

**STATEMENT OF STUART W. BOWEN, JR.  
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**BEFORE THE**

**UNITED STATES HOUSE  
ARMED SERVICES COMMITTEE**

**REVIEW OF IRAQ RECONSTRUCTION**

**Thursday, January 18, 2007  
Washington, D.C.**

Chairman Skelton, Ranking Member Hunter, and members of the Committee: thank you for this opportunity to address you today on important matters regarding the role of the Special Inspector General for Iraq Reconstruction (SIGIR) in auditing the reconstruction of Iraq.

The Congress tasked SIGIR to provide oversight of the U.S. investment in the relief and reconstruction of Iraq. In this testimony, I will provide you with the most current reporting on SIGIR's oversight efforts in Iraq. I look forward to a productive exchange with the Committee regarding SIGIR's work in Iraq.

**BACKGROUND**

I was appointed Inspector General of the Coalition Provisional Authority (CPA-IG) in January 2004 and immediately began to staff and develop the organization and to structure an oversight plan for the Coalition Provisional Authority's programs and operations. I deployed my first contingent of auditors to Iraq at the end of March 2004, and SIGIR has expanded its presence substantially since then. SIGIR now has 55 persons assigned to Iraq. Of note, my Office's oversight work began just a few months before the June 28 dissolution of CPA.

The Congress created the Office of the Special Inspector General for Iraq Reconstruction in October 2004 to continue oversight of reconstruction in Iraq as the CPA had been dissolved and the predecessor CPA-IG was being terminated. SIGIR's mandate was extended again last month, when the Congress granted SIGIR additional authority over all FY 2006 reconstruction funding. SIGIR, however, does not currently possess legal authority to provide oversight of any FY 2007 relief and reconstruction funding that may be appropriated.

SIGIR reports jointly to the Secretaries of State and Defense and keeps them fully informed about challenges and deficiencies in reconstruction programs and operations; importantly, our reports include suggested approaches for corrective action. Further, SIGIR provides all reports directly to the Congress and makes them available to the public on our website, [www.sigir.mil](http://www.sigir.mil).

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To date, my Office has produced 11 Quarterly Reports, issued 73 audit products, and produced 80 project assessments. Additionally, SIGIR criminal investigators are working on 87 live cases. SIGIR's investigations have produced five arrests and four convictions, with another 23 cases at the Department of Justice. SIGIR also has a robust Lessons Learned Program, with two reports already published (one on Human Capital Management and the other on Contracting). The third and final report, which addresses Program and Project Management, will be published this quarter. A Lessons Learned capping report, called The Story of Iraq Reconstruction, will be published by the end of this calendar year.

### **IMPACT OF SIGIR'S WORK**

SIGIR's work has produced direct and indirect financial benefits to the American taxpayer and the government of Iraq, as well as improvements in the overall management of the Iraq reconstruction effort, including:

1. SIGIR audit has saved or recovered \$50 million, and have identified better use of \$7.8 million, and has identified the potential to recover \$106 million.
2. SIGIR investigations have recovered or seized assets amounting to \$9.5 million, and are working on the recovery of an additional \$15 million.
3. SIGIR inspections made recommendations to ensure the effective use of an estimated \$39 million in reconstruction projects.
4. SIGIR enabled U.S. reconstruction management officials to:
  - a. Improve efficiency/effectiveness and reduce expenditures;
  - b. Implement or improve fund and asset controls;
  - c. Enhance construction quality by ensuring adequacy of design specifications, stopping inadequate construction, and avoidance of re-work;
  - d. Avoid waste and unnecessary expenditures.

SIGIR inspectors also found that engineering improvements to oil pipelines could increase oil export volume, and potentially increase Iraqi oil revenues by more than \$1 billion annually if the pipeline can be effectively secured.

### **OVERVIEW OF SIGIR AUDIT WORK**

As of January 30, 2007, SIGIR will have issued a total of 92 audit products. This quarter's audits address a wide range of issues, including:

- a review of a Department of State (DoS) \$188.7 million task order for Iraqi police training, training support, and the construction of several training support camps;
- an update on the status of medical equipment purchased to support the delayed Primary Healthcare Center project and an assessment of other non-construction contracts supporting the PHC project;

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- a follow-up on 17 recommendations that SIGIR previously made in audit reports on the control and accountability for contracts, grants, and cash transactions using the Development Fund for Iraq (DFI);
- a review of government property management controls by the U.S. Agency for International Development (USAID) and its contractor, Bechtel National, Inc.;
- a review of improper obligations using Iraq Relief and Reconstruction Funds, the circumstances related to these obligations, and subsequent actions taken or planned regarding the use of these funds;
- a review of internal controls related to disbursements of IRRF apportioned to the DoS, DoD, and USAID;
- a report on security costs as reported by design-build contractors on IRRF projects; and
- a review of U.S. government plans and programs for capacity development in Iraqi government ministries.

In carrying out their mission, SIGIR's auditors apply a balanced approach, providing oversight, insight, and foresight in the Iraq reconstruction program. SIGIR's *oversight* efforts, an IG's traditional focus, assess the return on the U.S. taxpayer investment and promote transparency and accountability of the U.S. administration of any Iraqi resources used. SIGIR's *insight* efforts advise the U.S. reconstruction leadership on management issues, with the emphasis on creating an environment of accountability, rule of law, and public trust in Iraq. SIGIR's *foresight* efforts focus on end-state issues, such as the cost to complete of U.S. projects the transition of U.S. funded projects to the government of Iraq; sustainment of U.S. funded projects and programs, and capacity building within the Iraqi government and civil society.

SIGIR audits generally have four distinct phases:

1. engagement planning to evaluate the adequacy and effectiveness of controls built into a project or program, and establish detailed plans for fieldwork in a design matrix;
2. fieldwork to conduct detailed examinations, tests, and analyses to collect appropriate and adequate data;
3. reporting audit results and recommendations; and
4. audit closure and follow up on the implementation of the audit recommendations.

SIGIR's audit planning is driven by the requirements of Public Law 108-106, and it incorporates significant research into key areas of interest to management, SIGIR, and the Congress, and provides balanced coverage of the SIGIR mission with the resources currently, and projected to be, available.

Given the unique nature of the Iraq reconstruction effort, SIGIR's audit plan is tailored to provide quick and useful responses and recommendations for Iraq reconstruction programs and operations. SIGIR primarily conducts performance audits that assess the

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economy, efficiency, effectiveness, and results of Iraq reconstruction programs and operations.

SIGIR's 2007-8 audit plan addresses:

- the oversight and accounting of the obligation and expenditure of IRRF funds and FY 2006 funds;
- the monitoring and review of reconstruction activities funded by the IRRF and FY 2006 funds;
- the monitoring and review of contracts funded by the IRRF and FY 2006 funds;
- the monitoring and review of the transfer of IRRF and FY 2006 funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities; and
- the maintenance of records on the use of IRRF and FY2006 funds to facilitate future audits and investigations of the use of such funds.

Final audit findings and recommendations resulting from audits are communicated to the responsible program managers and senior management in audit reports or other IG communications, depending on the complexity and significance of the issues involved. The implementation of audit recommendations is crucial to the effectiveness of SIGIR efforts, and thus SIGIR has an ongoing follow-up program.

SIGIR has 16 ongoing audits, including:

**Review of Close-out Processes and Procedures for IRRF Contracts (SIGIR-6006)**

This audit will determine whether contracts funded by IRRF (including task orders, grants, and cooperative agreements) are being closed out on time and whether they comply with the Federal Acquisition Regulation (FAR) 4.804 1(a) and other applicable regulations, policies, and procedures. We will also determine what steps the government program and contract officials take to ensure that the delivery of the goods or services meet the identified requirements and the payments were reasonable for goods and services received.

**Fact Sheet: U.S. Government Organizations' Roles and Responsibilities for Iraq Relief and Reconstruction Activities (SIGIR-6012)**

This report describes the roles and responsibilities of the principal U.S. government organizations engaged in Iraq relief and reconstruction. This report examines how officials in those organizations view their authority and role in the Iraq effort and how the officials believe they interface with other organizations.

**Iraq Relief and Reconstruction Fund (IRRF) Financial Review: Unliquidated Obligations (SIGIR-6026)**

The overall objective of this audit is to determine the amount of IRRF unliquidated obligations and whether the U.S. government agencies responsible for reconstruction projects in Iraq have established adequate management controls over IRRF 1 and IRRF 2 unliquidated obligations.

**Review of Spending of Where the Money Went Under the USAID Bechtel Contract and the Recording and Reporting of Associated Costs (SIGIR-6028)**

The objective of this review is to determine, in detail, the costs incurred by the contractor in performing work under selected contracts with USAID for reconstruction projects in Iraq, as well as the methods used to record and report associated costs. SIGIR also will evaluate the controls associated with program and contract management.

**Review of Logistics Civil Augmentation Program (LOGCAP) Task Order 130 (SIGIR-6029)**

This review was requested by the Office of the Chief of Mission, U.S. Embassy-Iraq. The overall objective is to determine whether the U.S. government is receiving the services paid for under Logistics Civil Augmentation Program (LOGCAP) Task Order 130 and whether the support provided is reasonable, effective, and cost-effective. Task Order 130 was awarded to provide services necessary to support, operate, and maintain Chief of Mission and MNF-I staffs at the U.S. Embassy-Iraq. SIGIR will review two service areas in particular: (1) vehicle service and maintenance and (2) fuel procurement, delivery, and pricing.

**Lessons Learned from Management and Organizational Challenges of the Iraq Relief and Reconstruction Fund (SIGIR-6032)**

This continues the SIGIR review (SIGIR 6012) on how roles and responsibilities have been assigned for the management of IRRF. This study will identify leading practices that may be used to guide future multi-organizational interaction for managing similar relief and reconstruction initiatives.

**Review of the Advanced First Responder Network Implementation and Sustainment (SIGIR-6039)**

The objective of this review is to examine how effective the Advanced First Responder Network (AFRN) is now that it has been implemented and to determine whether there are any sustainment issues regarding the operation and maintenance of the system.

**Lessons Learned: Contracting in Iraq Reconstruction: Design-build vs. Direct Contracting (SIGIR-7001)**

The objective of this assessment is to understand how the major construction contracts were in Iraq. SIGIR is comparing the two major project delivery systems used in Iraq—design-build and direct contracting—to U.S. industry-leading practices to identify the circumstances that enhance or limit their successes. SIGIR is also assessing the outcomes of the use of each delivery system and how each met the U.S. strategic goals for relief and reconstruction.

**Iraq Relief and Reconstruction Fund (IRRF) Financial Review: DoS Unmatched Disbursements (SIGIR-7002)**

The overall objective of this audit is to determine the amount of IRRF unmatched disbursements and whether DoS has established adequate management controls over IRRF 1 and IRRF 2 unmatched disbursements.

**Review of Financial Reporting and Cost-to-Complete Estimates for Iraq Relief and Reconstruction U.S.-Funded Programs and Projects (SIGIR-7003)**

The overall objective is to determine whether IRMO, USAID, GRD, and MNSTC-I provide accurate project financial data in required reports to the Congress.

**Progress Review of the Transition of Iraq Relief and Reconstruction Fund Projects to the Government of Iraq (SIGIR-7004)**

The overall objective is to determine whether DoS, USAID, GRD, and MNSTC-I have developed and implemented plans for the transition of IRRF-funded projects to the Iraqi Government.

**Review of U.S. Sources and Uses of Fiscal Year 2006 Funding for Iraq Relief and Reconstruction (SIGIR-7005)**

The overall objective of this review is to assess how the funds from U.S. sources were used in Iraq. These funds include the IRRF, ESF, DFI, CERP, and any other funds identified during our review if used to support the Iraq relief and reconstruction mission in Fiscal Year 2006.

**Survey of the Department of State's International Narcotics and Law Enforcement IRRF Projects and Efforts in Support of the Iraq Relief and Reconstruction (SIGIR-7006)**

This review is a spin-off of our review of the INL efforts to build the Adnan Police Academy. In this review we identified serious weaknesses in contracting, contract administration, accountability, and overall management. This review will identify if the conditions and weaknesses identified in the review of the Adnan Police Academy. This review will also include INL's program at the International Jordanian Police Training Center.

**Review of the Commander's Emergency Response Program (CERP) for Fiscal Year 2006 (SIGIR-7007)**

SIGIR plans to assess management controls and project documentation of the Fiscal Year 2006 CERP funds, including what controls are in place to ensure the accountability, of CERP funds and project records, whether the CERP funds were used for intended and authorized purposes, and the status of coordination of the CERP with other reconstruction funds and programs. We will also examine whether commanders are ensuring the sustainment of completed CERP projects by the Government of Iraq and how these CERP projects are being transitioned to the Government of Iraq. Further, this review will follow up on and assess actions taken by U.S. government officials on the recommendations made in our prior reports on the use of CERP.

**Review of U.S.-Funded Weapons Provided to Iraqi Security Forces (SIGIR-7008)**

The overall objective is to determine whether proper accountability has been established for U.S.-funded weapons provided to Iraqi security forces.

**Review of the Status of U.S. Government Anticorruption Efforts in Iraq (SIGIR-7009)**

The overall objective is to assess the U.S. Government's anticorruption efforts in Iraq, including whether the U.S. Government has developed a strategic anticorruption program with identified goals across agencies and whether relevant U.S. Government agencies developed action plans or implemented the recommendations made in previous reports?

SIGIR will announce the following audits during the next quarter:

**Review of the Effectiveness of U.S. Government Contracts to Enable Budgeting and Financial Management Capabilities in Iraqi Ministries**

**Comparative Analysis of the Air Force Center for Environmental Excellence Versus Gulf Region Division in IRRF (Project Management and Contracting)**

**Review of Spending on Parson Facilities and Transportation Sector Design-Build Contracts and the Recording and Reporting of Associated Costs**

**Review of U.S. Government Organizations' Efforts to Execute Jobs-Producing Programs in Iraq**

**Review of U.S. Government Organizations' Efforts to Expand Provincial Reconstruction Teams in Iraq**

**Controls Over U.S. Government Property and Equipment in the Possession of Design-Build Contractors**

**Review of the Use of Sector Project and Contracting Office Contractors (SPCOCs) in Managing IRRF Projects**

**Review of U.S. Government Efforts to Expand the Micro-Loan Program**

**OVERVIEW OF SIGIR INSPECTIONS WORK**

As of December 31, 2006, SIGIR had completed 80 project assessments, 96 limited on-site inspections, and 266 aerial assessments. The 80 project assessments entail visits to project sites all across Iraq; the 96 limited on-site inspections are visits to sites by SIGIR contractors; and the 266 aerial assessments involve the use of satellite imagery.

During this quarter, SIGIR visited on site, assessed, and reported on 15 construction projects across Iraq, yielding a variety of results. SIGIR found several well-constructed projects with sufficient contractor quality control (QC) and effective U.S. government quality assurance (QA) programs in place. In one notable instance, however, the Baghdad Police Academy, SIGIR found continuing serious construction deficiencies that stemmed

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from insufficient oversight and inadequate contractor performance. Recurrent construction problems included contractor failure to comply with international standards provided for in the contract, construction on non-compacted soil, deficient concrete pours, substandard plumbing installation, and unsafe electrical wiring.

SIGIR's Inspections directorate selects projects from each of the major reconstruction sectors to survey, assess, and report on. Each projects assessment seeks to determine whether:

- Project components were adequately designed before construction or installation.
- Construction or rehabilitation met the standards of the design.
- The Contractor's Quality Control plan and the U.S. Government's Quality Assurance program were adequate.
- Project sustainability and operational effectiveness adequately has been addressed.
- Project results are or will be consistent with original objectives.

To date, SIGIR has conducted 90 on site inspections of construction projects, and assessed another 370 projects using satellite imagery or local engineers. This represents roughly 15 percent of the total. Approximately 70 percent of the projects inspected *on site* by SIGIR complied with contract specifications. The biggest issue identified by the unsatisfactory inspections was a lack of management oversight— both by the government and the contractor—of the construction project. For example, SIGIR's inspection of the Baghdad Police College, which SIGIR has visited several times in Sadr City, found that both the government and the contractor failed to comply with the contract's quality assurance and quality control requirements, resulting in a project that failed to meet requirements.

Security problems have greatly impeded SIGIR's assessment program. Because of security concerns, SIGIR assessment teams were unable to travel to several sites. Despite this limitation, SIGIR's presence across Iraq continues to positively affect reconstruction efforts. SIGIR's ability to convey an objective sense of the status of projects often not otherwise available to project managers has enabled projects mangers to take quick corrective action.

SIGIR's inspection work this quarter includes the following reports:

**Al Alwaiya Maternity Hospital (\$1.99 million)**

The project was sufficiently well-designed to renovate the facility, and construction work was consistent with the standards of the contract design. The contractor's quality control plan was sufficiently detailed to effectively guide the contractor's quality management program, and the government's QA program effectively monitored the contractor's QC program. As a result, the city of Baghdad, Iraq, should receive a renovated and modernized maternity hospital.



**Al Alwaiya Children's Hospital (\$1.29 million)**

SIGIR found that the project was sufficiently well-designed to renovate the facility, and that construction work was consistent with the standards of the contract design. The contractor's QC plan was sufficiently detailed to effectively guide the contractor's QM program, and the government's QA program effectively monitored the contractor's QC program. As a result, this renovation/modernization will result in a modern facility that provides a healthy and safe environment for patients, visitors, and employees.

**Dahuk Rehabilitation Center (\$5.63 million)**

The contract's design and specifications were specific enough to complete construction of the facility because the U.S. Army Corps of Engineers (USACE) conducted a prudent evaluation of pre-existing conditions and current requirements. In addition, closely supervised craft-specific crews performed the construction work, and effective QM practices ensured adherence to design standards. SIGIR also found that project sustainability was adequately addressed in the contract. As a result, when completed, the Dahuk Rehabilitation Center project should meet its intended objective to finish discontinued construction of a modern self-contained prison facility as it was designed.

**Al Kasik Water Storage Tanks (\$4.9 million)**

SIGIR found that the completed construction work complied with the design standards for the Al Kasik Water Storage Tank project, and the contractor's QC and the U.S. government's QA were adequate and ensured effective QM during construction. The system of water storage tanks is designed to remain in place and supply clean water to the water distribution system. If completed as designed, the project will likely be sustainable for years to come.

**Al Kasik Waste Water Treatment Plant (\$2.7 million)**

In general, project components were adequately designed before construction. However, the chlorination system disinfected wastewater at the pre-filter stage: the unfiltered suspended solids reduced the efficiency of the disinfection. SIGIR found that the contractor's QC and the U.S. government's QA programs were found to be generally effective. Construction at the Waste Water Treatment Plant met design standards, with two exceptions—the clarifier tank's sweep-arm assembly and the G-3 pump station were deficient.

Some aspects of project sustainability were not adequately addressed in the contract. First, the inventory of backup replacements and spare parts provided was not sufficient to effectively maintain components to sustain operations. Second, it is likely that insufficient operational/run testing and ineffective plant operator training before turnover contributed to the failure of the clarifier tank.

**51<sup>st</sup> Brigade Iraqi Army Barracks (\$.99 million)**

SIGIR found that the USACE design package was adequate to construct the buildings and most of the facilities included in the contract scope, and that most of the construction appeared to meet the standards of the Statement of Work (SOW) and design. The contractor's QC plan was sufficiently detailed to effectively guide the contractor's QM

program, and the government's QA program effectively monitored the contractor's QC program.

Sustainability, however, was not adequately addressed in the basic contract and was not mentioned in the task order requirements. In addition, this report identified low-quality plumbing fixtures and barracks building doors used by the contractor. The use of these items will present the Iraqi Army with continual maintenance problems. While the project has resulted in the construction of new buildings and facilities, which will provide additional facilities for Iraqi Army soldiers to live and work, SIGIR's report documents concerns with the motor pool that require follow up by USACE.

**Al Hillah Police Firing Range (\$.43 million)**

SIGIR found that the firing range components were adequately designed before construction, and that the work completed at the time of SIGIR's on-site inspection met the standards of the design. USACE ensured quality and compliance with the contract requirements. The completed project work will result in a fully functioning firing range with 12 rifle-firing stations and 12 pistol-firing stations for the Iraqi Police.

**402<sup>nd</sup> Battalion Iraqi Army Headquarters Barracks (\$.74 million)**

SIGIR found that the USACE design package was adequate to construct the buildings and most of the facilities included in the contract scope. In general, the construction appeared to meet the standards of the SOW and design. While the contractor's QC and the government's QA program were effective, sustainability was not adequately addressed in the basic contract and was not mentioned in the task order requirements. In addition, this report identified low-quality plumbing fixtures and barracks building doors used by the contractor. The use of these items will present the Iraqi Army with continual maintenance problems.

**Baghdad Police College (\$.72.25 million)**

SIGIR found a number of problems with this project. Project components were not adequately designed before construction. The contractor did not provide and the government did not review the required number of design drawings. For the design drawings that were reviewed, the government determined that the submittals were generally incomplete and inadequate. For several buildings, the 100% design drawing submittals were rejected by the government reviewer.

Most of the work that SIGIR observed did not meet the standards of the contract and task orders. SIGIR identified significant construction deficiencies, such as poor plumbing installation, expansion cracks, concrete segregation and honeycombing, reinforcement bar exposure, and poor brickwork. Also, the construction and equipment installation were performed at a low level of workmanship by the contractor and did not comply with the international standards required by the contract and task orders.

The government's QA program was essentially non-existent in monitoring the contractor performance. The government did not review the contractor's daily QC reports. In addition, the government QA representatives tracked project progress and did not identify quality issues. They did not identify any construction deficiencies noted in the

contractor's daily QA reports. Consequently, USACE was not aware of significant construction deficiencies at the project site. In addition, while sustainability was addressed in the task order requirements, it had yet not been adequately administered by USACE.

**Electrical Substation Sustainment (\$28.27 million)**

SIGIR found that these facilities were secured and in good repair, and that the substation operation was staffed by personnel with adequate skills to manage and operate them. Also, spare parts, drawings, and operating manuals were provided as required by the contract. However, these substations were distributing only 36% of their power capacity because of insufficient input from upstream transmission substations. In addition, protective relays used to manage power surges in the distribution feeders may not be as robust as necessary.

**OVERVIEW OF SIGIR INVESTIGATIONS WORK**

SIGIR Investigations has opened a total of 236 cases, with 87 currently open and the balance either closed or referred. SIGIR continues to field the largest number of fraud investigators in Iraq. Department of Justice prosecutors continue to make progress on the 23 SIGIR cases.

Over the past quarter, SIGIR, in conjunction with five other investigative agencies, established the International Contract Corruption Task Force (ICCTF) to coordinate the Iraq fraud investigative work of these agencies: the Major Procurement Fraud Unit (MPFU) of the U.S. Army Criminal Investigation Division (CID); the DoS OIG Criminal Investigations Directorate; USAID OIG; Defense Criminal Investigation Service and the Federal Bureau of Investigation. On October 2, 2006, a Joint Operation Center (JOC) was established at SIGIR headquarters in Arlington, Virginia. It will serve as the nerve-center for ICCTF to gather intelligence and disseminate information on corruption and fraud investigations. The ICCTF-JOC will coordinate intelligence gathering and dissemination of intelligence and appropriate case information. It will also provide analytical and target linkage data response reporting for use by all partner agencies. The start-up of this initiative has generated a great deal of momentum and promises to accelerate the flow of federal law enforcement activities during the next several quarters.

As part of the ICCTF-JOC coordinative effort, the FBI has assigned eight significant SIGIR criminal investigations to FBI field offices throughout the country. In addition, the FBI has agreed to run investigative leads for SIGIR at the preliminary stages of investigations. The use of resources with FBI field offices throughout the country and legal attachés around the world will have add vital value to criminal investigations originating in Iraq and Kuwait.

SIGIR is a member of the DoJ National Procurement Fraud Task Force (NPFTF), and serves as part of the International Working Committee (IWC). The IWC serves as a valuable link between federal law enforcement agencies and DoJ, as well as a venue to discuss issues concerning additional funding for corruption/fraud investigations,

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prosecutorial venue, extra-territorial jurisdiction, liaison with DoS and foreign governments, and coordination with legal attachés, agencies with deployed investigators, and auditors.

SIGIR continues to work with the U.S. Army Procurement Fraud Branch on suspensions and debarments of individuals and companies. And SIGIR investigators also work closely with the DoJ Commercial Litigation Section, Civil Division, pursuing civil remedies against individuals and companies and in many cases proceeding with side criminal investigations.

**SIGIR COORDINATION OF IRAQ OVERSIGHT**

SIGIR has sought to foster communication among the agencies with oversight responsibility in Iraq through the Iraq Inspector Generals Council (IIGC), which meets quarterly to review audit progress and deconflict audit planning. Participating members of the IIGC include the U.S. Government Accountability Office; the Office of the Inspector General, Department of State; the Office of the Inspector General, Department of Defense; the Office of the Army Inspector General; the Office of the Inspector General, Department of Treasury; the Office of the Inspector General, U.S. Agency for International Development; the Defense Contract Audit Agency; the U.S. Army Audit Agency; the Naval Audit Service; and the Air Force Audit Agency to minimize duplicative work.

In Baghdad, SIGIR established the Iraq Accountability Working Group (IAWG), which brings together in-theater elements with financial oversight responsibilities. SIGIR initiated the IAWG to complement the on-going coordination provided by the state-side IIGC. The IAWG is a forum for the forward deployed audit staffs of the various federal agencies with audit presence in Iraq to coordinate audits, share data relative to Iraq relief and reconstruction, minimize audit disruption to clients, and avoid duplicative efforts.

SIGIR has one review underway supporting conjunction with the DoS OIG. In addition, SIGIR is coordinating several other efforts with the various accountability organizations of Multi-National Force-Iraq (MNF-I) and the Multi-National Security Transition Command-Iraq (MNSTC-I).

We engage in a regular dialog with GAO about upcoming audits to avoid duplication of effort. We know that GAO has a wide mandate as the oversight organization for the legislative branch, so we work closely with them to maximize our respective strengths. Since GAO has a more strategic approach, while SIGIR's work tends to be more tactical, we try to enhance one another's work through differing levels of detail and timing of work.

SIGIR also attends the quarterly meetings of the UN International Advisory and Monitoring Board, and we work with the World Bank and International Monetary Fund to facilitate cross-agency oversight and reporting.

**CONCLUSION**

In conclusion, SIGIR remains committed to supporting the reconstruction efforts in Iraq by identifying ways to accomplish the mission more effectively and efficiently, and by deterring fraud, waste, and abuse of U.S. taxpayer dollars. SIGIR's 55 auditors, inspectors and investigators will continue to carry out the duties and responsibilities assigned by the Congress in the highly dangerous environment that is Iraq today.

I remain proud of my staff's commitment and willingness to continue to serve in harm's way, far from their families, and in rapidly evolving circumstances. I will continue to do my best to ensure effective oversight and timely reporting, and to thereby advance the success of the Iraq reconstruction plan. Thank you for the opportunity to participate in this important hearing, and I look forward to answering any questions that the Committee may have.