of skills, including: physical security; port operations; threat assessments; document analysis and search techniques; and developing border, customs, and immigration courses. The Bureau of Alcohol, Tobacco, Firearms, and Explosives has had a continuous presence in Iraq since 2003, providing support to the DoD police training program in an advisory capacity at crime scenes, in training development/delivery, and as subject matter experts in firearms, explosives, and other areas as requested.

Objective

Our objective for this report is to address whether DoS/INL has a program plan with sound requirements and cost estimates, and whether DoS identified the funds and other resources that the GOI will contribute to the program. We also examined related issues that could affect program management and costs.

The DoS did not fully cooperate with SIGIR during this audit. There were delays in gaining access to key officials and in obtaining documents. Moreover, the documents provided were incomplete and, particularly in the area of funding and budgets, the data was so incomplete that SIGIR could not clearly link DoS's current program resources to budget requests. It is unclear whether DoS did not provide the

requested documents because they did not exist or for other reasons. This lack of cooperation is described further in Appendix A to this report, and Appendix B provides the letters exchanged between SIGIR and DOS officials addressing audit impairment. Because of the impairment, SIGIR's audit is not as complete and detailed as envisioned. Nevertheless, because of significant concerns about program management and costs, as well as identified opportunities for improved program accountability and budget transparency, we are reporting on the audit work that we could complete.

For a list of acronyms, see Appendix C. For management comments, see Appendix D. For the audit team members, see Appendix E. For the SIGIR mission and contact information, see Appendix F.

INL's Program Not Based on an Adequate Assessment of Iraqi Police Capabilities and Not Guided by a Comprehensive Plan

INL has not currently assessed Iraqi police capabilities to the extent necessary to provide a sufficient basis for developing detailed program tasks and an effective system for measuring program results. Over two-and-a-half years ago, a Joint Transition Planning Team made a three-week visit to Iraq to gain a baseline understanding of Iraq police forces' capabilities, but noted that a number of follow-on steps would be required for program design. However, the follow-on steps for program design were not accomplished and a planned 2011 baseline assessment was not completed.

The only clearly stated program tasks are those that call for INL advisory teams to advise and mentor Iraqi police; these tasks do not provide a basis for measuring results against specific objectives. Further, INL does not have a comprehensive and detailed PDP plan that provides specifics on what is to be accomplished, intermediate and longer term milestones, measures to assess progress and accomplishments, and transparency and accountability for program costs and performance.

Assessments Do Not Provide Basis for Program Priorities and Activities

In March 2009, a Joint Transition Planning Team made a three-week visit to Iraq to gain a baseline understanding of Iraq police capabilities; however, this effort was not intended to and did not provide a basis for identifying program priorities and activities. According to the report, the intent of the Planning Team was not to conduct a comprehensive assessment of the status of the Iraqi police forces, but rather to provide a baseline understanding of current capabilities as well as future requirements and priorities. The Planning Team concluded that there was no longer a need for continuous local-level training for the police, but that limited technical assistance and mentoring and advising at the senior level was required. However, the Planning Team did not define specific areas of mentoring and advising. In fact it noted that a number of follow-on steps would be required in a program design phase. These steps included drafting comprehensive program work plans that described goals, strategies, staffing, timelines/staging, roles and responsibilities, and required resources.

In October 2010, SIGIR raised concerns that DoS would be assuming responsibility for a program to advise and assist Iraqi police forces when the capabilities of those forces had not been assessed in any comprehensive way. We reported⁸ that neither DoD nor DoS has fully assessed the capabilities of the Iraqi police. DoD carried out some assessments, but they have limited usefulness in evaluating the current capabilities of the Iraqi police services. SIGIR recommended that the Commanding General, U.S. Forces-Iraq, in consultation with the Assistant Secretary, INL, work with the MOI to help assess the capabilities of the Iraqi police and provide that assessment to INL. Although U.S. Forces-Iraq agreed with the report recommendation, the assessment was not completed.

INL officials, recognizing the need for a further assessment, awarded a grant in April 2011 that included \$1 million to conduct a base-line assessment of the Iraqi police. However, the assessment was not

⁸ *Iraqi Security Forces: Police Training Program Developed Sizeable Force, but Capabilities Are Unknown*, SIGIR-11-003, 10/25/2010.

completed. Still recognizing the need for such an assessment, INL officials said advisors would complete assessments as part of their initial program efforts by November 1, 2011. Given that INL has had two years to plan for this transition and that program activities are due to begin October 1, 2011, we are concerned about the lack of a current baseline for the program. Without a current assessment and a derivative plan to address the needs identified by the assessment, it is not possible to determine the resources needed to carry out the program and the related cost of those resources.

INL Has Not Developed a Comprehensive and Detailed Plan

INL has not developed a comprehensive and detailed PDP plan. Similarly, DoD operated its Iraqi police development program for years without a comprehensive plan. In the previously cited October 2010 report, SIGIR noted that DoD's program lacked clearly articulated goals; a timeframe for accomplishing its goals; an estimated program cost; a list of required resources; and metrics to measure progress. Instead, elements of plans and programs existed but changed from one year to the next without explanation.

DoS, with assistance from DoD, has been planning for more than two years for the transfer of the police training assistance program to INL. As stated earlier, the program evolved from three options identified in 2009. The selected option involved developing a hub-and-spoke concept of operations. Police advisors located at the three locations (hubs) travel to provinces, Iraqi training academies, and other key police facilities (spoke sites). They mentor and advise police officials and can provide higher-order training in subjects such as forensics, investigative skills, use of information technology in policing, and program management. The hub-and-spoke concept is designed to allow INL to adjust the size of the program depending on available funds and Iraqi needs. INL officials did not provide information on the two options not selected. However, in response to our question, they said that neither of the other program options would have involved a greater portion of program funds being used for program activities, as opposed to support activities such as security, life support, and transportation. They added that, as the program is being implemented, they will continue to seek ways to reduce security, life support, and other support costs.

The goal of DoS's planned program is to set the stage for the gradual transfer of full responsibility for police development and law enforcement to the MOI. DoS reported that within a five-year program time frame (by 2016) Iraq could achieve the capacity to sustain program gains. Accordingly, the strategy is to devote substantial resources and efforts for a two to three-year period, followed by annual programs with diminished resources and assistance.

While DoS has further defined the program since the option was adopted, it has not developed specific goals on what is to be accomplished, intermediate and longer-term milestones, metrics to assess progress and accomplishments, and or means to ensure transparency and accountability for program costs and performance. In response to our request for a program plan, INL initially provided a four-page document dated January 20, 2011, and a five-page document dated March 10, 2011. These plans provide a general description of the program and its goal—assisting in the development of a professional MOI and its police services. They emphasize that the focus of the police development effort will be to mentor and advise Iraqi police officials, but note that the program will also involve structured classroom training for large audiences, particularly in advanced or specialized technical skills, as well as international training for a small number of officials.

In a July 2011 meeting, INL officials asserted that its PDP plan entailed a collection of various documents, DoS cables, emails, and PowerPoint slides. On August 22, 2011, INL officials provided SIGIR a 22-page PowerPoint briefing slide presentation, prepared that month, and stated that this was

their current PDP plan. The August briefing slides contained additional program details, but did not present the basic elements required in a comprehensive plan.

A few days later on August 26, 2011, INL provided a paper that outlined its draft goals, objectives, and performance measures for the PDP but noted that this important set of metrics would be fine-tuned to develop quantifiable indicators and measures of performance. Based on our review of this paper, INL has identified goals and objectives for MOI performance, but not how the PDP advisors will accomplish these goals and objectives. None of the nine identified goals (with multiple objectives and milestones) address the program's objectives. The goals and objectives identified are for the MOI—not for the PDP—and the plan does not identify how the program advisors will be used to reach these goals and objectives.

In September 2011, INL provided SIGIR revised goals, objectives, and performance measures for the PDP. These revisions added additional details on metrics and evaluation indicators, but did not address how the PDP advisors will contribute to accomplishing the goals and objectives that INL established for the MOI. Further, INL provided no evidence that the MOI agrees with or will accept the goals, objective, and performance measures that INL determined the MOI should achieve.

On September 22, after SIGIR briefed INL officials on its audit findings, INL provided a binder of documents it referred to as the "PDP Plan." The INL transmittal note stated that the binder included many documents previously provided but organized as a more comprehensive plan. Specifically, the plan includes its August briefing slide presentation; the September revision of the list of goals, objectives, and performance measures; updated FY 2010 budget information; advisor position descriptions and deployment and staffing projections; descriptions of preliminary training plans; and a summary of its monitoring and evaluation advisor plans.

In general, the plans provided by INL have progressed from the earlier four- and five-page documents to longer PowerPoint presentations, to the binder of documents provided on September 22, 2011. However, a comprehensive and detailed plan, based on a current police force capability assessment and with INL-focused metrics, is still lacking.

In assessing the adequacy of PDP plans, SIGIR uses the Government Performance and Results Act⁹ and its update, the Government Performance and Results Modernization Act of 2010¹⁰ to identify key plan elements. While the performance plans required by the Acts are agency-wide plans, the key elements are applicable for program plans. The Acts provide that performance plans should, among other things,

- establish performance goals to define the level of performance to be achieved by a program activity
- express such goals in an objective, quantifiable, and measureable form
- provide a description of how the performance goals are to be achieved, including clearly described milestones
- establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity
- provide a basis for comparing actual program results with the established performance goals

⁹ Public Law 103-62, August 3, 1993.

¹⁰ Public Law 111-352, January 4, 2011.

For the PDP, SIGIR believes that the above statements clearly indicate the need to define Iraqi police requirements and needs and how these requirements and needs will be met through a program of mentoring, advising, and training.

INL documents indicate that the planned training and advising is largely unstructured and undefined, other than a program to mentor and advise, with some specialized training yet to be identified. Program documents note that advising and mentoring is highly individualized and dependent on the needs of the Iraqi police personnel, but that the advisory teams will have the necessary skills and expertise to advise, mentor, and train in a wide range of ministerial functions. The documents give examples of the types of assistance that will be provided, but also note that other assistance is being considered, and additional topics/areas of specialized assistance can be added as appropriate. Further, the documents note that a program team leader, working with Iraqi counterparts, will identify the functions or specific issues to be addressed and will assign experts to advise, mentor, and conduct training as needed. INL officials stated that flexibility is built into the PDP to respond to issues identified as the advisors interact with Iraqi officials.

INL's plan lacks details on specifically what the program and its advisors are to accomplish other than assisting and supporting the GOI in developing the management and leadership function of the Iraqi police forces. Further it lacks descriptions on how the advisors are to achieve performance goals. While earlier program documents mention a three- to five-year program, the planning documents we reviewed did not identify intermediate or longer-term milestones or measures for assessing progress and accomplishments, and none provide essential transparency and accountability for future years' program costs and performance. Also, none of the planning documents present details on transferring program responsibility to the MOI.

Without specific goals, objectives, and performance measures, the PDP could become a "bottomless pit" for U.S. dollars intended for mentoring, advising, and training the Iraqi police forces. Meetings held with Iraqi police officials and training courses provided could simply become "accomplishments," without any indicators of changes in the management and functioning of the Iraqi police forces that can be attributed to this costly program.

Cost Increases and Funding Uncertainties Result in Downsized Program and Unused Funds

Since DoS began PDP planning in FY 2009, the program has been significantly downsized. The number of planned advisers was initially reduced from 350 to 190, and, because of budget concerns, that number for Phase 1 of the program has been reduced to 115 advisers, one-third of the original number. Furthermore, the use of aviation to transport advisers to various Iraqi sites has been put on hold along with the need for some related facilities. Only about 53 senior police advisers are expected to be on board as of October 1, 2011. Nevertheless, INL continues to plan for a program of 190 advisers and the use of Embassy aircraft, if full funding is appropriated.

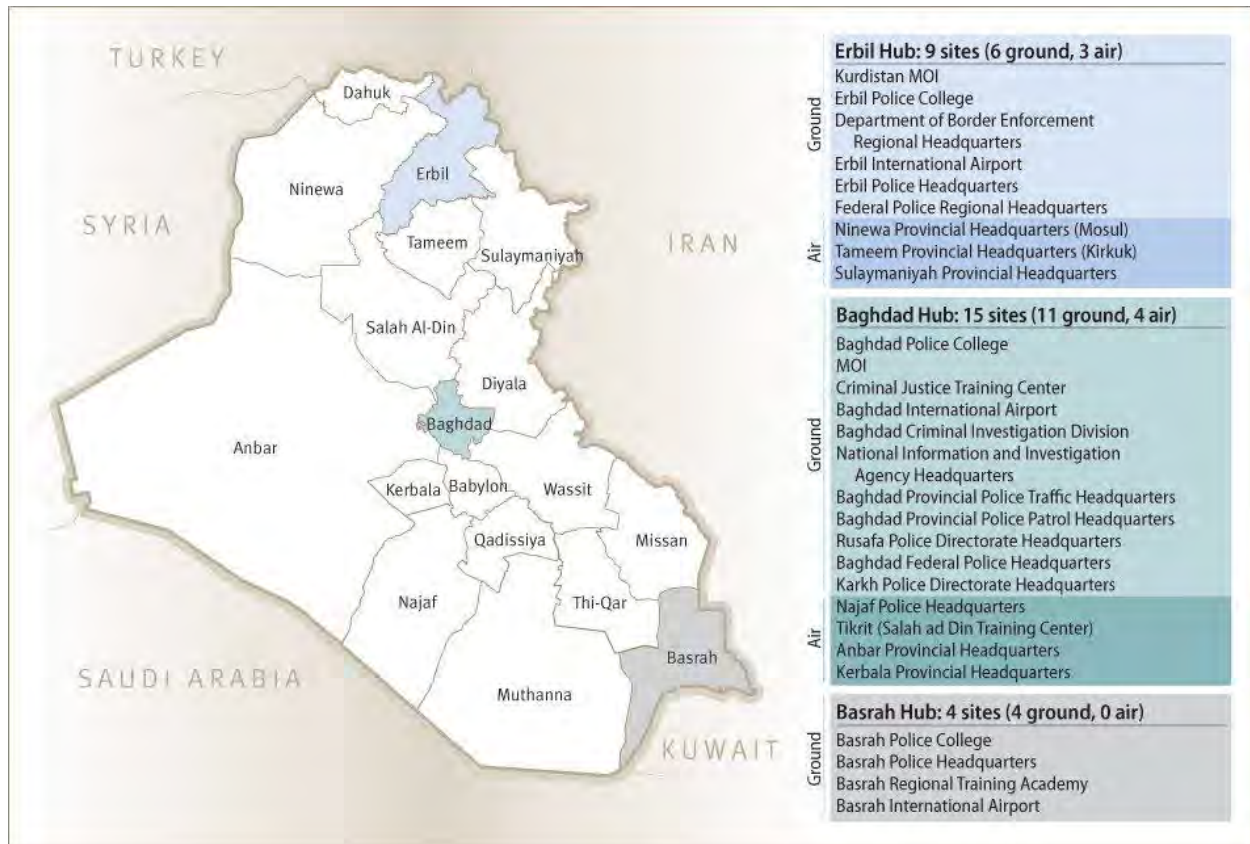
With the reduced Phase 1, the number of security, life support personnel, and other support staff required for the advisers would also decrease. As a result, FY 2010 and 2011 funds appropriated for a program with either 350 or 190 advisers will not be used as planned. INL plans to use these funds to pay operational costs in FY 2012. INL data indicates that about \$200 million to \$300 million could be available from these funds to pay FY 2012 program expenses.

Reduction in Number of Planned Advisers and Program Operations

INL estimated in 2009 that the yearly operational cost for a 350-adviser program was \$721 million, or approximately \$2.1 million per adviser per year. The 350 advisers (52 U.S. government employees and 298 contractors) and 1,067 support and security personnel would be based out of Baghdad, Erbil, and Basrah, and would use both air and ground assets to support administrative and technical advice and mentoring to the MOI, the Provincial Headquarters, Police Colleges and Provincial/Regional Academies, the Federal Police, and the Department of Border Enforcement.

A December 2010 briefing document shows that INL downsized the program to 190 advisers based out of the same three hubs. Figure 1 shows that the PDP was to have 28 sites, with 21 reached by land and 7 by air, in 10 of 18 provinces. INL planned for nine light-lift UH-1N helicopters in Erbil and three medium-lift S-61 helicopters in Baghdad. No helicopters were planned for Basrah. INL officials note that this is the program on which its FY 2012 budget request is based.

Figure 1—PDP Site List as of December 2010



Source: INL briefing slide.

For the downsized 190-advisor program, the estimated operational costs for the last quarter of FY 2011 were about \$294.5 million. This is the equivalent of \$1.18 billion for a full year or approximately \$6.2 million per advisor per year—almost triple the initial estimated cost per advisor. Furthermore, current INL plans call for the vast majority of program funds to be spent on security, life support, and transportation, not directly to advise, mentor, and develop the Iraqi police.

By July 2011, INL officials decided to implement the program in two phases because they were not optimistic that the amount of funds requested for FY 2012 would be appropriated. They stated that Phase 1 of the program will be limited to 115 advisors distributed among the three hub locations—a reduction of 235 advisors from the original plan of 350 advisors—and that air operations will be eliminated. Accordingly, the total number of sites to be served has been reduced from 28 to 21. Also, because some operational and security costs are fixed, the reduction to 115 advisors will likely result in a further increase in the annual operating cost per advisor. INL officials noted that the program could be ramped up to 190 advisors and 28 sites if requested FY 2012 funding is provided.

Budget Requests for Larger Program Has Resulted in Unused Funds

DoD and INL identified resource requirements for the transition of the police program and INL submitted budgets requests of \$517.4 million for startup costs and \$294.6 million for FY 2011 4th quarter operations.

The startup funds were for the base camp and aviation facility upgrades, security infrastructure, the procurement of aircraft to transport advisors between program hubs and field locations, and initial funding to recruit and train key personnel, including security, contract management, and oversight personnel.

In August 2010, INL received \$450 million for startup costs, or \$67.4 million less than requested, and \$200 million for FY 2011 4th quarter operating costs, or \$94 million less than requested. According to an INL official, the reduced and delayed startup funding resulted in INL suspending its plans to operate dedicated INL aircraft for the PDP. Table 1 shows the Department’s FY 2010 Supplemental Appropriations Spending Plan for the startup costs as of October 2010. In September 2011, INL provided updated expenditures data that shows how spending compares with the plan.

Table 1—Spending Plan for Startup Costs Funded by FY 2010 Supplemental and Spending as of September 2011(\$ in millions)

Category of Cost	Planned Spending October 2010	Spending September 2011
Upgrade hub and aviation facilities	\$343.7	\$334.6
Purchase rotary wing aircraft	49.0	0.0
Recruit and train advisors, security, and aircraft maintenance personnel	32.3	33.0
Transfer of funds to Embassy operations	25.0	0.0
Total	\$450.0	\$367.6

Source: DoS’s FY 2010 Spending Plan dated October 20, 2010 and INL-provided spending data as of September 2011.

INL’s Spending Plan also identified initial operating expenses during the 4th Quarter of FY 2011 as shown in Table 2. As of September 2011, the only significant expenditures have been for security. INL officials noted that FY 2011 appropriated funds were not received until August 16, 2011. They stated that congressional committees have been briefed on plans to use FY 2011 4th quarter funds for FY 2012 program operating costs.

Table 2—Spending Plan for 4th Quarter FY 2011 Operating Costs Funded by FY 2010 Supplemental and Spending as of September 2011 (\$ in millions)

Category of Cost	Planned Spending October 2010	Spending September 2011
Hire, train, and deploy 190 advisors and other experts	\$23.4	\$0.0
Provide life and mission support	58.0	0.2
Provide movement and static security	85.0	75.3
Operate and maintain helicopter air wing	33.6	0.0
Total	\$200.0	\$75.5

Source: DoS's FY 2010 Spending Plan dated October 20, 2010 and INL-provided spending data as of September 2011.

DoS's plan to spend the \$200 million shows that only about 12% of the funds are targeted to hire, train, and deploy police advisors and managers. The remaining 88% are for (1) life and mission support for the advisors and staff, (2) security for sites and transportation, and (3) operation and maintenance of the helicopter air wing. Based on INL's September 2011 data, \$75.3 million—virtually all of the \$75.5 million in expenditures—has been for security costs.

For both FYs 2010 and 2011 funds, INL did not have information on expenditures by DoS's Bureaus of Diplomatic Security and Overseas Building Operations, which are using PDP funds to upgrade program security and facilities. Accordingly, INL is reporting funds as expended after the funds are obligated. It recognizes that some of these funds might not be expended and could be returned and used for other PDP costs.

In its FY 2011 Foreign Operations budget justification, DoS requested an additional \$314.6 million to pay for virtually the same requirements it had requested in its FY 2010 supplemental: "start-up requirements such as facilities upgrades, security infrastructure, and procurement of aircraft, as well as costs associated with recruiting; hiring; training; deploying; and supporting key program, support, and security personnel." INL did not specify why these additional funds were needed nor did it provide SIGIR with its FY 2011 Spending Plan. According to INL officials, the PDP received \$94.56 million in FY 2011 funding. This amount, in addition to the \$200 million provided in the FY 2010 supplemental, brought the FY 2011 4th quarter funding back to the original amount INL requested. According to an INL document in August 2011, none of the \$94.56 million FY 2011 funds had been obligated. Based on this INL data, SIGIR estimates that about \$200 million to \$300 million could be available from FYs 2010 and 2011 funds to pay FY 2012 program expenses.

Concerns About the Use of PDP Funds for Embassy Operations

SIGIR's concerns about the lack of transparency and accountability in using PDP funds for police advising and mentoring and to support Embassy operations for the program such as security, life support, and aviation support is illustrated by the aviation situation. INL requested and obligated \$49 million to purchase rotary aircraft. However, these aircraft will become part of one fleet operated in Iraq as "Embassy Air." An INL document states that all aircraft will be operated as "one fleet" regardless of funding source and that the priority for rotary-wing aircraft will be as follows:

- Medical evacuation
- Quick Reaction Force

- Ambassador/VIP/Congressional Delegation
- Chief of Mission General Support

While we agree with the one fleet concept, we question why PDP funds would be used to purchase aircraft for the “Embassy Air” fleet when supporting the PDP is not a fleet priority. We believe that the justification for, and procurement of, needed aircraft should come from the fleet manager based on known and estimated requirements of all users. Further complicating the use of program funds to purchase aircraft is that, according to INL officials, air transport is no longer part of Phase 1 operations. INL officials said that the funds obligated for aircraft had been deobligated, but would remain committed for aircraft purchase so that the purchase could be made if full program funding becomes available. SIGIR remains concerned about using PDP funds to purchase aircraft for the now non-program-related Embassy Air fleet.

In addition to plans to use PDP funds to purchase aircraft, program funds are being used to upgrade aviation facilities and to recruit, hire, and train aircraft maintenance personnel. Again, SIGIR questions why program funds are being used for such “Embassy platform” expenditures. Similar questions exist about how program funds are being used to support Embassy security and life support activities.

While the PDP will depend on Embassy-provided security and life support, DoS/INL did not provide any detailed data on the basis for calculating these costs. In response to SIGIR’s request for detailed data on obligations and expenditures, INL reported that security costs are based on data provided by the Bureau of Diplomatic Security, using either a government cost estimate or a “rough order of magnitude” estimate. INL stated that to calculate life support costs, a rough order of magnitude estimate was developed based on data provided by Embassy Baghdad and the Bureau for Near Eastern Affairs. DoS believes that SIGIR does not have the jurisdiction to audit security and life support programs and thus did not provide us details about these two major PDP-fund expenditures. In commenting on security, life support, and aviation costs, INL noted that (1) the Department is at the crux of a transition effort at this time; (2) some cost estimates will have to be worked through over the next few months; and (3) costs will be modified to reflect on-the-ground experience and final costs.

Request for FY 2012 Funds for PDP Operations Not Based on Current Program

For FY 2012, INL’s budget justification includes \$1 billion for Overseas Contingency Operations for Iraq and notes that the vast majority of these funds—about \$887 million including \$860 million for the program and \$27 million for program development and support—are needed to support a full year of operation of the PDP. At the time of the justification, INL stated that the program would include about 190 advisors based in three hub cities with planned travel to about 30 MOI critical spoke sites in an estimated 10 provinces. The justification is not specific on why the funds requested are needed or how they will be used; it states that \$25 million is to be transferred to support other capacity-building work in the justice sector.

INL’s Phase 1 of the program is a much smaller PDP program than the one on which the FY 2012 budget request was based. As noted, the Phase 1 plan provides for 115 advisors versus 190 and does not include using air transportation (despite program expenditures for it). INL officials estimate the FY 2012 cost for the currently planned program at \$500 million. However, even this downsized program will not be fully operational as planned on October 1, 2011.

According to INL officials, staffing is behind schedule and facilities upgrades are delayed. In September 2011, INL officials reported that only 53 senior police advisors would be on board on October 1, 2011.

Although INL is reporting that a total of 90 personnel were on board on October 1, this includes 27 holdovers from the DoD program who will be replaced later, and 10 Department of Homeland Security Border Advisors. Some facilities upgrades at program sites will not be completed until mid-2012. Accordingly, FY 2012 operating costs for the program should be significantly less than requested in INL's FY 2012 budget request and less than the \$500 million estimated cost for a 115-advisor program.

Program reductions and delays have resulted in much of the FYs 2010 and 2011 appropriations for the PDP not being obligated and expended. These unused funds would need to be considered in determining FY 2012 program funding requirements. Because of the program reductions and the availability of prior-year funds, a significant reduction in the FY 2012 budget request should be considered. SIGIR cannot recommend a specific reduction in requested FY 2012 funds that should be considered because DoS has not provided us with detailed data on obligations, expenditures, or detailed requirements and budget data—especially data detailing how program funds were used to support Embassy operations (security, life support, and aircraft fleet).

DoS Lacks Written Agreement with GOI on the Program

The U.S. government has long recognized that host-country agreement with and commitment to assistance programs is important for program success. Furthermore, the Congress has required by law that the GOI assume greater responsibility for programs and pay a share of all reconstruction efforts. In April 2009, DoS established policy guidelines for GOI contributions to U.S. reconstruction efforts. Congressional language appropriating funds for Iraq assistance specified that U.S. funds be made available in accordance with these guidelines. However, the Department has not applied the guidelines to the PDP.

DoS has yet to obtain a signed agreement with the GOI for the PDP, although hundreds of millions of U.S. dollars have already been spent on providing program support. It has also not prepared the documents required by the guidelines, which would describe the program cost and the GOI financial participation. SIGIR has reported that working closely with the GOI is essential to long-term program success and to avoid waste of U.S. funds. In prior work, SIGIR recommended that U.S. efforts be based on assurances that the GOI supports the U.S. approach, and that there are measurable indicators of progress. Absent such assurances, the programs are vulnerable to waste.¹¹

In 2009, DoS and USAID drafted an Iraq-specific cost-sharing policy statement in response to congressional concerns on cost sharing and to provide guidance to U.S. government civilian agencies implementing assistance programs. These guidelines were submitted to the Congress with the FY 2009 supplemental budget request. Pursuant to that plan, DoS has attempted to obtain a GOI cost-sharing agreement for the PDP. A July 2010 cable states that the Embassy “has introduced to the GOI a Letter of Agreement to act as a technical framework for engagement and continues to push for its signing.” According to the cable, an Iraqi interagency working group—the MOI, the Ministry of Justice, higher Judicial Council and Health Ministry—was formed to consider the Letter of Agreement. Embassy officials reported that they will continue to press the GOI to sign the Agreement.

According to INL officials, they do not yet have a written cost-sharing agreement with the GOI on the PDP. However, an INL official said that obtaining a written agreement is neither required nor critical, noting that INL already has advisors working with the MOI, that they are being “well received,” and that the work and action of the advisors “speaks loudly” to the support they are getting from the MOI. The official added that obtaining an agreement was not important because such agreements are simply paper and that paper can be torn up or ignored when a new MOI official is put in charge of the program. In meetings with MOI officials in August 2011, the Assistant Chief of Mission for Law Enforcement and Rule of Law Assistance suggested establishing a joint committee to discuss the PDP and areas where the U.S. could be of most assistance to the MOI. While no documentation was provided, an INL official said that the MOI leadership had agreed to create an advisory body for the PDP.

The DoS cost-sharing guidelines specify that, to assess compliance with the guidelines, the Department must compile a written document describing the types of GOI financial participation to the program before the obligation of funds. In addition, the document is to include a plan for transitioning the program responsibility to the GOI or other Iraqi counterpart. INL did not provide SIGIR these documents in response to our requests. They provided one document showing that in October 2010, MOI had agreed to provide the U.S. with access and use of Joint Security Station Shield, a PDP site, at no cost.

¹¹ *Key Recurring Management Issues Identified in Audits of Iraq Reconstruction Efforts*, SIGIR 08-020, 7/27/2008.

The guidelines also state that the required document setting forth the GOI financial participation must require the GOI counterpart to report at least semi-annually on their participation. The guidelines further note that, since the process will be subject to U.S. government audits, the programs should be set up to track and report on the GOI financial participation. None of the documents provided by INL for the PDP address these requirements. A Determination and Memorandum of Justification was submitted to congressional committees in January 2011 and reports that the GOI supports, and is cooperating with, the program. It further adds that substantial discussions have occurred about GOI contributions to the program and notes some contributions, but it also states that no final agreement has been made.

The DoS guidelines for GOI contributions state that the U.S. government will seek maximum GOI financial participation in U.S.-funded civilian foreign assistance programs and projects. It states that for programs that directly benefit or involve the Iraqi central government, or that are in its direct interest, the required contribution will be 50% of total program costs. The guidelines note that a significant portion of U.S. government program funding covers security and other special costs of operating in Iraq, such as extraordinary “life support” and force protection costs—in the case of the PDP it could be more than 80% of program costs, depending on what is included in special costs. The guidelines state that such costs shall be excluded from the basis for calculating the counterpart requirement because “it is not reasonable in these circumstances to expect the Iraqis to contribute to these costs.” SIGIR believes that the Congress could consider whether, and to what extent, these special costs of operating in Iraq might be considered as PDP costs that require a matching Iraqi contribution.

Conclusions, Recommendations, and Matters for Congressional Consideration

Conclusions

SIGIR believes that the following issues raise serious concerns about the PDP's viability: (1) the lack of a current and accurate assessment of Iraqi police forces' capabilities; (2) the absence of a comprehensive and detailed PDP plan; (3) the use of the vast majority of program funds for security, life support, and transportation; and (4) the lack of written GOI commitments to financially and otherwise support the program. The program's continual downsizing, combined with the planned use of unspent funds and the lack of transparency regarding program funds and Embassy funds for security, life support, and aviation raises concerns about whether PDP appropriations are being used to support only program requirements.

Based on the documentation provided, SIGIR could not determine how DoS developed its current \$887 million budget request for the program. Further, without additional detailed support for its FY 2012 (and beyond) program objectives, requirements, and costs, SIGIR questions whether the benefits derived from the limited resources devoted directly for Iraqi police development justifies the significant total costs. SIGIR believes that DoS could avoid wasting funds, and use appropriated monies more efficiently and effectively, if the following recommendations are implemented.

Recommendations

SIGIR recommends that the Secretary of State:

1. Direct INL to work with the MOI to complete quickly an adequate current assessment of the Iraqi police forces that will provide a basis for the mentoring, advising, and training to be provided.
2. Direct INL to finish quickly a comprehensive and detailed PDP plan that includes specifics on what is to be accomplished—including intermediate and longer term milestones, and metrics to assess progress and accomplishments—in order to provide greater transparency of and more accountability for program costs and performance. To the extent feasible, ensure that the PDP plan maximizes funds for direct program use as opposed to support activities.
3. Complete a written agreement with the GOI on Iraqi roles and duties in the PDP—including agreement on the joint accountability for the PDP and the types and amount of Iraq's financial participation. If such an agreement cannot be obtained, determine how the PDP should be modified.

Matters for Congressional Consideration

SIGIR believes that the Congress could consider requiring DoS to provide data on and analysis of PDP plans, requirements, and costs before additional U.S. funds are committed to a program that is currently without budget transparency and measurable goals, and has the potential for significant waste. The Congress could also consider requiring DoS to provide details on how previously provided funds can be used to meet PDP costs in FY 2012, and documentation required by DoS guidance that describes the GOI financial contribution to the program. Further, the Congress could consider whether the GOI's 50% contribution to PDP costs should be calculated by including or excluding security, life support, and other special costs of operating in Iraq.

Management Comments and Audit Response

On October 14, 2011, the DoS provided written comments on a draft of this report. DoS agreed with the SIGIR recommendations and noted that it is already implementing the three recommendations. The comments noted that the timely report will aid ongoing INL efforts to refine and strengthen the operational systems and controls necessary to support the PDP. We are encouraged by DoS's agreement with the recommendations and with initial steps that have been taken. However, much remains to be done to adequately implement the recommendations.

In its comments, DoS states that "SIGIR's speculation that the program would not be fully operational on October 1" is inaccurate. However, the comments acknowledge that by October 1, 2011, they will have deployed no more than 90 of the 115 planned advisors and that the full complement of advisors will not be in place until the end of 2011. Further, as stated in this report, some facility upgrades at program sites will not be completed until mid-2012. Throughout the audit, INL officials have stated and provided documentation showing that staffing for the PDP was behind schedule and that facilities were unfinished. SIGIR's position that the program was not fully operational on October 1, 2011, is not based on speculation, but on the number of advisors available and the status of facilities.

DoS also states that SIGIR inaccurately suggests that "INL may be improperly applying FY 2010 and FY 2011 funding to support operations into FY 2010." DoS states that the intention to use prior year funds to support "initial operations" was stated in their FY 2010 and FY 2011 budget requests and spending plans. However, in its FY 2011 Congressional Budget Justification, DoS stated that such funding would be used to enable it to assume "full responsibility" for the PDP at the beginning of FY 2012. DoS's FY 2010 Supplemental Appropriations Spending Plan shows that it received \$425 million for "one-time start up costs" and \$200 million for the PDP during the "transition period," with the transition period identified as the last three months in FY 2011. While the FY 2010 Supplemental Appropriations Act (P.L. 111-212) allowed these funds to remain available through FY 2012, these funds were justified and requested to pay only for PDP start-up and operational costs during FY 2011. SIGIR did not "suggest" that the use of these funds to support FY 2012 operations is improper. SIGIR's discussion of these prior-year funds is to help ensure that the Congress considers this unused and available amount of about \$200 million to \$300 million when determining the amount of FY 2012 funds needed for the program.

Appendix A—Scope and Methodology

In April 2011, the Special Inspector General for Iraq Reconstruction (SIGIR) announced Project 1106 to audit the Department of State's (DoS) Police Development Program (PDP), focusing on the goals, timeframes, and costs for the Program, planned to begin on October 1, 2011. SIGIR performed this audit under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. SIGIR conducted its work from June 2011 through September 2011 from its headquarters in Arlington, Virginia and in Baghdad, Iraq.

SIGIR could not accomplish as complete and detailed audit as was planned because of a lack of DoS/INL cooperation. We did have discussions with INL officials and analyzed the few documents provided by the officials. We also analyzed other available public documents related to the PDP. However, the lack of cooperation impaired our ability to carry out the envisioned audit. The documentation that was provided was limited and was not provided in a timely manner. For example, our audit announcement was dated April 27, 2011, but DoS did not schedule an opening meeting until June 8, 2011, a delay of about six weeks. An early meeting scheduled for May 19, 2011 with INL officials was canceled about one hour before the scheduled time because of the officials' "need for additional Department guidance" on responding to the audit.

At the meeting on June 8, we requested documentation related to 10 different items, with the first item being "All plans related to the transition of responsibility for the PDP from the U.S. military to DoS/INL on October 1, 2011." Among other documents requested were "Documents reporting on the coordination of program plans with the GOI (and other countries) including data on the GOI (and other countries) planned financial and other support for the program." We also requested detailed information on DoS budget requirements, obligations, costs, expenditures, and spending plans for the PDP, along with their assessments of the Iraqi police capabilities. SIGIR did not begin receiving substantive documents on the program until more than two months after the request—we received some irrelevant and nonresponsive documents on July 19, 2011. Finally, in August, the Department sent a few documents related to the above requested items, and stated on August 12 that the documents provided "fully fulfills SIGIR's current request for information." SIGIR disagrees with this assertion. The provided documents were incomplete and did not fully fulfill our request. Furthermore, along with our request for documents, we requested contact information be provided for officials so that we could conduct follow-up discussions. We were not provided names of officials and therefore were not given access to them. Officials in the Bureau of Diplomatic Security did not respond to our requests for information and meetings.

On June 29, 2011, the DoS Under Secretary for Management wrote to SIGIR expressing concerns about this audit and stating that DoS would limit SIGIR access to documents. Because of this letter and the lack of cooperation and delays in obtaining documents, SIGIR responded to the Under Secretary on July 1, 2011, expressing concerns about DoS's lack of cooperation. On August 3, SIGIR notified the Secretary of State and Congress of DoS's continued obstructions to the execution of SIGIR's statutory authority to conduct oversight. On August 4, 2011, the DoS Legal Adviser responded to that letter, and the next day the SIGIR General Counsel responded to the Legal Adviser. On August 12, 2011, the DoS Legal Adviser responded to SIGIR's letters to the Secretary and to the Legal Adviser. Appendix B includes all of the letters exchanged between SIGIR and DOS officials addressing audit impairment.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-processed Data

Any computer-processed data used in this report was not critical to our findings, conclusions, or recommendations. Therefore, we did not test the accuracy of the data because it was used for background purposes only.

Internal Controls

In conducting this audit, we reviewed internal management controls within the context of specific plans, policies, and procedures for implementing and managing the PDP. For example, we addressed whether DoS has developed a comprehensive plan for the program describing (1) what the program is intended to accomplish, (2) milestones for program accomplishments, (3) means for monitoring and evaluation activities, and (4) how progress and accomplishments will be measured. We presented the results of our review on internal controls in the body of this report as appropriate.

Appendix B—Letters by DoS and SIGIR Officials on Audit Impairment

UNDER SECRETARY OF STATE
FOR MANAGEMENT
WASHINGTON

JUN 29 2011

Dear Mr. Bowen: *Stuart*

I am writing to address some of the issues that have arisen in connection with your office's requests for information as part of audits of the Police Development Program (PDP) and oversight of private security contractors (PSCs) in Iraq.

We greatly appreciate your office's efforts to conduct audits and investigations of funds made available for assistance for the reconstruction of Iraq, and we have provided your staff with extensive materials in response to requests for documents and information falling within your office's statutory responsibilities. We have sought to be forthcoming in our responses to these requests, and we devote a great deal of resources to our efforts to provide that information in a timely and complete manner.

In connection with the audit of the PDP, your office has requested extensive information regarding contracts awarded in connection with that program. Your office has also requested extensive information in connection with its audits of the Department's oversight of PSCs.

We are concerned, however, that a number of requests related to the PDP seek information on contracts for facilities, logistics, and security involving the platform that jointly supports our diplomatic operations in Iraq as well as our component effort to provide assistance for reconstruction. These joint arrangements are necessarily complex because they are intended to provide a single, integrated platform with uniform administration that creates economies of scale across all State Department activities in Iraq while addressing the distinct requirements of the Department's diplomatic and assistance activities and funding sources.

Mr. Stuart W. Bowen, Jr.,
Special Inspector General for Iraq Reconstruction,
2530 Crystal Drive,
Arlington, VA 22202-3940.

While we will continue to provide requested information relating to resources made available directly for Iraq reconstruction assistance, we do not read the responsibilities assigned to SIGIR in its founding statute as extending more broadly to the State Department's operations in support of its diplomatic platform in Iraq. Where a joint platform supports both assistance activities – which fall within your office's statutory responsibilities – and diplomatic activities – which fall outside those responsibilities – we believe that it is appropriate for our Department to carefully review potentially relevant information and make an assessment as to whether information may be provided in a manner that will avoid the transmittal of information concerning broader Departmental operations that fall outside of SIGIR's mandate and are properly within the jurisdiction of the State Department's Office of the Inspector General (OIG) or the Government Accountability Office (GAO). As our work together over the past two months has shown, this process is necessarily time and resource intensive.

Further, to the extent that we find documents related to this joint platform that show inextricable linkages between the Department's broader operations and the reconstruction assistance component, we believe that OIG should be responsible for conducting any audits of that platform. Unlike your office's more focused statutory responsibilities, OIG is broadly responsible for, and has vast expertise in, auditing the Department's diplomatic operations as well as its assistance programs. Such an approach avoids the potential for overlapping audits of the joint support platform for diplomatic and assistance functions that will inevitably lead to duplicative requests for information and will divert scarce Department resources from our critical mission in Iraq. We would therefore ask your office to coordinate all of its requests regarding the joint support platform in Iraq through OIG.

Similarly, we are concerned that your office's audits of the Department's oversight of PSCs in Iraq have not been appropriately coordinated with OIG. We understand that your office is seeking to undertake "a series of audits in response to a requirement in Section 842 of the National Defense Authorization Act for 2008 (Public Law 110-181) to conduct audits of security contracts." From the structure and legislative history of that section, it does not appear that it authorized the relevant Inspectors General to conduct audits beyond "the respective scope of their duties as specified in law." The section did, however, charge SIGIR with "develop[ing] a comprehensive plan" for a series of audits by the relevant Inspectors General of contracts for the performance of security and reconstruction

functions in Iraq. It also requires the relevant Inspectors General to coordinate the performance of those audits, including through councils, working groups, and memoranda of understanding. The Department's security contracts funded from State Operations resources are part of the support for the Department's diplomatic platform in Iraq and therefore audits of those contracts fall squarely within OIG's jurisdiction. In the absence of the required comprehensive plan and coordination with OIG, we are concerned that we will receive serial, uncoordinated, duplicative and out-of-scope requests for information that will impose an unnecessary burden on the Department.

Our concerns regarding the potential for overlapping audits and information requests are not theoretical. As you know, in addition to audits by your office, the Department's activities have been evaluated over the past two years by the Government Accountability Office, the Survey and Investigations staff of the House Appropriations Committee, OIG, and the Commission on Wartime Contracting. We recognize and respect the responsibility of all five of these oversight bodies, but we also believe that appropriate coordination of the conduct of audits with OIG will avoid overlapping information requests and will go a long way toward addressing the issues that have arisen in connection with the audits of the PDP and the Department's security contracts.

As part of our continuing efforts to improve the Department's responsiveness, I have asked Deputy Chief Financial Officer Christopher Flaggs to serve as the Department's central point of contact for tracking and coordinating responses to all requests for information from your office.

The Department of State values audits of the U.S. government's efforts in Iraq and stands ready to assist your office in fulfilling its responsibilities in this regard. We are committed to making efficient use of the U.S. taxpayers' dollars and, for that reason, believe that better coordination of audits and auditing responsibilities needs to be achieved.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Kennedy', with a stylized flourish above the name.

Patrick Kennedy



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

July 1, 2011

The Honorable Patrick F. Kennedy
UnderSecretary of State for Management
US Department of State
2201 C Street, NW, Room 7207
Washington, DC 20250

Dear Ambassador Kennedy:

Part

Thank you for your letter of June 29 and the opportunity it provides me to clarify our position on SIGIR audits of the Police Development Program (PDP) and private security contractors (PSCs) in Iraq.

At the outset, permit me to thank you, the Embassy, and the Department for supporting me and SIGIR in Iraq over the past seven years. Although we have had our occasional differences – the issues raised in this letter being reflective of such – we have been and remain jointly committed to success through improving the economy, efficiency, and effectiveness of the Iraq program and the \$61 billion appropriated by the Congress for its use.

Your letter specifically questions whether SIGIR has the legal authority to audit the PDP and whether we have appropriately coordinated our PSC audit with the State Department's Inspector General (State OIG). The answer to both questions is yes. The bases for these answers are laid out below.

I begin by addressing the PDP issue. As a preliminary -- but important -- matter, SIGIR's congressional oversight committees support our effort to audit the PDP, particularly given the pressing reality of the program's imminent transition to State from the Department of Defense. In our communications with the Hill, members and staff concurred that the Congress provided SIGIR the legal jurisdiction necessary to execute the PDP audit, a position soundly buttressed by the fact that we previously have audited the police training program in Iraq several times (to include the State Department's contract management of \$1.2 billion appropriated for the program). As you recently testified before the Wartime Contracting Commission, State's recoveries

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of improper charges under these previously audited programs number in the tens of millions in taxpayer dollars.

As with our previous police training reviews, our current PDP study focuses exclusively on the substance of the program (and not the “diplomatic platform”). Moreover, we coordinate all of our State-related audit announcements with the State OIG, with whom I have a very good working relationship. The State OIG, which has no plans to audit the PDP, concurred with the PDP audit announcement.

The PDP audit’s objectives are to identify whether the Department has: (1) established short, intermediate, and long-term goals for the program; (2) established a timeframe for achieving these goals; (3) established measures to quantify progress; (4) estimated how much the program will cost; (5) estimated the amount and organization of resources required to effectively manage and oversee the program; and (6) identified the extent to which the Government of Iraq will contribute funds to the program. These are reasonable questions that the Congress would like answered in the near term, given that police training is the largest program that will move under State’s aegis in Iraq this year. Importantly, we have not sought to audit State’s “operations in support of its diplomatic platform in Iraq” and will not do so.

The legal basis for the PDP audit is sound. The Congress has provided SIGIR jurisdiction over the use of several large funds for Iraq’s reconstruction, including the International Narcotics Control and Law Enforcement (INCLE) fund. Our law directs us to “conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Iraq, and of the programs, operations, and contracts carried out utilizing such funds, including

- (A) the oversight and accounting of the obligation and expenditure of such funds;
- (B) the monitoring and review of reconstruction activities funded by such funds;
- (C) the monitoring and review of contracts funded by such funds....”

See Public Law 108-106, Section 3001(f)(1), as amended.

The Congress defined the term “amounts appropriated or otherwise made available for the reconstruction of Iraq” to mean amounts made available in any fiscal year:

- “for assistance for the reconstruction of Iraq under—
 - (ii) the International Narcotics Control and Law Enforcement account authorized under section 481 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291); or

(iii) any other provision of law.”

See Public Law 108-106, Section 3001(m)(2), as amended.

As you know, INCLE is funding the PDP.¹ Notably, one billion dollars in INCLE funding for Iraq was included in the Overseas Contingency Operations budget request for FY 2012 (rather than in State’s regular budget), again reflective of the reconstruction-related nature of this appropriation.

The PDP-related contracts about which SIGIR has requested information are funded by INCLE. You acknowledge that these contracts are “for facilities, logistics, and security involving the platform that jointly supports our diplomatic operations in Iraq as well as our component effort to provide assistance for reconstruction.” It follows then that we ostensibly agree that the PDP contracts in question support the continuing Iraq reconstruction effort. Given that fact, SIGIR indubitably possesses the legal jurisdiction necessary to audit the PDP, because the PDP contracts are funded by “amounts appropriated or otherwise made available ... for assistance for the reconstruction of Iraq...”

You take the position in your letter that, because some INCLE money funds “diplomatic operations,” SIGIR has no authority to audit *any* INCLE funds supporting the PDP. This cannot be correct. The only necessary element to establish our jurisdiction is the fact that INCLE funds are being used “for assistance for the reconstruction of Iraq.” This element has been met. For your argument to succeed, the Congress would have had to say that INCLE funds must be used “exclusively” for assistance for the reconstruction of Iraq and not for any other purpose, in order for audit jurisdiction to obtain.

Ambassador Kennedy, I hope that you will adjust your position on our PDP audit and support its prompt execution. I believe that the Department and the Congress would find the results useful, and that they might aid in strengthening this crucial piece of our continuing support to Iraq. Moreover, SIGIR’s unambiguous statutory authority and our established practice of auditing police training in Iraq support such an adjustment. In conjunction with your adjustment, I would commit to avoid auditing any INCLE funding that supports Embassy-only operations in Iraq.

I turn now to the PSC audit coordination issue you raised. SIGIR unfailingly coordinates all of its State-related audits with State OIG prior to announcement. This is accomplished, in part, through the Southwest Asia Joint Planning Group (SWA), an

¹ See Public Law 111-212, the Supplemental Appropriations Act, 2010, 124 Stat. 2302, 2324; Public Law 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011.

organization comprised of all Inspectors General working in Iraq and Afghanistan and established to coordinate audit activity. In practice, whenever SIGIR plans to initiate an audit, we circulate a draft of the announcement to the SWA membership to solicit their response on whether the proposed audit would duplicate ongoing or planned work by another agency or whether there are any questions or concerns about the audit. If there are no objections to the proposed audit, SIGIR issues the announcement.

We also communicate directly with State OIG on audit announcements. For SIGIR's PSC review (*Audit of the Status of Oversight of Private Security Contractors In Iraq* (Project No. 1019)), both the draft and final audit announcements were sent to the State OIG Assistant Inspector General and Deputy Assistant Inspector General, Middle East Regional Office. State OIG concurred with the audit announcement, indicating that our proposed review did not overlap or interfere with any of its planned or ongoing work.²

Of note, SIGIR's *Audit of the Department of State's Initiatives to Develop Iraqi Police* (Project No. 1106) was similarly coordinated. We announced the audit on April 27, 2011, after a draft announcement had been circulated through the SWA. We discussed the announcement during the May 16, 2011, SWA meeting, receiving no objections. State OIG directly concurred with the announcement, by assuring my staff that this review did not overlap or interfere with any work currently planned or ongoing by the State OIG.

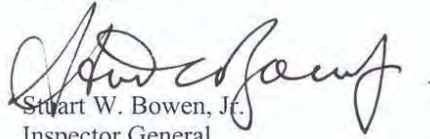
Your letter erred in stating that we have not prepared a comprehensive plan for a series of audits of contracts for the performance of security functions, as required by Section 842 of the National Defense Authorization Act for 2008 (Public Law 110-181). We have a well-established plan, and the PSC audit stems from it. SIGIR coordinated with State OIG in developing our "842 Plan."

In closing, permit me to note that our law imposes upon State the legal duty to provide information and assistance requested by SIGIR "insofar as is practicable and not in contravention of any existing law." Public Law 108-106, Section 3001(h)(4)(A), as amended. I was disappointed that, on June 30, 2011, our staff in Baghdad was informed that the Embassy was directed not to respond to either the PDP or PSC audits because both fall within the Department's diplomatic operations. I hope that the

² To the extent your letter may suggest otherwise, there can be no question that such an audit is within the "scope of [SIGIR's] duties as specified in law," inasmuch as the PSC activities under review have been and remain a significant part of the Iraq reconstruction effort even if funded from State Operations resources, as you state. See Public Law 108-106, Section 3001(m)(2)(B)(iii) ("any other provision of law").

clarifications in this letter will permit an adjustment in your directives that will permit these important audits to go forward. If such adjustments have been made by July 11, then further action will not be necessary.

Sincerely,



Stuart W. Bowen, Jr.
Inspector General



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

August 3, 2011

The Honorable Hillary Rodham Clinton
Secretary of State
United States Department of State
2201 C Street, NW, Room 7226
Washington, D.C. 20520

Dear Madam Secretary:

I write to provide you notice of obstructions to the execution of my statutory duty to provide oversight reporting to you and the Congress on the use of taxpayer monies in Iraq. These obstructions arose during the conduct of two SIGIR audits, one concerning security contractors in Iraq and the other addressing the continued training of the Iraqi police.

The Congress has directed that, upon my request “for information or assistance from any department ... of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.” See Section 3001(h)(4)(A) of Public Law 108-106, as amended.

Further, SIGIR’s enabling statute provides that “[n]o officer of ... the Department of State ... shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation related to amounts appropriated or otherwise made available for the reconstruction of Iraq....” *Id.* at Section 3001(e)(2).

Finally, the Congress requires that, whenever information or assistance that I have requested is, in my judgment, “unreasonably refused or not provided, ... [I] shall report the circumstances to the Secretary of State or Secretary of Defense, as appropriate, and to the appropriate committees of Congress without delay.”

Unfortunately, I must report to you that, in my judgment, the Department of State has unreasonably refused to provide necessary requested information and assistance to my office regarding two audits. The detailed circumstances of these refusals are detailed in the attached correspondence (between me and Ambassador Patrick Kennedy), but their brief background is, as follows:

- On August 26, 2010, SIGIR announced an audit concerning oversight of private security contractors in Iraq. After preliminary discussions with the Regional Security Office in Baghdad, we received no further information or assistance from the Department, despite repeated requests. See *Monitoring Responsibilities for Serious Incidents Involving Private Security Contractors Once U.S. Military Forces Leave*

2530 Crystal Drive • Arlington, Virginia 22202-3940

The Honorable Hillary Rodham Clinton
August 3, 2011
Page Two

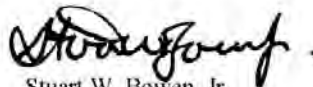
Iraq Have Not Been Determined (SIGIR 11-019) (July 29, 2011),
www.sigir.mil/files/audits/11-019.pdf#view=fit, for further discussion of the
impairment to this audit resulting from the Department's refusal to cooperate.

- On April 27, 2011, SIGIR announced an audit of the Iraqi police development program. We have audited police training in Iraq on several previous occasions, including the Department's role in contract management. Since the audit's announcement three months ago, we have received no cooperation from the Department, excepting the delivery of a few unresponsive documents and a single meeting between Department officials and my auditors.

I have yet to receive an answer to my July 1 letter to Ambassador Kennedy. I have since discussed these matters with Deputy Secretary Tom Nides. He put his lawyer in touch with my general counsel, but the Department's position remains as stated in Ambassador Kennedy's attached letter.

As required, I am notifying my congressional reporting committees by copy of this letter.

Respectfully yours,



Stuart W. Bowen, Jr.
Inspector General

Attachments: As stated

cc: The Honorable Daniel K. Inouye
The Honorable Harold Rogers
The Honorable Carl Levin
The Honorable Howard P. "Buck" McKeon
The Honorable John F. Kerry
The Honorable Ileana Ros-Lehtinen
The Honorable Joseph I. Lieberman
The Honorable Darrell E. Issa
The Honorable Thad Cochran
The Honorable Norman D. Dicks
The Honorable John McCain
The Honorable Adam Smith
The Honorable Richard G. Lugar
The Honorable Howard L. Berman
The Honorable Susan M. Collins
The Honorable Elijah E. Cummings



**The Legal Adviser
United States Department of State**

Washington, D.C. 20520

August 4, 2011

Michael Mobbs, Esq.
General Counsel to the Inspector General
Special Inspector General for Iraq Reconstruction
400 Army-Navy Drive
Arlington, VA 22202-4704

Dear Mr. Mobbs:

I am writing to address some of the issues raised in the July 1, 2011 letter from Inspector General Bowen to Under Secretary Kennedy regarding SIGIR's requests for information as part of audits of the Police Development Program (PDP) and oversight of private security contractors (PSCs) in Iraq.

We appreciate SIGIR's analysis of the issues raised in Under Secretary Kennedy's letter of June 29, 2011, including statements to the effect that SIGIR is not seeking to audit State's operations in support of its diplomatic platform in Iraq and that SIGIR is seeking to coordinate with the State Department's Office of the Inspector General (OIG). We would, however, like to clarify the Department's position on some of those issues to avoid confusion going forward.

As a preliminary matter, the Department has not questioned whether SIGIR has the legal authority to audit the PDP. To the contrary, we agree that SIGIR's responsibilities include conducting audits and investigations of the PDP funded from amounts made available for the reconstruction of Iraq in the International Narcotics Control and Law Enforcement (INCLE) account. As explained in Under Secretary Kennedy's June 29 letter, while the Department is continuing to provide requested information relating to resources made available directly for Iraq reconstruction assistance, we do not read the responsibilities assigned to SIGIR in its founding statute as extending more broadly to the Department's operations in support of its diplomatic platform in Iraq. Thus, the Department's concern is that a number of SIGIR's requests regarding the PDP seek contracts and other information on the platform that supports both the Department's diplomatic

activities in Iraq, which are funded from State Operations accounts and therefore fall outside SIGIR's responsibilities, and reconstruction assistance efforts that fall within those responsibilities.

Given the complex nature of this joint platform, the Department's goal is to reach an appropriate accommodation to ensure that SIGIR receives information relevant to its audit of the PDP while minimizing the potential for overlapping requests and avoiding the transmittal of information concerning broader Departmental operations that fall within the jurisdiction of State OIG, the Government Accountability Office (GAO), or other oversight entities, but not SIGIR. It is worth noting in this regard that the GAO is undertaking a review of the transition in Iraq, including a review of the PDP that substantially, if not entirely, overlaps SIGIR's audit of the program.

To facilitate appropriate accommodations going forward, the Department will review future requests for information regarding the joint platform supporting the PDP with a view toward identifying information that may be provided in a manner that will avoid the transmittal of information concerning broader Departmental operations that fall outside of SIGIR's responsibilities. With respect to SIGIR's existing requests related to the PDP, we understand that the Department has already provided briefings and initial documentation in response to those requests and expects to provide additional information in the next few weeks regarding the use of INCLE funds for PDP activities – including basic information regarding aviation and construction activities supporting the PDP and the use of INCLE funds for those purposes. The information that the Department has provided and expects to provide should enable SIGIR to achieve the six PDP audit objectives that are set forth in SIGIR's July 1 letter.

We believe similar principles apply to SIGIR's requests regarding oversight of PSCs in Iraq. As explained in Under Secretary Kennedy's June 29 letter, section 842 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) did not expand the scope of SIGIR's existing statutory responsibilities. Moreover, it appears that there is agreement that the responsibilities assigned to SIGIR in its founding statute do not extend more broadly to the State Department's operations in support of its diplomatic platform in Iraq. While we understand that INCLE funds contribute to a portion of the Department's security contracts (including PSCs), those functions are part of the Department's joint platform that primarily supports diplomatic activities in Iraq and are funded largely from State Operations accounts that fall outside SIGIR's responsibilities. Here again, the Department will review future requests for

information regarding PSCs to assess whether information may be provided in a manner that will avoid the transmittal of information concerning broader Departmental operations that fall outside of SIGIR's responsibilities.

With respect to SIGIR's existing requests related to PSCs, the Department plans to respond to SIGIR's follow-up requests regarding the recommendations of the previous audit (09-019) on this topic and is prepared to provide additional information regarding the use of INCLE funds for security functions.

In sum, the Department of State continues to believe that audits of the U.S. government's efforts in Iraq are of great value in improving the effectiveness of those efforts, and it will continue to cooperate with SIGIR to help it fulfill its responsibilities. In particular, the Department will continue to provide information to assist SIGIR in performing its statutory responsibilities, and we think having the Department's Deputy Chief Financial Officer serve as the primary contact for all requests for information from SIGIR will facilitate our work together. The Department is committed to making efficient use of the U.S. taxpayers' dollars and looks forward to working with SIGIR to reach appropriate accommodations regarding its requests for information.

Sincerely,

s/ **Harold Hongju Koh**

Harold Hongju Koh
The Legal Adviser



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

August 5, 2011

The Honorable Harold Hongju Koh
The Legal Adviser
United States Department of State
2201 C Street, NW, Room 6421
Washington, DC 20520

Dear Mr. Koh:

Thank you for your letter of August 4, 2011, addressing some of the issues raised in the July 1, 2011 letter from Inspector General Bowen to Under Secretary Kennedy regarding SIGIR's requests for information in our audits of the Police Development Program (PDP) in Iraq and our oversight of the Department's plans to supervise private security contractors (PSCs) involved in Iraq's reconstruction.

We appreciate your interest in reaching an accommodation with SIGIR and believe that a clarification of the Department's responsibilities – and SIGIR's – will help in this regard.

We also appreciate your confirmation that the Department does not question SIGIR's legal authority to audit the PDP. We understand from your letter that the Department likewise does not question SIGIR's authority to audit the oversight of PSCs in Iraq, to the extent such PSCs are funded by the International Narcotics Control and Law Enforcement (INCLE) account.¹

We acknowledge your indication that the Department may provide SIGIR additional information relating to the PDP and PSC audits. As you may know, SIGIR has already issued the PSC audit, noting the impairment resulting from the Department's lack of

¹ PSCs may also be funded from one or more "named" Iraq reconstruction funds, such as the Economic Support Fund, expenditures from which fall within SIGIR's audit jurisdiction. See Public Law 108-106, as amended, Section 3001(m)(2). To the extent your letter may suggest otherwise, I note that the funding of these or other activities from the State Operations accounts would not in itself deprive SIGIR of audit jurisdiction. The relevant factor would be whether the activity involved expenditures on assistance for the reconstruction of Iraq, as defined. If so, SIGIR would have jurisdiction. Public Law 108-106, as amended, Section 3001(m)(2) ("the term 'amounts appropriated or otherwise made available for the reconstruction of Iraq' means amounts appropriated or otherwise made available for any fiscal year ... for assistance for the reconstruction of Iraq under ... any other provision of law.")

cooperation to date. Should we receive pertinent information from the Department on this subject, SIGIR will readdress the matter in future audit work if appropriate.

Meanwhile, we will look forward to receiving relevant, responsive information from the Department in connection with the PDP audit. To date we have received only a few unresponsive documents and had one meeting between Department officials and our auditors. The written document request we provided the Department at the opening meeting on June 8, 2011, a copy of which is attached, is still outstanding. All the requested documents focus specifically on the PDP program and its transition from U.S. military services to the Department. The requests do not seek information on the Department's broader operations in support of its diplomatic mission in Iraq.

As you have explained, however, the Department is concerned that "a number of SIGIR's requests regarding the PDP seek contracts and other information on the platform that supports both the Department's diplomatic activities in Iraq, which are funded from State Operations accounts and therefore fall outside SIGIR's responsibilities, and reconstruction assistance efforts that fall within those responsibilities." We understand from your letter that the Department has the same concern in regard to the PSC audit.

It is important to distinguish between SIGIR's audit jurisdiction and the Department's legal duty to provide information requested by the Inspector General. The announced objectives of our PDP audit and the content of the recent PSC audit report make clear that we do not intend and have not sought to audit the Department's diplomatic activities in Iraq outside of matters related to reconstruction assistance. The duty to provide information requested by the Inspector General, however, is an entirely separate matter. That duty exists regardless of the Department's interpretations of SIGIR's jurisdiction or whether the Department judges some of the requested information to concern matters outside as well as within SIGIR's jurisdiction.

Section 3001(h)(4)(A) of SIGIR's organic statute, Public Law 108-106, as amended, provides that upon the Inspector General's request "for information or assistance from any department . . . of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee."² The Department's duty

² Section 3001(h)(4)(A) of SIGIR's statute is analogous to Section 6(b)(1) of the Inspector General Act of 1978, as amended ("IGA"), 5 U.S.C. App. (agency shall furnish requested information "insofar as is practicable and not in contravention of any existing statutory restriction or regulation of the . . . agency"). Section 6(b)(1) gives effect to Section 6(a)(1), granting an Inspector General access to "all" material available to the agency relating to "programs and operations" as to which the Inspector General has responsibilities under the IGA, and to Section 6(a)(3), authorizing Inspectors General to request from any governmental agency "such information or assistance as may be necessary for carrying out the duties and responsibilities" provided by the IGA. Section 3001(g)(1) of Public Law 108-106, as amended, gives SIGIR the authorities of IGA Section 6.

under this provision is not conditioned on whether the requested information or assistance pertains solely to activity that, in the opinion of Department officials, falls within SIGIR's jurisdiction. The law does not recognize an exception where the requested information, while relevant to activities admittedly within SIGIR's jurisdiction, may also relate to activities the Department regards as outside SIGIR's jurisdiction. The law gives the Inspector General a broad mandate to obtain the requested information or assistance, the only exceptions to which are impracticability or contravention of existing law.³ Neither exception applies to SIGIR's requests to the Department in the PDP or PSC audits – nor has the Department ever suggested otherwise. Indeed, the duty to provide information and assistance requested by the Inspector General does not depend upon the pendency of any particular audit. If, for example, the Inspector General required information or assistance in order to determine whether SIGIR had jurisdiction to audit a particular activity or whether to open a criminal investigation, the Department would have a duty to provide the requested information or assistance unless doing so would be impracticable or contravene existing law. The Department's view on whether requested information might simultaneously relate to matters outside as well as within SIGIR's jurisdiction, or appeared to duplicate other requests,⁴ would have no bearing on the Department's duty to provide it.

The Department's efforts to withhold information requested by SIGIR in the PDP and PSC audits appear to be inconsistent with the law. Even if some of the requested documents relate to a "platform" that supports both the Department's Iraq reconstruction efforts and its broader diplomatic mission, we do not believe that is a basis for withholding the documents or providing them selectively. It is not unusual that information provided to government auditors may be relevant to activities outside as well as within the scope of the audit. Our auditors routinely encounter such situations, and have no difficulty restricting their use of such information to the announced objectives of the audit. Meanwhile, as you know, the Inspector General has concluded that the delays and non-responses in the PDP and PSC audits have been unreasonable and has so informed the Secretary and the appropriate committees of Congress, as required by law. In our view the delays should end immediately, as the Department has offered no basis to conclude that providing the requested information is either impracticable or in contravention of existing law.

³ Commenting on the similar provisions of IGA Section 6, which also extend to SIGIR (see footnote 2 above), the Senate Committee on Governmental Affairs in its report to accompany H.R. 8588 (enacted as the IGA) stated as follows: "Access to all relevant documents available to the applicable establishment relating to programs and operations for which the [Inspector General] has responsibilities is obviously crucial. The committee intends this subsection to be a broad mandate permitting the [Inspector General] the access he needs to do an effective job, subject, of course, to the provisions of other statutes, such as the Privacy Act. ... The committee believes that ... denials [of requested information or assistance] are extremely serious." S. REP. NO. 95-1071 (95th Cong. 1978), 33-34, 35.

⁴ As with all audits, SIGIR coordinated the PDP audit with other oversight organizations including the Government Accountability Office (GAO), about which you expressed particular concern. To the extent the GAO audit you mentioned may touch on the PDP, we understand that GAO will merely ask the Department for the same information SIGIR requested in order to limit the burden on Department staff.

The Department's position in this matter would set a troublesome precedent. It would effectively reserve to an audited agency the decision whether to provide information requested by an Inspector General, even though providing the information would not be impracticable or contravene existing law. Such a precedent would place at risk the independence of Inspectors General contemplated by the Inspector General Act of 1978, as amended (the authorities of which also apply to SIGIR) as well as by SIGIR's organic statute and other provisions of law. This concern is even greater in the present instance, considering there is no disagreement that the requested information relates to the Department's activities in support of Iraq reconstruction. We respectfully submit that the mere circumstance that the same information may also pertain to activities not strictly within the rubric of Iraq reconstruction is not a proper basis for withholding that information from SIGIR.

Sincerely,



Michael H. Mobbs
General Counsel

Attachment: as stated



**The Legal Adviser
United States Department of State**

Washington, D.C. 20520

August 12, 2011

Mr. Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction
2530 Crystal Drive
Arlington, VA 22202-3940

Dear Mr. Bowen:

I write in response to both your letter dated August 3, 2011 to Secretary Clinton and the letter to me dated August 5, 2011 from General Counsel Michael H. Mobbs. I believe these and prior exchanges between the Department and your office have helped to narrow the outstanding issues associated with your office's requests for information as part of audits of the Police Development Program (PDP) and oversight of private security contractors in Iraq. They also point to a way forward for the State Department and SIGIR to work together regarding future requests.

At the outset, I must emphasize that we simply disagree with the assertion in your August 3 letter that the Department has "unreasonably refused to provide necessary requested information and assistance" to your office. To the contrary, as you acknowledged in your letter, the Department has provided a substantive briefing to, and has engaged in other substantive discussions with, SIGIR auditors and has continued to provide additional information on a rolling basis in response to your office's requests regarding the PDP. We see the continuing discussions regarding SIGIR's requests in connection with these audits as a natural and necessary part of the process for addressing such requests. Indeed, the Department routinely engages in similar discussions regarding requests from other oversight entities – including the Government Accountability Office (GAO) and the Surveys and Investigation staff of the House Appropriations Committee – to identify information relevant to their audits, while avoiding unnecessary duplication with other requests and minimizing the overall burden on the Department. The Department has approached our discussions with SIGIR in the same manner and spirit of cooperation that the Department has approached interactions with each of these other oversight bodies.

At the same time, the Department had, through the course of the spring, recognized a need to facilitate its cooperation and coordination with your office. In particular, the Department had been seeking to improve the procedures for tracking and responding to your office's requests going forward. A key purpose of Under Secretary Kennedy's June 29 letter was, in fact, to communicate the fact that the Department's Deputy Chief Financial Officer, whose office serves as the principal point of contact for GAO, had also been designated to serve as the principal point of contact for future information requests from SIGIR – a step that we had hoped you would welcome as an initiative on our part to ensure clear, effective and timely communications in relation to all future SIGIR requests. For years, the Department has had a coordinated point of contact for all GAO engagements and believes a parallel structure will enhance coordination with SIGIR. Given the depth of concern expressed in your letters, it seems appropriate to initiate a dialogue in connection with each new request to identify potential issues as early as possible. This type of regular dialogue is intended to facilitate improved cooperation and communication between the Department and your office.

The Department's overall goal is to ensure that SIGIR receives information relevant to its audits, while minimizing the potential for overlapping requests and reducing the burden on the Department that may result from requests for information concerning broader Departmental operations that might be more appropriately addressed by other oversight entities. Congress has repeatedly recognized that overlapping audits result in an ineffective use of resources and has consistently called for audits to be coordinated among Inspectors General and the GAO to minimize unnecessary duplication.¹ This concern has special relevance in Iraq, given the number of oversight entities reviewing the Department's activities there. Although I understand that your office has a process for coordinating with

¹ See, e.g., section 3001(f)(4) of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106) ("In carrying out the duties, responsibilities, and authorities of the Inspector General under this section, the Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) The Inspector General of the Department of State. (B) The Inspector General of the Department of Defense. (C) The Inspector General of the United States Agency for International Development."); H. Conf. Rept. 111-366 (Dec. 8, 2009), accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010 (Div. F, P.L. 111-117) ("The Inspectors General of the Department of State, USAID, SIGIR, and SIGAR each have independent oversight and investigative responsibilities in Iraq and Afghanistan. The Inspectors General should, to the maximum extent practicable, coordinate, and deconflict all activities related to oversight and investigation of assistance programs for the reconstruction of Iraq and Afghanistan to ensure that resources are used effectively and are not unnecessarily duplicative."); see also section 4(c) of the Inspector General Act (5 U.S.C. App.) ("In carrying out the duties and responsibilities under this Act, each Inspector General shall give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and insuring effective coordination and cooperation.").

the State Inspector General, the Department has already received requests from the GAO for information regarding the PDP that overlap many of SIGIR's requests. The Department is committed to working with your office to minimize duplication and to avoid diverting scarce Department resources from our critical mission in Iraq.

In the meantime, as noted in previous correspondence, the Department has provided substantive information regarding the PDP since your last letter, including information on the formulation of the PDP budget, contracts and grants issued by the bureau of International Narcotics and Law Enforcement Affairs (INL), certain INL assessments, and other documents. The Department expects to provide additional materials in response to your requests for information and that the Deputy Chief Financial Officer's staff will reach out to the SIGIR audit staff conducting the study of the PDP to review the status of the requests.

In closing, we want to underscore again the Department's support for your efforts to conduct audits and investigations of the use of assistance funds provided for the reconstruction of Iraq. The Department remains committed to working with your office to ensure that U.S. taxpayer dollars made available for that purpose are used effectively and responsibly.

Sincerely,



Harold Hongju Koh
The Legal Adviser

Appendix C—Acronyms

ACRONYM	DESCRIPTION
DoD	Department of Defense
DoS	Department of State
GOI	Government of Iraq
INL	Bureau of International Narcotics and Law Enforcement Affairs
MOI	Ministry of Interior
PDP	Police Development Program
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix D—DoS Management Comments



United States Department of State

Washington, D.C. 20520

OCT 14 2011

UNCLASSIFIED MEMORANDUM

TO: SIGIR – Glenn D. Furbish, Assistant Inspector General for Audits

FROM: INL – William R. Brownfield *WB*

SUBJECT: INL Comments on the SIGIR Draft Report “Iraqi Police Development Program: Opportunities for Improved Program Accountability and Budget Transparency” (SIGIR 12-006, September 30, 2011)

The Department of State appreciates the Office of the Special Inspector General for Iraq Reconstruction’s draft report and recommendations. This timely report will aid our ongoing efforts to refine and strengthen the operational systems and controls necessary to support the Bureau of International Narcotics and Law Enforcement Affairs’ (INL) Police Development Program (PDP). The Department generally agrees with SIGIR’s recommendations and will continue to implement them. These recommendations, as well as other SIGIR findings about the PDP, are discussed further below.

Program Scope: The President’s FY 2012 budget requests funding to support a full PDP program of 190 advisors with significant aviation support for 12 months. Given uncertainties in the budget environment (related to both the amount and timing of FY 2012 funding), the State Department determined that it would be prudent to implement the PDP in a phased manner. This practical approach to implementation does not reflect a decision to downsize the program as the report suggests or to deviate from the plan reflected in the President’s FY12 budget request. Final decisions about program scope will be made after FY12 funding levels are known.

We are pleased to report that the PDP officially launched and became operational on October 1, 2011. As of that date, 90 of the 115 advisors planned for the first phase were deployed: 53 State Department-hired senior police advisors (SPAs), 10 Department of Homeland Security border security advisors, and 27 Civilian Police Advisors (CPAs) whom INL is holding over from the Defense Department-led police assistance mission until late 2011 to promote knowledge transfer and

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continuity. By the end of the first week in November, the full first phase complement of 115 advisors should be in place and, near the end of 2011, SPAs will replace the CPAs. SIGIR's speculation that the program would not be fully operational on October 1, therefore, is inaccurate. SIGIR provides a misleading characterization of PDP staffing by emphasizing that only about 50 SPAs would be on hand October 1. In fact, INL has long intended that DHS personnel and CPAs would be components of our initial phase of 115 advisory staff, and that DHS personnel would remain part of the full program of 190 advisory staff.

Cost Transparency: The SIGIR report seems to suggest that INL may be improperly applying FY 2010 and FY 2011 funding to support operations into FY 2012. That suggestion is inaccurate. INL was charged with taking on a new program on October 1, 2011, the first day of fiscal year 2012. For the PDP to be operational on October 1, personnel, housing, life support and security had to be funded and in place prior to that date. The complexity of the support arrangement requires funding several months in advance. The intention to use prior year funds to support initial operations was stated as part of the FY 2011 budget request and the FY 2010 Supplemental and FY 2011 spend plans, and was briefed to Congress. The Department also provided this documentation to SIGIR, along with significant planning, obligation, and liquidation data.

Recommendations

The Department agrees with, and already is implementing, the three recommendations on page 17 of the draft report. Specifically, the Department's responses to the draft recommendations are as follows:

Recommendation 1: Direct INL to work with the Ministry of Interior (MOI) to complete quickly an adequate current assessment of the Iraqi Police Force that will provide a basis for the mentoring, advising, and training to be provided.

INL Response (October 2011): INL agrees that a current assessment of the Iraqi MOI and police services is necessary to provide a baseline against which PDP progress can be measured. After undertaking an interagency assessment in 2009 and in consultation with the Iraqi Government and the Kurdistan Regional Government, we identified the needs and priorities for the mentoring, advising, and training to be provided. We originally planned to have an independent organization conduct a more detailed baseline assessment that would provide updated information about Iraqi law enforcement capabilities. Unfortunately, our

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grantee was not able to obtain sufficient access to key Iraqi interlocutors in a timely manner. Because newly-hired INL police advisors already had begun to arrive in Iraq and had daily access to Iraqi MOI and police officials, we decided instead to draw on these advisors' insights and information to develop our baseline assessment. That assessment will be completed in November 2011.

Recommendation 2: Direct INL to finish quickly a comprehensive and detailed PDP plan that includes specifics on what is to be accomplished—including intermediate and longer term milestones, and metrics to assess progress and accomplishments—in order to provide greater transparency of and more accountability for program costs and performance. To the extent feasible, ensure that the PDP plan maximizes funds for direct program use as opposed to support activities.

INL Response (October 2011): INL agrees that it is necessary to have a comprehensive and detailed plan that includes milestones and metrics. Best practices in development models stress the need for strong baselines and quantifiable targets for indicators measuring both the process (e.g. the number of assessments conducted, number of offices established) and output (number of adopted behaviors, etc.). The draft report does not differentiate between these types of indicators – however, we fully recognize the importance of a process for the effective evaluation of the SPAs and the program. During the course of the review, INL gave SIGIR a document providing Core Work Requirements and Performance and initial Work Requirements Plans for the advisors. INL also provided SIGIR a document outlining the program's goals, objectives, milestones and output indicators.

Based on the completed baseline assessment, we will refine program objectives as necessary and improve performance measures to make sure they are specific, measurable, and achievable during the life of the program. Final FY 2012 funding levels, which will directly impact the ultimate scope of the program, will also factor into the completion of our objectives and metrics. An Iraq-based team of INL monitoring and evaluation advisors will track, review, and document PDP progress. Every six months, INL will formally review the entire program to ensure that it remains on track to achieve our objectives and to make any needed course corrections.

SIGIR advises that a comprehensive program plan would promote greater accountability and transparency in program costs. We would note that the PDP is a

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senior mentoring, advising and training program with generally fixed costs. (For example, we will not be providing equipment, operational funding, or infrastructure support to the Government of Iraq under the PDP.)

As SIGIR noted, a significant portion of the overall cost is attributable to support costs such as life support and security. We are looking at reducing our support tail significantly over the next few years, as local conditions permit. To the extent possible, State will continue to hire more local Iraqi support employees, which will reduce significantly our programs' administrative and financial burdens.

Recommendation 3: Complete a written agreement with the Iraqi Government on Iraqi roles and duties in the PDP—including agreement on the joint accountability for the PDP and the types and amount of Iraq's financial participation. If such an agreement cannot be obtained, determine how the PDP should be modified.

INL Response (October 2011): INL agrees with SIGIR on the critical need for Iraqi buy-in and ownership of the program. As the report states, the PDP grew out of the US-Iraq Strategic Framework Agreement of 2008. Specific discussions with Iraqi officials since 2008 on law enforcement needs and priorities, as documented in the 2009 joint transition planning report and numerous cables provided to SIGIR, have guided the development and design of the PDP. We continue to pursue a PDP implementing agreement, although the lack of a permanent Minister of Interior has complicated our efforts.

The MOI commitment to the program, including financial participation, is well established. The Embassy has two signed agreements that provide use of land for PDP operations at no cost: an October 2010 Mutual Understanding regarding the use of Camp Shield for our PDP base in Baghdad signed by former Minister of Interior, Jawad Bolani; and an August 2011 Memorandum of Understanding regarding land use and logistics operations in Erbil with the Kurdish Minister of Interior, Karim Sinjari.

We value the recommendations made by SIGIR. We acknowledge that they are issues that require attention, and note that we already are making good progress on them. We look forward to continuing to work with SIGIR and all audit bodies as we implement an accountable and effective PDP.

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Appendix E—Audit Team Members

This report was prepared and the audit conducted under the direction of Glenn Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction. The staff members who conducted the audit and contributed to the report include:

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Appendix F—SIGIR Mission and Contact Information

SIGIR’s Mission

Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse
- information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports

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