OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

Fact Sheet on Sources and Uses of U.S. Funding Provided in Fiscal Year 2006 for Iraq Relief and Reconstruction

FINAL REPORT
SIGIR-07-005
July 27, 2007
MEMORANDUM FOR U.S. AMBASSADOR TO IRAQ
DIRECTOR, IRAQ TRANSITION ASSISTANCE OFFICE
MISSION DIRECTOR-IRAQ, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
DIRECTOR, ARMY BUDGET OFFICE
COMMANDING GENERAL, MULTI-NATIONAL FORCE-IRAQ
COMMANDING GENERAL, MULTI-NATIONAL SECURITY TRANSITION COMMAND-IRAQ
COMMANDING GENERAL, U.S. ARMY CORPS OF ENGINEERS, GULF REGION DIVISION
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Fact Sheet on Sources and Uses of U.S. Funding Provided in Fiscal Year 2006 for Iraq Relief and Reconstruction (SIGIR-07-005)

We are providing this fact sheet for your information and use. In November 2003, the Congress appropriated $18.439 billion for the Iraq Relief and Reconstruction Fund (IRRF). The Office of Management and Budget, in consultation with the Coalition Provisional Authority (CPA) Administrator, was required to submit reports quarterly to the Congress on the proposed uses of IRRF funds on a project-by-project basis. This reporting requirement is currently the responsibility of the Department of State (DoS).

The Congress appropriated about $5.4 billion, in additional non-IRRF funding made available in FY 2006, to four separate funds, for various relief and reconstruction projects in Iraq, including training of Iraqi security forces, reconstruction programs, rule of law programs, and the Department of Defense (DoD) “commander’s emergency response program”. However, the Congress did not legislate the same robust quarterly reporting requirements on the uses of these funds as it had for IRRF, though there are less detailed reporting requirements in many cases.

This fact sheet provides information on the FY 2006 funding made available by the Congress for Iraq relief and reconstruction activities, the reporting requirements for that funding, and the plans and procedures for the funds that have been put in place by the
U.S. government organizations carrying out the relief and reconstruction activities. To obtain this information, we conducted a survey with applicable U.S. government organizations.

This review was performed as “nonaudit services” in accordance with generally accepted government auditing standards. The information in this fact sheet was vetted with senior officials responsible for the accountability of these funds; therefore, no formal response to this fact sheet is required or expected. An extended review period was provided from July 23 to July 25, 2007, on the consolidated Preliminary Final report to accept technical comments from impacted agencies. All comments received have been considered and addressed as appropriate in this final report.

The fact sheet was prepared and the survey conducted under the direction of Joseph T. McDermott, Assistant Inspector General for Audit. We appreciate the courtesies extended to the staff. For a list of the review team members, see Appendix E.

For additional information on this report, please contact Mr. Glenn Furbish (glenn.furbish@sigir.mil / 703-428-1058); or Mr. Walt Keays (walt.keays@iraq.centcom.mil / 703-343-7921 or cell: 914-822-2796). For the fact sheet distribution, see Appendix D.

Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

cc: See Distribution
# Table of Contents

**Introduction**

- Iraq Security Forces Fund 5
  - Legislative Authority
  - Reports Required by Law
  - Other Reports
  - Fund Availability and Use
  - Control and Oversight
  - Performance Measures

- Economic Support Fund 13
  - Legislative Authority
  - Reports Required by Law
  - Other Reports
  - Fund Availability and Use
  - Control and Oversight
  - Performance Measures

- Commander’s Emergency Response Program Funding 26
  - Legislative Authority
  - Reports Required by Law
  - Other Reports
  - Fund Availability and Use
  - Control and Oversight
  - Performance Measures

- International Narcotics Control and Law Enforcement Fund 34
  - Legislative Authority
  - Reports Required by Law
  - Other Reports
  - Fund Availability and Use
  - Control and Oversight
  - Performance Measures

**Appendices**

- A. Scope and Methodology 40
- B. Number of Days Initial Funds Were Made Available to Implementing Field-level Activity Program 42
- C. Acronyms 43
- D. Report Distribution 45
- E. Audit Team Members 47
Introduction

Background

In November 2003, Public Law (P.L.) 108-106 created the Iraq Relief and Reconstruction Fund (IRRF 2) and appropriated $18.439 billion for security, relief, rehabilitation, and reconstruction in Iraq. The funds were allocated to specific sectors of Iraqi governance and society. Section 2207 of the law also required that the Office of Management and Budget (OMB), in consultation with the Coalition Provisional Authority (CPA) Administrator, submit quarterly reports to the House and Senate Committees on Appropriations on the uses of IRRF funds on a project-by-project basis, including cost-to-complete estimates. In July 2005, this reporting requirement was delegated to the Department of State (DoS) who had been tasked under NSPD 36 in May 2004 to coordinate and manage all reconstruction activities in Iraq. These reports were required to be submitted to the Congress until October 2007; however, P.L. 109-234, enacted in June 2006, extended the date for submitting the reports until October 2008.

In addition to creating IRRF 2, P.L. 108-106 also created the CPA’s Office of Inspector General (CPA-IG) to conduct, supervise, and coordinate audits and investigations of the CPA’s treatment, handling, and expenditure of IRRF funds and of the programs, operations, and contracts carried out utilizing IRRF funds. The CPA-IG was also required to submit quarterly reports summarizing the activities of the CPA-IG and CPA, including a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Iraq. In June 2004, the CPA was terminated and its responsibilities were transferred to the U.S. Mission-Iraq. At the same time, the CPA Inspector General was re-designated as the Special Inspector General for Iraq Reconstruction (SIGIR). In FY 2007, P.L. 109-440 expanded the duties of SIGIR to include the oversight of all FY 2006 funds appropriated or otherwise made available in FY 2006 for the relief and reconstruction of Iraq, regardless of how they are designated.

Summary

The Congress appropriated about $5.4 billion in additional, non-IRRF funding made available for FY 2006 to four separate funds, for various relief and reconstruction projects in Iraq. Between 29 and 230 calendar days elapsed from the time the funds were appropriated until they reached the field-level implementing organizations through a series of agency apportionment, allotment, allowance, and other funding transactions. For a summary of days elapsed for each fund type and program, see Appendix B.

Two programs, however, were outside the range of calendar days it took for the funds to be made available to the implementing activities in Iraq. These programs were not considered in estimating the range of days because of special circumstances concerning these programs or their appropriations:
• $2 million for the Democracy and Rule of Law program for Iraq and Afghanistan, funded by the Economic Support Fund, in P.L. 109-234. As of June 14, 2007, had not yet been allotted because the Congress had not resolved a decision on whether the funds should go to Iraq or Afghanistan.

• $375 million CERP funds provided for Iraq programs in P.L. 109-148, of which a portion of the budget authority was made available pursuant to the Continuing Resolution approved on September 30, 2005. However, the Congress did not enact the appropriation legislation to make the total amount of funds available for use until December 30, 2005.

The laws that enacted the additional, non-IRRF funds do not impose the same quarterly reporting requirements as contained in P.L. 108-106 although there are other reporting requirements.

Funds were appropriated in FY 2006 under these laws:


• P.L. 109-148, Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, enacted December 30, 2005


The FY 2006 appropriations funded:

• Iraq Security Forces Fund—$3.007 billion made available to assist the Iraqi Security Forces

• Economic Support Fund—$1.545 billion made available by appropriations to assist Iraq relief and reconstruction efforts in the security, economic, and political areas

• Commander’s Emergency Response Program funding—$708 million for Iraq made available through two appropriations to enable local U.S. military commanders in Iraq to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility

• International Narcotics Control and Law Enforcement funding—$91.4 million ($82 million for prison construction) made available to the DoS

**Objective**

The overall objective of this review was to identify the sources and uses of the funds made available in FY 2006 for Iraq reconstruction. We answered these questions:

1. When did this money become available for use in Iraq?

2. When did the activities in Iraq begin to use these funds and for what purposes?
3. What policies and procedures have been put in place to control the use and oversight of these funds?

4. How does the controlling authority ensure that the policies and procedures are carried out?

5. What performance measures are in place to evaluate the effectiveness of the individual projects supported by these funds in relationship to the overall goals of the Iraq relief and reconstruction program?

6. What are the reporting requirements to senior U.S. officials, including the Office of Management and Budget, on the use and status of these funds?

7. What are the reporting requirements to the Congress on the obligations, expenditures, and use of these funds?

The information reported in this fact sheet is as of March 31, 2007. For the scope and methodology for this review, see Appendix A.

This fact sheet was organized by fund type under these categories:

- **Legislative Authority**: discusses the legislation that appropriated the funds
- **Reports Required by Law**: defines the reporting requirements established by the Congress
- **Other Reports**: defines the reporting requirements established by other activities
- **Fund Availability and Use**: describes when and for what purpose the activities in Iraq began using the funds
- **Control and Oversight**: describes how control over funds and performance is monitored and maintained
- **Performance Measures**: identifies the metrics that have been established to assess the success or failure of the funded programs

Each of the following organizations provided information for this report and reviewed our compilation of that information relative to the responding organization.

**Iraq Security Forces Fund (ISFF):**

- OMB
- Under Secretary of Defense (Comptroller) (USD(C))
- Army Budget Office
- Multi-National Security Transition Command-Iraq (MNSTC-I), (Comptroller)
Economic Support Fund (ESF):

- OMB
- U.S. Agency for International Development (USAID), Washington, DC and Mission-Iraq
- DoS Bureau of Resource Management
- DoS Bureau of Near Eastern Affairs
- U.S. Army Corps of Engineers (USACE), Gulf Region Division, Resource Management
- Department of Justice

Commander’s Emergency Response Program Fund (CERP):

- OMB
- USD (C)
- Army Budget Office
- U.S. Army Central Command

International Narcotics Control and Law Enforcement (INCLE):

- OMB
- DoS Bureau of International Narcotics and Law Enforcement Affairs (INL)

OMB also provided an overall comment about the timing of obligations: “The Office of Management and Budget apportions or distributes budgeted amounts to the executive branch agencies, thereby making funds in appropriation accounts (administered by the Treasury Department) available for obligation. The apportionment system through which budget authority is distributed is intended to achieve an effective and orderly use of available budget authority, and to reduce deficiency appropriations. Each agency then makes allotments pursuant to the OMB apportionments, other statutory authority, or internal agency allotment guidelines. An allotment is a delegation of authority to agency officials which allows them to incur obligations within the scope and terms of the delegation. Hence, the timing of when OMB signs an apportionment document is not a good indicator of how quickly funds can be obligated. There are many internal processes that need to be completed within (and sometimes between) agencies before funds can be legally obligated. Sometimes OMB signs apportionments many months before agencies complete their internal processes that would allow for the allotment of funds to specific agency officials. Sometimes OMB signs apportionments concurrently with agencies completing their internal processes that would allow for the allotment of funds. While OMB apportionments are a necessary condition for an agency to allot funds, it is not a sufficient condition to allot funds and/or enable agencies to obligate resources. Congressional actions can also influence the timing of obligations after funds have been appropriated.”
Iraq Security Forces Fund

Legislative Authority


The law does not provide extensive direction as to how the appropriated funds are to be used.\(^1\) The legislation broadly states that the purpose of the ISFF funding is to provide assistance to the security forces of Iraq, including the provision of equipment, supplies, services, training, facility and infrastructure repair, renovation, and construction. Additionally, to accomplish this, the law allows the Secretary of Defense to transfer ISFF funds to other appropriations for military personnel; operations and maintenance; overseas humanitarian, disaster, and civic aid; procurement; research, development, test, and evaluation; and defense working capital funds.

Reports Required by Law

Section 9010 of P.L. 109-148 requires the Secretary of Defense to report every 90 days to the Congress on a comprehensive set of performance indicators and measures for progress toward military and political stability. This Section 9010 Report is to include performance standards and goals for security, economic, and security force training objectives in Iraq, together with a notional timetable for achieving these goals.

Chapter 2 of P.L. 109-234 requires the Office of the Secretary of Defense to submit a report no later than thirty days after the end of each fiscal quarter to the Congressional Defense Committees if ISFF funds are transferred to other appropriations. According to an Army Budget Office official, no such transfers have occurred and thus no reports have been submitted.

Other Reports

We identified reports prepared by implementing organizations that provide information on the use of the ISFF to senior officials. MNSTC-I conducts activities supporting the Iraqi Ministries of Defense and Interior security forces. The MNSTC-I Comptroller provides bi-weekly, monthly, and quarterly status of ISFF funds reports to the Multi-National Force-Iraq, U.S. Central Command, the Army Budget Office, the Joint Chiefs of Staff, and the Office of the USD (C).

The USACE Gulf Region Division provides engineering services and construction capabilities for many ISFF-funded MNSTC-I projects. As the implementing agency, it tracks and reports on its status of projects in a number of ways, including input to the Iraq Reconstruction

\(^1\) According to OMB, the Administration submitted a detailed “budget justification” document that explained how the funds would be used prior to Congress appropriating the funding.
Management System (IRMS) and the Corps of Engineers Financial Management System (CEFMS). Reports generated from these systems are made available to the Office of the USD (C), DoS, and other agencies.

**Fund Availability and Use**

During FY 2006, the Congress appropriated $3.007 billion to ISFF to fund Iraq relief and reconstruction projects. Within 29 calendar days, ISFF funds were allotted to the MNSTC-I field activity. For the allotment timeline and flow of these funds, see Figure 1. Key events include:

**P.L 109-234:**

- June 15, 2006: $3.007 billion is appropriated to DoD.
- June 19, 2006: OMB apportioned this amount to USD(C).
- July 13, 2006: USD(C) began allocating the funds to the Assistant Secretary of the Army (Financial Management and Comptroller).
- July 14, 2006 through July 17, 2006: Assistant Secretary of the Army (Financial Management and Comptroller), through the Army Budget Office, allocated $3.007 billion to MNSTC-I.

The Army Budget Office maintains the funding authorization documents that detail when the ISFF funds were released to MNSTC-I. The documents show that an initial allocation of $2.977 billion was made on July 14, 2006, and a second allocation of $30 million for the Quick Response Fund was made on July 17, 2006. The Quick Response Fund gave commanders the flexibility to respond rapidly to fund projects focused on training and equipping the Iraqi Security Forces.

MNSTC-I, initially committed ISSF funds on July 19, 2006, and the initial disbursement, from available documentation, occurred between August 29 and September 1, 2006. Thus, these funds were put to use in just over a month from the appropriation date of June 15, 2006. For the chronology of fund activity, see Table 1.
NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount of funds.

Sources: Office of Management and Budget; Assistant Secretary of the Army (Financial Management and Comptroller), Army Budget Office; Multi-National Security Transition Command-Iraq.
Table 1—Iraq Security Forces Fund (P.L. 109-234) Initial Funding Transmittal Dates

<table>
<thead>
<tr>
<th>FUNDING ACTION</th>
<th>$3.007 Billion Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress appropriates funds</td>
<td>June 15, 2006</td>
</tr>
<tr>
<td>Office of Management and Budget signs apportionment and sends to the Under Secretary of Defense (Comptroller)</td>
<td>June 19, 2006</td>
</tr>
<tr>
<td>Under Secretary of Defense (Comptroller) to the Assistant Secretary of the Army (Financial Management and Comptroller)–Army Budget Office</td>
<td>July 13, 2006</td>
</tr>
<tr>
<td>Assistant Secretary of the Army (Financial Management and Comptroller)–Army Budget Office to the Multi-National Security Transition Command-Iraq</td>
<td>July 14, 2006</td>
</tr>
<tr>
<td>Available at Implementing Agency in Iraq</td>
<td>July 14, 2006</td>
</tr>
<tr>
<td>First Commitment</td>
<td>July 19, 2006</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>Between August 29 and September 1, 2006</td>
</tr>
</tbody>
</table>

*NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.*

*Sources: Office of Management and Budget; Assistant Secretary of the Army (FM&C), Army Budget Office; Multi-National Security Transition Command-Iraq; Discussions held on various dates between February 2007 through April 2007.*

Funding authorization documents show that the Army Budget Office allocated most funds to MNSTC-I for specific budget activity groups within the Iraqi Ministry of Defense (MOD) and Ministry of Interior (MOI), in support of the Iraqi Security Forces. Other budget activity groups include the above-referenced Quick Response Fund, detainee operations, and prosthetics.

MOD and MOI sub-activities within each MOD/MOI budget activity group include infrastructure, training and operations, sustainment, and equipment and transportation. Additional data from the Army Budget Office show that MNSTC-I reallocated ISFF funds from the original Army Budget Office-designated activities to other activities to adjust for in-theater needs. For example, while the Army Budget Office did not allocate funds to MOI for sustainment, MNSTC-I reallocated funds from the MOD equipment and transportation budget activity group to increase the sustainment activity to $185 million. Table 2 shows the Army Budget Office distributions and MNSTC-I allocations.
Table 2—ISFF Initial and Adjusted Allocations

<table>
<thead>
<tr>
<th>Activity and Uses of Funds</th>
<th>Initial Allocation from Army Budget Office (as of July 17, 2006)</th>
<th>Balances after MNSTC-I’s Activity Re-allocations (as of September 15, 2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iraqi Ministry of Defense Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainment</td>
<td>$0</td>
<td>$185,000,000a</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>751,000,000</td>
<td>751,000,000</td>
</tr>
<tr>
<td>Equipment and Transportation</td>
<td>787,000,000</td>
<td>602,000,000a</td>
</tr>
<tr>
<td>Training and Operations</td>
<td>20,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Iraqi Ministry of Interior Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainment</td>
<td>210,000,000</td>
<td>210,000,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>485,000,000</td>
<td>485,000,000</td>
</tr>
<tr>
<td>Equipment and Transportation</td>
<td>431,000,000</td>
<td>431,000,000</td>
</tr>
<tr>
<td>Training and Operations</td>
<td>217,000,000</td>
<td>217,000,000</td>
</tr>
<tr>
<td>Other Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detainee Operations</td>
<td>73,000,000</td>
<td>73,000,000</td>
</tr>
<tr>
<td>Prosthetics</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Quick Response Fund</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,007,000,000</strong></td>
<td><strong>$3,007,000,000</strong></td>
</tr>
</tbody>
</table>

a Re-allocation by MNSTC-I

Source: SIGIR Analysis of Funding Authorization Documents (FADs) provided by Army Budget Office, as of September 15, 2006.

Control and Oversight

The DoD financial management regulations and USD(C) directives provide routine funds control guidance. OSD(C) and OMB have also issued other directives to help and manage ISFF. Further, the military commands in Iraq have issued additional orders and procedures relative to controls over ISFF. These include:

- Multi-National Corps-Iraq Fragmentary Order 237, Funding Responsibility for the Iraqi Security Forces (August 22, 2005)—also defines the funding responsibility for the Quick Response Fund portion of ISFF.
- Multi-National Corps-Iraq Fragmentary Order 247 (August 27, 2005)—Procedure for Requesting Non-MTOE Equipment, Services, and Life Support Funding for Iraq Security Forces. MTOE is a modified version of a Table of Organization and Equipment that prescribes the units organization, personnel and equipment necessary to perform a mission in a specific wartime geographical environment.
• Multi-National Corps-Iraq Fragmentary Order 351, Modification 1 Funding Responsibility for the Iraqi Security Forces (August 2005)—also provides guidance on funding responsibilities for the Quick Response Fund portion of ISFF.

• Multi-National Security Transition Command-Iraq Standard Operating Procedures, Appendix P (December 30, 2006)—an internal control procedure established to ensure compliance with Public Law as applied by external audit agencies, such as the U.S. Army Audit Agency, DoD Office of the Inspector General, Special Inspector General for Iraq Reconstruction (SIGIR), and the Government Accountability Office (GAO). This Standard Operating Procedure identifies appropriate references such as the public laws, the purpose for the fund, the mission to be accomplished, and permitted and proscribed uses of the fund.

Performance Measures

According to the MNSTC-I Chief of Internal Audit/Control, progress in developing the Iraqi Security Forces is tracked and measured in numerous ways. For example, in a memorandum of record prepared on August 15, 2006, the MNSTC-I Commanding General provided direction to MNSTC-I personnel that included the following:

Training/Equipped figures listed on the “Current Status: ISF” slide will adhere to the following guidelines:

Numbers and percentages will reflect:

• Cumulative data up to 100% of authorized strength in each subordinate authorization (e.g., up to 100% of Army, Iraqi Special Operations Forces)

• Data confirmed by MNSTC-I or Multi-National Corps-Iraq personnel

• All personnel recruited, trained, and equipped regardless of attrition [emphasis in original]

• Personnel recruited, trained, and equipped by MNSTC-I or by the divisions within their area of operations, vetted by the military personnel office in coordination with the division commanders, and then trained and equipped by MNSTC-I. . . .

According to information received from the Chief, MNSTC-I Internal Audit/Control, the referenced “Current Status: ISF” slide is part of a briefing that is provided biweekly to Multi-National Corps-Iraq (MNC-I) and Multi-National Forces-Iraq (MNF-I).

Further, the SIGIR report on “Iraqi Security Forces: Review of Plans to Implement Logistics Capabilities,” issued in October 2006, noted that MNF-I uses transition readiness assessments to determine when logistics units are ready to begin their transition to Iraqi control. While the actual assessments are classified, the performance measures used in the preparation of the transition readiness assessments are described as follows:

These assessments rate the readiness of an Iraqi Army unit by four levels of capability. These ratings start from:

- when the unit is formed (level 4)
- when it can fight side by side with MNF-I forces (level 3)
- when it is deemed capable of controlling its own area of responsibility with coalition support (level 2)
- when it is able to independently conduct operations (level 1)

When a unit is rated level 2, MNF-I will begin the process to transition the unit to Iraqi Army and Ministry of Defense control. An Iraqi Army unit will be rated level 2 when it has at least 85% of its equipment on hand and authorized personnel assigned. At this point, MNF-I begins the process of transitioning a level 2 unit to Iraqi Army and Ministry of Defense control. MNF-I’s priority has been on training Iraqi Army divisions to conduct counter-insurgency operations.\(^3\)

DoD also submits a quarterly report to the Congress, as required under Section 9010 of P.L. 109-148 that discusses performance measurements and goals for achieving security, economic, and security force training objectives in Iraq, together with a notional timetable for achieving the defined goals. This report is also cross-referenced in the President’s “benchmarks” report to the Congress that is required under P.L. 110-28. The reporting requirements as defined in Section 9010 include these metrics:

**Stability and security:**

- key measures of political stability
- primary indicators of a stable security environment
- estimated insurgency strength
- description of all militias operating in Iraq
- criteria used to determine when it is safe to withdraw U.S. forces from Iraq

**Training and performance of security forces:**

- training provided to Iraqi military and other MOD forces and the equipment used by such forces
- key criteria for assessing capabilities and readiness of the Iraqi military and other MOD forces
- operational readiness status of Iraqi military forces
- rates of absenteeism in Iraqi military forces and extent of insurgent infiltration
- training provided by Iraqi police and other MOI forces and the equipment used by such forces

---

• key criteria for assessing capabilities and readiness of the Iraqi police and other MOI forces
• total number of Iraqi battalions needed to perform duties now undertaken by coalition forces
• effectiveness of Iraqi military and police officer cadres and chain of command
• the number of U.S. and coalition advisors needed to support Iraqi Security Forces
• an assessment of U.S. military requirements
Economic Support Fund

Legislative Authority

Two appropriations were made by the Congress in FY 2006 that included funding for the Economic Support Fund (ESF). The first appropriation, Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (P.L. 109-102, November 14, 2005) provided $61 million (later reduced by a 1% “across-the-board” rescission mandated in the same bill to $60.39 million). The second appropriation, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery (P.L. 109-234, June 15, 2006) provided $1.686 billion (of which $201 million was allocated for non-Iraq purposes, leaving $1.485 billion available for Iraq).

P.L. 109-102 provided specific direction for the purpose of the appropriation for Iraq activities:

- Not less than $56 million (reduced by rescission to $55.44 million) for Democracy, Governance, and Rule of Law programs in Iraq.
- Not less than $5 million (reduced by rescission to $4.95 million) for the Marla Ruzicka War Victims Fund, provided to the USAID and subsequently transferred to and merged with funds appropriated as IRRF under P.L. 108-106.

P.L. 109-234 directed that the $1.485 billion appropriation was to be used for these purposes:

- Not less than $50 million for Democracy, Governance, and Rule of Law programs in Iraq.
- Not less than $5 million to the Marla Ruzicka War Victims Fund; provided to the USAID and subsequently transferred to and merged with funds appropriated as IRRF under P.L. 108-106.
- Not less than $45 million was made available to the USAID-Iraq for its Community Action Program.

No congressional direction was provided for the remaining $1.385 billion.

Reports Required by Law

Under P.L. 109-102, DoS was required to submit a “Congressional Notification” report (CN) to the Congress explaining how the ESF funds would be used prior to obligating the money, but no such Congressional reporting notification was required in P.L. 109-234. Also, P.L. 109-102 requires a CN if DoS intends to use the funds differently than described in the initial CN. There are no “post-obligation” reporting requirements in either law. Though there were no legally-obligating reporting requirements in P.L. 109-234, the House Committee on Appropriations directed in “report language” that no ESF funds could be expended for Provincial Reconstruction Teams (PRTs) or Provincial Reconstruction Development Committees (PRDCs) until a detailed
report on the operations of such a program was submitted to the Congress. DoS met this reporting request.

However, the $9.95 million, that was transferred to and merged with IRRF for the Marla Ruzicka War Victims Fund, is mandated to be included in the quarterly report to the Congress on IRRF-funded projects as required by Section 2207 of P.L. 108-106.

Although not legislatively required, the DoS Bureau of Near Eastern Affairs began reporting on the use of the ESF in an appendix to the January 2007 Section 2207 quarterly report to the Congress. The implementing agencies provide status information about programs, expenditures, and accomplishments related to ESF activities. The major reporting implementing agencies are USAID and the USACE Gulf Region Division. Further, Iraq Transition Assistance Office—the successor to the Iraq Reconstruction Management Office (IRMO)—widely circulates a weekly report with consolidated financial data from the relevant agencies on the status of obligating and disbursing ESF funds.

**Other Reports**

The DoS Bureau of Democracy, Human Rights and Labor requires quarterly reports from their grantees.

Likewise, USAID-Iraq creates quarterly reports entitled, *USAID/Iraq’s Quarterly Reports for Cost Plus Fixed Fee (CPFF) Level of Effort Contracts* that are prepared for internal review and control reporting requirements. Courtesy copies of these reports were provided to IRMO. As of June 17, 2007, USAID had not decided if copies of these reports would be provided to the Iraq Transition Assistance Office.

**Fund Availability and Use**

During FY 2006, the Congress appropriated about $1.545 billion to the ESF for activities in Iraq. Of this, $9.95 million was transferred to IRRF for the Marla Ruzicka War Victims Fund. Funding actions took 218 calendar days between the time the funds were appropriated and all of the precursors to obligating all of the funds had been completed in order to be used by the implementing field activities in Iraq—the DoS Bureau of Democracy, Human Rights, and Labor-Iraq, and USAID-Iraq. The initial allotment of P.L. 109-234 funds took 85 calendar days to be provided to USAID-Iraq and up to 167 calendar days to be provided for DoS’s field activities that were implemented in Iraq by the Department of Justice and USACE Gulf Region Division (145 days) and IRMO (167 days). For the allotment timeline and flow of these funds, see Figures 2 and 3.

---

4 By Executive Order 13431 of May 8, 2007, the President created the Iraq Transition Assistance Office as the successor to the Iraq Reconstruction Management Office. The Iraq Transition Assistance Office shall continue coordination, oversight, and reporting concerning remaining Iraq Relief and Reconstruction Fund monies.
According to OMB, there are many steps required before ESF are obligated. The Congress appropriates ESF funds to USAID, but provides DoS the authority for overseeing and determining the uses of those funds. DoS develops so-called “Action Memos” signed by senior officials that determines how ESF funds will be both “split” between USAID and DoS, and how those funds would be used. In cases where DoD is the implementing agency, DoS (or USAID) need to negotiate an interagency agreement on how the funds would be used. The agency then needs to “obligate” the funds with a contractor after completing a procurement process governed by various government regulations. OMB appropriates all ESF funds initially to USAID, per Congressional direction. However, any funds going to DoS need to get “re-apportioned” from USAID to DoS under a “direct apportionment” procedure. Finally, the Congress has included reporting requirements and, at times, the Congress has placed a “hold” on the use of ESF funding in Iraq.

Key ESF events include:

**P.L. 109-102:**
- November 14, 2005: $60.39 million appropriated to USAID’s ESF account, of which $4.95 million was made available for IRRF for the Marla Ruzicka War Victims Fund.
- December 6, 2005: OMB sent a signed apportionment of $55.44 million to the USAID Bureau for Management.
- According to OMB sometime between December 6, 2005 and June 5, 2006, DoS signed an “Action Memo” that identified how the $60.39 million will be used and which agency will implement the programs.
- June 5, 2006: $4.95 million transferred to IRRF from the Marla Ruzicka War Victims Fund.
- June 18, 2006: The funds were allotted to the DoS Bureau of Democracy, Human Rights and Labor-Iraq field activity.

**P.L. 109-234:**
- June 15, 2006: $1.485 billion appropriated, of which $5 million was made available for IRRF for the Marla Ruzicka War Victims Fund.
- July 12, 2006: OMB sent signed apportionment of $1.485 billion to USAID Bureau for Management.
- According to OMB, sometime between July 12, 2006 and October 26, 2006, DoS signed multiple Action Memos and reported to the Congress on the use of the PRT and PRDC funding.
According to OMB, the Congress “cleared” on this report about 15 days after submission.

### USAID Activities

  - August 2, 2006: $5 million transferred to IRRF from the Marla Ruzicka War Victims Fund.
  - Between September 8, 2006 and January 25, 2007, $433 million allowed to USAID-Iraq field activity.
- September 8, 2006: OMB reapportioned $30 million to DoS.
- November 3, 2006: OMB reapportioned $1.015 billion to DoS.

### DoS Activities

- Between November 7, 2006, and November 29, 2006: DoS completed and signed interagency agreements to transfer $1.015 billion to DoD and the Department of Justice. After signature, funds were allotted to Iraq field activities:
  - $33 million to the Department of Justice, Regime Crimes Liaison’s Office.
  - $45 million to IRMO for the Ministerial Capacity Development Program.
  - $937 million, approved by IRMO to USACE Gulf Region Division using interagency agreements.

On June 15, 2006, the first disbursement of the P.L 109-102 funds was made by the DoS Bureau of Democracy, Human Rights and Labor-Iraq. Initial disbursements, for P.L.109-234 funds, for those programs that made disbursements during SIGIR’s field work, were between June 15, 2006 and March 13, 2007, for the implementing field activities. For the chronology of fund activity for each appropriation, see Tables 3 through 6.
Figure 2. Flow of Economic Support Fund, P.L. 109-102

AA
Advice of Allotment
ANE/SPO Bureau for Asia and the Near East / Strategic Planning & Operations
M Million
PPS Posted in Phoenix Accounting System
SF 132 Apportionment and Reapportionment Schedule

$60.390M December 6, 2005

Congress

Office of Management and Budget

$60.390M

$55.440M

Democratic Governance and Rule of Law June 5, 2006

DoS Bureau of Resource Management

DoS

Democratic, Human Rights, and Labor

June 18, 2006

DoS

Democratic, Human Rights, and Labor Iraq

USAID Bureau for Mngt. Financial Mngt.

$4.99M

Marla Ruzicka War Victims Fund* June 6, 2006

DoS

Office of the Director of Foreign Assistance

$4.95M

Marla Ruzicka War Victims Fund June 15, 2006

USAID ANE/SPO

$4.95M

Marla Ruzicka War Victims Fund June 20, 2006

USAID Mission Iraq

NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount of funds.


* Marla Ruzicka War Victim Funds were merged with IRRF funds June 5, 2006.
Figure 3. Flow of Economic Support Fund, P.L. 109-234

NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount of funds.

<table>
<thead>
<tr>
<th>FUNDING ACTION</th>
<th>Democracy, Governance and Rule of Law Program (DoS DRL)</th>
<th>Marla Ruzicka War Victims Fund (USAID Mission-Iraq)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress appropriates funds</td>
<td>November 14, 2005</td>
<td>November 14, 2005</td>
</tr>
<tr>
<td>Office of Management and Budget signs apportionment and sends to the USAID Bureau for Management</td>
<td>December 6, 2005</td>
<td>December 6, 2005</td>
</tr>
<tr>
<td>Office of Management and Budget signs apportionment and sends to the DoS Bureau of Resource Management</td>
<td>June 5, 2006</td>
<td>N/A</td>
</tr>
<tr>
<td>USAID Bureau for Management to the DoS Office of the Director of Foreign Assistance</td>
<td>N/A</td>
<td>June 6, 2006</td>
</tr>
<tr>
<td>DoS Office of the Director of Foreign Assistance to the USAID Bureau for Asia and the Near East</td>
<td>N/A</td>
<td>June 15, 2006</td>
</tr>
<tr>
<td>USAID Bureau for Asia and the Near East to the USAID Mission-Iraq</td>
<td>N/A</td>
<td>June 20, 2006</td>
</tr>
<tr>
<td>Available at Implementing Agency in Iraq</td>
<td>June 18, 2006</td>
<td>June 20, 2006</td>
</tr>
<tr>
<td>First Commitment</td>
<td>June 8, 2006</td>
<td>July 16, 2006</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>June 15, 2006</td>
<td>March 13, 2007</td>
</tr>
</tbody>
</table>

*NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.*

*The provisions of P.L. 109-102 required the $4.95 million to be transferred to and merged with IRRF. This occurred on June 5, 2006.*

The $1.485 billion P.L. 109-234 Economic Support Fund appropriation was allotted to various agencies for various projects, with no uniformity in the transmittal dates. Tables 4 to 6 outline the results of SIGIR research into activities receiving these funds and the dates of those actions. The allocations were:

- $937 million to the U.S. Army Corps of Engineers, Gulf Region Division
- $440 million to the U.S. Agency for International Development
- $75 million to DoS
- $33 million to DoJ

Table 4--Economic Support Fund (P.L. 109-234) Initial Funding Transmittal Dates\(^a\) for U.S. Army Corps of Engineers Gulf Region Division Programs

<table>
<thead>
<tr>
<th>FUNDING ACTION</th>
<th>Infrastructure Security Protection</th>
<th>Operation and Maintenance Sustainment</th>
<th>Technical Capacity Sustainment</th>
<th>Provincial Reconstruction Teams and Provincial Reconstruction Development Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total = $937 Million</td>
<td>$277 Million</td>
<td>$285 Million</td>
<td>$60 Million</td>
<td>$315 Million</td>
</tr>
<tr>
<td>Office of Management and Budget signs apportionment and sends to the USAID Bureau for Management</td>
<td>July 12, 2006</td>
<td>July 12, 2006</td>
<td>July 12, 2006</td>
<td>July 12, 2006</td>
</tr>
<tr>
<td>Available at Implementing Agency in Iraq</td>
<td>November 21, 2006</td>
<td>November 21, 2006</td>
<td>November 21, 2006</td>
<td>November 7, 2006</td>
</tr>
<tr>
<td>First Commitment</td>
<td>November 28, 2006</td>
<td>November 27, 2006</td>
<td>February 10, 2007</td>
<td>November 18, 2006</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>Not Disbursed (^c)</td>
<td>February 9, 2007</td>
<td>Not Disbursed (^d)</td>
<td>February 21, 2007</td>
</tr>
</tbody>
</table>

\(^a\) NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.

\(^b\) Funds are initially apportioned by OMB to USAID and then, with USAID’s authorization, are reapportioned to DoS or other agencies.

\(^c\) As of March 31, 2007, no disbursement had been made to this program, except for internal labor for the U.S. Army Corps of Engineers, Gulf Region Division, disbursed on December 20, 2006.

\(^d\) As of March 31, 2007.

<table>
<thead>
<tr>
<th>FUNDING ACTION</th>
<th>National Capacity Development</th>
<th>Minister of Finance-Iraqi Central Bank (^b)</th>
<th>Community Stabilization Program</th>
<th>Community Action Program</th>
<th>PRT and Local Government Support (^c)</th>
<th>Democracy and Civil Society (^d)</th>
<th>Democracy to Iraq &amp; Afghanistan (^d)</th>
<th>Marla Ruzicka War Victims Fund (^e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total = $440 Million</td>
<td>$60 Million</td>
<td>$20 Million</td>
<td>$135 Million</td>
<td>$45 Million</td>
<td>$155 Million</td>
<td>$18 Million</td>
<td>$2 Million</td>
<td>$5 Million</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>Not Disbursed (^f)</td>
<td>Not Disbursed (^f)</td>
<td>October 17, 2006</td>
<td>March 7, 2007</td>
<td>Not Disbursed (^f)</td>
<td>March 13, 2007</td>
<td>March 7, 2007</td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.

\(^b\) Also known as Economic Governance Program II.

\(^c\) Also known as Local Governance Program II.

\(^d\) Part of the $50 million earmarked by the Congress for Democracy, Governance and Rule of Law programs, see Table 6 for remainder.

\(^e\) Transferred from ESF to IRRF on September 14, 2006.

\(^f\) Not disbursed as of March 31, 2007.

Sources: DoS Iraq Reconstruction Management Office; Office of Management and Budget; and U.S. Agency for International Development.
Table 6—Economic Support Fund (P.L. 109-234)
Initial Funding Transmittal Dates\(^a\) for DoS and DoJ Programs

<table>
<thead>
<tr>
<th>Department of State</th>
<th>FUNDING ACTION</th>
<th>Ministerial Capacity Development Program (^b)</th>
<th>Democracy and Civil Society Program (^d)</th>
<th>Department of Justice</th>
<th>FUNDING ACTION</th>
<th>Régime Crimes Liaison’s Office Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total = $75 Million</td>
<td>$45 Million</td>
<td>$30 Million</td>
<td></td>
<td>Total</td>
<td>$33 Million</td>
</tr>
<tr>
<td></td>
<td>OMB signs apportionment and sends to USAID</td>
<td>July 12, 2006</td>
<td>July 12, 2006</td>
<td></td>
<td>OMB signs apportionment and sends to USAID</td>
<td>July 12, 2006</td>
</tr>
<tr>
<td></td>
<td>DoS Bureau of Resource Management to the DoS Bureau of Near Eastern Affairs</td>
<td>November 3, 2006</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>DoS Bureau of Near Eastern Affairs to the DoS Iraq Reconstruction Management Office</td>
<td>November 29, 2006</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Available at Implementing Agency in Iraq</td>
<td>November 29, 2006</td>
<td>October 10, 2006</td>
<td></td>
<td>Available at Implementing Agency in Iraq</td>
<td>November 7, 2006</td>
</tr>
<tr>
<td></td>
<td>First Commitment</td>
<td>December 1, 2006</td>
<td>September 18, 2006</td>
<td></td>
<td>First Commitment</td>
<td>November 7, 2006</td>
</tr>
<tr>
<td></td>
<td>First Disbursement</td>
<td>December 13, 2006</td>
<td>October 7, 2006</td>
<td></td>
<td>First Disbursement</td>
<td>December 8, 2006</td>
</tr>
</tbody>
</table>

\(^a\) NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.

\(^b\) Managed by the Iraq Reconstruction Management Office (succeeded by the Iraq Transition Assistance Office).

\(^c\) Funds are apportioned by OMB to USAID and then, with USAID’s authorization, are reapportioned to DoS or other agencies.

\(^d\) Part of the $50 million for Democracy, Governance and Rule of Law programs, see Table 5 for remainder. Managed by the DoS Bureau of Democracy, Human Rights and Labor.

Of the $1.485 billion appropriated for Iraq by P.L. 109-234, $45 million was earmarked for the USAID Community Action Program in Iraq and $5 million for the Marla Ruzicka War Victims Fund.

Further, P.L. 109-234 made $50 million available for Democracy, Governance, and Rule of Law programs in Iraq and Afghanistan and where designated to the following programs as follows:

- $18 million to USAID for Democracy and Civil programs
- $30 million to DoS for Democracy and Civil Society programs
- $2 million to DoS for Democracy and Rule of Law programs in Iraq and Afghanistan

No other direction was provided by the Congress for the remaining $1,385 million.\(^5\) However, Table 7 outlines funding allotments by sector contained in the September 29, 2006, Action Memorandum\(^6\) prepared by the DoS’s Bureau of Near Eastern Affairs for the DoS’s Director of Foreign Assistance, on how funds were to be programmed.

As of June 14, 2007, the $2 million for the Democracy and Rule of Law program for Iraq and Afghanistan remained unallotted because the Congress had yet to resolve a decision on whether the funds should go to Iraq or Afghanistan.

DoS and USACE signed interagency agreements, regarding the projects executed by USACE, as the implementing agency. The interagency agreements defined the scope of work for project deliverables, the cost for the projects, and the roles and responsibilities of DoS and USACE during the term of the agreement.

---

\(^5\) According to OMB, the Administration submitted a Congressional Budget Justification (CBJ) document and consulted with Congress on how funds would be used prior to the Congress appropriating the money.  
\(^6\) According to OMB, for internal reasons, DoS/USAID cannot obligate funds until this Action Memo is signed.
## Table 7—Economic Support Fund (P.L. 109-234) Allotments

<table>
<thead>
<tr>
<th>Area</th>
<th>Implementing Agency</th>
<th>Project Description</th>
<th>Amount (Dollars in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>USACE</td>
<td>Provincial Reconstruction Teams (PRTs) and Provincial Reconstruction Development Committee (PRDC) Projects</td>
<td>$315.0</td>
</tr>
<tr>
<td></td>
<td>USACE</td>
<td>Infrastructure Security Protection</td>
<td>277.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>PRT Support to Local Governments</td>
<td>155.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>Community Stabilization Program</td>
<td>135.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>Community Action Program(^a)</td>
<td>45.0</td>
</tr>
<tr>
<td>Economic</td>
<td>USACE</td>
<td>O&amp;M Sustainment</td>
<td>285.0</td>
</tr>
<tr>
<td></td>
<td>USACE</td>
<td>Technical Capacity Development</td>
<td>60.0</td>
</tr>
<tr>
<td>Political</td>
<td>DoS/IRMO</td>
<td>Ministerial Capacity Development</td>
<td>45.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>National Capacity Development</td>
<td>60.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>Ministry of Finance/Central Bank Support</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td>DoJ</td>
<td>Regime Crimes Liaison’s Office</td>
<td>33.0</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>$1,430.0</td>
</tr>
<tr>
<td>Other</td>
<td>USAID</td>
<td>Marla Ruzicka War Victims Fund(^b)</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>USAID</td>
<td>Democracy and Civil Programs</td>
<td>18.0</td>
</tr>
<tr>
<td></td>
<td>DoS</td>
<td>Democracy and Civil Programs</td>
<td>30.0</td>
</tr>
<tr>
<td></td>
<td>DoS</td>
<td>Democracy/Rule of Law-Iraq/Afghanistan</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$1,485.0</td>
</tr>
</tbody>
</table>

\(^a\) Earmark.
\(^b\) Earmark. Transferred to IRRF on September 14, 2006.


### Control and Oversight

IRMO, in consultation with the Iraq Assistance Coordinator in the DoS Bureau of Near Eastern Affairs, is tasked with coordinating the programs, policies, and procedures for the use of the ESF funds. IRMO exercises oversight mainly through the use of the quarterly Section 2207 Report, as directed in the action memorandum prepared by the Bureau of Near Eastern Affairs, through the creation of Appendix III to the Section 2207 Report.

USACE is to maintain accountability and control of ESF funds identified in the interagency agreements in accordance with the same rules and regulations which guided USACE’s use of IRRF funds. In addition there is specific guidance in the ESF agreements regarding fund restrictions and responsibilities.
That guidance included in the interagency agreements also includes:

- Restrictions in both the applicable Appropriations Act, including the Supplemental, and in the Foreign Assistance Act of 1961, as amended, are applicable to the funds provided under the ESF interagency agreement.

- The Servicing Agency (i.e., USACE) agrees to carry out its responsibilities in accordance with applicable U.S. laws and regulations, and U.S. foreign policy directives.

- The Servicing Agency shall use the funds made available by this IAA for no purpose other than to carry out the Agreement under the terms and conditions. Funds will be used only for specific projects and purposes delineated in the agreement or as agreed by IRMO. No funds provided under this agreement will be used for activities that would normally be performed in the absence of this agreement.

- Approval must be obtained from IRMO prior to any project modifications, cancellations or descoping of said projects. IRMO shall approve, modify, or deny the Servicing Agency’s requests in a timely manner.

- The Servicing Agency shall maintain accountability and controls in accordance with its agency rules and regulations, and shall be accountable to the Department of State for all funds made available to it in this Agreement. Funds shall not be expended on activities, services or materials that cannot be justified in terms of their contributions to meeting program objectives.

USACE uses the cost-to-complete projects discipline to manage ESF allocations within its purview.

**Performance Measures**

SIGIR did not find specific performance measures established or required for all programs funded by the ESF. Some of the programs managed by the USACE incorporate metrics into some of their interagency program agreements. USAID addressed performance measurement in its publication, *USAID/IRAQ Performance Management Plan*, which it uses to measure progress in meeting its mission’s objectives.
Commander’s Emergency Response Program

Funding

Legislative Authority

The Congress appropriated $923 million in FY 2006 funds for the Commander’s Emergency Response Program (CERP), of which $708 million was designated for Iraq, and $215 million for Afghanistan. The intended purpose of these funds was to enable local U.S. commanders in Iraq to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the indigenous population. The first appropriation, Department of Defense, Emergency Supplemental Appropriations To Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (P.L. 109-148, enacted December 30, 2005) provided $500 million. The second appropriation, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery (P.L. 109-234, enacted June 15, 2006) provided $423 million.

Of the $708 million for Iraq, $510 million was designated for use in FY 2006 and $198 million was held to be used in FY 2007 until December 31, 2007, (end of first quarter FY 2008).

Reports Required by Law

P.L. 109-148 specifically states that the Army, with the support of the Office of the Under Secretary of Defense (Comptroller), will provide to the Congress, not later than 15 days following the end of each fiscal quarter, a report regarding the source of funds and the allocation and use of CERP funds.

P.L. 109-234 did not identify any reporting requirements.

Other Reports

According to an Office of the Under Secretary of Defense (Comptroller) (USD(C)) memorandum dated July 27, 2005, that provided CERP guidance, the Army is to submit a monthly CERP project status report as of the last day of the preceding month. The Army is to provide a copy of the report to the U.S. Central Command Comptroller and the Joint Chiefs of Staff Comptroller. The CERP project status report is to contain this information:

- unit
- project number
- payment date
- project description/location
- amount committed, obligated, and disbursed
Funds Availability and Use

The $923 million CERP appropriations were allocated as follows:

- Commanders in Iraq were allocated $708 million in FY 2006, of which $198 million was held for use in FY 2007. As a result, FY 2006 obligations totaled $510 million:
  - $375 million from P.L. 109-148
  - $135 million from P.L. 109-234

- Commanders in Afghanistan were allocated $215 million in FY 2006, of which obligations totaled $215 million:
  - $125 million from P.L. 109-148
  - $90 million from P.L. 109-234

The information on funding for Afghanistan is included only to identify total CERP funds made available in these appropriations. SIGIR did not examine the funding or activities for Afghanistan, and the following discussions relate only to the $510 million in funds provided in FY 2006 for Iraq.

The CERP funds for Iraq from P.L. 109-148 were made available pursuant to Continuing Resolution budget authority approved on September 30, 2005. Within 4 calendar days, these funds were allocated to the Army implementing field activities. The Congress did not enact the appropriation legislation to make the complete funds available for use until December 30, 2005.

However, CERP funds from P.L. 109-234 were made available immediately when appropriated by the Congress on June 15, 2006. Within 35 calendar days, the initial P.L. 109-234 funds were allocated. For the allocation timeline and flow of these funds, see Figure 4. Key events include:

- P.L. 109-148:
  - December 30, 2005: $375 million appropriated.
  - January 31, 2006: OMB signed an apportionment and sent to USD(C).
  - February 3, 2006: USD(C) provided obligation authority to Army Budget Office
  - October 1, 2005 through October 4, 2005: with Continuing Resolution authority, Army Budget Office allocated $375 million to Army field activities.

Funds were initially allocated to the U.S. Army Forces Command (FORSCOM) on October 1, 2005. FORSCOM immediately forwarded the funds to U.S. Army Central
Command (ARCENT). ARCENT in turn made the funds available to Multi-National Force-Iraq (MNF-I) and Multi-National Corps-Iraq (MNC-I) on October 4, 2005.

- P.L. 109-234:
  - June 16, 2006: OMB signed apportionment and sent funds to USD(C).
  - June 16, 2006: USD(C) provided obligation authority to Army Budget Office
  - July 20, 2006: Army Budget Office began allocating the $333 million to Army field activities; of which $198 million was held for use in FY 2006, and not obligated during FY 2006.

The $135 million allocated for use in FY 2006 began arriving at MNF-I and MNC-I on July 20, 2006. The initial fund commitment occurred on August 1, 2006—approximately two weeks following receipt by MNC-I. For the chronology of fund activity for each appropriation, see Table 8.
Figure 4. Flow of Commander’s Emergency Response Program Funding for Iraq

(CERF)

- PL 109-148 (A) $500M December 30, 2005
- PL 109-234 (S) $423M June 15, 2006

Office of Management and Budget

$500M (A) January 31, 2006
$423M (S) June 16, 2006

Department of Defense

Under Secretary of Defense (Comptroller)

$500M (A) February 3, 2006
$423M (S) June 16, 2006

Secretary of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)

$125M (A)
$90M (S)

U.S. Army Forces Command

$375M (A) October 1, 2005
$333M (S) July 20, 2006

FAD Funding Authorization Document

U.S. Army Central Command

$375M (A) October 4, 2005
$333M (S) July 20, 2006

RAD Resource Allocation Document

Multi-National Force-Iraq

Multi-National Corps-Iraq

NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount of the funds.

Sources: P.L. 109-148; P.L. 109-234; Office of Management and Budget; Assistant Secretary of the Army (Financial Management and Comptroller); U.S. Army Central Command; and the Multi-National Corps-Iraq.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress appropriates funds</td>
<td>December 30, 2005</td>
<td>June 15, 2006</td>
</tr>
<tr>
<td>Under Secretary of Defense (Comptroller) to the Assistant Secretary of Defense (Financial Management and Comptroller), Army Budget Office</td>
<td>February 3, 2006</td>
<td>June 16, 2006</td>
</tr>
<tr>
<td>Army Budget Office to the Army Forces Command</td>
<td>October 1, 2005 $^b$</td>
<td>July 20, 2006</td>
</tr>
<tr>
<td>Army Forces Command to the Army Central Command</td>
<td>October 1, 2005</td>
<td>July 20, 2006</td>
</tr>
<tr>
<td>Army Central Command to the Multi-National Corps-Iraq</td>
<td>October 4, 2005</td>
<td>July 20, 2006</td>
</tr>
<tr>
<td>Available at Implementing Agency in Iraq</td>
<td>October 4, 2005</td>
<td>July 20, 2006</td>
</tr>
<tr>
<td>First Commitment</td>
<td>October 19, 2005</td>
<td>August 1, 2006</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>November 17, 2005</td>
<td>August 23, 2006</td>
</tr>
</tbody>
</table>

$^a$ NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.

$^b$ The Continuing Resolution, September 30, 2005, allowed agencies to received funds before the passage of the appropriation law.

Sources: PL 109-148; PL109-234; Office of Management and Budget; Assistant Secretary of the Army (Financial Management and Comptroller); U.S. Army Central Command; and the Multi-National Corps-Iraq.

CERP funds are provided for specific purposes in support of Iraq relief and reconstruction, and a list of nineteen allowable uses are defined in USD(C) and in-theater guidance. Examples of the nineteen allowable CERP categories include water and sanitation, food production and distribution, electricity, healthcare, and education projects. Likewise, the USD(C) guidance also identifies ten areas where CERP funds shall not be used, including, for example, direct or indirect benefit to U.S., coalition, or other supporting personnel; entertainment; reward programs; removal of unexploded ordnance; or, training, equipping or operating costs of Iraqi Security Forces. Most weapon procurement programs are prohibited. For a listing of authorized uses of CERP funds, see Table 9.
## Table 9—CERP Iraq Projects for Fiscal Year 2006

<table>
<thead>
<tr>
<th>Authorized Uses - Fiscal Year 2006 Project Category</th>
<th>Number</th>
<th>Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Water and sanitation - projects to repair or reconstruct water or sewer infrastructure, including water wells</td>
<td>659</td>
<td>$138,250,913</td>
</tr>
<tr>
<td>2. Food production and distribution - projects to increase food production or distribution processes</td>
<td>17</td>
<td>$1,302,366</td>
</tr>
<tr>
<td>3. Agriculture - projects to increase agricultural production or cooperative agricultural programs</td>
<td>58</td>
<td>$28,614,675</td>
</tr>
<tr>
<td>4. Electricity - projects to repair or reconstruct electrical power or distribution infrastructure, including generators</td>
<td>421</td>
<td>$81,755,958</td>
</tr>
<tr>
<td>5. Healthcare - projects to repair or reconstruct hospitals or clinics or to provide urgent healthcare services, immunizations, medicine, medical supplies, or equipment</td>
<td>232</td>
<td>$25,838,505</td>
</tr>
<tr>
<td>6. Education - projects to repair or reconstruct schools, purchase school supplies or equipment</td>
<td>557</td>
<td>$41,986,775</td>
</tr>
<tr>
<td>7. Telecommunications - projects to repair or reconstruct telecommunication systems or infrastructure</td>
<td>81</td>
<td>$8,690,536</td>
</tr>
<tr>
<td>8. Economic, financial, and management improvements - projects to improve economic or financial security</td>
<td>95</td>
<td>$29,281,329</td>
</tr>
<tr>
<td>9. Transportation - projects to repair or reconstruct transportation systems, roads, bridges, or transportation infrastructure</td>
<td>480</td>
<td>$66,970,347</td>
</tr>
<tr>
<td>10. Rule of law and governance - projects to repair or reconstruct such government buildings as administration offices, courthouses, or prisons</td>
<td>150</td>
<td>$12,131,377</td>
</tr>
<tr>
<td>11. Irrigation - projects to repair or reconstruct irrigation systems</td>
<td>49</td>
<td>$13,823,564</td>
</tr>
<tr>
<td>12. Civic cleanup activities - projects to remove trash, clean up the community, or beautify the surroundings</td>
<td>234</td>
<td>$17,143,268</td>
</tr>
<tr>
<td>13. Civic support vehicle - projects to purchase or lease vehicles to support civic and community activities</td>
<td>9</td>
<td>$2,194,300</td>
</tr>
<tr>
<td>14. Repair of civic and cultural facilities - projects to repair or restore civic or cultural buildings or facilities</td>
<td>73</td>
<td>$4,923,332</td>
</tr>
<tr>
<td>15. Repair of damage that results from U.S., Coalition, or supporting military operations and is not compensable under the Foreign Claims Act</td>
<td>59</td>
<td>$1,490,369</td>
</tr>
<tr>
<td>16. Condolence payments to individual civilians for death, injury, or property damage resulting from U.S. Coalition, or supporting military operations</td>
<td>438</td>
<td>$7,356,542</td>
</tr>
<tr>
<td>17. Payment to individuals upon release from detention</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>18. Protective measures – projects to enhance the durability and survivability of critical infrastructure sites (e.g., oil pipelines and electrical lines)</td>
<td>53</td>
<td>$4,347,217</td>
</tr>
<tr>
<td>19. Other urgent humanitarian or reconstruction - projects to repair collateral battle damage not otherwise payable because of combat exclusions or condolence payments</td>
<td>146</td>
<td>$23,595,065</td>
</tr>
</tbody>
</table>

**Subtotal by Type of Project**

<table>
<thead>
<tr>
<th>Subtotal</th>
<th>$509,696,437</th>
</tr>
</thead>
</table>

**Funds Issued to Units / Project Details Pending**

<table>
<thead>
<tr>
<th>Funds Issued to Units / Project Details Pending</th>
<th>$352,888</th>
</tr>
</thead>
</table>

**Total**

| Total | $510,049,325 |

---

*a On February 9, 2007, there were 3,854 CERP projects as compared to the 3,811. This occurs because commanders are sometimes provided bulk funds for CERP projects and the actual number of completed projects is not known until the major subordinate command reports to Multi-National Corps-Iraq (MNC-I).

*b Funds are obligated by MNC-I headquarters when issued to military unit.

Source: Army Budget Office, as reported to the Congress in its September 30, 2006, quarterly report. The number of projects by category and total number were computed by SIGIR from information provided by the Army Budget Office.
Guidance regarding use of CERP funds has been provided through various sources, from the Office of the USD(C) to in-theater commands. The Office of the USD(C) has, for example, issued a memorandum defining purposes and applicability, responsibilities, procedures, and other controls for CERP.

The Multi-National Force-Iraq Commander also has issued Fragmentary Order 05-374 (November 29, 2005) that identifies the specific strategic effects to be achieved with CERP funding. These include:

- Build Iraqi provincial government capacity by partnering with Provincial Reconstruction Development Committee in the identification, development, and execution of local projects.
- Complete “last mile” projects that connect essential services or major infrastructure projects to the local end user, especially in strategic cities.
- Create the conditions for economic development momentum.

Other military guidance that controls the use of CERP funds include:

- Multi-National Corps-Iraq Comptroller Standard Operating Procedure, “Money as a Weapons Systems” (November 11, 2006), which provides complete guidance on CERP, including its permitted and prohibited uses, sample forms, usage instructions, and reporting requirements.

**Control and Oversight**

The Office of the USD (C) is responsible for the establishment and supervision of the execution of principles, policies, and procedures for CERP and to ensure that congressional oversight committees are informed of CERP activities on a quarterly basis. Further, the USD (C) memorandum cited in the “Other Reports” section above mandated that the administration of CERP will be subject to periodic audits by DoD’s internal review and audit organizations (i.e., the Office of the Inspector General and/or the Army Audit Agency), as well as by external organizations (the U.S. Government Accountability Office and congressional oversight committees). SIGIR has also performed reviews of the CERP family of funds.

The U.S. Army is the executive agent for CERP, and the Army Budget Office, under the Office of the Assistant Secretary of the Army for Financial Management and Comptroller, is responsible for producing the quarterly report to the Congress on the source, allocation, and use of CERP funds pursuant to P.L. 109-148.

The U.S. Central Command oversees military operations, programs, and funds in both Iraq and Afghanistan. It is responsible for allocating CERP funds between Iraq and Afghanistan, and through its component command, the Army Forces Central Command,
is required to reconcile CERP funds every three months and report these results to the
Army Budget Office.

The Multi-National Force-Iraq (MNF-I) provides guidance, establishes priorities, and
identifies focus areas for subordinate units to leverage CERP in support of the strategic
objectives of its Campaign Plan.

**Performance Measures**

Measuring the effect of a CERP project is often complex and difficult. For example,
many CERP effects are second- and third-order impacts that go beyond completion of a
project. MNC-I coordinates the efforts of several staff agencies to determine the intended
effects of CERP projects in a city or region. An Effects Assessment Working Group
meets every week and during that working group the impacts of CERP projects across the
lines of operations are reviewed directly or indirectly as required. The Effects
Assessment Working Group culminates in a classified Effects Assessment Board to the
MNC-I Commanding General once a month. Actual effects of completed projects are
measured through measures of effectiveness that access the MNC-I Campaign Plan. The
majority of the effects a CERP project has on an area are second and third order impacts,
that go beyond the simple completion of the project.

The assessment process considers polling results, operational reports, and subjective
matter expert reports in a holistic methodology so that all the effects and impacts of a
project are captured and measured. Examples of indirect impacts are economic, essential
service, and security activities in an area where the CERP project is completed. For
example a CERP funded security project did not directly cause economic growth in an
area, however, because of the increased security it provided, the second order impact was
the enablement of free trade, increasing economic activity in the area, which in turn
added to job growth, wage increases, etc. (third order impacts). Polling of Iraqis, for
example, would show that CERP projects provided jobs to Iraqis, and/or Iraqis indicated
that they noticed the coalition’s reconstruction efforts (i.e. the reconstruction was visible
to them).
International Narcotics Control and Law Enforcement Fund

Legislative Authority


Reports Required by Law

There are no reporting requirements to the Congress in the enacted appropriation.

Other Reports

The majority of these funds are for construction projects, specifically for the renovation/construction of prison facilities within Iraq, to be undertaken by the USACE Gulf Region Division. These projects are conducted in accordance with an interagency agreement between the Gulf Region Division and INL, which also identifies requirements for reports that the Gulf Region Division was to submit to INL. According to the agreement, the reports are to include this information:

- overall project status
- percent of project completed, with a description of work completed and costs itemized according to specified categories
- a project monthly expenditure plan
- funds committed, obligated, accrued, invoiced, and expended
- remaining balance of unobligated funds
- projected funding needed for completion
- list of materials and supplies ordered, delivered, and installed

---

- list of all change orders and design changes/modifications
- copies of all laboratory materials test results
- documentation of all onsite material substitutes
- summary of critical issues and challenges
- a plan of action to resolve outstanding challenges or issues
- an assessment of current, short-term and long-term security conditions
- photographs of completed sections of the project

Project status reports should be submitted monthly to the following INL representatives:

- Chief, Resource Management/Budget Office
- Chief, Resource Management Office, Afghanistan-Iraq-Jordan Support Division
- Director, Civilian Police Program
- Program Manager, Civilian Police Program
- Senior Corrections Adviser
- In-country (Iraq) Contracting Officer’s Representative
- In-country (Iraq) Government Technical Monitor
- Director, INL Iraq
- Deputy Director, INL Iraq

Funds Availability and Use

The Congress appropriated $107.7 million to the INCLE Fund in P.L. 109-234 on June 15, 2006, to support INL activities, of which up to $16.3 million was earmarked for Columbian activities, leaving $91.4 million for Iraq. After 230 calendar days elapsed, funds were available to the Iraq field activity, USACE; which was in an interagency agreement with INL. For the allocation timeline and flow of these funds, see Figure 5.

Key events include:

- June 15, 2006: Congress appropriated the funds to INCLE.
- September 28, 2006: OMB signed an apportionment and sent it to DoS Bureau of Resource Management (105 calendar days after appropriation).
- October 30, 2006: DoS Bureau of Resource Management initially allotted funds to INL.
- January 31, 2007: INL entered into an Interagency Agreement with USACE for prison renovation and construction in the amount of $82 million.
• As of March 31, 2007: INL was negotiating with the U.S. Marshals Service to develop an Iraqi judicial protection service and to procure secure judicial housing for $7.7 million.

• The remaining $1.7 million was with INL for program support costs, as of March 31, 2007.

For the chronology of fund activity, see Table 10.
Figure 5. Flow of International Narcotics Control and Law Enforcement Fund P.L. 109-234

Notes:

a NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount of funds.
b $1.7M for Bureau program support costs.
c Funds have been obligated, May 23, 2007.
d These funds were rescinded.

Sources: DoS Bureau of International Narcotics and Law Enforcement Affairs, and Bureau of Resource Management; the Office of Management and Budget; and P.L. 109-234.
### Table 10--International Narcotics Control and Law Enforcement Fund (P.L. 109-234) Initial Funding Transmittal Dates

<table>
<thead>
<tr>
<th>FUNDING ACTION</th>
<th>$91.4 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress appropriated funding</td>
<td>June 15, 2006</td>
</tr>
<tr>
<td>Office of Management and Budget signed an apportionment and sent it to the DoS Bureau of Resource Management</td>
<td>September 28, 2006</td>
</tr>
<tr>
<td>Available at Implementing Agency in Iraq</td>
<td>January 31, 2007</td>
</tr>
<tr>
<td>First Commitment</td>
<td>May 23, 2007</td>
</tr>
<tr>
<td>First Disbursement</td>
<td>Not Disbursed as of June 15, 2007</td>
</tr>
</tbody>
</table>

*NOTE: Dates presented are the initial transmittal dates of funds apportioned or allotted for each action, and do not necessarily represent an action for the total amount appropriated.*

*Sources: Office of Management and Budget and DoS Bureau of International Narcotics and Law Enforcement Affairs.*

### Control and Oversight

Under the terms of the interagency agreement, INL requires the USACE to prepare independent government estimates for the proposed work, to provide appropriate program and project management to oversee the specified tasks, to permit unrestricted INL access to the project sites, and to submit reports as outlined in the “Other Reports” section of this fact sheet. Further, USACE is to maintain accountability and controls in accordance with the same rules and regulations which guided USACE’s use of IRRF; that guidance mandates that the designated funds cannot be used for any purpose which does not contribute to the project objectives. Specific restrictions and responsibilities in construction of prisons include identifying proposed project cost per bed; cost estimates for project oversight, quality control, and other logistics; and proposed costs for each component. Each subproject (i.e., each prison) requires a separate support agreement, which contains a detailed scope of work, schedule information, cost estimates, and procedures for coordinating with Iraqi and U.S. government representatives. The support agreement is the authorizing document for the work to commence.
Performance Measures

Performance metrics were not established for INL’s INCLE Fund for Iraq activities. There are no provisions in the USACE interagency agreement, for instance, that mandates minimally acceptable standards for the buildings. Section V.10 of the interagency agreement does state: “Subject to the terms and conditions of this interagency agreement, the Gulf Region Division agrees to make its best effort to perform the work within the amounts provided for under the section entitled Fiscal Terms.” In some other documents, however, the scope of work indicated the facilities would be built and renovated to Iraqi code.
Appendix A—Scope and Methodology

The Special Inspector General for Iraq Reconstruction (SIGIR) initiated this study on January 30, 2007 (Project 7005); to identify the FY 2006 funds made available by the Congress for Iraq relief and reconstruction, and for each appropriation covered the specific objectives:

1. When did this money become available for use in Iraq?
2. When did the activities in Iraq begin to use these funds and for what purposes?
3. What policies and procedures have been put in place to control the use and oversight of these funds?
4. How does the controlling authority ensure that the policies and procedures are carried out?
5. What performance measures are in place to evaluate the effectiveness of the individual projects supported by these funds in relationship to the overall goals of the Iraq relief and reconstruction program?
6. What are the reporting requirements to senior U.S. officials, including the Office of Management and Budget, on the use and status of these funds?
7. What are the reporting requirements to the Congress on the obligations, expenditures, and use of these funds?

Funds were appropriated in FY 2006 under these laws:

- P.L. 109-148, Department of Defense, Emergency Supplemental Appropriations To Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, enacted December 30, 2005

This fact sheet was organized by fund into the following headings in order to highlight the legislation that appropriated the funds, define the reporting requirements established by the Congress and other activities, describe when and for what purpose the activities in Iraq began using the funds, how control is maintained, and what metrics have been established to assess the success or failure of the funded programs.

- Legislative Authority: discusses the legislation that appropriated the funds
- Reports Required by Law: defines the reporting requirements established by the Congress
• **Other Reports:** defines the reporting requirements established by other activities

• **Fund Availability and Use:** describes when and for what purpose the activities in Iraq began using the funds

• **Control and Oversight:** describes how control over funds and performance is monitored and maintained

• **Performance Measures:** identifies the metrics that have been established to assess the success or failure of the funded programs

To answer these questions and to determine the overall status of non-IRRF FY 2006 funds, we interviewed senior officials with the Iraq Reconstruction Management Office; the Office of Management and Budget; Office, the U.S. Agency for International Development; the Under Secretary of Defense (Comptroller); the Army Budget Office; the Department of State’s Bureaus of Resource Management, Near Eastern Affairs, and International Narcotics and Law Enforcement Affairs; the U.S. Army Central Command; the Multi-National Security Transition Command-Iraq; Multi-National Force-Iraq; and the U.S. Army Corps of Engineers, Gulf Region Division. We obtained information on various funds within their respective organizations. We also reviewed and discussed with senior organizational officials the agencies’ applicable policies and procedures, oversight, reporting requirements, and performance metrics. Information in this fact sheet was vetted with senior officials responsible for the accountability of these funds.

We conducted this review from January 2007 through July 2007, as “nonaudit services”, in accordance with generally accepted government auditing standards.

**Use of Computer-Processed Data**

In preparing this fact sheet we used computer-processed data from the Iraq Reconstruction Management System and the Corps of Engineers Financial Management System to ascertain commitment and disbursement dates. We did no work to validate the accuracy of the data in these systems.

**Prior Coverage**

The following reports were reviewed during the course of this audit:


### Appendix B—Number of Days Initial Funds Were Made Available to Implementing Field-level Activity Program

<table>
<thead>
<tr>
<th>Days to Implementing Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISFF 109-234, DOD</td>
</tr>
<tr>
<td>CERP 109-234, DOD</td>
</tr>
<tr>
<td>Marla Ruzicka War Victims Fund, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Democracy and Civil Society, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Community Action Program, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Community Stabilization Program, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Minister of Finance-Iraqi Central Bank, ESF 109-234, USAID</td>
</tr>
<tr>
<td>National Capacity Development, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Democracy and Civil Society Program, ESF 109-234, DoS</td>
</tr>
<tr>
<td>PRT and Local Government Support, ESF 109-234, USAID</td>
</tr>
<tr>
<td>Régime Crimes Liaison’s Office Programs, ESF 109-234, DoJ</td>
</tr>
<tr>
<td>PRTs and Provincial Reconstruction Development Committee Projects, ESF 109-234, GRD</td>
</tr>
<tr>
<td>Technical Capacity Development, ESF 109-234, GRD</td>
</tr>
<tr>
<td>Operation and Maintenance Sustainment, ESF 109-234, GRD</td>
</tr>
<tr>
<td>Infrastructure Security Protection, ESF 109-234, GRD</td>
</tr>
<tr>
<td>Ministerial Capacity Development Program, ESF 109-234, DoS</td>
</tr>
<tr>
<td>Democracy, Governance and Rule of Law Program, ESF 109-102, DoS</td>
</tr>
<tr>
<td>Marla Ruzicka War Victims Fund, ESF 109-102, USAID</td>
</tr>
<tr>
<td>INCLE PL 109-234, DoS</td>
</tr>
</tbody>
</table>

CERP (Commander’s Emergency Response Program); ESF (Economic Support Fund); INCLE (International Narcotics Control and Law Enforcement Fund); ISFF (Iraq Security Forces Fund).

NOTE: Not included were: (1) $2 million in ESF from P.L. 109-234 for the Democracy and Rule of Law program for Iraq and Afghanistan, because as of June 14, 2007, this amount remained unallocated; and (2) $375 million in CERP funds from PL 109-148, because only a portion of these funds was made available by a Continuing Resolution.
## Appendix C—Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA</td>
<td>Advice of Allotment</td>
</tr>
<tr>
<td>ABO</td>
<td>Army Budget Office</td>
</tr>
<tr>
<td>ARCENT</td>
<td>Army Central Command</td>
</tr>
<tr>
<td>AU</td>
<td>Allotment Authority</td>
</tr>
<tr>
<td>BM</td>
<td>Bureau for Management</td>
</tr>
<tr>
<td>CPA</td>
<td>Coalition Provisional Authority</td>
</tr>
<tr>
<td>CEFMS</td>
<td>Corps of Engineers Financial Management System</td>
</tr>
<tr>
<td>CERP</td>
<td>Commander’s Emergency Response Program</td>
</tr>
<tr>
<td>CPA-IG</td>
<td>CPA’s Office of Inspector General</td>
</tr>
<tr>
<td>DoJ</td>
<td>Department of Justice</td>
</tr>
<tr>
<td>DoS</td>
<td>Department of State</td>
</tr>
<tr>
<td>DRL</td>
<td>Democracy, Human Rights and Labor, Bureau of</td>
</tr>
<tr>
<td>ESF</td>
<td>Economic Support Fund</td>
</tr>
<tr>
<td>FAD</td>
<td>Funding Authorization Document</td>
</tr>
<tr>
<td>FBI</td>
<td>Federal Bureau of Investigation</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>IAA</td>
<td>Interagency Agreement</td>
</tr>
<tr>
<td>ICITAP</td>
<td>International Criminal Investigative Training Assistance Program</td>
</tr>
<tr>
<td>INCLE</td>
<td>International Narcotics Control and Law Enforcement</td>
</tr>
<tr>
<td>INL</td>
<td>Bureau of International Narcotics and Law Enforcement Affairs</td>
</tr>
<tr>
<td>IRMO</td>
<td>Iraq Reconstruction Management Office</td>
</tr>
<tr>
<td>IRMS</td>
<td>Iraq Reconstruction Management System</td>
</tr>
<tr>
<td>IRRF</td>
<td>Iraq Reconstruction and Relief Fund</td>
</tr>
<tr>
<td>ISFF</td>
<td>Iraq Security Forces Fund</td>
</tr>
<tr>
<td>MNC-I</td>
<td>Multi-National Corps-Iraq</td>
</tr>
<tr>
<td>MNF-I</td>
<td>Multi-National Force-Iraq</td>
</tr>
<tr>
<td>MNSTC-I</td>
<td>Multi-National Security Transition Command-Iraq</td>
</tr>
<tr>
<td>MOD</td>
<td>Iraqi Ministry of Defense</td>
</tr>
<tr>
<td>MOI</td>
<td>Iraqi Ministry of the Interior</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Operations and Maintenance</td>
</tr>
<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
</tr>
<tr>
<td>OPDAT</td>
<td>Office of Overseas Prosecutorial Development, Assistance, and Training</td>
</tr>
<tr>
<td>OSD</td>
<td>Office of the Secretary of Defense</td>
</tr>
<tr>
<td>P.L.</td>
<td>Public Law</td>
</tr>
<tr>
<td>PRDC</td>
<td>Provincial Reconstruction Development Committee</td>
</tr>
<tr>
<td>PRT</td>
<td>Provincial Reconstruction Team</td>
</tr>
<tr>
<td>RAD</td>
<td>Resource Allocation Document</td>
</tr>
<tr>
<td>SF</td>
<td>Standard Form</td>
</tr>
<tr>
<td>SIGIR</td>
<td>Special Inspector General for Iraq Reconstruction</td>
</tr>
<tr>
<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
</tr>
<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
</tr>
<tr>
<td>USD (C)</td>
<td>Under Secretary of Defense (Comptroller)</td>
</tr>
</tbody>
</table>
Appendix D—Report Distribution

Department of State
Secretary of State
   Senior Advisor to the Secretary and Coordinator for Iraq
   Director of U.S. Foreign Assistance/Administrator, U.S. Agency for International Development
   Director, Office of Iraq Reconstruction
   Assistant Secretary for Resource Management/Chief Financial Officer, Bureau of Resource Management
U.S. Ambassador to Iraq
   Director, Iraq Transition Assistance Office
   Coordinator, Office of Provincial Affairs
   Mission Director-Iraq, U.S. Agency for International Development
Inspector General, Department of State
Inspector General, U.S. Agency for International Development
   Regional Inspector General-Iraq, U.S. Agency for International Development

Department of Defense
Secretary of Defense
Deputy Secretary of Defense
Under Secretary of Defense (Comptroller)/Chief Financial Officer
   Deputy Chief Financial Officer
   Deputy Comptroller (Program/Budget)
Deputy Assistant Secretary of Defense-Middle East, Office of Policy/International Security Affairs
Inspector General, Department of Defense
Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
Director, Defense Contract Management Agency

Department of the Army
Assistant Secretary of the Army for Acquisition, Logistics, and Technology
   Principal Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology
   Deputy Assistant Secretary of the Army (Policy and Procurement)
   Commanding General, Joint Contracting Command-Iraq/Afghanistan
Assistant Secretary of the Army for Financial Management and Comptroller
Chief of Engineers and Commander, U.S. Army Corps of Engineers
   Commanding General, Gulf Region Division
   Chief Financial Officer, U.S. Army Corps of Engineers
Auditor General of the Army

U.S. Central Command
Commanding General, Multi-National Force-Iraq
   Commanding General, Multi-National Corps-Iraq
   Commanding General, Multi-National Security Transition Command-Iraq
Commander, Joint Area Support Group-Central
Other Federal Government Organizations
Director, Office of Management and Budget
Comptroller General of the United States
Inspector General, Department of the Treasury
Inspector General, Department of Commerce
Inspector General, Department of Health and Human Services
President, Overseas Private Investment Corporation
President, U.S. Institute for Peace

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member
Senate Committee on Appropriations
Subcommittee on Defense
Subcommittee on State, Foreign Operations, and Related Programs
Senate Committee on Armed Services
Senate Committee on Foreign Relations
Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection
Subcommittee on International Operations and Organizations, Democracy and Human Rights
Subcommittee on Near Eastern and South and Central Asian Affairs
Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia
Permanent Subcommittee on Investigations

U.S. House of Representatives
House Committee on Appropriations
Subcommittee on Defense
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Armed Services
House Committee on Oversight and Government Reform
Subcommittee on Government Management, Organization, and Procurement
Subcommittee on National Security and Foreign Affairs
House Committee on Foreign Affairs
Subcommittee on International Organizations, Human Rights, and Oversight
Subcommittee on the Middle East and South Asia
Appendix E—Audit Team Members

This fact sheet was prepared and the survey was conducted under the direction of Joseph T. McDermott, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction.

The staff members who conducted the survey and contributed to the fact sheet include:
Karen Bell
Ronald J. Bonfilio
Mark L. Comfort
Glenn Furbish
Clifton Spruill
| **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** | Director for Public Affairs  
Mail:  Office of the Special Inspector General for Iraq Reconstruction  
400 Army Navy Drive  
Arlington, VA  22202-4704  
Phone:  703-428-1100  
Fax:  703-428-0818  
Email:  PublicAffairs@sigir.mil |