OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

SONS OF IRAQ PROGRAM: RESULTS ARE UNCERTAIN AND FINANCIAL CONTROLS WERE WEAK

SIGIR 11-010
JANUARY 28, 2011

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Special Inspector General for IRAQ Reconstruction

Summary of Report: SIGIR 11-010

Why SIGIR Did This Study

In June 2007, the Multi-National Corps–Iraq (MNC-I) began using Commander's Emergency Response Program (CERP) funds to hire former insurgents and their passive supporters to guard checkpoints, buildings, and key parts of neighborhoods in Iraq. Known as the Sons of Iraq (SOI) program, the effort has been credited with helping reduce the overall levels of violence in Iraq. During the course of the program, MNC-I spent approximately $370 million drawn from fiscal year 2007-2009 CERP funds. Past SIGIR reports have identified weaknesses in the management of CERP funds.

Our reporting objectives for the SOI program are to determine (1) the program's contribution to reducing violence in Iraq, (2) the effectiveness of financial management controls, and (3) the status of GOI efforts to integrate SOI personnel into Iraqi ministries.

What SIGIR Recommends

The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to revise CERP guidance to include direction on when related projects should be managed as a program with clearly defined objectives, implementing regulations, and metrics for assessing results.

Management Comments and Audit Response

SIGIR received written comments from the Office of the Secretary of Defense (Comptroller). The comments stated that DoD has revised its Financial Management Regulation to manage CERP as a program, and CERP Program Managers have oversight of the individual projects. The letter also cites other specific sections of the regulation that provide guidance on the program. SIGIR acknowledges DoD's improvements. However, SIGIR's recommendation is directed at field-level management of CERP. At this level, the SOI program was not run as an integrated program. Rather it was managed as 779 independent projects with no overarching management structure. SIGIR is seeking field-level direction about when related projects should be managed as a program. Consequently, we do not consider the DoD comments to be responsive to our recommendation.

For more information, contact SIGIR Public Affairs at (703) 428-1100 or PublicAffairs@sigir.mil

January 28, 2011

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What SIGIR Found

Insufficient quantifiable program data, coupled with the inability to segregate possible SOI effects from other factors, precluded SIGIR from drawing empirically reliable conclusions about the program's contribution to the reduction in violence in Iraq that began in the late summer of 2007. MNF-I officials and commanders we spoke with stated that they believe SOI was an important factor in reducing violence and provided a number of anecdotal examples in support of their opinions. However, it is not possible to draw more definitive conclusions about the program's effects. Specifically, there was no comprehensive plan for SOI with specific goals, metrics or milestones from which to measure the individual or collective impact of the effort. Additionally, there was no requirement for commanders to document what SOI groups achieved or for any other organization to assess overall program impact in areas such as reductions in insurgent attacks. Given the absence of detailed information on SOI effects and the reality of many other factors affecting the levels of violence in Iraq during the same time period, such as the influx of large numbers of additional U.S. forces during the Surge, SIGIR is unable to draw reliably supportable empirical conclusions about the full extent of SOI contributions in this area.

Overall, SIGIR found the MNF-I exercised weak financial controls over its cash payments to the SOI. SIGIR found that payments were often made directly to the SOI leader rather than to individual SOI members. In addition, in some files, the pay agent simply provided the same amount of money each month without determining how many SOI were actually working and for how many hours they ostensibly worked during the month. For example, for a four-month project estimated to cost $331,200, the pay agent simply automatically provided $82,800 each month for a total of $331,200. In the few instances where payments were made to individual SOI members, the payments were usually lower than estimated. For example, in one project file, 545 SOI members were on the official registry, but only 454 signed the pay roster and collected their salaries. This reduced actual costs 17% from an estimated $62,884 to $52,384. Furthermore, key financial control documentation including cash controls, receipts, and vouchers were usually missing from project files.

Since assuming full control of the SOI program in April 2009, the GOI has faced difficulties in managing the program, properly paying the SOI, and integrating SOI into Iraqi ministries. The GOI promised to employ 95,120 SOI members but to date has provided offers to only 39,224. Additionally, it has not offered any jobs since November 2009. The GOI has paid the SOI members on time only 42% of the time. According to USF-I, the perception of broken promises and GOI indifference has eroded public confidence, furthered SOI distrust of the GOI, and increased fear of insurgent influence over SOI. While the GOI has made progress during a period where they were unable to form a government, such problems raise questions if the GOI can maintain reconciliation with the SOI.

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

January 28, 2011

MEMORANDUM FOR U.S. SECRETARY OF DEFENSE
UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak (SIGIR 11-010)

We are providing this audit report for your information and use. The report discusses the Sons of Iraq program, a U.S. Forces–Iraq Commander's Emergency Response Program. We performed this audit in accordance with our statutory responsibilities contained in Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. This law provides for independent and objective audits of programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Iraq, and for recommendations on related policies designed to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, and abuse. This audit was conducted as SIGIR Project 1004.

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact Glenn D. Furbish, Assistant Inspector General for Audits (Washington, DC), (703) 604-1388/ glenn.furbish@sigir.mil or Jason Venner, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 607-1346/ jason.venner@sigir.mil.

Stuart w. Bowen, Jr.
Inspector General

cc: U.S. Secretary of State
U.S. Ambassador to Iraq
Commander, U.S. Central Command
Commanding General, U.S. Forces–Iraq

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Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak

SIGIR 11-010 **January 28, 2011**

Introduction

In September 2006, enemy-initiated attacks in Iraq had reached some of the highest levels since the U.S. invasion in March 2003. These attacks, initiated primarily by members of Al-Qaeda in Iraq (AQI)**,** were against both Iraqi citizens and Coalition Forces. At the same time, Coalition Forces found that citizens in Anbar Province were reacting very strongly against the violence. Hoping to take advantage of the backlash, Coalition Forces met with groups and tribes, some of whom previously worked with AQI to convince them to work as allies against AQI. Ultimately this dialog led to a program called the Sons of Iraq (SOI).

In June 2007 the Multi-National Corps–Iraq (MNC-I) began using Commander's Emergency Response Program (CERP) funds to hire passive supporters and former insurgents to guard checkpoints, buildings, and key parts of neighborhoods. The SOI program, in combination with other events, most notably the 2007 surge of U.S. forces into Iraq, has been credited with helping reduce the overall levels of violence. During the course of the program, MNC-I spent approximately $370 million of fiscal year 2007 through 2009 CERP funds. Past SIGIR reports have identified weaknesses in the management of CERP funds, and SIGIR investigators have conducted numerous criminal investigations of individual misconduct related to CERP-funded activities. In one example, in December 2009, a U.S. Army Captain pled guilty to stealing approximately $690,000, primarily SOI funds. Given the large amount of funding, the previously reported management weaknesses, the burgeoning CERP-related criminal cases, and the risk associated with giving large amounts of funds to former insurgents, SIGIR initiated a review of the SOI program.

MNC-I provided the overall program coordination for CERP in Iraq for the Multi-National Force–Iraq at the time the SOI program was undertaken in 2007. MNC-I and the Multi-National Force–Iraq were reorganized into U.S. Forces-Iraq (USF-I) on January 1, 2010. Therefore, USF-I is the current responsible command for addressing matters discussed in this report. However, we continue to refer to MNC-I and MNF-I in this report since they were the organizations that approved and implemented these projects.

Background

The Commander's Emergency Response Program

In May 2003, the Coalition Provisional Authority formalized the CERP in Iraq, authorizing U.S. field commanders to use available funds to respond to urgent humanitarian, relief, and reconstruction requirements within their areas of responsibility. The funds were to be used to execute programs that immediately assisted indigenous populations and achieved "focused

effects." Initial funding for CERP came from seized Iraqi assets and the Development Fund for Iraq.[1] As stated in SIGIR's October 2010 Quarterly Report, as of September 2010, CERP allocations for Iraq from U.S.-appropriated funds had reached an estimated $3.79 billion.[2] While CERP is intended for small-scale, urgent humanitarian relief and reconstruction projects benefiting the Iraqi people, larger scale projects may be undertaken if approved by appropriate Department of Defense (DoD) officials.

CERP is governed by statutes, a financial management regulation, and a standard operating procedure guide. The statutes provide congressional direction and the funding level for CERP. The DoD provides detailed implementation guidance to commanders through the DoD Financial Management Regulation.[3] MNC-I, headquartered in Baghdad, provided the overall program coordination for CERP in Iraq for the Multi-National Force-Iraq.

The primary operational guidance for using CERP is a MNC-I standard operating procedure guide titled *Money as a Weapons System* (MAAWS) that provides direction on implementing CERP projects and identifies categories of CERP projects that are permissible. At the creation of the SOI program, one category of permissible projects was "protective measures," which allowed for the hiring of temporary civilian contract guards to enhance the durability and survivability of critical infrastructure. In 2008 the MAAWS added Sons of Iraq as an allowable project under the "protective measures" category, and in January 2009 MNC-I added an additional CERP category called "Temporary Contract Guards for Critical Infrastructure," specifically for groups like the SOI.

Sons of Iraq Program

As discussed, in September 2006, enemy-initiated attacks in Iraq had reached the highest levels since the U.S. invasion in June 2003, and to a large extent the attacks were attributed to AQI. While numerous tribes had been supporting AQI, the increased attacks on their citizens, particularly in Anbar Province, caused the tribes to begin turning away from associating with and supporting AQI. In what was called the "Anbar Awakening," local groups throughout Anbar province worked with both Coalition and Iraqi Security Forces to fight AQI and bring security to their neighborhoods. DoD credits these groups with improving the security in the region.

In January 2007, the U.S formally announced a new strategy for its war effort. The strategy entailed sending an additional 20,000 troops to Iraq, increasing the size of Iraqi Security Forces, and increasing support to tribes willing to help Iraqis fight AQI. Key to the counterinsurgency principles was the positioning of many troops into communities where they would help Iraqis protect the population and work more closely with local Iraqis.

According to MNF-I, the experience with the Anbar Awakening became a model for exploiting the rift between insurgent groups and the population. Wanting to take better advantage of the Anbar Awakening and to complement the new U.S. strategy, in June 2007, MNC-I began

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[1] In May 2003, the United Nations Security Council Resolution 1483 established the Development Fund for Iraq as a means to channel revenue from Iraqi oil sales, unencumbered oil-for-food deposits, and repatriated Iraqi assets to the relief and reconstruction efforts for Iraq.

[2] SIGIR currently has an audit underway to determine the status of CERP funds.

[3] The Under Secretary for Defense (Comptroller) is responsible for the DoD Financial Management Regulation.

awarding CERP critical infrastructure security contracts to leaders, including sheiks, to provide security at key locations such as guard checkpoints, buildings, and key parts of neighborhoods. The concept of using critical infrastructure security contracts to change former insurgents and passive supporters into active supporters of the U.S. counter-insurgency effort eventually became known as the Sons of Iraq program.[4] USF-I has been working with the Iraqi government to transition SOI members into the Iraqi Security Forces or other government jobs.

MNC-I provided direction in implementing the program through military orders. These orders provided specific requirements including the following:

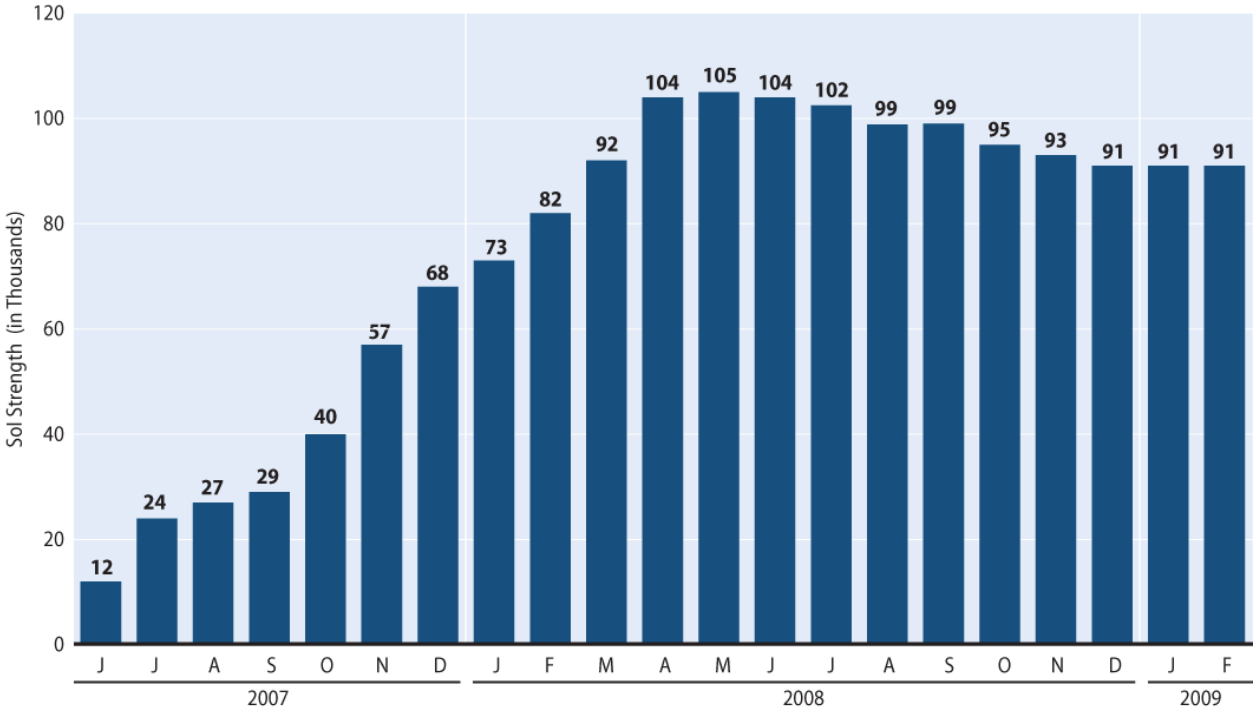
- SOI must be locally screened and vetted, take a pledge of loyalty, and have their names entered into biometric databases.
- SOI roles and responsibilities will be limited. For example, coalition forces are not allowed to arm or provide ammunition to the SOI; and SOI are only allowed to operate in their designated sectors in a defensive posture and not wear Iraqi Security Forces uniforms.
- Multi-National Divisions must report the number of SOI being paid as well as the numbers entered into biometric databases.

In preparation for the transfer of the program to the GOI between July and August 2008, the MNF-I entered the name of each individual on an SOI contract into a database called the Personal Asset Inventory. The database was created by MNF-I in order to better quantify the numbers of SOI for acceptance by the GOI. At the time, there were approximately 779 individual SOI agreements covering almost 100,000 SOI in 9 provinces in Iraq. The sheer numbers of agreements and personnel in the SOI program made SOI one of the largest DoD contracts for static security.

Figure 1 shows SOI strength from June 2007 to February 2009.

[4] Between June 2007 and February 2008, MNF-I called these groups "Concerned Local Citizens." For purposes of this report, we are using "Sons of Iraq." The Daughters of Iraq program is separate from the Sons of Iraq program and is not a part of this review.

Figure 1—SOI Numbers from June 2007 to February 2009



Source: USF-I presentation of monthly SOI numbers.

In October 2008, MNF-I began transferring control of 51,135 Baghdad-based SOI to GOI control. At that time, the USF-I role became one of monitoring, advising, and assisting. Currently, USF-I reports on activities involving SOI across the country and works with cognizant GOI agencies. These include the Implementation and Follow-up Committee for National Reconciliation, which has responsibility for SOI transition; and the Office of Disarmament, Demobilization, and Reintegration, which has responsibility for pay. In addition, individual USF-I divisions continue to report on the status of SOI in their area and engage with both Iraq and SOI officials.

Objectives

Our reporting objectives for our review of the Sons of Iraq program are to determine (1) the program's contribution to reducing violence in Iraq, (2) the effectiveness of financial management controls, and (3) the status of GOI efforts to integrate SOI personnel into Iraqi ministries. For a discussion of the audit scope and methodology and a summary of prior coverage, see Appendix A. For a list of acronyms used, see Appendix B. For the audit team members, see Appendix C. For management comments, see Appendix D. For the SIGIR mission and contact information, see Appendix E.

Sons of Iraq May Have Contributed to Reducing Violence, but Lack of Documentation Precludes Drawing Empirically Based Conclusions

In April 2008, the MNF-I reported that the SOI program, in conjunction with the implementation of counterinsurgency principles, the 2007 addition of 20,000 U.S. troops and 100,000 Iraqi Security Forces, and Moqtada al-Sadr's 2007 announced cease fire, were the four factors that reduced violence in Iraq.[5] MNF-I credited the SOI with the discovery of weapons and explosives caches, and also concluded that the SOI program was cost effective. According to MNF-I, the SOI program enabled Coalition Forces to identify and disarm more improvised explosive devices (IEDs), and the savings from vehicles not lost to IEDs were greater than the costs of the SOI contracts.

While SIGIR does not dispute the examples provided by MNF-I of SOI accomplishments, SIGIR's ability to draw more definitive conclusions about the program is limited because there was no comprehensive plan with specific goals, metrics, estimated costs, milestones for completion, or organizations accountable for assessing project outcomes for the SOI program. Moreover, there was no requirement for local commanders to document what their SOI contingents achieved. Given the absence of such information coupled with the difficulty in segregating the effect of the SOI from other factors such as the influx of large numbers of additional U.S. forces, SIGIR is unable to measure effects against the specified program goals and metrics.

MNC-I Cites the SOI Program as a Factor in Reducing Violence

Current and former officials provided SIGIR anecdotal examples to support their conclusion that the program was a success and a key factor in reducing violence in Iraq. Military and GOI officials we spoke with noted that the SOI program was one of the key components in improving the security situation in Iraq. In addition, commanders stated that, in their opinion, the program was one of the most effective uses of CERP.

The SOI provided intelligence on the location of insurgent groups and weapons caches, acted as a force multiplier by freeing U.S. and Iraqi forces to perform other operations; denied insurgent groups a recruitment pool; and, in some cases, began to cooperate with the Iraqi Security Forces. Moreover, MNF-I has previously noted that a clear indicator of SOI success is that they are targeted by the insurgents. Specific examples of success that MNF-I officials provided include the following:

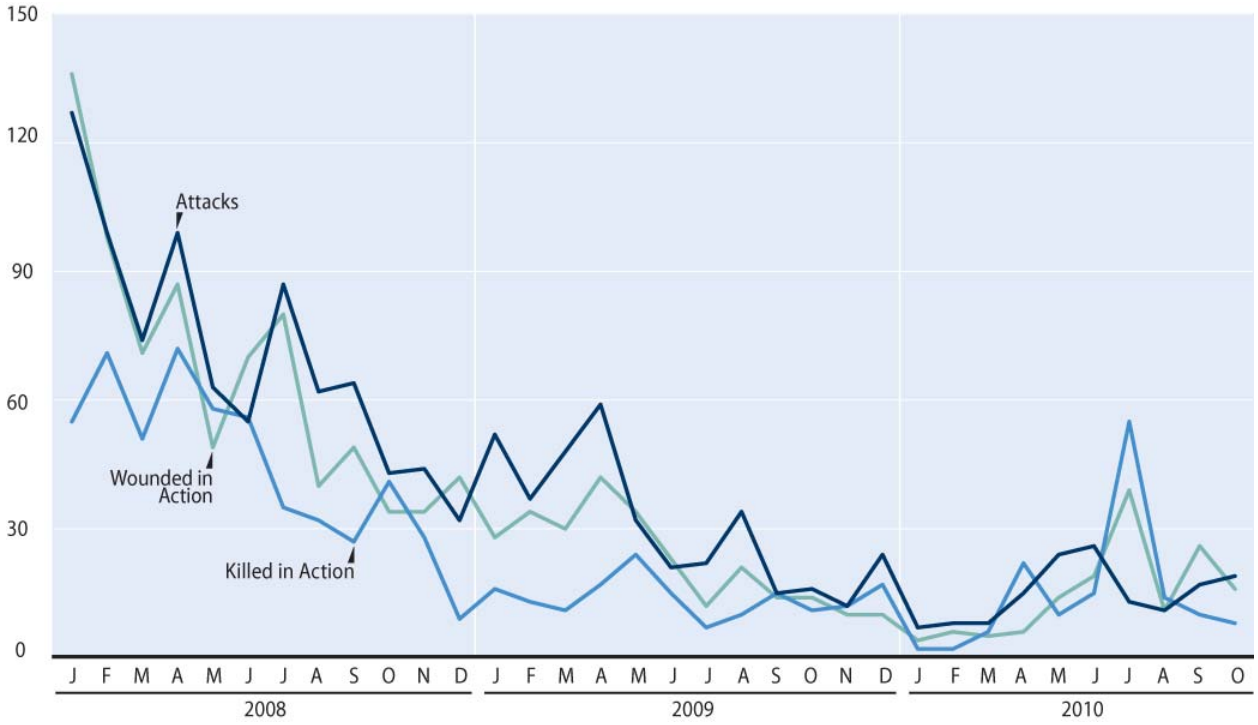
- The SOI members were recruited from the local population and used their knowledge of insurgent weapons caches to support U.S. goals. For example, in June 2007, SOI in Diyala told U.S. forces where 261 improvised explosive devices were located.

[5] Moqtada al-Sadr is the leader of the Sadrist movement, which includes the Shi'a extremist militia Jaysh al-Mahdi.

- The SOI members, with knowledge of their neighborhoods, were able to identify insurgents and their locations. One commander we spoke with noted that he took action specifically in response to an SOI report that provided insurgent locations.
- The SOI provided local security that allowed Iraqi Security Forces and Coalition Forces to deny AQI and other insurgent groups freedom of movement. For example, in the Rashid area of Iraq, one commander estimated that insurgent attacks led to approximately 500 deaths a month. After the SOI program, these groups were unable to operate, leading to a 50-60 percent drop in violence in his area
- The salaries paid to the SOI denied a recruitment pool to insurgent groups. According to one former U.S. commander, his area was infiltrated by Shia insurgent groups who recruited individuals with promises of pay and other benefits. However, the insurgent group's ability to recruit significantly decreased when the SOI program began paying salaries to individuals who otherwise might have joined these groups.
- Some SOI members began working with the Iraqi Security Forces. For example, one commander we spoke with stated that with the help of Coalition Forces, the SOI in his area built a working relationship with the Iraqi Security Forces.

Additional information that supports SOI success is the number of attacks conducted against SOI. At their peak in the spring of 2008, there were about 100 attacks per month with about 75 SOI killed. According to USF-I, while attacks against SOI have decreased over time, these attacks were more targeted at leaders rather than members. Figure 2 shows the attacks and ensuing casualties from January 2008 to October 2010.

Figure 2—Attacks, Wounded in Action, and Killed in Action SOI from January 2008 to October 2010



Source: USF-I.

Lack of Project Documentation Precludes Drawing Empirically Based Conclusions

Despite MNC-I's position that the SOI program was successful, we found little documentation on the program's successes and accomplishments. According to USF-I, this is partly due to the fact that USF-I did not retain all MNC-I data. MNC-I did not develop an overall master plan for the execution and management of the SOI program prior to program implementation. While SIGIR found some elements of a master plan including goals, objectives, and milestones within fragmentary orders, other elements including estimated costs, metrics, or organizations accountable for assessing project outcomes could not be found. While the program received constant attention from senior MNF-I leadership, in written responses to questions posed by SIGIR, USF-I stated, "it does not appear that initially there was a great deal of centralized control or a grand, coalition-wide strategy."

Based on discussions with former MNF-I officials and a review of MNC-I guidance, planning was accomplished through a series of documents developed at different points in time. For example, initial guidance was provided through fragmentary orders that listed the goals, objectives, and program constraints. The fragmentary orders also required units to report the numbers of SOI and the number entered into biometric databases. As the program matured, guidance regarding transfer to the GOI was sent out in fragmentary orders. However, SIGIR could not find any information or any guidance or orders requiring that information be collected during the course of the program regarding the direct impact of the SOI.

The MAAWS similarly did not require the development of comprehensive plans for CERP projects. To some degree, the need for plans is identified in a Center for Army Lessons Learned handbook on CERP, titled *Commander's Emergency Response Program: Tactics, Techniques, and Procedures* (March 2008). However, the handbook presents this more as a suggestion than a requirement.

SIGIR has previously reported that while the lack of a comprehensive plan may be appropriate for small projects, planning becomes more necessary as the size and complexity of projects increases. SIGIR believes that this is the case for the SOI. In SIGIR's prior report we identified significant issues regarding the management of a collection of 46 CERP construction projects at the Baghdad Airport valued at $35.5 million, and recommended that the Secretary of Defense direct the Under Secretary of Defense (Comptroller) to revise CERP guidance to include a requirement that a project implementation plan be developed for large-scale projects.[6] USF-I, however, did not agree. At issue is whether multiple related projects constitute a program. In the case of the SOI, there were 779 separate SOI agreements valued at approximately $370 million. In SIGIR's view, related projects of this size and cost constitute a program and require comprehensive planning and documentation of accomplishments.

SOI Accomplishments Were Not Documented

SIGIR conducted a review of 98 SOI project files and found little information on project accomplishments or successes. Changes to MAAWS made late in the program required commanders to develop metrics for measuring program accomplishments in 4 of these files, but our review of project files found that these metrics were missing.

Project documentation in the SOI files we reviewed generally contained financial documents and a few generic documents describing the responsibilities of each party. These included signed memoranda of agreement between the project purchasing officer and the contractor and a statement of work or description of the scope of work required. The documents we reviewed also identified the number of SOI that were to be provided, the amount each person was to be paid, and the work that was to be performed, along with implementing requirements such as "all weapons used by contractor will be registered by serial number with the CF [Coalition Forces]," and "Contractor and all hired employees must be registered into the [biometric data base]."

Various Scope of Work statements we reviewed also generally contained processes for overseeing the agreements. For example, one Scope of Work statement we reviewed included the following:

- Contractor will provide the Coalition Forces a by-name daily manning status report detailing the strength, location, and shifts of all security forces at each of the designated critical infrastructure sites. The contracting officer's representative and partnering unit commander may make no-notice inspections to confirm the contractor's report.

[6] *Commander's Emergency Response Program: Projects at Baghdad Airport Provided Some Benefits, but Waste and Management Problems Occurred*; SIGIR 10-013, April 26, 2010.

- Contractor is responsible for providing Coalition Forces a daily list of all personnel who are present for duty. This list will be used to determine what security guards are paid on a weekly basis.
- Any person receiving pay from the contractor will have his identity verified against his entry in the biometric database.
- The Contractor must submit an invoice which should include both a list of all employees and the hours worked and an itemized list of all costs incurred with the work of securing the designated infrastructure for the designated period of time. Once the partnering Coalition Force verifies the security responsibilities have been carried out satisfactorily, payment will be made.

SIGIR's review of the 98 SOI project files found only 1 file that contained any documentation that indicates that an effort was made to verify or confirm that the agreed-upon services were performed. In general, there were no daily manning status reports, no attendance reports, and no documents that verified that the security responsibilities were carried out. For the one project with documentation, the commander noted that the SOI members fully complied with the terms and conditions of the contract, and that spot checks by the brigade validated this. In addition, the commander noted that the SOI presence deterred insurgent groups from conducting illegal acts, thus reducing violence.

In interviews SIGIR conducted with commanders who had knowledge of SOI activities, we were told that the commanders monitored the SOI to ensure they performed in accordance with the Statement of Work but that they did not document their oversight in project files. Commanders we spoke with, for example, noted that while patrolling their designated areas they would corroborate that the SOI were at their agreed-upon location and that the number of SOI paid to be at the site were present. In other cases, commanders noted that while they maintained this information they did not include it in the CERP project files. One commander informed us that he had maintained such documentation in unit files, but he was unable to find the information when he later returned to Iraq.

SIGIR does not dispute the examples provided by MNC-I of SOI accomplishments. The examples and interviews from Anbar Province, in particular, are persuasive. However, the examples cited provide little insight into how widespread the successes were or their causes. With 779 separate agreements taking place in 9 provinces, it is possible that the successes and the reasons for the successes differ by area. For example, it is unclear if the successes in Baghdad were similar to those in Anbar. With no documentation as to what occurred or why, it is not possible to glean any lessons learned, or to broadly conclude that the program in its entirety was successful according to the program's goals and objectives.

In January 2009, MNC-I amended the MAAWS to require metrics for individual projects over $50,000. Of the 98 project files SIGIR reviewed, these requirements applied to 4. However, SIGIR's review found that none of the 4 files contained the required performance metrics. SIGIR found a few project files that contained documents stating that the particular SOI had a positive impact on security but the documents had no metrics or other information detailing how the assessments were made.

MNF-I provided information that showed that as the numbers of SOI increased, violence in Iraq decreased. However, the information provided did not isolate the effects of SOI independently of the other factors MNF-I cites as contributing to the decrease in violence. In addition, classified studies attempted to measure the SOI's effectiveness, but were unable to do so due to a lack of information.

Weak Financial Controls and Documentation of Cash Payments

Overall, SIGIR found the MNC- I exercised weak financial controls over its cash payments to the SOI. In SIGIR's review of 98 SOI project files, SIGIR found that payments were often made directly to an SOI leader to distribute instead of to the individual SOI members directly, without any means of verifying that each SOI received his salary. In addition, the MNC-I often simply provided the same amount of money each month without determining how many SOI were actually working during that period. In some instances where payments were made to individual SOI members, the payments were lower than the original agreed-upon estimate. Furthermore, key financial control documentation including cash controls, receipts, and vouchers were often missing from the project files.

SOI Payments Were Not Based on Documented Services Provided

Although 97 of the 98 SOI project files reviewed contained no information on whether the SOI actually provided the services required by the Memorandum of Agreement, payments were made nonetheless. Payments without support raise questions about whether the program was actually a fee-for-services agreement or had some other purpose. At a minimum it indicates that payments were possibly made for services that were not rendered and to personnel who may not have actually been working. Further, payments were often made directly to the SOI leader rather than to the individuals. According to USF-I and MNC-I officials involved with the program, units either gave payments directly to an SOI leader as a sign of trust or did so because they could not take the time to pay each SOI member individually. In most cases, there was no attempt to determine the exact number of persons eligible to receive payments each month. According to USF-I, providing payments directly to SOI members was physically impossible, and in a combat situation and would have been an extremely high security risk to bring SOI members together in such a large group.

SIGIR found that in 35 of the 98 project files reviewed that MNC-I routinely paid the full estimated amount for SOI services in the area. For example, Multi-National Division–South approved a $248,800 SOI project and later expanded the project by an additional $82,800 bringing the total to $331,200. This was to cover the salaries of 345 SOI for four months. Payments were made once a month, and each payment was $82,800. This would be justified only if, over a four-month period, not one SOI member missed a single day of his assigned work. Further, the cash was provided to the SOI leader without any documentation verifying the number of SOI paid. In another example, MNF-I estimated the cost of the planned SOI activities at $494,208. Once again, the amount disbursed to the SOI leader was exactly $494,208. Aside from the internal control weakness indicated by this practice, it also raises concerns about whether or not services were validated by MNC-I.

When we discussed the lack of documentation and the practice of paying the SOI leader instead of individual SOI members, MNC-I and GOI officials agreed that the practice had its risks and that in the cases where actual costs equaled estimated costs, MNC-I likely paid more than warranted by the Memorandum of Agreement. Since taking control of the program, the GOI has

refused to provide payments to SOI leaders. Payments are made by the GOI on specified pay days and directly distributed to verified SOI members. One former U.S. commander in charge of about 100 SOI discussed the difficulties in paying his SOI and said that the SOI leader would attempt to hire substitutes who had not been cleared or vetted so that he could collect the full amount of funds agreed to. The commander rejected these replacements since they had not been cleared. In one of the SOI projects that SIGIR reviewed, Multi-National Division–Baghdad found that Baghdad SOI leaders on three contracts hired and paid approximately 198 more SOI than the contracted amount. In this case, SOI leaders distributed the funds to the SOI members. According to project records, the unit in charge of these SOI encouraged the over-hiring by providing SOI identification cards to all of the SOI members that the leaders hired. These SOI worked from October through December 2008, when the GOI had assumed control of the units, and therefore expected the GOI to pay them. But since they were not part of a U.S. contract, the GOI refused. As a result, in February 2009, Multi-National Division–Baghdad spent an additional $163,803 to pay these SOI. This overpayment could have been avoided had the unit executing the contract conducted stronger oversight and paid the SOI members directly, rather than providing the funds directly to the SOI leader.

Our file review did find two instances where units validated the number of SOI members working at the time of payment. In each case the amount paid was less than the estimated payroll. For example, one brigade required each SOI member to sign a pay roster before receiving their salary. In this case, 545 SOI were on the official registry but only 454 signed the pay roster and collected their salaries. Thus, the overall amount expended that month was reduced by about 17% from an estimated $62,884 to $52,384. Similarly, another brigade estimated that it would cost $167,904 for 165 SOI for the period of employment. However, when it paid the SOI members directly, the brigade found it had only 149 SOI members and the final amount disbursed was $150,804.

Interviews with MNC-I commanders who oversaw SOI activities also found that when payroll money was given directly to SOI representatives instead of to the individual members, the representatives sometimes kept some of the money. Multiple commanders told SIGIR that when they would ask individual SOI members how much money they received from their unit leader, it was usually less than the full salary agreed upon by Coalition Forces and the SOI leader. However, these commanders noted that in Iraq it was acceptable and expected that the SOI leader would receive funds above what was agreed to and speculated that this would happen regardless of whether or not funds were disbursed directly to the SOI leader or to each SOI member. This lack of control over money once it is disbursed is endemic to Iraq and can have unforeseen consequences. One commander told us that he believed that it was likely that some portion of the U.S. payments to the SOI was provided to a local insurgent group as protection money.

Project Files Lacked Required Financial Documentation

Although USF-I and U.S. Army Central Command were able to provide 98 of the requested 105 project files, SIGIR found that those files generally did not contain all the MAAWS-required financial and SOI project documentation. SIGIR judgmentally selected these files based on the fiscal year, major subordinate command, and dollar value; then analyzed the files to determine if they contained the documents required in the MAAWS guidance. Since MAAWS requirements

changed over time, SIGIR used the MAAWS guidance that was in use at the time each project took place.

As shown in Table 1, significant amounts of required documentation were missing from the files. Among the most significant missing documents are Receipts (31% missing), and Statements of Agent Officer's Account (89% missing). As mentioned earlier, in December 2009, a U.S. Army Captain pled guilty to stealing approximately $690,000 in SOI funds. Receipts and Statements of Agent Officer's Account are important internal control documents that ensure funds are used appropriately. The files were also missing documents that showed that the officials in charge of purchasing and paying for goods and services were authorized to do so and had the requisite training to exercise these responsibilities. For example, purchasing officers and paying agents are required to receive appointment letters and records of appointment certifying that the project purchasing officers and paying agents received proper authorization for their positions and agreed to the responsibilities involved, including necessary training. These documents were missing from 83% of the files we reviewed. In addition, the MNC-I found that prior to fiscal year 2009, the Multi-National Force–West did not comply with the MAAWS requirement for a Commander's Closure Memorandum which documents that the commander reviewed and approved the project, that it is complete and adhered to guidelines in the MNC-I MAAWS and applicable fragmentary orders. Table 1 shows the results of SIGIR's review.

Table 1—Results of SIGIR File Review

MAAWS Requirement	Number Required	In File	Not in File	Percent In File	Percent Not in File
Letter of Justification	98	89	9	91	9
Purchase Request & Commitment	98	96	2	98	2
Proposal or Statement of Work	98	74	24	76	24
Receipts (SF 44, SF 1351, SF 1449, or SF 1034)	98	68	30	69	31
Statement of Agent Officer's Account (DD Form 1081)	98	5	93	5	95
Commander's Clearance	98	72	26	73	27
MSC Comptroller Clearance	98	50	48	51	49
Legal Review	69	49	20	71	29
Project Purchasing Officer/Pay Agent Appointment	98	17	81	17	83
Project Purchasing Officer/Pay Agent Training	25	4	21	16	84
CERP Project File Checklist	45	13	32	29	71
Total	**923**	**537**	**386**	**58%**	**42%**

Source: SIGIR analysis of SOI files, August 2010.

In addition to the missing required documents, the files also did not always contain other information needed to validate that funds provided to the SOI were put to their intended use. For example, there was limited information to demonstrate that funds provided to the SOI to purchase equipment were used appropriately. In one case MNC-I provided funds to the SOI to purchase radios, generators, and vehicles, but the files contained no receipts or other documentation to show the items were purchased. Additional examples include a brigade that gave the SOI $121,800 to purchase seven trucks; and a unit that gave the SOI $56,036 in cash to purchase vests, radios, ladders, air conditioning units, generators, and spot lights. In neither case did the file contain any receipts or other documentation to show the items had been purchased.

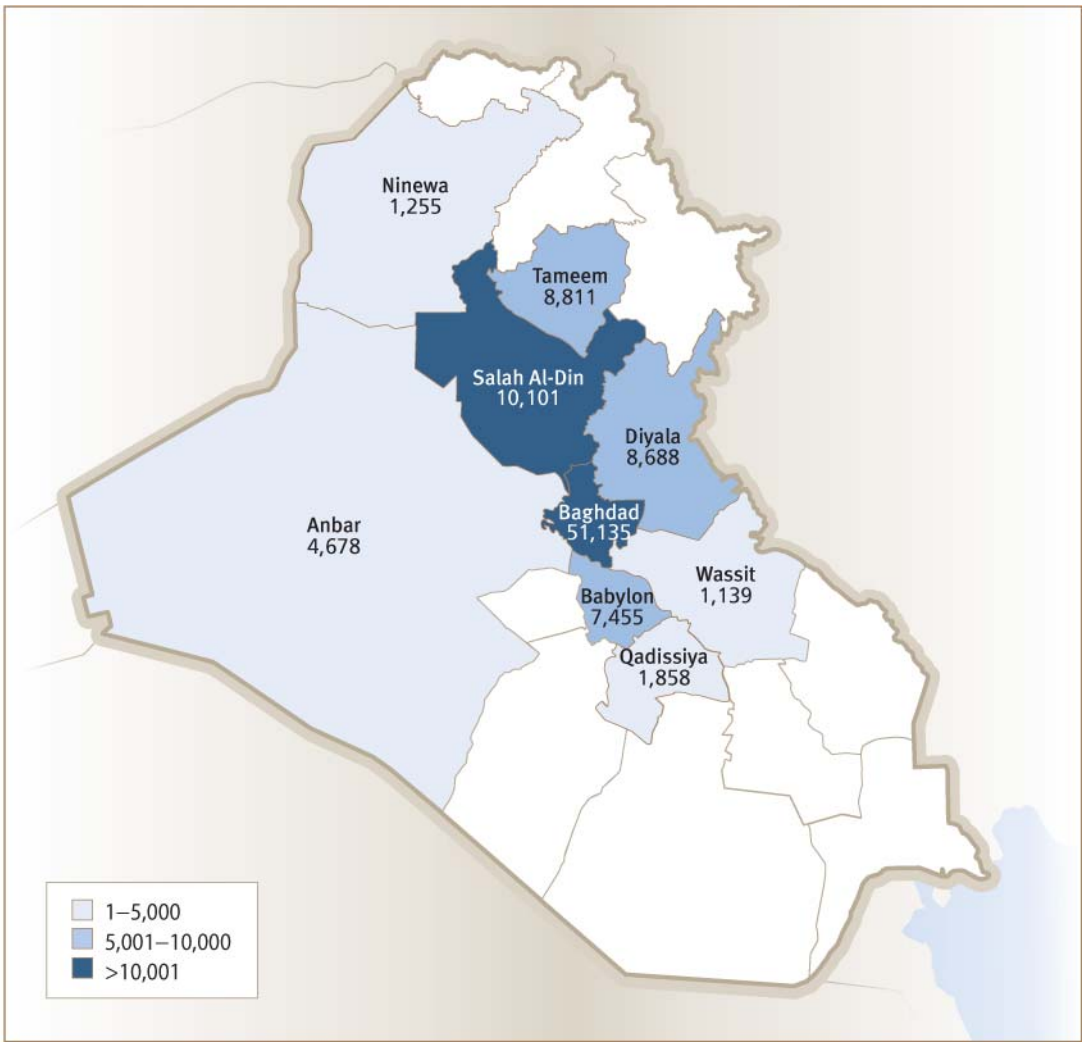
GOI Takes Management Control of SOI, but Challenges Remain in Integrating SOI into Iraqi Ministries

Beginning in October 2008, the GOI progressively assumed full management responsibility of SOI. It took control of Baghdad SOI first, and by April 2009, the GOI had completed transfer of program control in all provinces. This is only a first step, however, to the successful integration of SOI into Iraqi ministries, a goal that is proving difficult to meet. The GOI promised to provide employment for 95,120 SOI members but to date it has provided offers to only 39,224. Additional SOI transitions into Iraqi ministries have been halted since November 2009. The GOI has also faced problems in paying the SOI on time. According to USF-I, the perception of broken promises and GOI indifference have eroded confidence, furthered SOI distrust of the GOI, and increased fear of insurgent influence over SOI. While the GOI has made progress during a period where they were unable to form a government, such problems raise questions about the GOI's ability to reconcile with the SOI.

GOI Assumes Full Management Responsibility for SOI

The transfer of management control of SOI to the GOI started in October 2008. The transfer process was preceded by a complete inventory, called the Personnel Asset Inventory, of every contracted SOI member in Iraq, followed by a registration process. The registration process entailed GOI and MNF-I jointly recording relevant information on each SOI member and reporting it to the Iraqi Security Forces. The GOI then compared the registration information to that in the Personnel Asset Inventory. The process resulted in 95,120 SOI verified as eligible for transfer. Figure 3 provides an overview of the numbers of SOI in each province after the joint registrations.

Figure 3—Number of Registered Sons of Iraq by Province (April 2009)



Source: USF-I.

Although the GOI committed to employ the SOI, it has fallen behind in offering positions. While initial plans were to have all the SOI in jobs by late 2009, about 42% (39,224) are currently employed. The GOI plan was to place 20% of the SOI in the Iraqi Security Forces and the other 80% into other ministries. However, all hiring was halted in December 2009 so that the SOI could provide security for the Iraqi elections. The GOI planned to resume hiring after the March 2010 elections but as of December 2010 had not offered any additional jobs. According to USF-I, delays in transition were driven by security concerns during the long and difficult process of government formation. The SOI are seen as adding to the Iraqi Security Forces' ability to protect Iraqi citizens, and the GOI was concerned over the impact on security of removing the majority of SOI from their security duties during this time period. Table 2 presents the numbers of SOI who received jobs in the Iraqi Security Forces and Ministries by province.

Table 2—Status of SOI Transitions to Ministry and Iraqi Security Forces Positions—October 2008 to December 2010

Province	Ministry	ISF	Total Transitioned	SOI Total [a]	Percent Transitioned
Baghdad	30,476	6,804	37,280	50,425	73.9
Salah Al-Din	0	1,481	1,481	10,051	14.7
Ninewa	0	0	0	1,255	0.0
Tameem	0	0	0	8,811	0.0
Diyala	0	463	463	8,688	5.3
Wassit	0	0	0	929	0.0
Qadissiya	0	0	0	1,858	0.0
Babylon	0	0	0	7,342	0.0
Anbar	0	0	0	4,044	0.0
Total	**30,476**	**8,748**	**39,224**	**93,403**	**41.9%**

Notes:

[a] While the original SOI total was 95,120, according to USF-I, 1,717 have left the program.

Source: USF-I data collected from the Government of Iraq.

Two problems facing the GOI are that some SOI members are not accepting the positions offered, and others are not qualified for ministry-level jobs. According to USF-I reports, some jobs being offered by the GOI are menial labor, such janitor, driver, or guard that some SOI members view as beneath them. One ministry official, for example, received feedback that the SOI did not like "pushing brooms" and taking orders and wanted jobs that involved having weapons and giving orders. In addition, a study conducted in December 2009 of transitioned SOI found that most respondents were dissatisfied with their ministerial assignment. According to USF-I, the ability of the GOI to absorb the SOI into ministerial positions that they are qualified to serve in and that they would agree to continues to be a concern.

The GOI has developed a draft plan to continue transitions. According to USF-I, the initial focus of the GOI plan is to hire SOI members for security positions, such as the Iraqi Police or infrastructure security. USF-I has previously encouraged the GOI to place SOI members in the oil pipeline and electricity police, where both the GOI and provincial leaders have acknowledged a significant shortfall. In addition, some SOI members could be hired to gather intelligence. Hiring for employment by the ministries would continue based on the education and skill level of an individual SOI member, and those too old to serve would be offered a retirement package.

Payments by Government of Iraq to SOI Consistently Late

Since October 2008, when the GOI assumed control of the program, it has been consistently late in providing pay to the SOI. In some provinces, the MNF-I had to continue making payments after the transfer because the GOI was not prepared to.

As shown in Table 3, between October 2008 and December 2010, the GOI paid SOI salaries on time only about 42% of the time. From October 2008 to April 2010, payments were considered "on-time" in a province if its SOI were fully paid by the end of the month following the services rendered. Starting in May 2010, the definition of "on-time" was changed to the middle of the month following the services rendered.

Table 3—Timeliness of Sons of Iraq Payments by Province—October 2008 to December 2010

Province	Late	On Time	Total	Percent Late	Percent On Time
Baghdad	19	8	27	70.4	29.6
Diyala	15	9	24	62.5	37.5
Babylon	14	9	23	60.9	39.1
Wassit	13	9	22	59.1	40.9
Anbar	15	7	22	68.2	31.8
Ninewa	10	12	22	45.5	54.6
Tameem	11	11	22	50.0	50.0
Qadissiya	7	8	10	52.4	47.6
Salah Al-Din	11	10	10	58.1	41.9
Total	**115**	**83**	**198**	**58.1%**	**41.9%**

Source: SIGIR analysis of USF-I pay data from October 2008 to December 2010.

In four provinces, the GOI was initially unable to begin paying the SOI after program transfer, and MNC-I had to pay the SOI with CERP funds. In Babylon, Wassit, and Anbar provinces, the MNC-I paid the SOI for one additional month, and in Qadasiyah, the MNF-I paid for an additional four months.

These delays have created frustration amongst remaining SOI. For example, in June 2010, USF-I received reports of SOI leaving their checkpoints in both Anbar and Kirkuk due to pay delays. According to a USF-I official who monitors GOI progress, the delays could be causing the SOI to lose trust in the GOI and feel abandoned by the U.S. USF-I officials are concerned that delays could result in SOI returning to insurgent groups. While USF-I has received anecdotal reports that small numbers of SOI are joining insurgents, SOI leaders have claimed that this is false.

According to USF-I officials, the GOI took steps to expedite SOI payments. For example, prior to April 2010, the Ministry of Finance could not disburse funds until the Ministry of Interior allocated those funds. The Ministry of Interior was taken out of the approval process because it caused significant delays in making allocation decisions. From September 2010 to December 2010, the GOI improved its timeliness to 75% on time. In addition, the draft GOI budget has included funding for the SOI including equalizing pay at $300 for all SOI. As the SOI transition into GOI ministries, the funds will be transferred to each ministry's budget.

Conclusions and Recommendations

Conclusions

SIGIR has previously reported on the difficulties it encountered in attempting to evaluate CERP programs. Particularly problematic was the lack of clear guidance on exactly what the programs or specific projects were supposed to achieve, the absence of metrics to evaluate impact, insufficient field command project management and oversight, and the lack of supporting project financial and other documentation. Consequently, SIGIR was often unable to determine if a CERP project achieved its goal, or was conducted in an efficient and effective manner. These problems were magnified in the CERP SOI program. In this case, the U.S. military was tasked with implementing a major counterinsurgency effort, namely integrating insurgents into the peacekeeping efforts of the Iraqi government, by using a CERP project structure that was clearly not intended for a country-wide program such as the SOI program. As a result, the SOI effort lacked necessary high-level direction, management, and assessment processes. Instead, field commanders managed SOI as 779 individual efforts. The result was that there were insufficient internal controls and unknown results at both the project and program levels.

Although the SOI program is described as a sort of "quid pro quo" in which the SOI provided services in exchange for support and money, the files provide almost no evidence of what the SOI did. Even though the Scope of Work statements in the files that we reviewed outlined an oversight structure, only 1 of the 98 files we reviewed contained any documentation that showed the SOI actually performed the agreed-upon services. Basic documentation, such as attendance information, was missing from most files. In 63 files commanders reduced payments to SOI members who did not report for work, indicating some oversight. However, commanders in charge of 35 of the 98 projects paid the full amount provided in the agreement to one individual who then was supposed to disburse the money to individual SOI. In these cases, there was no evidence that anyone but this one individual received any payments, which in many cases amounted to hundreds of thousands of dollars. This leaves one with the impression that many local commanders were not concerned about the services delivered.

Compounding our assessment difficulties are continuing problems with CERP recordkeeping. Prior SIGIR reports have highlighted serious recordkeeping deficiencies, and this review found that recordkeeping at both the MNC-I level and the local level continues to be poor. About 42% of the documents that should have been in the files were missing. Most significantly, the files did not contain key documents necessary to ensure that CERP funds were not stolen or misused, such as payment receipts.

As a result of these problems, it is not possible to assess the effectiveness of the SOI program. Aside from testimonial evidence from field commanders that provides examples of how the SOI program, in their judgment, contributed to reductions in violence, there is little else on which to base a conclusion. This lack of data goes beyond documenting the number of weapon caches or IEDs identified by the SOI. It is about documenting the reasons for any successes or failings. The program is widely portrayed as exploiting an ideological rift between the SOI and the insurgents. But with activities ongoing at 779 locations, in 9 provinces, and involving Sunnis, Shia, nationalists, Bathists, and others, it is highly probable that other factors, such as providing

employment, played a role as well. Without information on what actually occurred and why, any lessons learned–along with DoD's ability to effectively replicate a similar program in another contingency–are lost.

Integrating the SOI into the Iraqi government also continues to be a concern. While USF-I appears to have worked diligently and in good faith with the GOI to persuade it to hire the SOI, its influence is limited. In the end, acceptance of the SOI by the Iraqi government is a political issue.

Recommendation

The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to revise CERP guidance to include direction on when related projects should be managed as a program with clearly defined objectives, implementing regulations, and metrics for assessing results.

Management Comments and Audit Response

The Office of The Secretary of Defense (Comptroller) provided a written response to our report in which it agreed with the intent of our recommendation. The letter stated that the DoD Financial Management Regulation, Volume 12, Chapter 27, "Commander's Emergency Response Program (CERP)," was revised and published in January 2009. It goes on to say that the CERP is managed as a program, and CERP Program Managers have oversight of the individual projects. The letter also cites other specific sections of the regulation that provide guidance on the program.

SIGIR acknowledges that DoD has made large-scale improvements to its Financial Management Regulation and that at the DoD level CERP is run as a program. However, SIGIR's recommendation is directed at field-level management of CERP. At this level, the SOI program was not run as an integrated program. Rather it was managed as 779 independent projects with no overarching management structure. SIGIR is seeking field-level direction about when related projects should be managed as a program. Consequently, we do not consider the DoD Comptroller's comments to be responsive to our recommendation. The DoD Comptroller's comments are printed in their entirety in Appendix D.

Appendix A—Scope and Methodology

Scope and Methodology

In December 2009, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1004 to examine the Sons of Iraq (SOI) program. SIGIR's reporting objectives are to determine (1) the program's contribution to reducing violence in Iraq, (2) the effectiveness of financial management controls, and (3) the extent to which the GOI is effectively integrating SOI personnel into Iraqi ministries.

This audit was performed by SIGIR under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. SIGIR conducted its work during April through November 2010 in Baghdad, Iraq; Atlanta, Georgia; and Arlington, Virginia.

To determine the program's contributions to reducing violence in Iraq, we reviewed historical records of the program in the possession of USF-I. This included both classified and unclassified briefings, reports, and data. Furthermore, we reviewed fragmentary orders issued by Multi-National Corps–Iraq. Using this information, we interviewed current and former U.S. and GOI officials involved with the program during its implementation and with the ongoing transition. In our interviews we used a standard set of questions posed regarding guidance, oversight, program effectiveness, and controls. We also spoke with one SOI leader in the Baghdad area.

To determine the extent to which the GOI is effectively integrating SOI personnel into the Iraqi ministries, we reviewed SOI program records and reviewed pay and transition data maintained by USF-I. Furthermore, we reviewed USF-I surveys and atmospheric reports of SOI transitioned to the GOI. We also spoke with U.S. and GOI officials involved with the transition.

To evaluate the effectiveness of financial management controls, we judgmentally selected 107 Commander's Emergency Response Program (CERP) project files based on information provided by USF-I. For each fiscal year, we first selected files based on the major subordinate command that issued the SOI agreement, and then selected the highest-value agreements. Files were split between Iraq and U.S. Army Central Command, Georgia. While we selected 107 files originally, our review found that 7 were not related to SOI, and U.S. Army Central Command, and USF-I could not locate 2 files. We compared documentation in 98 SOI project files to requirements in the *Money as a Weapons System* (MAAWS) guidance. To ensure that we applied the correct criteria to individual SOI projects, we used the MAAWS guidance that was in place during the execution of the project.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Use of Computer-processed Data

To achieve the assignment's objectives, we extensively relied on computer-processed data contained in MNC-I's CERP project tracker. We assessed the reliability of this data, including relevant general controls, and found that it did not provide a full accounting of all CERP funds spent for the SOI program. Nonetheless, we tested the data and believe that it is sufficiently reliable to be used in meeting the assignment's objectives. To estimate disbursements, we took information from the CERP project tracker and provided it to the Defense Finance and Accounting Service, who provided disbursements for the SOI program from fiscal years 2007 through 2009.

Internal Controls

In conducting the review, we assessed certain internal controls to administer and oversee CERP projects and funds. Specifically, we examined the internal and management control procedures and documents that MNF-I and MNC-I require and use to manage CERP.

Prior Coverage

We reviewed the following reports by SIGIR, the Government Accountability office, and U.S. Army Audit Agency.

Special Inspector General for Iraq Reconstruction

Commander's Emergency Response Program: Projects at Baghdad Airport Provided Some Benefits, but Waste and Management Problems Occurred; SIGIR 10-013, 4/26/2010.

Commander's Emergency Response Program: Hotel Construction Completed, but Project Management Issues Remain, SIGIR 09-026, 7/26/2009.

Commander's Emergency Response Program: Muhallah 312 Electrical Distribution Project Largely Successful, SIGIR 09-025, 7/23/2009.

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

Management of the Commander's Emergency Response Program in Iraq for Fiscal Year 2006, SIGIR 07-006, 4/26/2007.

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

Management of the Commanders' Emergency Response Program for Fiscal Year 2004, SIGIR 05-014, 10/13/2005.

Government Accountability Office

Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq, GAO-08-736R, 6/23/2008.

U.S. Army Audit Agency

Commander's Emergency Response Program: Multi-National Forces–Iraq Summary Report, A-2010-0097-ALL, 5/4/2010.

Commander's Emergency Response Program: Multi-National Force-West, A-2009-0182-ALL, 8/18/2009.

Commander's Emergency Response Program: Multi-National Division-North, A-2009-0169-ALL, 7/28/2009.

Commander's Emergency Response Program: Multi-National Division-Baghdad, A-2009-0119-ALL, 6/8/2009.

Appendix B—Acronyms

Acronym	Description
AQI	Al Qaeda in Iraq
CERP	Commander's Emergency Response Program
DoD	Department of Defense
GOI	Government of Iraq
IED	Improvised Explosive Device
MAAWS	Money as a Weapons System
MNC-I	Multi-National Corps–Iraq
MNF-I	Multi-National Force–Iraq
SIGIR	Special Inspector General for Iraq Reconstruction
SOI	Sons of Iraq
USF-I	U.S. Forces–Iraq

Appendix C—Audit Team Members

This report was prepared and the audit conducted under the direction of Glenn D. Furbish, Assistant Inspector General for Audits, Office of the Special Inspector General for Iraq Reconstruction.

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

Daniel Chen

Whitney Miller

Hayden Morel

James Shafer

Nadia Shamari

Appendix D—Management Comments

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JAN 25 2011

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITS, OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION (SIGIR)

SUBJECT: Comments on the Draft Audit Report "Sons of Iraq Program: Results Are Uncertain and Financial Controls Were Weak" (SIGIR 11-010)

We received the subject January 6, 2011 draft audit report and reviewed your recommendation for the Under Secretary of Defense (Comptroller) to revise the Commander's Emergency Response Program guidance. Revisions were completed and published in January 2009. A detailed response that addresses your recommendation is provided at Attachment 1. A copy of the *Department of Defense Financial Management Regulation*, Volume 12, Chapter 27, "Commander's Emergency Response Program," is available online at http://comptroller.defense.gov/fmr/.

We appreciate the opportunity to review and comment on the draft audit report. My staff point of contact is Ms. Charlotte Beacham. She can be reached by telephone at 703-602-0371 or by email at charlotte.beacham@osd.mil.

Mark E. Easton
Deputy Chief Financial Officer

Attachments:
As stated

SIGIR DRAFT REPORT – DATED JANUARY 6, 2011
SIGIR 11-010

"SONS OF IRAQ PROGRAM: RESULTS ARE UNCERTAIN AND FINANCIAL CONTROLS WERE WEAK"

OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) (OUSD(C)) RESPONSE TO THE SIGIR RECOMMENDATION

RECOMMENDATION: The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to revise CERP guidance to include direction on when related projects should be managed as a program with clearly defined objectives, implementing regulations, and metrics for assessing results.

OUSD(C) RESPONSE: Concur with the intent. The *DoD Financial Management Regulation*, Volume 12, Chapter 27, "Commanders Emergency Response Program (CERP)," was revised and published in January 2009. The CERP is managed as a program and CERP Program Managers have oversight of the individual projects. Paragraphs 2701, 2702, 2703, and 2704 define CERP project objectives and include permissible categories, monetary limitations, responsibilities, procedures, and approval and reporting requirements. Paragraph 270101 identifies the implementing statutes that govern this regulation. Paragraph 270315 identifies the metrics requirement and procedures for assessing project results. The Department will continue to monitor existing and/or emerging CERP issues and revise CERP guidance as needed.

Attachment 1

Appendix E—SIGIR Mission and Contact Information

SIGIR's Mission	Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective: • oversight and review through comprehensive audits, inspections, and investigations • advice and recommendations on policies to promote economy, efficiency, and effectiveness • deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse • information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports
Obtaining Copies of SIGIR Reports and Testimonies	To obtain copies of SIGIR documents at no cost, go to SIGIR's Web site (www.sigir.mil).
To Report Fraud, Waste, and Abuse in Iraq Relief and Reconstruction Programs	Help prevent fraud, waste, and abuse by reporting suspicious or illegal activities to the SIGIR Hotline: • Web: www.sigir.mil/submit_fraud.html • Phone: 703-602-4063 • Toll Free: 866-301-2003
Congressional Affairs	Hillel Weinberg Assistant Inspector General for Congressional Affairs Mail: Office of the Special Inspector General for Iraq Reconstruction 400 Army Navy Drive Arlington, VA 22202-4704 Phone: 703-428-1059 Email: hillel.weinberg@sigir.mil
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