



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

October 26, 2009

LETTER FOR U.S. AMBASSADOR TO IRAQ
COMMANDING GENERAL, MULTI-NATIONAL FORCE-IRAQ

SUBJECT: Data Provided to the Government of Iraq on U.S. Reconstruction Projects Lacked Clarity (SIGIR 10-002)

This report responds to concerns raised by the President of the Iraq Board of Supreme Audit (BSA) that duplicate project and payment data is being reported in U.S. Government management information systems. While the Special Inspector General for Iraq Reconstruction (SIGIR) analysis of the system's data did not identify duplicate projects or payments, the data provided to the Government of Iraq (GOI) was unclear and gave the appearance of duplicate projects and payments. SIGIR's analysis reinforces the need to maintain clear and accurate data on U.S. Iraq reconstruction projects and illustrates the issues that can arise when unclear data is provided to GOI representatives or other reconstruction project data users. SIGIR conducted this review during September 2009 as a nonaudit service.

For a discussion of our report scope and methodology and a summary of prior coverage, see Appendix A. For a list of acronyms used, see Appendix B. For audit team members, see Appendix C. For the SIGIR mission and contact information, see Appendix D.

Background

In a meeting on August 25, 2009 between the President of Iraq's BSA and SIGIR, the President provided information developed by BSA¹ indicating that duplicate project and payments were recorded in U.S. reconstruction project data. This reconstruction data was provided to BSA by the Iraq Ministry of Planning and Development.

The information that BSA provided to SIGIR showed what appeared to be duplicate records² and payments for U.S. Iraq reconstruction projects. SIGIR determined that this information came from the Iraq Reconstruction Management System (IRMS).³ U.S. government organizations

¹ BSA information was in the form of an internal document along with three spreadsheets.

² In this report, we use the term record to refer to both projects and task orders in IRMS.

³ The Project IDs listed for each record in the BSA spreadsheet were identical to the Unique Requirements Identifier generated in IRMS to identify individual records.

located in Iraq maintain IRMS to provide a common operating picture for U.S. reconstruction projects in Iraq.⁴

The BSA identified 480 records on completed Iraq Relief and Reconstruction Fund projects or task orders having a total reported value of \$1.2 billion dollars. Our analysis showed the records were for reconstruction projects completed by the U.S. Agency for International Development (USAID) and the U.S. Army Corps of Engineers – Gulf Region Division (GRD) in Iraq’s provinces of Basrah, Baghdad, and Al Anbar.

Analysis Shows the Data in IRMS Is Unclear

Information GOI provided to SIGIR gave the appearance that duplicate projects and payments existed. Table 1 provides examples of task order information that gives the appearance of being duplicate projects and payments.

Table 1—Data Appears to Show Duplicate Projects and Payments

Project ID	Actual Start	Actual Completion	Status	Total Cost	Ministry	Project Name and Description
63098	06/25/03	03/13/04	Complete	\$2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63102	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63100	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63097	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63101	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63105	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63096	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63103	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63095	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
63099	06/25/03	03/13/04	Complete	2,940,311.00	Communication	Replace telephone switch sites to restore Baghdad telephone service
Total				\$29,403,110.00		

Source: BSA data as of August 25, 2009.

⁴ On November 6, 2003, the Congress passed the “Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan,” Public Law 108-106. Section 2207 of the Act requires the Director of the Office of Management and Budget to report on the proposed uses of the funds on a project-by-project basis and to continue to report quarterly on the uses of these funds in order to monitor Iraq reconstruction project and funds.

For the 480 records in the BSA information, we identified 286 records that did not have sufficient specificity in IRMS to identify them as unique activities. Using the IRMS data we identified 14 unique contract numbers that corresponded to the 286 records. Four contracts were overseen by USAID (consisting of 264 records), and 10 contracts overseen by the GRD (consisting of 22 records). Table 2 identifies the contracts and number of records associated with the records that appeared to be duplicate entries.

Table 2—Records Appearing to Have Duplicate Information

Contract No.	No. of Records	Responsible Agency
EEE-C-00-03-00018	214	USAID
SPU-C-00-04-00001	46	USAID
DOT-I-01-03-00004	2	USAID
AFP-A-00-03-00005	2	USAID
W917BK-06-P-0072	2	GRD
W91GXY-06-C-0013	2	GRD
W91GXY-06-C-0032	2	GRD
W914NS-04-D-0009	2	GRD
W914NS-05-M-2037	2	GRD
W91GXQ-06-M-0063	2	GRD
W916QW-04-D-0011	4	GRD
W914NS-05-M-2039	2	GRD
W91GXY-06-D-0002	2	GRD
W914NS-05-M-2041	2	GRD
TOTAL	286	

Source: SIGIR analysis of IRMS data as of September 10, 2009.

We also compared the BSA and IRMS data we obtained with agency financial reports and contract data. The agency data came from the U.S. Army Corps of Engineers’ Financial Management System (CEFMS) and USAID’s Phoenix Accounting System.⁵ We verified that the financial systems contained data for each of the 14 unique contracts we had identified by reviewing the associated task orders and voucher data. Our review of this information showed no evidence of multiple payments regarding a single or specific project in IRMS.⁶ The financial data we used in our review was not part of the information provided to BSA.

⁵ CEFMS is an automated financial management system used by GRD, and Phoenix is USAID’s core financial management system that manages and tracks funds.

⁶ Time constraints for this review did not allow the review team to conduct a more detailed analysis of the contract files to identify the possibility of any duplicate payments.

Our analysis also showed the remaining 194 of the 480 records to be unique records. Information obtained from IRMS such as the obligation amount or project district allowed us to identify these records as unique.

SIGIR's comparison of the BSA information to the IRMS data showed that IRMS entries were duplicated across multiple categories—such as obligation amount, project name, and description—just as was noted by BSA. We were able to resolve the duplication issue only after receiving clarifying information from the reporting agencies. According to USAID and GRD officials, this apparent duplication occurred because when a project or task order involves multiple similar activities it is a common practice used by reporting agencies to enter each of those activities as a separate record in IRMS.⁷ They also explained that in some cases, when accounting data is not available for each specific activity, the reporting agency will evenly divide the cost among the activities and enter the same cost for each activity in IRMS. They stated that in such cases, while some information will appear duplicative, the project description, location, and other reported information should provide sufficient detail to differentiate among the individual records. However, we found this was not always the case since 286 of the records we reviewed did not have sufficient specificity to identify them as unique activities. Consequently, absent further explanation, the data did give the appearance of containing duplicate project payments.

Using additional information and other data systems, SIGIR determined that the IRMS contained no duplicate projects or payments among the projects covered by the reconstruction information. Nevertheless, this case further illustrates, as SIGIR has previously reported, the importance of having clear and accurate IRMS data.

Prior Audits Show IRMS Deficiencies

In a previous report, SIGIR noted that IRMS data lacks consistency, accuracy, and completeness.⁸ In addition, IRMS does not include complete project data from all agencies involved in reconstruction activities because the executing agencies were not regularly entering their data into IRMS.⁹ The Department of State and GRD concurred with these findings. SIGIR has issued six reports on the transfer of completed U.S.-funded projects to the GOI since January 2006. One of the critical elements of the asset transfer process is the project reconstruction data in IRMS. In an April 2009 report,¹⁰ we discussed the unreliability of data in IRMS and pointed out that Iraq Transition Assistance office was using this data to prepare a monthly report to the GOI on transferable assets. However, because the IRMS data is unreliable, the data provided to the GOI is also undependable.

⁷ An example of multiple similar activities would be replacing telephone switches at multiple locations.

⁸ *Comprehensive Plan Needed to Guide the Future of Iraq Reconstruction Management System* (SIGIR 08-021, 7/26/2008).

⁹ *Interim Report on Iraq Reconstruction Contract Terminations* (SIGIR 08-013, 4/28/2008).

¹⁰ *Asset-Transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability* (SIGIR 09-016, 4/26/2009).

Conclusion

The IRMS data provided to the Board of Supreme Audit lacked clarity and appeared to show duplicate project and payment information regarding U.S. reconstruction projects. This occurred as a result of how the data was presented to BSA and the limited specificity it provided regarding the reconstruction records. Although SIGIR found no multiple payments or records, the appearance of duplication illustrates the need to provide better quality control of reconstruction data provided to the Government of Iraq and other database users. The Board's concerns and the results of SIGIR's analysis reinforce our previous findings and recommendations.

We are providing this information for your action as you see appropriate. We would appreciate receiving any views you have on this matter at your convenience. We acknowledge and appreciate the cooperation and assistance provided by the agencies during our review. If you have any questions about this review or need assistance in addressing these issues, please contact Nancee Needham at (240) 553-0581, ext. 3793 or email nancee.needham@iraq.centcom.mil. Thank you for your continued support of SIGIR.



Stuart W. Bowen, Jr.
Inspector General

cc: U.S. Secretary of State
Deputy Chief of Mission for Assistance Transition
U.S. Secretary of Defense
Commander, U.S. Central Command
Commanding General, Multi-National Corps-Iraq
Commanding General, Multi-National Security Transition Command-Iraq
Commanding General, Joint Contracting Command-Iraq/Afghanistan
Commanding General, U.S. Army Corps of Engineers, Gulf Region Division
Administrator, U.S. Agency for International Development

Appendix A—Scope and Methodology

In September 2009, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 9031 to address data quality in the Iraq Reconstruction Management System (IRMS) and the Board of Supreme Audit (BSA) concerns over duplicate payments and data problems identified in IRMS. This review was performed by SIGIR 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 during September 2009 in Baghdad, Iraq. This work was performed as a nonaudit service as defined by section 1.33 of generally accepted government auditing standards.¹¹ This report is provided for management's use and is consistent with the information provided at our meeting held with the Iraq's Board of Supreme Audit on August 25, 2009.

To determine whether the BSA spreadsheets contained duplicate records or payments, we obtained financial documents and contract data from the following management information systems: IRMS, the U.S. Army Corps of Engineers' Financial Management System (CEFMS), and U.S. Agency for International Development's (USAID) Phoenix Accounting System.

- IRMS is a management reporting system for reconstruction projects funded by U.S. agencies operating in Iraq.
- CEFMS is an automated financial management system that is intended to provide timely, accurate, and comprehensive financial information for all of management, especially at the program and the project management level, through interface with other information system programs.
- Phoenix is USAID's core financial management system, which manages and tracks funds. It provides critical business functions such as a general ledger, cost accounting, budgeting, program operations, and reporting

The August 2009 BSA documents consisted of 480 records. From those documented resources, we accessed IRMS and retrieved information by project name, description, fund type, contract number, executing agency, and total funds obligated for each project entry. By comparing IRMS data with records provided in the BSA spreadsheets, we matched records that contain duplicate information such as obligation amount, project name, and description.

To check for multiple payments, we accessed IRMS and retrieved contract numbers for each identified duplicate record; we then obtained detailed reports on obligation disbursement and financial information for each contract from USAID's Phoenix financial system and CEFMS. Finally, we examined each contract's line item, or task order and voucher amounts, and compared them with IRMS data.

We also held discussions with officials from USAID, the Department of State, and GRD and reviewed prior audit reports.

¹¹ Government Auditing Standards: July 2007 Revision (GAO-07-731G, 7/2007).

In addition, we reviewed prior Defense Contract Audit Agency (DCAA) reports; *Report on Material Existence Performed at Bechtel National, Inc. (BNI) on Iraq Infrastructure Reconstruction Phase I Contract No. E-C-00-03-00018-00 and Phase II Contract No. SPU-C-00-04-00001-00* (DCAA Report No. 213-205R10320003, September 11, 2005), and *Report on Purchases Existence and Consumption—FY 2005 Bechtel National, Inc.—Iraq Infrastructure Reconstruction Contract USAID Prime Contract Nos. EEE-C-00-03-00018-00 and SPU-C-00-04-00001-00* (DCAA Report No. 4281-2005D10320002, Revised, September 23, 2005). Both reports disclosed no deficiencies in Bechtel’s purchasing practices or property controls in performing USAID contracts.

Use of Computer-processed Data

We relied on IRMS to access project and task order information because it contained the most complete data on reconstruction efforts. We also obtained financial data from USAID’s Phoenix financial management system to review USAID contracts payments and used the CEFMS system to review GRD payments under contracts. The IRMS data, to the extent possible, was crosschecked with CEFMS, Phoenix, and financial management information from individual projects. During prior work, SIGIR has assessed IRMS and reported on its weaknesses. One report states that limitation in the data’s completeness and accuracy continues to exist. We believe that the steps taken to cross-check the data provides assurance that the data presented in this report are reasonable for the purpose for which it is used.

Prior Coverage

We reviewed the following reports and relied on them to conduct this report:

SIGIR Audits

GRD-PCO Management of the Transfer of IRRF-funded Assets to the Iraqi Government, SIGIR 05-028, 1/24/2006.

Audit Report on Multi-National Security Transition Command-Iraq Management of the Transfer of Iraq Relief and Reconstruction Fund Projects to the Iraqi Government, SIGIR 06-006, 4/29/2006.

Audit Report on U.S. Agency for International Development Management of the Transfer of Iraq Relief and Reconstruction Fund Projects to the Iraqi Government, SIGIR 06-007, 4/29/2006.

Transition of Iraq Relief and Reconstruction Fund Projects to the Iraqi Government, SIGIR 06-017, 7/28/2006.

Transferring Iraq Relief and Reconstruction Fund Capital Projects to the Government of Iraq, SIGIR 07-004, 7/25/2007.

Interim Report on Iraq Reconstruction Contract Terminations SIGIR 08-013, 4/28/2008.

Comprehensive Plan Needed to Guide the Future of Iraq Reconstruction Management System, SIGIR 08-021, 7/26/2008.

Asset-Transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability, SIGIR 09-016, 4/26/2009.

DCAA reports

Report on Material Existence Performed at Bechtel National, Inc. (BNI) on Iraq Infrastructure Reconstruction Phase I Contract No. E-C-00-03-00018-00 and Phase II Contract No. SPU-C-00-04-00001-00, DCAA Report No. 213-205R10320003, 9/11/2005.

Report on Purchases Existence and Consumption—FY 2005 Bechtel National, Inc. – Iraq Infrastructure Reconstruction Contract USAID Prime Contract Nos. EEE-C-00-03-00018-00 and SPU-C-00-04-00001-00, DCAA Report No. 4281-2005D10320002, Revised, 9/23/2005.

Appendix B—Acronyms

Acronym	Description
BSA	Board of Supreme Audit
CEFMS	Corps of Engineers Financial Management System
DCAA	Defense Contract Audit Agency
GRD	U.S. Army Corps of Engineers Gulf Region Division
GOI	Government of Iraq
IRMS	Iraq Reconstruction Management System
SIGIR	Special Inspector General for Iraq Reconstruction
USAID	U.S. Agency for International Development

Appendix C—Audit Team Members

This nonaudit service report was prepared and the review conducted under the direction of David R. Warren, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the review and contributed to the report include:

Ziad Buhaissi

W. Dan Haigler

Walt Keys

Nancee Needham

Appendix D—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

Obtaining Copies of SIGIR Reports and Testimonies

To obtain copies of SIGIR documents at no cost, go to SIGIR’s Web site (www.sigir.mil).

To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs

Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline:

- Web: www.sigir.mil/submit_fraud.html
- Phone: 703-602-4063
- Toll Free: 866-301-2003

Congressional Affairs

Hillel Weinberg
Assistant Inspector General for Congressional Affairs
Mail: Office of the Special Inspector General
for Iraq Reconstruction
400 Army Navy Drive
Arlington, VA 22202-4704
Phone: 703-428-1059
Email: hillel.weinberg@sigir.mil

Public Affairs

Danny Kopp
Office of Public Affairs
Mail: Office of the Special Inspector General
for Iraq Reconstruction
400 Army Navy Drive
Arlington, VA 22202-4704
Phone: 703-428-1217
Fax: 703-428-0818
Email: PublicAffairs@sigir.mil
