LESSONS LEARNED ON THE DEPARTMENT OF DEFENSE'S COMMANDER'S EMERGENCY RESPONSE PROGRAM IN IRAQ

SIGIR 13-005

JANUARY 24, 2013

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

January 24, 2013

MEMORANDUM FOR U.S. SECRETARY OF DEFENSE
COMMANDER, U.S. CENTRAL COMMAND
COMMANDING GENERAL, U.S. ARMY CORPS OF ENGINEERS

SUBJECT: Lessons Learned on the Department of Defense's Commander's Emergency
Response Program in Iraq (SIGIR 13-005)

We are providing this audit report for your information and use. The report summarizes lessons learned from audits conducted by the Special Inspector General for Iraq Reconstruction's on the use and control of Commander's Emergency Response Program funds in Iraq.

We performed this review 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.

We received technical comments from the U.S. Central Command, which we incorporated as appropriate. The U.S. Central Command also noted that the lessons learned are widely accepted and have been incorporated into current guidance and practices in Afghanistan. We address this comment in our concluding remarks.

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact F. James Shafer, Assistant Inspector General for Audits (Washington D.C.) (703) 604-0894/ fred.j.shafer.civ@mail.mil, or Tinh Nguyen, Principal Deputy Assistant Inspector General for Audits (Washington, D.C.), (703) 604-0545/ tinh.t.nguyen4.civ@mail.mil.

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Inspector General

cc: U.S. Secretary of State
     U.S Ambassador to Iraq
     Director, Office of Security Cooperation-Iraq

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**Lessons Learned on the Department of Defense's
Commander's Emergency Response Program in Iraq**

SIGIR 13-005   **January 24, 2013**

Introduction

From 2004 to 2011, the Congress appropriated more than $4.1 billion for the Department of Defense's (DoD) Commander's Emergency Response Program (CERP) in Iraq.[1] CERP funds were provided to field commanders to respond to urgent, small-scale, humanitarian relief and reconstruction projects and services to support the Iraqi people. DoD viewed CERP funds as a crucial counterinsurgency tool that contributed to stability.

The Special Inspector General for Iraq Reconstruction (SIGIR) issued eight reports on the CERP. This report provides lessons learned primarily from that work.

Background

The CERP was formally established by the Coalition Provisional Authority in July 2003 to provide U.S. military commanders in Iraq with a stabilization tool that benefitted the Iraqi people. The program supported urgent, small-scale projects that local governments could sustain, that generally cost less than $25,000, and that provided employment. DoD defined urgent as "any chronic and acute inadequacy of an essential good or service that, in the judgment of the local commander, calls for immediate action."

Among other things, CERP funds were used to: build schools, health clinics, roads, and sewers; pay condolence payments; support economic development; purchase equipment; and perform civic cleanup. DoD used CERP as a "combat multiplier" whose projects helped improve and maintain security in Iraq through non-lethal means. The program was considered "critical to supporting military commanders in the field in executing counterinsurgency operations" and its pacification effects important to saving lives.

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[1] Congress appropriated funds for the CERP in both Afghanistan and Iraq. DoD then allocated these funds between the two countries.

Table 1 shows the amount of allocated CERP funds over the last eight years.

Table 1—Funding for the CERP in Iraq from Fiscal Years 2004 to 2011, in $ millions

Year	Total Allocated	Total Obligated
2004	$140.0	133.6
2005	718.0	667.1
2006	708.0	646.4
2007	750.0	716.5
2008	767.0	936.2
2009	747.0	329.6
2010	245.0	254.4
2011[a]	44.0	44.0
Total[b]	**$4,119.0**	**$3,727.8**

Source: U.S. Central Command, based on the Defense Finance and Accounting Services' data.

Notes:
[a] DoD has not funded the CERP in Iraq since 2011.
[b] Numbers are affected by rounding.

CERP Guidance

The authoritative guidance for using CERP is the DoD document, *Money As A Weapon System* (MAAWS), which provides the policies and procedures for administering the program. MAAWS establishes important procedures regarding accountability, including requiring project data to be entered into a system called the CERP Project Tracker when funds were committed to a project. The tracker was supposed to be updated to track obligations, disbursements, and project completion status, among other things.

MAAWS describes the reporting requirements and performance metrics that are to be used to capture how CERP projects benefit the Iraqi people. Specifically, it requires the inclusion of performance metrics in a letter of justification for individual projects costing $50,000 or more.

MAAWS further required that commanders in Iraq coordinate reconstruction efforts and determine project needs with the Department of State (DoS), Provincial Reconstruction Teams (PRTs), U.S. Agency for International Development (USAID), and the Government of Iraq (GOI) to gain the greatest effect. SIGIR previously found that this happened too infrequently. A DoD review of CERP, issued in July 2010, stated that the Department was working to enhance weak coordination with U.S. government agencies, the GOI, and other partners to ensure that CERP projects were appropriately designed and implemented, and met key criteria including a requirement that they be sustainable.

In addition to MAAWS, Commanding Generals in Iraq issued annual guidance that set priorities for the use of CERP funds. The guidance detailed how the funds should be spent and what specific project areas commanders should address. For example, in 2005, the military was to

execute the CERP to support the strategic objectives of that year's Campaign Plan. The then-Commanding General of Multi-National Forces-Iraq directed that CERP support "labor intensive and urgent humanitarian relief and reconstruction efforts" that were also "highly visible and "quick starting." In 2011, the Commanding General's guidance emphasized that the program should help build the GOI's civil capacity through quickly implementable, small-scale projects.

Types and Costs of CERP Projects

MAAWS list the categories of projects authorized for CERP funding. These include:

- water and sanitation
- education
- healthcare
- transportation
- agriculture
- economic, financial, and management improvements
- battle damage repair
- condolence payments

CERP has been used to pay for approximately 36,465 projects in Iraq, most of which cost less than $25,000.[2] However, as shown in Table 2, 744 projects over $500,000 were implemented.

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[2] SIGIR obtained this data from the U.S. Army Corps of Engineers' Iraq Reconstruction Management System dated September 1, 2010. We received information on additional CERP projects implemented after 2010 while drafting this report. We are continuing to analyze that information and will report the results in a February 2013 audit.

Table 2—Number and Cost of CERP Projects, as of September 2010

Cost	Number	Example
$0 — $25,000	16,183[a]	• classroom construction and renovation • condolence payments • street light repairs • playground construction
$25,001 — $100,000	12,623	• generators • furnishings for health clinics and schools • road paving and repairs
$100,001 — $200,000	3,833	• truck for cleaning sewers and septic tanks • living container and office space for guard • Baghdad Airport beautification
$200,001 — $300,000	1,335	• solid waste transfer station • tools for upkeep of water treatment plant • agricultural supplies to farmers
$300,001 — $400,000	848	• courthouse construction • provincial government officials training • mobile satellite uplink van
$400,001 — $500,000	899	• jailhouse construction • battlefield damage from Coalition Forces • trash collection program to create jobs
Over $500,000	744	• transformers • Iraq Tomb of the Unknown Soldier restoration • security to oil terminals
Total	36,465	

Source: SIGIR's analysis of CERP information captured in the U.S. Army Corps of Engineers' Iraq Reconstruction Management System, as of September 1, 2010.

Notes:

[a]Of these 16,183 projects, 60 had values of $0. SIGIR was unable to determine whether these projects were terminated without incurring costs.

Objective

This report summarizes the lessons learned from SIGIR's work on CERP.

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

Principal Lessons Learned from the CERP in Iraq

SIGIR issued eight reports on CERP in Iraq since 2004. Over the years, our reports looked at the management of the program, the results of large projects funded by CERP, DoD's efforts to measure CERP project impacts, and other key issues pertaining to DoD's oversight of CERP funds.

From our body of work, SIGIR believes that these important lessons should be applied to the use of CERP funds in other stabilization and reconstruction operations:

- To measure CERP effectiveness, clearly defined project goals, requirements, and metrics.

- Avoid funding large projects because they are difficult for field commanders to manage in a contingency environment.

- Coordinate projects with other agencies and with the host government to improve their impact and sustainability.

- Employ good financial controls especially over cash to reduce the possibility for fraud, waste, and abuse.

- Use effective records management practices to improve program oversight and promote continuity.

To Measure CERP Effectiveness, Clearly Define Project Goals, Requirements, and Metrics

SIGIR issued several reports discussing difficulties it has encountered in evaluating the effectiveness of CERP projects. Particularly problematic was the lack of well documented goals, requirements, and metrics to measure the effectiveness of individual projects. When these key elements were not defined in advance, a proper assessment of a project's value and its contribution to stabilization effort was difficult to accomplish.

Project Goals and Requirements Must be Clearly Defined at the Outset

SIGIR's early reports on CERP found that funds were properly used for their intended purposes: small-scale urgently needed projects that rapidly met local needs.[3] In later years, however, SIGIR discovered that large projects, emphasizing development goals rather than counterinsurgency objectives, crept into the mix.

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[3] *Management of the Commander's Emergency Response Program for Fiscal Year 2004*, SIGIR 05-014, 10/13/2005; *Management of the Commander's Emergency Response Program for Fiscal Year 2005,* SIGIR 05-025, 1/23/2006; and *Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2006,* SIGIR 07-006, 4/26/2007.

In July 2011, SIGIR reported[4] that the Commanding General's CERP guidance provided field commanders with considerable flexibility in the use of CERP. Commanders could fund 20 different categories of projects that supported both counterinsurgency and development goals. But, MAAWS guidance was counterinsurgency-focused; it provided little or no direction on development.

Our 2011 report found that fiscal year (FY) 2011 CERP projects generally adhered to the Commanding General's guidance but some projects did not appear to conform to CERP's stated goals of funding small-scale projects with counterinsurgency objectives. The report cited the following two examples:

- About $900,000 was being spent to upgrade the Najaf International Airport in the Najaf province. The stated purpose of the projects was to provide a satellite communication platform, and weather monitoring, reporting, and forecasting technology to bring Najaf to the same level as other modern airports across the globe.

- About $144,000 was being spent to upgrade the Tikrit City cemetery in Salah al-Din province. The goal of the project was to improve the appearance and security of the cemetery, to include repairing the perimeter wall, installing solar panel light fixtures at the entrance, and to clear debris in the cemetery.

The report echoed questions the Congress raised in 2009 about CERP projects that appeared to go beyond MAAWS's intent. On that point, the Chairman of the House Appropriations Defense Subcommittee wrote the Secretary of Defense stating that:

> a majority of CERP funds are spent on…projects that, while important, far-exceed the intended scale and scope of urgent projects CERP was intended to support…Over the last five years, CERP has grown from an incisive [counterinsurgency] tool to an alternative U.S. development program with few limits and little management.

The use of CERP funds beyond their strategic intent occurred in Afghanistan as well. An Army Audit Agency report on the use of CERP in Afghanistan stated that "some projects identified as urgent humanitarian in nature [in fact] may have fallen outside of permissible CERP criteria."[5] The Agency's report further stated that the projects looked more like "civil works and quality of life projects that probably qualify for other funding sources."

SIGIR's July 2011 report recommended that the Office of the Secretary of Defense clarify DoD's role in civil capacity development efforts and stated that if Congress intended for DoD to use CERP to undertake efforts not primarily focused on counterinsurgency, then it should consider providing clarifying instructions or codifying that mission into U.S. law.

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[4] *Commander's Emergency Response Program for 2011 Shows Increased Focus on Capacity Development*, SIGIR 11-020, 7/29/2011.

[5] The Army Audit Agency report of CERP in Afghanistan was issued on November 16, 2010. The Army Audit Agency reviewed 229 projects and compared them to the criteria outlined in MAAWS. The Agency identified 213 (93%) of 229 projects as "questionable" on whether they fell within permissible CERP criteria.

Good Performance Metrics are Necessary to Assess Project Success

Our CERP audits demonstrate that changing or unclear project goals coupled with the absence of good metrics inhibit assessments of what the program and its projects achieved. Once goals and objectives of the CERP projects are clarified, it is essential to develop good metrics to evaluate success.

SIGIR's July 2011 report found that, although performance metrics were used, the data underlying those metrics were not well-supported, resulting in measures of limited use. We found six projects in the CERP Project Tracker database that DoD said would benefit over 10 million Iraqis, but these projections were broadly estimated and not based on reasonable empirical evidence. For example, the purchase of a plow was projected to employ 522 people and aid over 300,000 local Iraqis. Lesson here: the use of metrics must be reality-based.

United States Forces-Iraq (USF-I) too often relied on anecdotal evidence from so called subject matter experts and local Iraqis to project benefits. One official reported that because of this tendency to use imprecise data, the effects of CERP projects were largely unknown. Our audit recommended that the Office of the Secretary of Defense re-evaluate performance standards with the aim of eliminating overly broad metrics.

Underscoring the need for good metrics and data, SIGIR's review of the CERP-funded Sons of Iraq (SOI) program found that insufficient quantifiable program data, coupled with the inability to segregate possible SOI effects from other factors, precluded us from drawing empirically reliable conclusions about the program's contribution to the reduction in violence in Iraq that began in the late summer of 2007. [6]

DoD officials and commanders we spoke with stated that they believed SOI was an important factor in reducing violence in 2007 and 2008. They provided a number of anecdotal examples to support their opinions. But, it was not possible from an audit standard to draw more definitive conclusions about the program's effects.

We found that there was no comprehensive plan for the SOI effort that provided specific goals, metrics, or milestones from which to measure the effort's impact. Additionally, there was no requirement for commanders to document what the SOI achieved or for any other organization to assess overall program effects in areas such as reductions in insurgent attacks. As such, SIGIR could not accurately assess the program's results.

In April 2012, SIGIR reported on leader's perception of the CERP in Iraq. [7] The audit, based on SIGIR's survey, identified key lessons for consideration. One lesson drawn from the responses is that insufficient metrics and poor project selection complicated CERP's effect on capacity building. When the reported CERP project goal was to increase government capacity, survey responses provided little evidence of a causal connection between what battalion commanders were trying to accomplish, what they spent money on, and what outcomes were achieved.

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[6] *Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak*, SIGIR 11-010, 1/28/ 2011.
[7] *Reconstruction Leader's Perceptions of the Commander's Emergency Response Program in Iraq*, SIGIR Special Report Number 1, 4/30/2012.

Large, Long Term Projects are Not Suited to Field Command Management

Most CERP projects in Iraq were relatively small in scope and cost. For example, SIGIR's analysis of the FY 2011 program found that about 80% of 953 projects cost $50,000 or less. We found that U.S. military personnel were neither organized nor trained to manage larger CERP projects.

Given that CERP activities were carried out by field commanders, it is understandable that managing large projects was secondary to their primary wartime missions. Moreover, frequent unit rotations made program continuity difficult. As a result, project management suffered, leading to inefficiencies and waste.

To illustrate, SIGIR's April 2010 report on CERP projects at the Baghdad International Airport (BIAP) identified inefficiencies due to frequent unit rotations and lack of project management skills in personnel assigned to manage the projects.[8] The civil affairs brigades that managed the 46 CERP projects at BIAP were under the direct supervision of the Multinational Corps-Iraq (MNC-I), then the U.S. operational command in Iraq. Multiple civil affairs brigades managed the BIAP projects on a rotating basis.[9] As a result, the quality of the program management and oversight provided was dependent upon the capabilities of the individuals who were in Iraq at the time.

MNC-I appointed individuals to provide program-level management for the CERP projects at BIAP and other U.S. military-funded economic initiatives that were underway. But the personnel we interviewed who provided program oversight in 2007 acknowledged that they were not subject-matter experts in engineering or airport development.[10] Additionally, they stated that they were ambitious and wanted to complete as much as possible during their tours in Iraq. After the unit redeployed, they said that they believed that the command emphasis on CERP projects at BIAP varied due to command changes in MNC-I and the supporting civil affairs brigades.

Civil affairs officials told us that they relied primarily on their civilian skills to accomplish the tasks at hand, because the civil affairs training they received did not address large-scale reconstruction project management. Those who did not already have applicable experience lacked the expertise necessary to oversee these large projects effectively. These deficiencies were exacerbated by the brigades rotating regularly and files not being well-maintained. According to a senior DoD official, the brigade that managed CERP projects in early 2008 had the expertise to manage the projects, but acknowledged that after this brigade departed, the expertise available may have been reduced.

After 4 years of effort and about $35.5 million in expenditures on 46 projects, MNC-I's goals at BIAP had only been partially achieved. These goals were to develop a commercial economic

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[8] *Commander's Emergency Response Program: Projects at Baghdad Airport Provided Some Benefits, but Waste and Management Problems Occurred*, SIGIR 10-013, 4/26/2010.
[9] The civil affairs brigades had tours of duty ranging from 6 to 9 months, with an average of 8 months.
[10] The individuals we interviewed were not professional engineers. According to a senior MNC-I military official, professional engineers, whom we did not interview, provided oversight for the projects, and MNC-I engaged a GOI Ministry of Transportation official for expertise in airport development.

zone that could generate revenue; provide prosperity, stability, and social development for the people of Iraq; and establish BIAP as an international business gateway for Iraq. SIGIR's report noted that 22 projects valued at $19.3 million had generally successful outcomes, but 24 projects valued at $16.1 million had generally unsuccessful outcomes and the funds were at risk of being wasted without further action.

SIGIR's July 2011 report stated that, according to PRT and United States Forces-Iraq officials, the manner in which troops were deployed and rotated caused the PRT representatives to spend substantial amounts of time briefing incoming brigades on the status of programs and projects being implemented in the province. As there was usually little overlap between military unit rotations, there were breaks in institutional continuity. Also, the troop withdrawal schedule substantially reduced the number of personnel available on the ground to identify and work on needed projects.

Problems with large CERP projects are not unique to Iraq. In September 2009, the Special Inspector General for Afghanistan Reconstruction (SIGAR) reported[11] on the CERP program in Afghanistan and found that "Large-scale projects pose increased risks for CERP, because typically they require several years for completion or consume significant amounts of time and resources by program managers who have been trained to primarily implement smaller-scale projects. Additionally, frequent rotations have challenged the ability of program officials to manage large, long-term projects." In January 2011, SIGAR further reported on CERP projects in Laghman Province in Afghanistan.[12] It stated that large-scale projects require significant amounts of time and resources to monitor; however, CERP oversight officials rotated frequently and were trained to implement smaller-scale projects.

Coordination of Projects with U.S. Developmental Agencies and the Government of Iraq Is Necessary to Improve Impact and Long-term Success

DoD guidance recognized the need to coordinate CERP projects with other developmental agencies to improve program results and minimize duplication. Similarly, coordination with the GOI better ensured that projects were appropriately designed and implemented to meet the needs of the Iraqi people and would be maintained.

Coordination with U.S. Development Agencies Promotes Efficiency and Effectiveness

In reviewing the FY 2005 CERP program, SIGIR found weak coordination of CERP projects with other U.S. developmental agencies. SIGIR's noted that DoD coordination with DoS and USAID varied, and in some cases was "ad hoc." As a result, and despite some improvements, SIGIR concluded that "the lack of formal coordination with DoS and USAID of the CERP with other U.S. reconstruction programs and funds potentially limited the effectiveness of some CERP projects, particularly large construction projects."

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[11] *Increased Visibility, Monitoring, and Planning Needed for Commander's Emergency Response Program in Afghanistan,* SIGAR Audit-09-5, 9/2009.

[12] *Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste*, SIGAR Audit-11-7, 1/2011.

The MAAWS required that USF-I commanders coordinate CERP projects with the applicable DoS-led PRTs. But SIGIR's July 2011 report found that the PRTs' involvement in the CERP process has a very wide range; from sporadic individual project vetting to full-fledged identification, planning, and implementation. PRT representatives that were deeply involved in the CERP process stated that USF-I relied on them, in part, because of frequent military unit rotations, reduced troop presence, limited subject-matter expertise, and little experience in managing development-type projects.

Our report cited the following examples of different levels of PRT/USF-I working relationships:

- In Diyala, the military gave responsibility for identifying and implementing projects to the PRT but maintained control of payment authorization. The PRT had to concur with the projects before USF-I would fund them.

- In Salah al-Din, the PRT occasionally helped identify needs within the province, mainly in a few specific areas such as agriculture and rule of law, but "most projects were implemented and monitored by the [USF-I] with minimal PRT involvement." The PRT team leader also stated that USF-I most often requested support in arranging meetings with local officials, as the PRTs were primary U.S. contacts with local civic leaders, provincial council members, and prominent sheiks.

- In Anbar, the Essential Services Cell was responsible for executing CERP projects from project identification through completion.[13] Projects were identified in partnership with local subject matter experts and Iraq's provincial government.

- In Basrah, the PRT responded that they were "not a part of any formalized process or committee on coordination."

MAAWS guidance was updated in FY 2011 to emphasize that regardless of cost, USF-I must coordinate every CERP project with PRTs, USAID, or Non-Government Organizations as appropriate, to ensure maximum combination of effort and minimal conflict between competing programs. However, SIGIR's July 2011 report found that coordination did not consistently involve USAID.

The PRT responses to SIGIR's questionnaire showed that, while formalized processes—such as Civil Capacity Working Groups and Provincial Reconstruction Development Committees[14]—existed at most PRTs, the level of coordination with USAID had a very wide range. For example, at the Anbar PRT, USF-I voluntarily sought USAID concurrence on all CERP projects greater than $50,000. The Anbar USAID representative stated that generally they did not sign any document signifying concurrence or nonconcurrence, but rather verbally provided their opinion on whether a project would harm the local population or impede long-term development processes in the area. Moreover, the Anbar PRT, USF-I, and USAID had signed a Unified Common Plan to acknowledge their agreement and understanding of shared

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[13] Led by the DoS, the Anbar Essential Services Cell was a group of over 25 individuals focused on using CERP funds and mentoring arrangements to build capacity in the water treatment, sanitation, and electricity sectors. It was a structure exclusive to the Anbar PRT.

[14] Provincial Reconstruction Development Committees were to coordinate and prioritize provincial development projects with U.S. government and host nation officials, and examine possible sources for project funding.

mission goals. In other provinces, efforts to coordinate projects with USAID had not been as advanced. U.S. government officials said that this lack of coordination increased the risks of duplication of efforts.

Coordination with the Host Government is Necessary to Identify Needs and Promote Sustainment

A June 2007 update to the MAAWS guidance states that coordination with local officials is critical to ensure that the project meets a perceived need by the population, is appropriate to the culture, and will be maintained in the future. It recognized that Coalition forces had built numerous projects that did not meet the projects' intended purposes due to lack of coordination with local officials. Further, it recommended discussing with local officials operations, maintenance, and staffing before any project begins. While this language was an important addition to the guidance, we stated in our January 2008 report, the language did not specifically require resolution of transfer and sustainment issues prior to project initiation and funding.[15]

Our January 2008 report also highlighted the coordination problems. For example, MNC-I officials indicated that although increased emphasis had been given to transition and sustainment issues, further opportunities for improvements remained. To illustrate, some major subordinate commands indicated they had, on their own initiative, developed local policies and procedures to address the transition and sustainment issues; but others had not.   However MNC-I noted that emphasis on planning for the transfer and sustainment of completed projects varied from project to project and among the major subordinate commands responsible for executing CERP.

A number of CERP program officials cited important lessons learned that, if adequately documented, could benefit personnel taking their place as unit rotations occurred, and could provide greater emphasis on transfer and long-term sustainment issues. We noted that MNC-I did not have a process for capturing and disseminating CERP program management lessons learned. Some of the lessons offered by program officials included:

- It is important to ensure sustainment issues are addressed at the time a project is conceptualized so the customer can understand the operating and sustainment costs and, thus effectively assist in selecting and prioritizing projects.

- CERP projects have been successfully transferred to the GOI when local GOI ministries have been fully involved in the projects. Also, when GOI engineers are involved in a project throughout its execution, they are more aware of construction quality and, thus more willing to accept the completed project.

- Ensure that the agency understands the local culture and ensure that the skilled labor is available in the project area to sustain the projects. It is not advisable to build a complex system, if the user does not have the trained personnel or parts available to sustain it.

We recommended that specific guidance be included in MAAWS to address the transition and sustainment of CERP projects above an established dollar value, particularly those projects that are considered high cost, technologically complex, and maintenance intensive. We further

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[15] *Commander's Emergency Response Program in Iraq Funds Many Large-scale Projects*, SIGIR 08-006, 1/25/2008.

recommended that MNC-I should develop an appropriate process for developing and disseminating lessons learned from the CERP program.

As mentioned above, coordination problems with the GOI were noted in our April 2010 report on the BIAP projects. We found that project coordination was informal and not well documented. A senior GOI official stated that initially MNC-I's coordination with the GOI was excellent and he was briefed often on the projects by an MNC-I officer. However, when that individual left Iraq, the briefings stopped and no further coordination occurred.

When asked why the GOI was not using some of the projects, the GOI official mentioned various reasons, including (1) a lack of coordination with MNC-I in the projects' later stages to ensure projects met Iraqi needs; (2) the civil affairs brigades' frequent rotation; (3) the absence of an overall strategic plan for the projects; (4) a lack of emphasis by the military and the Embassy; and (5) the GOI's inability to sustain some projects.

SIGIR's July 2011 report on the FY 2011 CERP raised concerns about coordination of CERP projects with the GOI and the projects' sustainability. The report stated that refinements to the MAAWS required that commanders obtain letters of sustainment from GOI officials for projects costing over $50,000 and cost share contributions from the GOI for projects costing over $750,000. However, the report noted that projects that met these criteria represented only a small percent of total projects under the FY 2011 CERP. Moreover, the letters could not be enforced against a sovereign government. The sovereignty issue further reinforced the need for good coordination on CERP projects to ensure that projects are wanted and will be maintained by the host government.

Stringent Financial Controls are Essential to Deter Fraud, Waste, and Abuse

In Iraq, cash transactions were prevalent due to the post-invasion broken banking system. CERP projects were primarily funded with cash. Such cash transactions must have strong controls, especially in a war zone where they are highly vulnerable to theft or misappropriation.

SIGIR's audit work and investigations found instances of weak controls over CERP cash transactions.

Our January 2011 report on the SOI program concluded the MNC- I exercised weak financial controls over its cash payments to the SOI. In our review of 98 SOI project files, we found that payments were often made directly to an SOI leader to distribute instead of to the individual SOI members directly, without any means of verifying that each SOI received his salary. In addition, the MNC-I often provided the same amount of money each month without determining how many SOI were actually working during that period.

In some instances where payments were made to individual SOI members, the payments were lower than the original agreed-upon estimate. Furthermore, key financial control documents including cash receipts and vouchers were often missing from the project files. Among the most significant missing documents were receipts and statements of agent accounts which are important internal control documents to ensure funds are used appropriately.

Symptomatic of loose controls over cash, SIGIR's investigative work caught many individuals who stole CERP funds. For example, a U.S. Army Major was convicted of stealing more than $47,000 in CERP funds that were to be used for humanitarian relief or rebuilding purposes and depositing the funds in his bank account. The Major was deployed with the 1st Brigade, 25th Infantry Division, Mosul, Iraq, from September 2004 to September 2005. From September 2004 to January 2005, he was appointed the paying agent for CERP funds and was responsible for requesting and obtaining the funds from the Army finance office and disbursing the funds. The Major was the Contracting Officer's Representative and was responsible for day-to-day contact with contractors in Iraq on behalf of the U.S. government. He pleaded guilty in February 2011 and was subsequently sentenced to three years' probation and required to pay $47,241 in restitution.

In another example, a U.S. Army Captain pleaded guilty to stealing approximately $690,000 in CERP funds while deployed to Iraq. He gained access to the funds (which were intended as payments of security contracts with the Sons of Iraq and humanitarian relief and reconstruction programs) in his capacity as the project purchasing officer for the U.S. Army. The Captain was sentenced to 30 months in prison followed by three years of supervised release and was required to pay $200,000 in restitution, and forfeit his interest in all personal property bought with the stolen money.

Improved Records Management Is Necessary to Provide Complete and Accurate Project Information

SIGIR reported on the need for improved financial and project management information on CERP projects. While improvements occurred, the continued absence of reliable and complete project management information created problems in accounting for, and managing those projects. Comprehensive financial and program information should be addressed at the outset to avoid similar problems in other stabilization and reconstruction efforts.

Accurate Financial Information Must be Gathered at the Program's Start

We reported that DoD's accounting of CERP funds improved over time, but early deficiencies highlight the need to ensure that such systems are working as soon as efforts begin. Our April 2007 report on the FY 2006 CERP stated that DoD had improved controls over fund accountability by instituting two management information systems to track and reconcile both CERP financial and project data: the Iraq Reconstruction Management System and the Army accounting system.

But in 2011, SIGIR found that, because of conflicting or incomplete data, we could not determine how much CERP money had been obligated or to what projects.[16] For example, the CERP fund allocations that USF-I reported it received did not agree with the amount the Army Budget Office reported it provided. According to USF-I, it had received CERP allocations totaling $4,558,000,000 while the Army Budget Office reported allocations of $3,890,709,829; a difference of approximately $667,290,171. We were unable to develop reliable data on how much USF-I spent for specific categories of CERP projects.

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[16] *Commander's Emergency Response Program Obligations Are Uncertain*, SIGIR 11-01, 1/31/2011.

Accurate Project Information Necessary to Promote Accountability and Oversight

Our April 2007 report stated that Coalition forces did not fully comply with the published guidance for maintaining the documentation required to ensure accountability and oversight of CERP projects. The audit noted that CERP program guidance, which had been revised in November 2006 and included in the MAAWS, was more specific regarding required documentation for completed CERP files. This guidance, revised in June 2007, was the current version at the time of our 2007 report.

While the revised guidance was an improvement, cognizant program officials said they did not routinely check the files for adherence to the guidance. No one was overseeing adherence to the guidance and project record documentation and retention continued to be of concern even to program officials.

Program officials cited various factors affecting file maintenance, including: the periodic changeover of military personnel (especially at the contract officer level) as units rotated; the relatively short time for transitioning from one unit to the next; and lack of knowledge of CERP program requirements among transition teams and incoming units. Officials noted that when new units arrived, they were expected to pick up where others left off, including managing numerous project files, conducting on-site surveys, writing status reports, and processing project file documentation, with little or no prior knowledge or experience.

We concluded that while the above were cited as problems leading to inadequate CERP project file maintenance, they also highlighted the importance of maintaining up-to-date project files in order to reduce the learning curve for incoming personnel and improve ongoing project management.

Similarly, in our April 2010 report on the BIAP projects, we found that the project files were not well maintained and project tracking data was incomplete. These weaknesses occurred because MNC-I headquarters officials failed to ensure that project documentation was recorded and filed. We further reported that the incomplete files created serious problems for military personnel transitioning into theater. For example, following one transition between brigades, the brigade transitioning into theater had so many concerns that it placed memoranda in five project files stating that it did not take responsibility for the projects it had inherited from its predecessor.

Observations

In Iraq, CERP was seen as an important force multiplier in supporting U.S. political and military objectives to the point that it was reconstituted in Afghanistan. It likely will re-emerge in other stabilization and reconstruction environments. Given the ongoing CERP effort in Afghanistan, and the potential for future, similar programs, it is critical that DoD shore up its CERP practices so as not to repeat the mistakes made in Iraq. The best way to ensure that this does not happen is to address the lessons learned as presented in this, and other reports assessing the CERP effort.

While the U.S. Central Command commented that these lessons had been incorporated into the Afghanistan program, a Special Inspector General for Afghanistan Reconstruction report concluded that: insufficient oversight placed CERP funds at risk of questionable outcomes and potential waste; military rotations impeded effective monitoring of projects; and the military lacked a results oriented approach to determine if projects achieved their goals and were being used as intended and were being maintained.[17]

Given that CERP was developed for use in Iraq, it is understandable that it underwent significant changes and challenges. It was a large program with multiple and sometimes unclear goals and objectives that were often difficult to assess. Further, it was implemented chiefly by military field commanders whose primary objective was to meet their wartime objectives not development goals or particular rebuilding standards. Given these factors, the effort was inherently vulnerable to inefficiencies, and subject to fraud, waste, and abuse.

While the uniqueness of the CERP bred its own difficulties, many of the financial control, management, oversight, coordination, and sustainment problems mirror those found in the reconstruction effort in Iraq as a whole. These overall lessons are discussed in many of SIGIR's other reports, including our October 2012 study on lessons learned from auditing reconstruction activities in Iraq.[18]

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[17] Commander's Emergency Response Program in Lagham Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste, SIGAR Audit-11-7, January 2011)

[18] Iraq Reconstruction: Lessons from Auditing U.S.-funded Stabilization and Reconstruction Activities, 10/2012.

Appendix A—Scope and Methodology

Scope and Methodology

The Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1302 to summarize lessons learned from audits primarily conducted by SIGIR on the use and control of Commander's Emergency Response Program (CERP) funds in Iraq. 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 November and December 2012 in Arlington, Virginia.

The review was performed primarily using SIGIR's audit reports. However, we also utilized reports issued by other U.S. government audit agencies as well as the results of investigations on CERP. We did not perform any new audit work to develop this report.

Prior Coverage

We reviewed the following SIGIR reports:

Special Inspector General for Iraq Reconstruction

Iraq Reconstruction: Lessons from Auditing U.S.-funded Stabilization and Reconstruction Activities, 10/2012.

Reconstruction Leaders' Perceptions of the Commander's Emergency Response Program in Iraq, SIGIR Special Report Number 1, 4/30/2012.

Commander's Emergency Response Program for 2011 Shows Increased Focus on Capacity Development, SIGIR 11-020, 7/29/2011.

Commander's Emergency Response Program Obligations Are Uncertain, SIGIR 11-012, 01/31/2011.

Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak, SIGIR 11-010, 01/28/2011.

Commander's Emergency Response Program: Projects at Baghdad Airport Provided Some Benefits, but Waste and Management Problems Occurred, SIGIR 10-013, 04/26/2010.

Commander's Emergency Response Program in Iraq Funds Many Large-scale Projects, SIGIR 08-006, 01/25/2008.

Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2006, SIGIR 07-006, 04/26/2007.

Status of the Provincial Reconstruction Team Program in Iraq, SIGIR 06-034, 10/29/2006.

Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2005, SIGIR 05-025, 1/23/2006.

Government Accountability Office

Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq, GAO-08-736R, 06/23/2008.

U.S. Army Audit Agency

Commander's Emergency Response Program, U.S. Forces–Afghanistan, A-2011-0020-ALL, 11/16/2010.

Department of Defense

Department of Defense Review of the Commander's Emergency Response Program, July 2010.

Special Inspector General for Afghanistan Reconstruction

Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste, SIGAR Audit-11-7, 1/2011.

Increased Visibility, Monitoring, and Commander's Emergency Response Program in Afghanistan, SIGAR Audit-09-5, 9/2009

Appendix B—Acronyms

Acronym	Description
BIAP	Baghdad International Airport
DoD	Department of Defense
DoS	Department of State
CERP	Commander's Emergency Response Program
FY	Fiscal Year
GOI	Government of Iraq
MAAWS	Money As A Weapon System
MNC-I	Multinational Corps-Iraq
PRT	Provincial Reconstruction Team
SIGIR	Special Inspector General for Iraq Reconstruction
SIGAR	Special Inspector General for Afghanistan Reconstruction
SOI	Sons of Iraq
USAID	United States Agency for International Development
USF-I	United States Forces-Iraq

Appendix C—Audit Team Members

This report was prepared under the direction of James Shafer, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who contributed to the report include:

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Tinh Nguyen

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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 and Public Affairs	Hillel Weinberg Assistant Inspector General for Congressional Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 2530 Crystal Drive Arlington, VA 22202-3940 Phone: 703-428-1059 Fax: 703-428-0818 Email hillel.weinberg.civ@mail.mil