



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

July 27, 2012

LETTER FOR U.S. SECRETARY OF DEFENSE
U.S. SECRETARY OF STATE
U.S. AMBASSADOR TO IRAQ

SUBJECT: Status of Fiscal Years 2011-2012 Iraq Security Forces Fund (SIGIR 12-018)

In April 2012, the Special Inspector General for Iraq Reconstruction (SIGIR) issued an interim report¹ that detailed how \$1.5 billion appropriated to the Iraq Security Forces Fund (ISFF) through the Defense and Full-Year Continuation Appropriations Act, 2011 (Public Law 112-10) was being used to train, equip, and maintain Iraq's security forces.²

This report provides updated information, and, in particular, addresses the following matters:

- (1) the status of 2011/2012 ISFF obligations made as of June 26, 2012;
- (2) the Office of Security Cooperation–Iraq's (OSC-I)³ plan to obligate the remaining appropriated funds before they expire; and
- (3) the Government of Iraq (GOI) cost-sharing contributions to these purchases.

As of June 26, 2012, OSC-I has committed and obligated about \$765.33 million of the \$1.15 billion for purchases, such as ammunition, spare parts, vehicles, training, and sustainment support. Any remaining unobligated funds will expire on September 30, 2012, at which time they can no longer be used for new obligations. OSC-I reduced ISFF funding requirements from \$1.5 billion to \$1.15 billion because of changes to Iraqi security forces support requirements and the availability of Department of State Foreign Military Financing (FMF).⁴

The Department of Defense did not request ISFF for future years because the Department of State assumed responsibility for military assistance programs. As such, FMF will be used to support Iraq's security forces.

¹ *Interim Report on Spend Plans for Fiscal Years 2011-2012 Iraq Security Forces Fund*, SIGIR 12-015, 4/26/2012.

² Iraq's security forces are organized under the Ministry of Defense (Army, Navy, Air Force, and Special Operations Forces) and Ministry of Interior (police forces, special task forces, the Iraqi Intelligence Agency, and border security forces).

³ OSC-I assists the Government of Iraq by advising, training, and equipping their security forces. The office has authority over the management and allocation of the ISFF.

⁴ The Department of Defense subsequently requested permission from Congress to reprogram the unneeded \$345 million to other departmental requirements such as ammunition for Afghanistan and new unmanned aerial systems purchases and improvements.

Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE 27 JUL 2012		2. REPORT TYPE		3. DATES COVERED 00-00-2012 to 00-00-2012	
4. TITLE AND SUBTITLE Status of Fiscal Years 2011-2012 Iraq Security Forces Fund				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Office of the Special Inspector General for Iraq Reconstruction,2530 Crystal Drive,Arlington,VA,22202-3940				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 15	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Background

To date, Congress has appropriated \$20.54 billion in ISFF. This includes \$1.50 billion Congress appropriated in April 2011 for use in fiscal years (FY) 2011 and 2012. Table 1 summarizes ISFF appropriations from May 2005 through April 2011.

Table 1—ISFF Appropriations for Fiscal Years 2005 through 2011 (\$ in millions)

Appropriation for Use in Fiscal Years	Public Law No.	Amount Appropriated	Expiration Date	Funds Available Through
2005-2006	109-13	\$5,490	9/30/2006	09/30/2011
2006-2007	109-234	\$3,007	9/30/2007	09/30/2012
2006-2008	109-289 110-28	\$5,542	9/30/2008	09/30/2013
2008-2009	110-161 110-252	\$3,000	9/30/2009	09/30/2014
2009-2010	111-32	\$1,000	9/30/2010	09/30/2015
2010-2011	111-212	\$1,000	9/30/2011	09/30/2016
2011-2012	112-10	\$1,500	9/30/2012	09/30/2017
Total		\$20,539		

Source: SIGIR analysis of Department of Defense appropriation law and Financial Management Regulation.

Congress specified the period of time each ISFF appropriation could be used. In each case, Congress made the funds available for periods between 12 and 19 months, during which time funds would have to be obligated. Any funds not obligated within their designated period of availability would be considered expired and, therefore, not available for new obligations. However, un-obligated funds can be used for up to five years after they expire to pay for authorized increases to existing obligations made from the same appropriation. Any un-obligated funds remaining after the five-year period must be returned to the U.S. Treasury.

OSC-I assumed responsibilities for training and equipping the Iraqi security forces from the United States Forces-Iraq on October 1, 2011, reporting to the Chief of Mission at the U.S. Embassy, Iraq.⁵ The Secretary of Defense designated OSC-I as the executor of ISFF on February 16, 2012, at which time OSC-I began administering and obligating the ISFF.

GOI Cost-Share, Exemptions, and Commitment to Sustainment

Through the National Defense Authorization Act for FY 2011 (NDAA)⁶, Congress required that the GOI and/or other funding sources bear some of the costs of purchases made with the 2011/2012 ISFF. The law also required that the GOI show a commitment to building the

⁵ Prior to the United States Forces-Iraq, Multi-National Security Transition Command-Iraq managed and allocated the ISFF for the Multi-National Force-Iraq, which was the custodian of ISFF.

⁶ Public Law 111-383, January 7, 2011, the Ike Skelton National Defense Authorization Act. The NDAA preceded Public Law 112-10 appropriating the ISFF in April 2011.

institutional capacity to maintain and sustain U.S.-purchased equipment when obligating ISFF funding. In particular, the FY 2011 NDAA stated that, “funds made available for the purchase of items or services for Iraq security forces [through the ISFF] may not cover more than 80 percent of the item or service.” Therefore, the GOI and or other sources were expected to provide at least 20 percent of those costs. However, the FY 2011 NDAA allows exemptions if the Secretary of Defense determines that the item(s) to be purchased is significant military equipment or that the item(s) is included on the United States Munitions List.⁷ In either of these scenarios, ISFF could be used to pay 100 percent of the costs.

The FY 2011 NDAA also limited the amount of ISFF available for obligations up to \$1.0 billion (of the \$1.5 billion appropriated) unless the Secretary of Defense certifies to Congress that the GOI has shown a commitment to:

- adequately build the logistics and maintenance capacity of the Iraqi security forces
- develop the institutional capacity to manage such forces independently
- develop a culture of sustainment of equipment provided by the United States or acquired with United States assistance

The certification must include a description of GOI actions that the Secretary believes supports the certification. Once the Secretary completes the certification, OSC-I would be able to obligate available ISFF above \$1.0 billion.

FMF and Other Appropriated Funds To Assist Iraq’s Security Forces

In addition to the ISFF, FMF assistance funds are also available to support the Iraqi security forces. FMF funds are appropriated by Congress to the Department of State to enable coalition partners and allies improve their defense capabilities and foster closer military relationships between the U.S. and recipient nations. For FY 2012, the Department of State plans to allocate \$850 million in FMF to support the GOI.

At the time of this report, however, the Department of State has not yet made FMF available for use in FY 2012. Once the allocation occurs, the funds will be deposited into an Iraq FMF account at the Federal Reserve Bank of New York where the GOI will decide how to use the funds. The FMF allocation for Iraq in FY 2012 reflects the transition of responsibility for military assistance programs from the Department of Defense to the Department of State and replaces ISFF. For FY 2013, the Department of State requested \$911 million in FMF for overseas contingency operations to include Iraq.

Similar to FMF, but on a much smaller scale, Congress also appropriates International Military Education and Training (IMET) funds to provide training and education to students from allied nations to improve their defense capabilities. For FY 2012, the Department of State plans to allocate \$2.0 million to the IMET for Iraq. For FY 2013, it requested another \$2.0 million in IMET funds.

⁷ The U.S. Munitions List is the part of the International Traffic in Arms Regulations that defines which defense articles and services are subject to licensing.

Foreign Military Sales Program

All FMF and the majority of the GOI- and ISFF-funded purchases of U.S. military weapons, services, and training are procured under the Foreign Military Sales (FMS) program⁸—the U.S. government program for selling U.S. defense items and services to foreign countries. The program is administered by the Defense Security Cooperation Agency (DSCA), a Department of Defense agency.

FMS sales cases begin with a Letter of Request by the GOI to OSC-I.⁹ The letter is forwarded to DSCA, which prepares a Letter of Offer and Acceptance. Because many Letters of Request and corresponding Letters of Offer and Acceptance include technical details regarding the weapons or equipment, DSCA officials rely on implementing agencies, such as the Air Force or Army, for assistance in completing the Letters of Offer and Acceptance. Once a Letter of Offer and Acceptance is completed, DSCA returns it to OSC-I, who then provides it to the GOI for its review and signature. It is only after the Letters of Offer and Acceptance are signed by all parties that contracting actions begin and funds can be obligated.

ISFF Expenditures Lowered by \$345 Million Because of Changes To Support Requirements and FMF Availability

OSC-I plans to use \$1.15 billion of the \$1.5 billion appropriated for ISFF for 2011/2012. Six months after Congress appropriated the \$1.5 billion, the United States Forces-Iraq Commanding General informed the Secretary of Defense that, having reviewed the Iraq security forces requirements and other fiscal conditions, he believed that the full \$1.5 billion ISFF would not be needed. Specifically, the Commanding General stated that conditions in Iraq had changed and that “the transition to FMF funding [would] provide the necessary means for continuing development of the [Iraqi security forces] capabilities.” Subsequently, the Under Secretary of Defense (Comptroller) requested Congressional approval to reprogram ISFF to meet the Department’s other needs. In the request to reprogram ISFF, the Under Secretary of Defense (Comptroller) also noted that the Department of Defense was unable to meet the certification required by the 2011 NDAA.

In February and March 2012, the Committees on Appropriations and Committees on Armed Services in both the United States Senate and House of Representatives approved the reprogramming of \$345 million of ISFF to “support higher priority items, based on unforeseen military requirements, than those for which funds were originally appropriated, and is determined to be necessary in the national interest.” Table 2 shows the items to be procured with the reprogrammed ISFF funds.

⁸ OSC-I is also using direct contracting to purchase ISFF-funded items and services. The Joint Contracting Command-Iraq/Afghanistan, the U.S. Army Contracting Command, the U.S. Army Corps of Engineers, and the Rock Island Contracting Command have responsibilities for contracting actions. Additionally, the GOI can also procure military items and services commercially outside the FMS program.

⁹ As of June 30, 2012, DSCA reported 453 FMS cases committed by the GOI. Of these FMS cases, 206 (valued at over \$9.0 billion) are funded by the GOI, and 247 (valued at over \$2.9 billion) are funded by the U.S. Government.

Table 2—Items To Be Procured with Reprogrammed ISFF Funds

Benefiting Department	Description of Procured Items	Cost
Army		
Aircraft Procurement	51 additional unmanned aerial systems with capability for security, route clearance operations, and battle space awareness	\$24,300,000
Ammunition Procurement	Up to 4,231 artillery fuses for 155mm high explosive projectiles needed for the 2013 fighting season in Afghanistan	\$41,000,000
Other Procurement	124 enhanced unattended ground sensors, 99 direction-finding systems, 20 multi-function radio frequency systems (radars to improve sensing and warning capabilities against rockets launched at low elevations); trainers of new equipment; 1,314 radios that improve communication compatibility and reduction of electro-magnetic interference.	\$220,763,000
Research, Development, Test and Evaluation	Acceleration of fielding artillery fuses into Afghanistan; integration of detection-tracking algorithms onto aircrafts	\$5,537,000
Air Force		
Aircraft Procurement	Modifications to aircraft to include purchasing modems, sensors, and spares; implementing a remote-controlled cryptological operator position; and retrofitting aircraft with new flight instruments and data links.	\$37,540,000
Research, Development, Test and Evaluation	Integration of an imaging sensor on the U-2 high-altitude reconnaissance aircraft; processing, exploitation and dissemination processing of a refurbished imaging sensor on a deployed U-2 aircraft; and classified program that supports the defense space and reconnaissance program	\$13,200,000
Defense Wide		
Research, Development, Test and Evaluation	Classified program that supports intelligence planning and review activities	\$2,200,000
Total		\$344,540,000

Source: OSC-I.

ISFF Obligations Sharply Increased from March to June 2012

As of March 20, 2012, OSC-I had obligated and committed about \$342.09 million of the \$1.15¹⁰ billion ISFF on 31 purchases. By June 26, 2012, it had obligated and committed¹¹ about \$765.33

¹⁰ At the time of this report, \$.15 billion has not been made available for obligation. As noted in the FY 2011 NDAA, these funds will be made available once the Secretary of Defense certifies to Congress the GOI's commitment to maintenance and sustainment of ISFF-funded purchases. This is discussed in further detail later in the report.

million on 52 purchases. These purchases included items such as an air defense missile system, radios, generators, ammunition, night vision goggles, fire trucks, armored vehicles, small arms, spare parts for vehicles, training, maintenance and sustainment packages, and travel, among other items. Table 3 shows the items purchased and their costs.

Table 3—Summary of 2011 ISFF Purchases as of June 26, 2012

	Description	Committed	Obligated	GOI Cost-Share
1	Warfighter Focus Collective Training Contract	\$52,994,840	\$74,570,160	0
2	Joint Base Workshop – vehicle parts & maintenance training	\$449,940	\$19,249,907	0
3	T-6 Aircraft Maintenance & Training	0	\$21,942,544	\$20,000,000
4	King Aircraft Maintenance & Training	0	\$18,000,000	\$24,045,084
5	Field Service Reps for Maintenance of Heavy Equipment	0	\$844,016	0
6	Spare Parts for Armored Vehicles	0	\$21,379,999	0
7	Cessna 172 & 208 Aircraft Maintenance & Training	0	\$6,000,000	\$9,500,000
8	Cessna 208 Aircraft Maintenance & Training	0	\$6,000,000	\$9,500,000
9	407 Helicopter Maintenance & Training	0	\$34,801,296	\$55,000,000
10	Armored Vehicle Parts Construction Before Shipping	0	\$150,000	0
11	Life Support Services at Regional and Kirkuk Combined Coordination Center	0	\$3,647,080	0
12	Vehicles for Maintenance and Installation	0	\$208,837	\$541,163
	Total Ministry of Defense Sustainment	\$53,444,780	\$206,793,839	\$118,586,247
13	Radiation Meters for Iraqi Army Bomb Disposal	0	\$69,803	0
14	Night vision goggles for Iraqi Special Operations Forces	0	\$5,871,914	0
15	Support Setup and Install of Long Range Radar	0	\$988,610	0
16	Refurbishment of M198 Armored Vehicles	0	\$750,000	0
17	60 Meter Navy Offshore Support Vessel	0	\$6,321,420	0
18	407 Helicopter Passenger Cabin Enclosure Panel	0	\$3,591,353	0
19	Night vision devices for Iraqi Special Operations Forces	0	\$5,313,372	0
20	Up-armored Tactical Fuel Trucks	0	\$4,423,233	0
21	Equipment for the Iraqi Special Operations Forces	0	\$45,749,713	0
22	Initial Capabilities for the Integrated Air Defense System ("Rapid Avenger" battery)	0	\$105,189,666	0
23	Training Ammunition for the M1A1 Abrams M830A1 Armored Vehicles	0	\$19,001,326	0
24	Equipment for the Iraqi Special Operations Forces Training Facility	0	\$3,712,049	0
25	Iraqi Special Operations Forces Up-armored High Mobility Multi-Purpose Wheeled Vehicles	0	\$1,728,133	0

¹¹ A commitment is an administrative reservation of funds based upon firm procurement requests, orders, directives, and equivalent instruments. In the case of ISFF-funded purchases, funds are reserved pending formal obligations.

	Description	Committed	Obligated	GOI Cost-Share
26	Weapons, Equipment, and Vehicles for Kurdistan Regional Guard Brigades	0	\$94,796,976	0
27	Blanket Order for Training for Kurdistan Regional Guard Brigades	0	\$9,083,492	0
28	Up-armored Ambulances for Kurdistan Regional Guard Brigades	0	\$2,713,630	0
29	Sustainment Items for Training the Kurdistan Regional Guard Brigades	0	\$2,384,695	0
30	VHF and HF Radios, Generators, GPS, and Support for Kurdistan Regional Guard Brigades	0	\$59,571,294	0
31	Medical Supplies for Kurdistan Regional Guard Brigades	0	\$326,819	0
32	MEMEX Based Intelligence Sharing System	0	\$32,992,466	0
	Total Ministry of Defense Equipment	0	\$404,579,964	0
33	Ammunition for Collective Training Contract	0	\$32,831,882	0
34	Training of Key Personnel for 407 Helicopters	0	\$2,726,952	0
35	Travel costs for Ministry of Defense Personnel	0	\$217,000	0
36	Training for Iraqi Army Aviation Personnel	0	\$1,000,000	0
37	Travel and course costs for aviation training	0	\$1,165,000	0
38	Storage for Offshore Support Vessel Simulator	\$2,819	\$497,181	0
39	Fuses for ammunition for collective training	0	\$27,697	0
40	Travel and course costs for Iraqi Air Force training	0	\$3,733,210	0
41	Radar Control Training	0	\$4,000,000	\$6,621,747
42	Unmanned Aerial Vehicle Training	0	\$5,000,000	0
43	M198, M113, & M88A1 Armored Vehicle Training	0	\$7,995,637	0
44	Support for the M1A1 Tank Training Program	0	\$1,018,581	0
45	Onboard Training for 60 Meter Offshore Support Vessel	0	\$4,099,455	0
46	Equipment for the Iraq Regional National Security Service	\$40,807	\$1,237,901	0
47	Defense and Security Joint Coordination Committee	0	\$45,000	0
48	English Language Computer Lab Installation	\$80,000	0	0
	Total Ministry of Defense Training	\$123,626	\$65,595,496	\$6,621,747
49	M2 50 Caliber Machine Guns for Armored Vehicle	0	\$3,905,110	0
50	Technical Training for Lawful Electronic Surveillance	\$590,660	\$30,232,873	0
51	Foreign travel costs for Ministry of Interior Forces	0	\$10,000	0
	Total Ministry of Interior	\$590,660	\$34,147,983	0
52	Fire-fighting vehicles for Iraqi Air Force	0	\$50,539	0
	Total Quick Response Fund	0	\$50,539	0
	Total FY 2011 ISFF^a	\$54,159,066	\$711,167,822	\$125,207,994^b

Notes:

^a Numbers are rounded to the nearest dollar.

^b The total cost of the items or services is the total of the ‘obligated amount’ plus the ‘GOI cost-share.’

Source: OSC-I.

The majority of ISFF funds obligated—about \$676.97 million—has been used to support Iraq’s Ministry of Defense security forces: \$404.58 million to purchase equipment, \$206.79 million to maintain equipment, and \$65.60 million for training. About \$34.15 million has been obligated to support the Ministry of Interior’s forces: \$30.23 million to purchase electronic surveillance equipment and training, and \$3.91 million to purchase machine guns for armored security vehicles.

OSC-I Plans To Obligate Remaining 2011/2012 ISFF by September 2012

OSC-I plans to use the remaining \$380 million of 2011/2012 ISFF that has not yet been obligated to purchase aircraft logistics support, armored vehicles, a reconnaissance and surveillance system, training, and other items, as shown in Table 4. OSC-I officials stated they are also working to obtain about \$62.4 million in GOI cost-share contributions on these purchases.

Table 4—Planned 2011/2012 ISFF Purchases as of June 26, 2012

Description of Planned Purchase		Planned Obligated Amount	Planned GOI Cost-Share
1	Blanket Professional Development Support	\$3,000,000	\$1,000,000
2	Aerostat and Tower Surveillance Equipment	\$46,798,194	0
3	Iraq International Academy Training Equipment, Sustainment & Support	\$15,200,000	\$3,800,000
4	Navy Fleet Maintenance, Repair, Training & Support	\$31,500,000	\$13,500,000
5	King Air Aircraft Sustainment, 3 Year Logistics Support & Training	\$74,900,000	\$32,100,000
6	Skytrax GPS Helicopter Tracking System	\$2,000,000	\$2,500,000
7	IA407 Helicopter Operational Ammunition	\$7,900,000	\$2,400,000
8	Iraqi Special Operations Forces M2 .50 Cal and M240B Machine Guns	\$880,000	0
9	Maintenance and Spare Parts for Non-Intrusive Inspection Equipment	\$22,800,000	\$5,700,000
10	Blanket Order for Iraqi Special Operations Forces Education & Training	\$1,498,323	0
11	Warfighter Focus Collective Training Extension from June 2012 to May 2013	\$69,745,567	0
12	English Language Training Program (3 locations)	\$5,600,000	\$1,400,000
13	M1A1 Tanks and M88A2 Support Vehicles	\$66,844,093	0
14	Additional Personnel in Erbil for Warfighter Focus Collective Training Contract	\$8,772,000	0
15	Warfighter Focus Collective Training Extension from June 2013 to August 2013	\$22,775,593	0
Total FY 2011 ISFF		\$380,213,770	\$62,400,000

Note: Numbers are rounded to the nearest dollar.

Source: OSC-I.

OSC-I officials stated that these purchases are being processed, and they are confident that the remaining \$380 million will be obligated before the FY 2011/2012 ISFF funds expire on September 30, 2012.

GOI Cost Share Contributions Have Not Significantly Increased

The sharp increase in ISFF obligations and commitments between March and June 2012 was not accompanied by similar gains in GOI's cost-share contributions. The GOI provided about \$125.21 million in cost-sharing on seven of the 52 purchases made as of June 2012.¹² These cost-share contributions ranged from 47.7 percent to 72.2 percent of the total purchase amount. However, six of these seven purchases were completed prior to March 2012, and only one purchase was completed between March and June 2012. As such, while the U.S. obligated and committed \$423.24 million in ISFF during that three-month period, the GOI provided only \$.54 million in counterpart funds and for one purchase.

According to OSC-I officials, cost-sharing should be viewed as a long-term strategy. That is, ISFF will be used to buy some items that support the GOI's purchases of other major and more expensive items. For example, OSC-I has obligated about \$105 million to purchase the "Rapid Avenger" battery and missile package (see Table 3, item 22). The purchase of the battery and missile package is part of an overall effort to develop an Integrated Air Defense System for the GOI. For its part, the GOI is planning to spend an estimated \$1.6 billion on other components of this system.

GOI's Commitment to Sustainment and Maintenance Not Yet Determined

As previously discussed, the FY 2011 NDAA limits the amount of ISFF available for obligation to \$1.0 billion of the ISFF authorized unless the Secretary of Defense certifies to Congress that the GOI has shown commitment to: build the logistics and maintenance capacity of the Iraqi security forces, develop the institutional capacity to manage such forces, and develop a culture of sustainment of ISFF-funded equipment.

At the time of this audit's completion, SIGIR could not determine whether the Secretary had certified that these conditions exist. Department of Defense and OSC-I officials stated that the certification process is in the "pre-decisional" stage and therefore, information on the ongoing assessment will not be provided to SIGIR. They informed us that SIGIR will receive the final certification assessment at the same time that the Secretary of Defense submits it to Congress.

Concluding Observation

OSC-I has committed and obligated \$765.33 million of the FY 2011/2012 ISFF and has planned purchases in process for another \$380.21 million. If the planned purchases materialize, the \$1.0 billion ceiling imposed by Congress will be exceeded, and the Department of Defense will be

¹² Cost-share amounts received from the GOI are placed into trust with the DSCA and separately tracked using trust sub-accounts.

required to certify that the GOI is committed to taking those steps necessary to ensure that ISFF funding will not have been wasted. SIGIR has previously reported on the need to ensure that the GOI fully supports and plans to sustain U.S.-provided goods and projects and the failure of the GOI to do so. We reported that, without adequate maintenance, monies spent on equipment and weapons will have been wasted. Additionally, we previously pointed out that the GOI needed to take significant steps to adequately support its forces once direct U.S. funding ended. The current certification requirement is another opportunity for the Department of Defense to thoughtfully assess the GOI's progress in these areas and to provide the Congress an in-depth analysis of the GOI's commitment to do so.

Management Comments and Audit Response

SIGIR did not receive management comments on this report.

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We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact James Shafer, Assistant Inspector General for Audits (Washington, DC), 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.



Stuart W. Bowen, Jr.
Inspector General

cc: Under Secretary of Defense (Comptroller)
Chief, Office of Security Coordination-Iraq

Appendix A—Scope and Methodology

This audit report examines the 2011/2012 Iraq Security Forces Fund (ISFF) obligations made through June 26, 2012, and plans to obligate the remaining available funds. This audit was performed as Project 1114b 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, as amended. SIGIR conducted its review from May 2012 to July 2012 in Arlington, Virginia, and Baghdad, Iraq.

To accomplish our objective, we reviewed applicable legislation, requested and reviewed documentation on ISFF purchases, and interviewed officials from the Office of Security Cooperation-Iraq (OSC-I) and the Defense Security Cooperation Agency. We requested from OSC-I the list of ISFF purchases and determined their costs, the Government of Iraq's cost-share contributions, and funds committed and obligated for each item. We also requested and reviewed spend plans for the remaining available ISFF funds.

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

Use of Computer-processed Data

We used computer-processed data in this report from the Department of Defense Corps of Engineers' Financial Management System. We did not verify the data, but we determined that the controls used by the Department of Defense for tracking the status of the ISFF appropriations provided assurance that the data from this system was sufficiently reliable for purposes of the audit.

Internal Controls

In conducting the audit, we reviewed the internal controls used by the Department of Defense and United States Forces–Iraq to track the status of funds appropriated for the ISFF. We also examined documents and discussed with key officials internal controls governing the use of ISFF. We determined that the Department of Defense and United States Forces-Iraq's internal controls were sufficiently reliable for tracking the status of ISFF appropriations, obligations, and expenditures for the purpose of the audit.

Prior Coverage

We reviewed the following SIGIR reports for this audit:

Interim Report on Spend Plans for Fiscal Years 2011-2012 Iraq Security Forces Funds, SIGIR 12-015, 4/26/2012.

Most Iraq Security Forces Fund Appropriations Have Been Obligated, SIGIR 10-016, 4/23/2010.

Government of Iraq Increasingly Funding Iraqi Security Forces Infrastructure Development, but Substantial U.S. Support Remains, SIGIR 08-022, 7/26/2008.

Appendix B—Acronyms

Acronym	Description
DSCA	Defense Security Cooperation Agency
FMF	Foreign Military Financing
FMS	Foreign Military Sales
FY	Fiscal Year
GOI	Government of Iraq
IMET	International Military Education and Training
ISFF	Iraq Security Forces Fund
NDAA	National Defense Authorization Act
OSC-I	Office of Security Cooperation-Iraq
SIGIR	Special Inspector General for Iraq Reconstruction

Appendix C—Audit Team Members

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

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

Wilson D. Haigler

Richard R. Kusman

Tinh T. Nguyen

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
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