

LEAD INSPECTOR GENERAL FOR OVERSEAS CONTINGENCY OPERATIONS



# OPERATION INHERENT RESOLVE

REPORT TO THE UNITED STATES CONGRESS

APRIL 1, 2016–JUNE 30, 2016

## LEAD INSPECTOR GENERAL MISSION

The Lead Inspector General for Overseas Contingency Operations coordinates among the Inspectors General specified under the law to:

- develop a joint strategic plan to conduct comprehensive oversight over all aspects of the contingency operation
- ensure independent and effective oversight of all programs and operations of the federal government in support of the contingency operation through either joint or individual audits, inspections, and investigations
- promote economy, efficiency, and effectiveness and prevent, detect, and deter fraud, waste, and abuse
- perform analyses to ascertain the accuracy of information provided by federal agencies relating to obligations and expenditures, costs of programs and projects, accountability of funds, and the award and execution of major contracts, grants, and agreements
- report quarterly and biannually to the Congress and the public on the contingency operation and activities of the Lead Inspector General

(Pursuant to sections 2, 4, and 8L of the Inspector General Act of 1978, as amended)


## FOREWORD

We are pleased to submit the Lead Inspector General (Lead IG) quarterly report to the United States Congress on Operation Inherent Resolve (OIR). This is our sixth quarterly report on this overseas contingency operation (OCO), discharging our individual and collective agency oversight responsibilities pursuant to sections 2, 4, and 8L of the Inspector General Act of 1978, as amended. OIR is dedicated to countering the terrorist threat posed by the Islamic State of Iraq and the Levant (ISIL) in Iraq, Syria, the region, and the broader international community. The U.S. strategy to counter ISIL includes support to military operations associated with OIR, as well as diplomacy, governance, security programs and activities, and, separately, humanitarian assistance.

This quarterly report provides information on key events involving OIR as well as an update on the nine Strategic Lines of Effort to Counter ISIL, covering the period from April 1, 2016, through June 30, 2016. This report also features oversight work completed during the quarter by the Lead IG Offices of Inspector General and partner oversight agencies, as well as ongoing and future oversight work.

We remain committed to providing effective oversight and timely reporting on OIR to the United States Congress, U.S. government agencies, and U.S. taxpayers. Our collective efforts, and its summation in this report, demonstrate our collaborative approach to providing oversight regarding the OIR contingency operation. We would like to thank the Department of Defense, Department of State, and the U.S. Agency for International Development for their contributions to this report.



  
**Glenn A. Fine**  
Acting Inspector General  
U.S. Department of Defense



  
**Steve A. Linick**  
Inspector General  
U.S. Department of State and the  
Broadcasting Board of Governors



  
**Ann Calvaresi Barr**  
Inspector General  
U.S. Agency for International  
Development

**On the cover:** (clockwise from top left) An Iraqi soldier with the 35th Iraqi Army Brigade prepares machine gun ammo belts during a T-72 machine gun live-fire exercise (U.S. Army photo); a Syrian man sits amid rubble of destroyed buildings (AFP/ABD photo); an Iraqi soldier with the Security Battalion, Nineveh Operations Command, crawls under barbed wire during an obstacle course at Camp Taji, Iraq (U.S. Army photo); a U.S. soldier stacks a package of cement for use in constructing a well at Al Taqaddum Air Base, Iraq (U.S. Air Force photo); Iraqi soldiers practice their sitting firing position (U.S. Army photo); aviation boatswain's mate directs an F/A-18E Super Hornet on the flight deck of the aircraft carrier USS Harry S. Truman (U.S. Navy photo).

## MESSAGE FROM THE LEAD INSPECTOR GENERAL



**Glenn A. Fine**

I am pleased to present to the United States Congress the sixth report on Operation Inherent Resolve (OIR) and the U.S. strategy to counter the Islamic State of Iraq and the Levant (ISIL). This report summarizes the quarter's key events and describes completed, ongoing, and planned Lead Inspector General (Lead IG) and partner agency oversight work relating to this activity.

As our report discusses in more detail, since April 1, 2016, U.S.-backed forces have liberated territory in Iraq and Syria from ISIL and have degraded their military and financial resources. Despite this progress, terror attacks were launched in Iraq, Syria, and abroad, with ISIL claiming credit or considered to be responsible.

This quarter, the Lead IG agencies and oversight partners released nine reports related to OIR and opened 12 new investigations of fraud, waste, and abuse related to the OIR mission. This report gives detailed information on these released reports and 46 ongoing and planned oversight projects.

Completed oversight activity includes a Department of Defense Office of Inspector General audit of U.S. Air Force accountability of funds supporting OIR, as reported in the statutorily required *Cost of War*. This audit found that the information in the reports was unreliable and outdated.

The Department of State Office of Inspector General issued reports related to operations of U.S. Embassies under threat by ISIL in the Middle East, including an audit of the contract for support services such as food, water, and fuel to the U.S. Embassy in Baghdad, Iraq.

The U.S. Agency for International Development Office of Inspector General continued an investigation into fraud schemes by non-governmental organization procurement staff and vendors in Turkey related to humanitarian aid for Syria. During the quarter, the investigation resulted in partially suspending two programs, and the termination, resignation, or debarment of several individuals.

My Lead IG colleagues and I remain committed to our mission of conducting effective oversight of OIR. We especially thank the oversight and investigative teams from across the IG community for their work.

A handwritten signature in black ink that reads "Glenn A. Fine".

Glenn A. Fine  
Lead Inspector General for Operation Inherent Resolve  
Acting Inspector General  
U.S. Department of Defense







An Iraqi soldier with the Security Battalion, Nineveh Operations Command, crawls under barbed wire during an obstacle course at Camp Taji, Iraq. (U.S. Army photo)

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# EXECUTIVE SUMMARY

*This quarterly report is issued pursuant to section 8L of the Inspector General Act of 1978, as amended, which requires that the designated Lead IG provide a quarterly report, available to the public, on a contingency operation. The Department of Defense (DoD) Inspector General is the designated Lead IG for Operation Inherent Resolve (OIR). The Department of State (DoS) is the Associate Lead Inspector General for OIR. This report contains information from the three Lead IG agencies—DoD, DoS, and U.S. Agency for International Development (USAID)—as well as from partner oversight agencies. This OIR report covers the period from April 1, 2016, through June 30, 2016.*

The U.S.-led Coalition to counter the Islamic State of Iraq and the Levant (ISIL) continued to liberate territory in Iraq and Syria, even as deadly terrorist attacks claimed or inspired by ISIL struck the region and abroad. In the last two years, Coalition-backed forces have regained nearly half of the territory in Iraq and 20 percent of the territory in Syria once held by the terrorist group.<sup>1</sup>

In a hearing before the Senate Foreign Relations Committee on June 28, Brett McGurk, the Special Presidential Envoy for the Global Coalition to Counter ISIL, testified that the situation had improved considerably: “In July 2014, I testified before this committee as ISIL was expanding its territory, threatening Baghdad, and appeared unstoppable. The situation today is measurably different. ISIL has not launched a significant offensive in over a year; it is losing cities—Tikrit, Ramadi, Falluja, Hit, Shadadi, and soon, Manbij—that were central to its rise; and the Coalition-backed forces arrayed against it are increasingly confident and on offense, with our support.”<sup>2</sup>

In April, Secretary of Defense Ashton Carter announced additional resources to accelerate support for the campaign against ISIL in Iraq and Syria, including sending more U.S. Special Operations Forces and financial assistance to the Kurdish Peshmerga in Iraq.<sup>3</sup> Military operations backed by the U.S.-led Global Coalition to Counter ISIL resulted in the seizure of strategically important locations in Anbar province during the quarter, including Falluja—the first major Iraqi city to fall to ISIL—which was declared fully liberated on June 28, 2016. In addition, operations to isolate Mosul in Iraq and ISIL’s self-proclaimed capital of Raqqa in Syria continued. A campaign is underway to seize the Manbij pocket in Syria, the last remaining open border to Turkey readily available to ISIL. Coalition airstrikes continued to eliminate key ISIL leaders, oil convoys, and financial targets.<sup>4</sup>

Despite these losses, ISIL, under pressure, remained deadly. This quarter, the organization launched a wave of bombings in Iraq and Syria: at least 6 attacks killed around 80 people in April; 11 attacks left approximately

U.S. Secretary of State John Kerry with Special Presidential Envoy for the Global Coalition to Counter ISIL Brett McGurk on April 8, 2016, at the U.S. Embassy in Baghdad, Iraq. (U.S. Department of State photo)



200 dead in May; and at least 5 major attacks killed more than 250 during June. The Iraqi capital of Baghdad was hardest hit, with nearly 300 killed on July 3 when ISIL detonated a massive bomb in a shopping area in a largely Shia neighborhood during the last days of the Islamic holy month of Ramadan. In addition, this quarter saw a series of international attacks in which terrorists claimed affiliation with ISIL, including Orlando, Fla., and Dhaka, Bangladesh, or which were attributed to the group, such as the attack on the Ataturk airport in Istanbul. U.S. officials said they expected ISIL terrorist attacks to continue as the group feels squeezed militarily.

“As the pressure mounts on ISIL,” said John O. Brennan, director of the Central Intelligence Agency, “we judge that it will intensify its global terror campaign to maintain its dominance of the global terrorism agenda.”<sup>5</sup>

## IRAQ: KEY AREAS WERE LIBERATED FROM ISIL BUT STABILIZATION IS A CHALLENGE

Iraqi forces, supported by the U.S.-led Coalition, took control of the towns of Hit and Rutba early in the quarter, paving the way for the liberation of the key city of Falluja, which had been an ISIL stronghold in Anbar province since January 2014. The offensive in Falluja was carried out by a mix of Iraqi Security Forces, including the Counter Terrorism Service, tribal fighters, Federal Police, and Popular Mobilization Forces, an umbrella organization of mainly Shia militias. Tribal forces provided approximately 20,000 fighters who, as residents of Anbar province, were familiar with the terrain and the

# AT A GLANCE

## OPERATION INHERENT RESOLVE

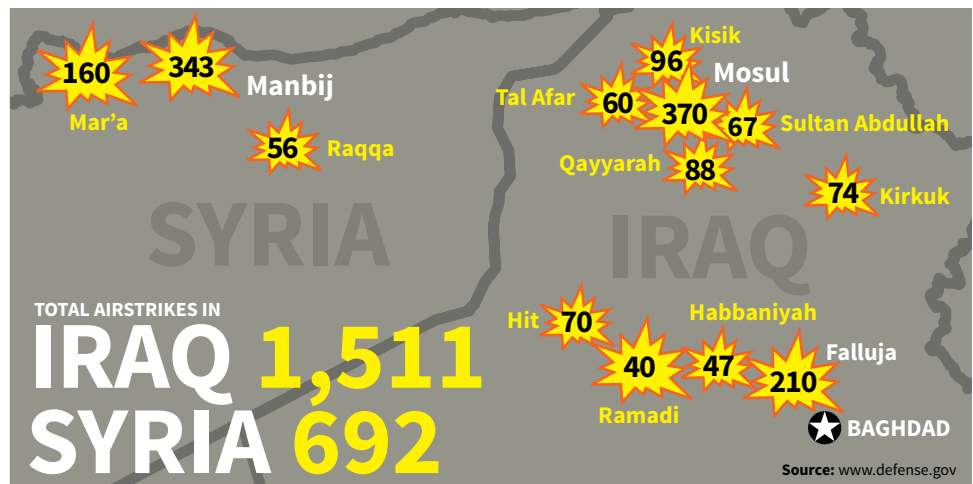
**MISSION:** Operation Inherent Resolve began on August 8, 2014, when U.S. forces hit the Islamic State of Iraq and the Levant (ISIL) as it threatened the Iraqi city of Irbil. Roughly a month later, on September 10, 2014, a Global Coalition to Counter ISIL was created to provide diplomatic, economic, informational, and military power to degrade and ultimately destroy ISIL. The Coalition now includes 65 members.

**HISTORY:** ISIL—formerly known as al Qaeda in Iraq and Islamic State of Iraq—was established in April 2004 by Sunni extremist Abu Mus'ab al Zarqawi. This was during Operation Iraqi Freedom 2003-2010. ISIL was declared in Syria in 2013 and was disavowed by al Qaeda in 2014. The United States pledged to help Iraqi leaders push back ISIL after the group captured Mosul on June 10, 2014.

### COALITION AIRSTRIKES

April 1, 2016-June 30, 2016

The map shows the cumulative number of strikes directed at targets in and around major cities and towns in Iraq and Syria. Heaviest airstrikes were in Mosul area and Falluja in Iraq, and the Manbij pocket in Syria.



**\$11.7 Million**  
 Average daily cost of OIR operations

### COALITION LEADERS



Brett McGurk has been in charge of the diplomatic effort to defeat ISIL since Nov. 13, 2015, when he was appointed Special Envoy to the Global Coalition to Counter ISIL. A former Deputy Assistant Secretary of State for Iraq and Iran, McGurk was a chief architect of a strategy to reduce violence in Iraq known as "the Surge."



U.S. Army Lt. Gen. Sean MacFarland has been Commanding General of the CJTF-OIR since Sept. 22, 2015. In 2006, he played a key role in efforts to secure the city of Ramadi during "the Surge" and fostered the Sunni Awakening, a campaign to incorporate Iraqi tribes in Anbar province into the fight against ISIL.

**13,165**  
 Total number of U.S. and coalition airstrikes since OIR began.

Sources: Defense.gov; State.gov; NCTC.gov.

people. At least 250 ISIL fighters were killed in U.S.-led airstrikes that targeted convoys leaving Falluja.<sup>6</sup>

The Iraqi government's primary challenge in the wake of the battle for Falluja was to stabilize the city and provide available humanitarian assistance to tens of thousands of people displaced by the fighting. Fleeing civilians initially overwhelmed the temporary camps set up for internally displaced persons. The Iraqi government, provincial authorities, and local and tribal leaders worked with Coalition members to provide local policing and address the basic needs—food, water and shelter—of about 85,000 displaced residents amid accusations that Shia militias had committed atrocities against the city's Sunni population and displaced persons. The Iraqi government made at least four arrests as it continued its investigation into the alleged atrocities at quarter's end.<sup>7</sup>

Demining is a key element of stabilization efforts. After Falluja was freed from ISIL control at the end of June, Iraq security forces began clearing homes and streets of improvised explosive devices (IEDs) and unexploded ordnance left by retreating ISIL fighters. Demining efforts also continued in Ramadi to allow the displaced to safely return to their homes.<sup>8</sup>

Meanwhile, planning continued for a military offensive to wrest control of Mosul, the largest city in Iraq still under ISIL control. Iraqi Security Forces plan to use the blueprint that succeeded in Falluja: namely, reinforcing the Counter Terrorism Service and Iraqi Security Forces with tribal fighters and Popular Mobilization Forces. In addition, Peshmerga troops from the Kurdish Regional Government are involved in the current campaign to encircle Mosul. Enlisting the tribes proved particularly effective in Falluja.<sup>9</sup> As part of the planning for the campaign to retake Mosul, the coalition international community and Iraqi authorities are also preparing to provide humanitarian assistance for as many as ten times as many people as were displaced in Falluja.<sup>10</sup>

### Selected Key Events, 4/1/2016–6/30/2016

# SYRIA

#### APRIL 18

Rebels accuse Syrian regime forces of Bashar al Assad of violating Cessation of Hostilities and announce new offensive

# IRAQ

#### APRIL 12

Parliament members loyal to Shia cleric Muqtada al Sadr call for vote on technocratic slate of ministers proposed by Prime Minister Haider al Abadi

#### APRIL 14

Parliament protesters move to impeach Speaker Salim al Jaburi after no vote is taken, although they do not have a quorum

The town of Hit liberated

#### MAY 19

The town of Rutba in Anbar province liberated

#### MAY 20

Protesters loyal to al Sadr vandalize cabinet offices





Peshmerga soldiers, part of the Kurdistan Regional Government’s security forces supporting the Iraqi Security Forces, operate a tank at a security outpost toward the Combined Joint Task Force–Operation Inherent Resolve forward line of troops in Irbil Province, Iraq, May 29, 2016. (U.S. Army Photo)

Coalition troops continued this quarter to train, advise, assist, and equip Iraqi Security Forces and the Kurdish Peshmerga. In addition to delivering military equipment, the Coalition conducted “train the trainer” courses to enable tribal leaders to train new recruits for their forces. DoD announced it would provide an additional \$415 million in aid to the Peshmerga to help cover budget shortfalls caused by depressed global oil prices. The regional government relies on oil sales to pay fighters’ salaries.<sup>11</sup>

**MAY 23**

Seven ISIL bombings aimed at Syrian regime killed over 120 people

**JUNE 1**

Syrian forces supported by U.S.-led Coalition begin operation to take Manbij along Turkish border  
Hundreds of Syrian regime and Russian airstrikes reported in Aleppo

**JUNE 20**

Nearly 47,000 people had been displaced by the offensive to capture the ISIL controlled town of Manbij

**JUNE 26**

ISIL claims responsibility for suicide bomber at border with Jordan, killing seven Jordanian border guards

**MAY 23**

Operation to take Falluja launched

**JUNE 6**

First day of Ramadan: ISIL bombing in Karbala kills 10, wounds 26

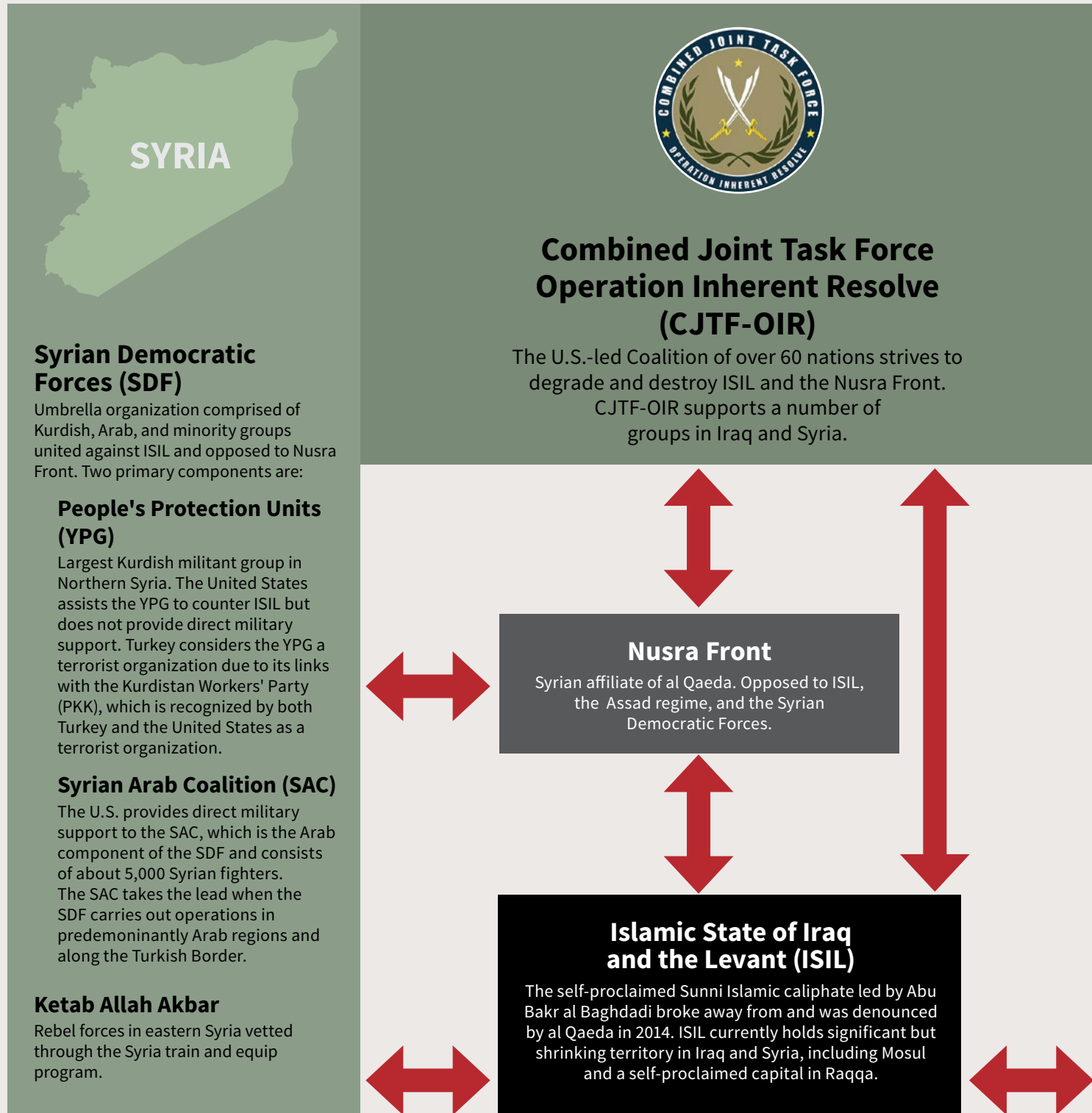
**JUNE 28**

Iraqi Federal Court ruled 4/14 attempt to oust al Jaburi invalid  
Iraqi Security Forces liberate Falluja from ISIL’s control

# FIGHTING FORCES IN

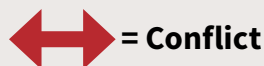
A U.S.-led Coalition leads local state and non-state partners against ISIL and the Nusra Front.

## Operation Inherent Resolve (OIR)



# IRAQ AND SYRIA

Multiple warring factions in the Syrian civil war complicate this effort.



IRAQ

## Iraq Security Forces (ISF)

Military and police forces of the Iraqi government. ISF shares unity of effort but not unity of command with the Peshmerga, and tensions exist with the Popular Mobilization Forces.

## Peshmerga

Military forces of the Kurdistan Regional Government (KRG) in Iraq that are allied with the U.S.-led Coalition.

## Popular Mobilization Forces (PMF)

Coalition of predominantly Shia militia groups in Iraq. Backed by the Iraqi government and blessed by the Shia religious establishment, the PMF have participated in the fight against ISIL in Iraq since 2014. Some Shia PMF elements have ties to Iran.

## Iraqi Sunni Tribal Forces

A new component of the PMF, though smaller in number than the Shia militias, Sunni tribal forces are important in cities like Falluja and Mosul, which have significant Sunni populations with strong tribal affiliations.

## The Syrian Civil War

Al Assad and his allies fight regime opponents, ISIL, and Nusra Front.

### Syrian Opposition

Over 40 armed groups of various size, strength, and ideology, including some Nusra Front elements, have actively fought for regime change in Syria since 2011.

ISIL

Nusra Front

### Syrian Government

The Syrian Armed Forces loyal to Bashar al Assad continue to fight against the Syrian opposition, ISIL, and Nusra Front. The Syrian military has suffered from dwindling numbers due to casualties and defections.

Al Assad's forces are supported by:

#### Hezbollah

The Shia political and militant organization, based in Lebanon, supports the al Assad regime and is a State Department-designated terrorist organization. Iran's financial support for Hezbollah gives it considerable influence over the organization.

#### Iran

The Quds Force, the elite special operations unit of Iran's Revolutionary Guard Corps, has been engaged in both Iraq against ISIL and in support of the al Assad government.

#### Russia

Moscow intervened in the Syrian civil war in Sept. 2015 to shore up the al Assad regime, which provides Russia with its only naval base in the Mediterranean. Russian airstrikes have targeted ISIL, Nusra Front, and the Syrian Opposition.

Secretary of Defense Ash Carter meets with Iraqi Prime Minister Haider al Abadi in Baghdad, Iraq, April 18, 2016. (DoD Photo)



The Iraqi government faced significant challenges this quarter from political and fiscal crises that threatened to undermine Prime Minister Haider al Abadi's push to improve governance and address economic issues. After a tumultuous legislative session in late May, Abadi failed in his effort to replace his current Council of Ministers with non-partisan technocrats. While the influential cleric Muqtada al Sadr supported the prime minister's effort, many lawmakers opposed it. Abadi is likely to try again to bring technocrats into his government when lawmakers return after the Ramadan break, which ended in early July. The political turmoil surrounding the proposed cabinet appointments has deepened the fissures within the Shia National Alliance. The Iraqi Interior Minister added to the political uncertainty when he submitted his resignation following a devastating July 3 ISIL bombing in Baghdad that killed at least 293 people.<sup>12</sup>

During this reporting period, Iraq also faced severe economic challenges, as the low price of oil drove down revenues amid the continued high costs of fighting ISIL. The Iraqi government is expected to weather its financial challenges in the short-run with the help of international assistance, including a \$2.7 billion loan from the U.S. government for military equipment, as well as an expected \$5.3 billion dollar loan from the International Monetary Fund to support economic stability. However, the Iraqi government's long-term financial stability depends on defeating ISIL, reducing corruption, and instituting economic and political reforms.<sup>13</sup>



## SYRIA: COALITION-BACKED FORCES ARE FIGHTING TO CLOSE ISIL'S INTERNATIONAL PATHWAY

U.S. Air Force B-52 Stratofortress aircraft arrives April 9, 2016, in support of OIR. The B-52 offers diverse capabilities including the delivery of precision weapons. (U.S. Air Force)

In Syria, military activity was concentrated this quarter in the Manbij pocket, a smuggling route that is ISIL's last readily-available access to Turkey. U.S. officials believe ISIL has been using this corridor to send suicide bombers to attack abroad. The United States committed an additional 250 U.S. forces to Syria to identify potential anti-ISIL forces, particularly among the Sunni-Arab community, in a bid to stand up a Syrian equivalent to the Iraqi tribal fighters. The Sunni Arab force being stood up in Manbij, comprised of about 3,500 fighters, has liberated 1,000 square kilometers in northern Syria and begun to push into Manbij city, according to Special Envoy McGurk. Importantly, these new forces have also been able to gather critical intelligence on ISIL's foreign fighter network. U.S. officials hope to continue to build a coalition among Sunni Arabs, Kurds, Syrian opposition members, and other anti-ISIL forces to support future operations to isolate Raqqa, ISIL's self-proclaimed capital.<sup>14</sup>



While OIR is not engaged in the Syrian civil war, U.S. and Coalition forces struck positions held by ISIL and al Qaeda-affiliate, Nusra Front, which are participants in the civil war. A revised U.S. train and equip program resumed on April 1, 2016, with a small group of Syrian opposition fighters. The United States paused an earlier effort in October 2015. Fighting in Aleppo this quarter forced ISIL to withdraw from front lines north of the city on June 8. These fighters retreated to defend Raqqa. However, ISIL did gain militarily in Homs and Raqqa provinces, seizing a gas field and blowing up pumping stations.<sup>15</sup>

With diplomatic and humanitarian efforts, the U.S. government continued to provide support to the moderate Syrian opposition and to civilian institutions to help local and provincial councils and other civil organizations provide greater stability in areas controlled or contested by groups opposed to al Assad.<sup>16</sup>

Syria's warring sides continued to violate a Cessation of Hostilities agreement signed in February 2016, jeopardizing the agreement and often preventing humanitarian assistance from reaching Syrian civilians. Peace negotiators convened in Geneva, Switzerland, for two weeks in April, but made no progress and postponed further talk indefinitely. The Cessation of Hostilities agreement did not prohibit military operations against ISIL, al Qaeda or the Nusra Front, and strikes against those groups continued during the reporting period.<sup>17</sup>

## HUMANITARIAN ASSISTANCE

The U.S. government continued to support humanitarian assistance efforts in Iraq and Syria this quarter, as conflicts drove humanitarian needs across the region.<sup>18</sup>

In Iraq, fighting between the government and ISIL continued to kill and displace civilians, placing approximately 10 million people in need.<sup>19</sup> Military offensives against ISIL in Anbar province displaced more than 100,000 during the quarter and exacerbated humanitarian needs.<sup>20</sup> Of the 10 million people, needs and conditions varied and included approximately 4.7 million children in need of assistance, 3.2 million people who were internally displaced,<sup>21</sup> and 2.4 million people in need of food assistance.<sup>22</sup> USAID's Office of U.S. Foreign Disaster Assistance (OFDA) and Office of Food for Peace (FFP), and DoS's Bureau of Population, Refugees, and Migration (PRM) supported assistance efforts in Iraq by providing healthcare, water, sanitation and hygiene (WASH) programs, logistics and relief commodities, shelter, protection, and emergency food aid.<sup>23</sup> The United Nations (UN), OFDA, and FFP noted that humanitarian protection assistance was in especially high demand as civilians

Syria's warring sides continued to violate a Cessation of Hostilities agreement signed in February 2016, jeopardizing the agreement and often preventing humanitarian assistance from reaching Syrian civilians.

were detained by government-allied militias or attacked by ISIL as they fled from areas of conflict.<sup>24</sup> In addition to conflict, financial constraints within the Iraqi government affected humanitarian assistance efforts.<sup>25</sup>

In Syria, despite the institution of a nationwide cessation of hostilities in February 2016, increasing conflict among multiple groups drove humanitarian needs and civilian displacement throughout the quarter.<sup>26</sup> Offensives by the Syrian government, opposition forces, and ISIL resulted in the deaths of more than 3,000 civilians and tens of thousands of displaced people.<sup>27</sup> Conflict was especially intense around Aleppo, as offensives on multiple fronts hindered humanitarian assistance efforts and resulted in civilian deaths, displacement, and besiegement.<sup>28</sup> Aerial assaults by the Syrian government and allied forces were especially detrimental, not only causing civilian deaths and displacement, but also damaging critical infrastructure such as schools and hospitals.<sup>29</sup> Rising fuel and food costs and restrictions on the movement of goods and people by Syrian government forces and armed groups also exacerbated humanitarian conditions during the quarter.<sup>30</sup> OFDA, FFP, and PRM funded humanitarian assistance to vulnerable Syrians and Syrian refugees in the region that included emergency food assistance, healthcare, WASH, humanitarian protection, shelter, and logistics and relief commodities.<sup>31</sup> OFDA, FFP, and PRM also supported UN efforts to assist those residing in hard-to-reach and besieged areas, reaching nearly 845,000 people in 18 besieged locations by June 22.<sup>32</sup> By the end of the quarter, approximately 13.5 million people remained in need of assistance, including 6.5 million internally displaced persons (IDPs) and nearly 5.5 million people living in hard-to-reach and besieged areas.<sup>33</sup>

## LEAD IG OVERSIGHT

The Lead IG agencies and their oversight partners released nine reports from April 1, 2016, through June 30, 2016, related to oversight of OIR. Three of these reports, which were issued as classified products by oversight partners, involve the Syrian forces, and three more reports, released by the DoS OIG, relate to embassy operations and contracts. DoD OIG issued a classified report that focused on U.S. intelligence and information sharing with Coalition partners, and another oversight partner issued a report that examined oversight of the National Passenger Rail System security.

During the quarter, DoD OIG completed a project related to the Lead IG's legislative responsibility to ascertain the accuracy of OIR-related financial information. This project focused on reviewing the Air Force's financial systems tracking OIR-related costs and determining whether reporting of war-related obligations in DoD's *Cost of War* report met reporting and legislative

Table 1.

**Oversight Reports Released, as of 6/30/2016**

<b>Army Audit Agency</b>	
<b><i>Audit of Accountability and Reporting of Equipment Transferred to Vetted Syrian Opposition Forces</i></b> (A-2016-0107-LEX) (Classified)	6/22/2016
<b><i>Funds Supporting Vetted Syrian Opposition Forces</i></b> (A-2016-0106-LEX) (Classified)	6/22/2016
<b>Department of Defense Office of Inspector General</b>	
<b><i>Evaluation of U.S. Intelligence and Information Sharing with Coalition Partners in Support of Operation Inherent Resolve</i></b> (DODIG-2016-081) (Classified)	4/25/2016
<b><i>Additional Controls Needed to Issue Reliable DoD Cost of War Reports That Accurately Reflect the Status of Air Force Operation Inherent Resolve Funds</i></b> (DODIG-2016-102)	6/23/2016
<b>Department of State Office of Inspector General</b>	
<b><i>Inspection of Embassy Cairo, Egypt</i></b> (ISP-I-16-15A)	4/16/2016
<b><i>Audit of Local Guard Force Contractors at Critical- and High-Threat Posts</i></b> (AUD-SI-16-33)	5/16/2016
<b><i>Management Assistance Report: Questionable Practices Regarding the Department of State Baghdad Life Support Services (BLISS) Contract, Including Suspected Use of Cost-Plus-a-Percentage-of-Cost Task Orders</i></b> (AUD-MERO-16-27)	6/30/2016
<b>Government Accountability Office</b>	
<b><i>Syria: DoD has Organized Forces to Execute the Syria Train and Equip Program but Faces Challenges in Fully Developing Personnel Requirements</i></b> (GAO-16-292C) (Classified)	4/30/2016
<b>Other Lead IG Partner Oversight</b>	
<b><i>Department of Homeland Security OIG: Transportation Security Administration Oversight of National Passenger Rail System Security</i></b> (OIG-16-91)	5/13/2016

A DoD OIG report concluded that significant underreporting of costs and publication delays of the *Cost of War* report diminished the relevance of the information.

requirements. The resulting report concluded that significant underreporting of costs and publication delays of the *Cost of War* report diminished the relevance of the information. This review is featured on page 18.

Table 1 (above) lists reports released this quarter.

Lead IG agencies had 38 ongoing projects and 8 planned projects as of June 30, 2016. Over half of these oversight reports pertain to military and diplomatic operations, with seven of them specifically focusing on programs to train, advise, assist, and equip Iraqi, Kurdish, and Syrian forces opposed to



ISIL. Other projects relate to governance, oversight of contracts, humanitarian and development assistance, and intelligence activities.

As of June 30, 2016, the Lead IG agencies have 47 ongoing OIR-related investigations, with over 60 percent of these investigations related to procurement or program fraud. One completed investigation involving the theft of government funds resulted in a \$215,579 restitution and removal of 8 employees at Camp Arifjan, Kuwait. An ongoing investigation into collusion and bribery allegations resulted in 11 personnel actions and a debarment of one employee for accepting bribes from vendors in connection with a humanitarian program.

In addition, the Lead IG Hotline, which tracks hotline activities among the Lead IG agencies and other OIR-related organizations, received and coordinated 153 contacts related to OIR and opened 74 cases during the quarter. These contacts were referred within DoD OIG, the Lead IG agencies, or other investigative organizations for review and, as appropriate, investigation.

During the quarter, senior DoD OIG officials traveled into the theater of operation on two separate occasions to meet with military and civilian officials in charge of the operation and witness ongoing activities. In April 2016, a team of senior DoD OIG personnel visited Al Udeid Air Base in Qatar to meet with senior Air Force Central Command Defense Intelligence Agency officials. In June 2016, the Acting DoD Deputy Inspector General for Investigations traveled to Kuwait and Qatar to meet with Air Force and Army leaders to obtain a better understanding of operational realities, Air Force contracting efforts, and possible areas of focus for fraud prevention and detection. This travel is in addition to the project teams conducting field work and deployed special agents investigating allegations of fraud and corruption in the theater of operation.

For more detailed information on oversight, see the Completed Oversight Activities and Ongoing and Planned Oversight sections of this report, beginning on page 83 and page 101 respectively.

Also, for more information on the Lead IG, see:

- Appendix A: Lead Inspector General Statutory Requirements
- Appendix B: Lead Inspector General Responsibilities and Authorities





An Iraqi soldier with the 35th Iraqi Army Brigade prepares machine gun ammo belts during a T-72 machine gun live-fire exercise at the Besmaya Range Complex, Iraq, April 17, 2016. (U.S. Army photo)

# OPERATION INHERENT RESOLVE

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## FUNDING OF ACTIVITIES IN IRAQ AND SYRIA

The United States supports the Iraqi government and combats terrorism in Iraq and Syria through the joint efforts of our military, diplomatic, and development assets, which receive supplemental resources through overseas contingency operations (OCO) funding. Pursuant to Section 8L of the Inspector General Act of 1978, as amended, this section will provide an overview of how OCO funds were spent in FY 2016, including foreign assistance program allocations. This section will also detail the President's FY 2017 OCO funding request for DoD, DoS, and USAID. It also covers a recent DoD OIG audit to ascertain the accuracy of war spending information provided to Congress.

### Department of Defense Funding

DoD lists the total cost of military operations related to countering ISIL at \$7.6 billion as of May 15, 2016, with an average daily cost of \$11.7 million. This is the total since military operations against ISIL began on August 8, 2014. Table 2 (next page) shows that the Air Force, which has conducted as part of OIR 13,165 air strikes in Iraq and Syria as of July 1, 2016, was responsible for 67 percent of the total cost. Expenses related to daily flying operational tempo, or OPTEMPO, which consists of operations, training, maintenance, parts, fuel, and other necessities for sustaining day-to-day air combat operations, comprised 46 percent of the cost, with munitions alone comprising 23 percent of the total.<sup>34</sup>

As of the end of the third quarter FY 2016, the Special Report referenced above featured the most recent figures on the cost of military operations in support of OIR. These numbers, which are current through May 15, 2016, are more up to date than those found in the statutorily required *Cost of War* report. The *Cost of War*, which is compiled monthly by DoD components for briefing Congress, was only current through March 2016.

Pursuant to the Lead IG mandate to perform analyses of the accuracy of information provided by federal agencies relating to obligations and expenditures, a DoD OIG audit this quarter examined Air Force obligations and expenditures reported in the *Cost of War* report and found the report was inaccurate and not issued in a timely manner. (See sidebar on the audit findings, page 18.)

### Fiscal Year 2017–Overview of the President's Budget Request

The President's FY 2017 budget request includes \$7.5 billion to support counter-ISIL operations, a 50 percent increase over FY 2016 enacted levels for OIR. This funding will support ongoing and enhanced efforts to fight ISIL, train and equip local forces to engage in the fight, stabilize communities liberated



Table 2.

**Total Cost of Counter-ISIL Operations from the Beginning of OIR through May 15, 2016**

(\$ Millions)

<b>Extrapolated Total Cost</b>	<b>Total Cost*</b>	<b>% of Total</b>
<b>By Expense</b>		
Daily Flying OPTEMPO	\$3,498	46%
Daily Ship OPTEMPO	\$23	0%
Munitions	\$1,741	23%
Mission Support	\$2,320	31%
<b>TOTAL</b>	<b>\$7,582</b>	<b>100%</b>
<b>By Service</b>		
Army	\$1,093	14%
Navy	\$823	11%
Air Force	\$5,080	67%
SOCOM	\$585	8%
<b>TOTAL</b>	<b>\$7,581</b>	<b>100%</b>
<b>By Category</b>		
Logistics Support	\$1,104	15%
Operational Support	\$1,124	15%
ISR	51	1%
OPTEMPO	\$3,520	46%
Military Pay	\$41	1%
Munitions	\$1,741	23%
<b>TOTAL</b>	<b>\$7,582</b>	<b>100%</b>

\*Aug 8, 2014-May 15, 2016. **Note:** Numbers may not add due to rounding.**Source:** U.S. Department of Defense, "Special Report: Inherent Resolve," July 14, 2016.

from ISIL's rule, disrupt terrorist finances, strengthen regional partners, provide humanitarian assistance to the victims of the conflict and internally displaced persons, and support a political solution to the Syrian civil war.

The President's budget places a special emphasis on the importance of intelligence, surveillance, and reconnaissance (ISR) support for counterterrorism by continuing to build the nation's fleet of combat air patrol vehicles, including a joint-force mix of Predators, Reapers, Extended Range Reapers, and Advanced Gray Eagles. This funding also makes investments in other advanced capabilities, including a range of new munitions systems.<sup>35</sup>

## DoD OIG Audit: *Cost of War* Reports Found to be Inaccurate and Untimely

On June 23, 2016, the DoD OIG issued an audit report (DODIG-2016-102), “Additional Controls Needed to Issue Reliable DoD Cost of War Reports That Accurately Reflect the Status of Air Force Operation Inherent Resolve Funds.” This report examined the accuracy and timeliness of the Air Force’s *Cost of War* execution report, which details the Service’s costs in support of OIR. The purpose of the congressionally mandated *Cost of War* is to provide Congress a current, high-level snapshot of obligations, execution trends, and data for further analysis. The report’s data are also used by leadership at the DoD, DoS, Office of Management and Budget, and the Office of Director of National Intelligence.

This audit was conducted in accordance with the Lead IG’s mandate “to review and ascertain the accuracy of information provided by federal agencies relating to obligations and expenditures, costs of programs and projects, accountability of funds, and the award and execution of major contracts, grants and agreements in support of the contingency operation” under Section 8L of the Inspector General Act of 1978, as amended.<sup>36</sup>

The audit found that the Air Force inaccurately reported OIR costs in the *Cost of War* reports issued for third quarter FY 2015, and that the DoD Comptroller did not issue the *Cost of War* in a timely manner.<sup>37</sup> This was the first in a series of audits that will address similar issues across all Service branches.

Pursuant to the National Defense Authorization Act (NDAA) for FY 2006,<sup>38</sup> DoD is required to submit the *Cost of War* report to the Comptroller General, no later than 45 days after the end of each month. This report is constructed by the Deputy Comptroller (Program/Budget), Office of the Under Secretary of Defense (Comptroller), and the Defense Finance and Accounting Service Enterprise Solutions and Standards using data from the Contingency Operations Reporting and Analysis Service, a DoD enterprise system used to report OCO funding, obligations, and disbursements.

The DoD OIG’s performance audit ran from October 2015 through May 2016 and found:

- **Inaccuracies in Reported Cost Data:** The Office of the Assistant Secretary of the Air Force Financial Management and Comptroller inaccurately represented Air Force OIR costs in the *Cost of War* reports issued for third quarter FY 2015 by underreporting \$237.9 million in obligations and \$209.9 million in disbursements associated with military personnel and operations and maintenance, including the Syria train and equip program. The DoD OIG also found that the analysts adjusted OIR obligations and disbursements to allocate costs across contingency operations instead of reporting costs over the spending authority for each operation. Therefore, the operation specific costs presented to lawmakers and agency leadership for budget decisions are unreliable.

- **Cost of War Report Not Issued In a Timely Manner:** The DoD Deputy Comptroller (Program/Budget) issued the FY 2015 *Cost of War* reports an average of 125 days after the reporting period, which does not meet the statutory 45-day requirement. These recurring delays were due both to the Deputy Comptroller prioritizing other tasks ahead of the *Cost of War* report and the use of manual processes to prepare the summary tables and charts for the report. The Deputy Comptroller asserted that due to competing priorities, it would not be possible to issue the report in the current timeline prescribed by law without additional staffing. The audit report recommended that the Deputy Comptroller assess options to automate the process to increase efficiency and reduce the time required to complete the *Cost of War* report. The audit also recommended that the Comptroller's office engage with Congress to determine whether additional resources may be required to meet the current statutory deadline or if adjustments to the legal requirements related to the reporting timetable may be necessary. The Comptroller responded that it has initiated a dialogue with congressional staff on these topics.

The audit concluded that significant underreporting of costs and publication delays diminished the relevance of the information provided to Congress for making informed budgetary decisions. The financial management challenges that have hindered the publication of timely and reliable *Cost of War* reports will need to be addressed as the Department moves toward the congressionally-mandated goal of being fully auditable by the end of FY 2017.

The DoD OIG made four recommendations to improve the accuracy and timeliness of the reports. Three of these recommendations, which involved implementing operation-specific standard operating procedures, updating business rules to ensure more accurate reporting of future costs, and coordinating with Congress to adjust the legal requirements related to issuance of the *Cost of War*, were addressed before the audit was published.

On July 22, the DoD Comptroller responded to the one outstanding recommendation in a memorandum outlining the efforts being undertaken to improve automation of data and rely less on manually produced charts. In addition, the response indicates that the Comptroller's office has been given approval to hire a senior budget analyst to support the redistribution of the workload in preparing the *Cost of War* report and to meet legislative deadlines.

The recurring delays were due both to the Deputy Comptroller prioritizing other tasks ahead of the *Cost of War* report and the use of manual processes to prepare the summary tables and charts for the report.

## Department of State and USAID Funding

### FY 2016 FOREIGN ASSISTANCE FUNDING FOR IRAQ, SYRIA, JORDAN AND LEBANON

In December 2015, Congress approved foreign assistance funding for DOS and USAID to continue various ongoing efforts in the region (such as addressing the humanitarian crisis) and to fund counter-ISIL efforts. A significant portion of this funding for FY 2016 is allocated for Iraq, Syria, Jordan, and Lebanon. Table 3 provides a breakout by funding account of foreign assistance allocated for each country.

Table 3.

#### FY 2016 Foreign Assistance Program Allocations\*

(\$ Millions)

Account	Amount
<b>Iraq</b>	<b>\$355.4</b>
Economic Support Fund†	\$72.5
Foreign Military Financing‡	\$250.0
International Military Education and Training	\$1.0
International Narcotics Control and Law Enforcement	\$11.0
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$20.9
Peacekeeping Operations	\$0.0
<b>Syria</b>	<b>\$177.1</b>
Economic Support Fund	\$100.0
International Narcotics Control and Law Enforcement	\$1.0
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$11.1
Peacekeeping Operations	\$65.0
<b>Jordan</b>	<b>\$52.7</b>
Economic Support Fund	\$812.4
Foreign Military Financing	\$450.0
International Military Education and Training	\$3.8
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$8.9
<b>Lebanon</b>	<b>\$207.5</b>
Economic Support Fund	\$110.0
Foreign Military Financing	\$80.0
International Military Education and Training	\$2.8
International Narcotics Control and Law Enforcement	\$10.0
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$4.8
<b>TOTAL</b>	<b>\$2,015.0</b>

\*Includes OCO funds and enduring funds. Refugee assistance funding executed by Bureau for Population, Refugees, and Migration comes from the Migration and Refugee Assistance funding allocation, as discussed in the Humanitarian Assistance section of this report and is not reflected in this chart.

†USAID implements most Economic Support Fund-funded programs with overall foreign policy guidance from DoS per Dept. of State, U.S. Foreign Assistance Reference Guide, January 2005.

‡All Foreign Military Financing funds for Iraq support the U.S. loan of \$2.8 billion to fund Iraq's Foreign Military Sales obligations.

As required, DoS submitted its Operating Plan for FY 2016 to Congress, which described the general goals for expending these appropriated funds. Highlights of funding activities for these countries include:

- **Counter-ISIL Coalition Working Group, funded through the DoS Bureau of Near Eastern Affairs:** \$600,000 for a web-based Coalition information-sharing platform, contract support, travel, and day-to-day operations. The Bureau of Near Eastern Affairs coordinates with the Office of the Special Presidential Envoy for the Global Coalition to Counter ISIL to support diplomatic engagement with over 60 Coalition partners to promote international participation in multiple lines of effort against ISIL in Iraq and Syria.
- **Counter-ISIL Messaging:** \$2 million to develop a program to engage 40 young Syrians in exile near Syria to support efforts to counter ISIL messaging online.
- **Syrian Transition:** \$1.8 million for the Bureau of Near Eastern Affairs to ensure ongoing U.S. humanitarian and diplomatic efforts via the Southern Syria Assistance Platform and the Syria Transition Assistance Response Team programs.
- **Antiquities Looting:** \$250,000 to launch an international working group that will directly surveil areas of ISIL looting, identify principal markets and lines of communications, and inform customs officials and potential buyers of stolen goods.

In addition to the amounts referenced above, Congress provided funding for Syria and Iraq response efforts under the following accounts: International Disaster Assistance, Title II Food for Peace, Migration and Refugee Assistance, and Transition Initiatives.<sup>39</sup>



## PRESIDENT'S FY 2017 BUDGET REQUEST TO COUNTER ISIL

The President's budget request for FY 2017 includes \$4.1 billion to stabilize communities liberated from ISIL in Syria and Iraq; disrupt ISIL's attack-plotting, financing, and recruitment; discredit ISIL propaganda; and support a political solution to the Syrian civil war. The budget requests humanitarian assistance to those impacted by the conflict, both inside Syria and in neighboring countries. See Table 4 for a breakdown of the FY17 budget request.

Table 4.

### President's Budget FY 17 Request Counter ISIL and Respond to Syria Crisis

(\$ Millions)

Account	Amount
<b>Iraq</b>	<b>\$1,293.8</b>
Diplomatic and Consular Programs, Ongoing Operations	\$298.8
Diplomatic and Consular Programs, Worldwide Security Protection	\$984.2
Diplomatic Engagement, Embassy, Security, Construction, Maintenance	\$10.8
<b>Syria</b>	<b>\$55.8</b>
Diplomatic and Consular Programs, Near Eastern Affairs Ongoing Operations	\$50.0
Peacekeeping Operations	\$5.8
<b>Jordan/Lebanon</b>	<b>\$52.7</b>
Diplomatic and Consular Programs, Ongoing Operations Jordan	\$22.6
Diplomatic and Consular Programs, Ongoing Operations Lebanon	\$30.1
<b>Contributions to International Organizations</b>	<b>\$315.1</b>
Contributions to International Organizations	\$315.1
<b>Other</b>	<b>\$5.3</b>
Diplomatic and Consular Programs, Office of the Secretary	\$3.3
Diplomatic and Consular Programs, Bureau of Counterterrorism	\$2.0
<b>Economic Support Fund-OCO</b>	<b>\$1,249.9</b>
Iraq	\$332.5
Jordan	\$632.4
Lebanon	\$110.0
Syria	\$175.0
<b>Foreign Military Financing</b>	<b>\$605.0</b>
Iraq	\$150.0
Jordan	\$350.0
Lebanon	\$105.0

<b>Diplomatic and Consular Programs, Ongoing Operations for Extraordinary Costs</b>	<b>\$48.4</b>
<b>Diplomatic and Consular Programs, Worldwide Security Protection for High Threat High Risk Posts</b>	<b>\$145.4</b>
<b>Transition Initiatives-OCO*</b>	<b>\$62.6</b>
<b>Counterterrorism Partnership Funds</b>	<b>\$59.0</b>
<b>Nonproliferation, Anti-Terrorism, Demining and Related Programs</b>	<b>\$58.7</b>
Antiterrorism Assistance	\$58.7
<b>USAID Operating Expenses-OCO*</b>	<b>\$98.4</b>
<b>TOTAL</b>	<b>\$4,050.1</b>

\*These amounts include funding that may be used in Syria and other locations, such as Afghanistan and Pakistan, as well as Iraq.

In addition to these amounts, the President requested that some funds likely to be used in response to the Syria and Iraq complex crises be provided for worldwide use, without geographic restriction. This was the case for related requests for funding under the following accounts: International Disaster Assistance, Title II Food for Peace, and Migration and Refugee Assistance.<sup>40</sup>



President Barack Obama delivers a statement on the global campaign to degrade and destroy ISIL, as well as on Syria and other regional issues, at the U.S. Department of State in Washington, D.C. (U.S. State Department photo)

# QUARTERLY HIGHLIGHTS OF U.S. COUNTER-ISIL STRATEGY

**In September 2014, President Obama announced a comprehensive strategy to degrade and ultimately defeat ISIL, setting out nine Strategic Lines of Effort (LOEs) to counter the organization. This quarter, the efforts produced the following results:**

## **SUPPORTING EFFECTIVE GOVERNANCE IN IRAQ**

In June 2016, the Iraqi National Security Advisor, the President of the Iraqi Kurdistan Region, and U.S. representatives met to continue to plan for the liberation of Mosul. Those plans include provisions for local tribal (Sunni) fighters from Ninewa province to participate in the liberation of Mosul and then to police newly-liberated areas. USAID also continued its capacity-building projects with Iraqi ministries.<sup>41</sup>

## **DENYING ISIL SAFE-HAVEN**

Iraqi forces liberated the towns of Hit and Rutba, and the city of Falluja in Anbar province during the quarter. Falluja—controlled by ISIL since January 2014—was declared freed on June 28 after a combination of forces from the Iraqi army, Federal Police, Sunni tribal fighters, and the Iraqi Counter Terrorism Service, supported by Coalition airstrikes, overcame ISIL resistance. Popular Mobilization Forces—largely comprised of Shia militias mainly under the control of the Iraqi government—also participated. The Iraqi forces in Falluja encountered extensive tunnels, improvised explosive devices (IEDs) used as mines, as well as heavy machine guns, mortars and artillery, and vehicle-borne IEDs (VBIEDS).<sup>42</sup>

## **BUILDING PARTNER CAPACITY**

Coalition advisers in Iraq's Anbar province worked with more than 100 Sunni tribal fighters in a boot camp-style course which for the first time was being taught by tribal instructors. There are 20,000 Sunni tribal fighters working with Iraqi forces to clear and hold territory in Sunni-dominated Anbar province, in addition to more than 14,000 local police deployed across the province.<sup>43</sup>

## **ENHANCING INTELLIGENCE COLLECTION ON ISIL**

A Texas National Guard captain was awarded the Danish Defense Medal for Special Meritorious Service in an April 19, 2016, ceremony in Denmark. While serving in Iraq, the captain helped develop a system to enhance the flow of intelligence from operatives in the field, reducing the time it takes to get critical information to security personnel in national capitals. The system provided timely and actionable intelligence derived from documents recovered from foreign fighters about a bomb threat against a school in Denmark, and led to an arrest and the confiscation of explosives.<sup>44</sup>

### **DISRUPTING ISIL'S FINANCES**

Coalition air strikes on ISIL resources continued to disrupt its revenue during the quarter. In April, the U.S. Department of Treasury (Treasury) and DoS led the U.S. participation in the Coalition's Counter-ISIL Finance Group to devise and refine efforts to deprive ISIL of access to international finance systems, counter ISIL's revenue streams, and engage with private financial institutions to deny ISIL funding. The U.S. and Coalition partners also worked with Libyan authorities to prevent ISIL's exploitation of Libyan financial systems. DoS and Treasury designated five ISIL-related entities under Executive Order 13224, subjecting them to sanctions.<sup>45</sup>

### **EXPOSING ISIL'S TRUE NATURE**

Exposing ISIL's true nature is the aim of the interagency Global Engagement Center (GEC) which acts to: 1) build a global network of partners who provide messaging against violent extremism; 2) supply those partners with unbranded content; 3) use data analytics to inform and measure network effectiveness; and 4) coordinate related efforts among U.S. agencies and Coalition partner nations.<sup>46</sup> This quarter the GEC reported activities to localize messaging to counter ISIL in concert with partners the United Kingdom, the United Arab Emirates, and Malaysia.<sup>47</sup> The GEC also reported that messages against ISIL on Twitter exceeded pro-ISIL messages by a factor of roughly 6 to 1 during the first half of 2016, and that Twitter has suspended and removed approximately 125,000 pro-ISIL user accounts.<sup>48</sup>

### **DISRUPTING THE FLOW OF FOREIGN FIGHTERS**

On June 3, three Minneapolis men were found guilty in federal court on charges related to attempting to travel to Syria to join ISIL. The charges included conspiracy to support a foreign terrorist organization and conspiracy to commit murder abroad. The convictions were part of the largest ISIL-related prosecution in the United States. Six others involved in the plot had already pleaded guilty to terrorism-related charges. A 10th co-conspirator traveled to Syria in 2014 and recruited the others via social media. Mohamed Farah, Abdirahman Daud, and Guled Omar, all in their early twenties, face the possibility of life in prison.<sup>49</sup> (For information on additional prosecutions, see Appendix D.)

### **PROTECTING THE HOMELAND**

The U.S. government entered into an agreement to share information with the European Union (EU) which on April 14 issued a directive establishing a system for police and justice officials to access airline information for all flights to and from EU countries. The EU Passenger Name Record data includes names, itinerary, baggage, and credit card information of passengers.<sup>50</sup>

### **HUMANITARIAN SUPPORT**

USAID and DoS continued to fund humanitarian assistance for IDPs, refugees, and other people in need affected by the conflicts in Iraq and Syria. Assistance efforts included shelter, healthcare, emergency food aid, protection, and logistics support. The UN, as well as USAID's OFDA and FFP, reported that protection assistance, such as preventing the separation of families or protecting women from violence, was an especially serious concern in Iraq. As of June 30, 2016, U.S. government financial commitments to the Syria crisis totaled more than \$5.13 billion and more than \$778 million to the Iraq crisis.<sup>51</sup>

## SPOTLIGHT ON TREASURY'S WORK TO DISRUPT ISIL FINANCES

Treasury has the authority to target the financial activities of designated extremist groups, including ISIL. Treasury's Office of Terrorism and Financial Intelligence seeks to disrupt the ability of terrorist organizations to fund their operations. Within this Office, the Office of Foreign Assets Control administers the U.S. foreign sanction programs, and the Financial Crimes Enforcement Network (FinCEN) administers the Bank Secrecy Act.<sup>52</sup>

During this quarter, representatives from within the Office of Terrorism and Financial Intelligence attended a meeting of the Counter-ISIL Finance Group and testified in a congressional committee hearing about Treasury's responsibilities to deter terrorist financing. The Counter-ISIL Finance Group was set up by Coalition nations in 2015 to combat ISIL's financial networks, in part by coordinating sanctions efforts and strengthening anti-money laundering measures.<sup>53</sup> In addition, Treasury designated one individual as an ISIL supporter.

Treasury reported the following notable events this quarter:

- **On April 7-8, 2016,** Treasury participated in the fourth Counter-ISIL Finance Group meeting. Participants identified steps needed to disrupt ISIL's financial linkages to its foreign affiliates, particularly in Libya. Participants also discussed how to improve engagement with the private sector by sharing ISIL-specific terrorist financing risk indicators. The Group also discussed coordination with Global Coalition to Counter ISIL<sup>54</sup> working groups on anti-ISIL messaging directed at foreign terrorist fighters. In addition, participants discussed the next steps in developing and implementing specific countermeasures to disrupt cross border illicit financial flows, ISIL's financial support to affiliates, oil and resource exploitation, and the looting of antiquities.
- **On May 24, 2016,** the Director of FinCEN testified before the U.S. House of Representatives' Committee on Financial Services' Task Force to Investigate Terrorism Financing about FinCEN's efforts to fight ISIL terrorism financing. The Director testified that FinCEN uses tools to search financial institutions' filings of Currency Transaction Reports and Suspicious Activity Reports for transactions involving terrorists, terrorist organizations, and illicit actors. These searches have identified attempts by ISIL to access the international financial system and identified potential foreign terrorist fighters who support ISIL by traveling to and from the conflict zone or another area to engage in terrorist attacks. As of May 2016, these searches have given government analysts over 1,000 matches each month. Some reports immediately provide critical financial intelligence to members of the U.S. law enforcement

The Counter-ISIL Finance Group was set up by Coalition nations in 2015 to combat ISIL's financial networks, in part by coordinating sanctions efforts and strengthening anti-money laundering measures.



and intelligence communities, and FinCEN's counterpart Financial Intelligence Units around the world. In 2015, FinCEN disseminated more than 300 ISIL-related analytical reports to domestic and international partners.

- **On May 19, 2016**, Treasury imposed sanctions on six individuals who provide fundraising and support to terrorist networks, including Salmi Salama Salim Sulayman 'Ammar, who was listed as a Specially Designated Global Terrorist, pursuant to Executive Order 13224, for acting for or on behalf of and providing financial and material support to ISIL. The designation results in the freezing of any of 'Ammar's property or interest in property within U.S. jurisdiction and the prohibition of transactions by U.S. persons with 'Ammar.
- **On June 6, 2016**, OFAC released its Terrorist Assets Report for 2015 titled, *Twenty-fourth Annual Report to the Congress on Assets in the United States Relating to Terrorist Countries and International Terrorism Program Designees*. The report identifies the nature and extent of assets held in the United States by organizations engaged in international terrorism and terrorism-supporting countries. As of December 31, 2015, blocked assets of these organizations totaled \$37.6 million, of which \$131,000 is related to ISIL activities.

For information on the Office of Foreign Assets Control and Treasury's Sanction Process, see Appendix C.



A group of Peshmerga soldiers and Zeravani Police, both parts of the Kurdistan Regional Government's security forces, supporting Iraqi Security Forces, survey the area around their convoy before staging troops at an observation position near the Combined Joint Task Force–Operation Inherent Resolve forward line of troops in Irbil province, Iraq, May 29, 2016. (U.S. Army photo)

## U.S. and Iraqi Governments Disrupt ISIL Financing Scheme

Identifying and shutting down ISIL's international revenue streams is an ongoing effort waged by the United States and its Coalition partners. This reporting period, the United States worked to shut down a lucrative ISIL scheme to take advantage of Iraqi foreign exchange markets.

Finance experts had identified that ISIL was using laundered Iraqi dinars to buy foreign currency in regular foreign currency auctions conducted in Baghdad by the Central Bank of Iraq. This enabled ISIL to gain control of internationally accepted currencies such as U.S. dollars, and to take advantage of variable exchange rates at the auctions to make a profit on these transactions of as much as \$25 million per month.<sup>55</sup> To participate in the foreign exchange auctions, ISIL operated through complicit or coerced exchange houses and money transfer companies in Iraq.<sup>56</sup> Once ISIL had the desired currency, it sent those funds back into the areas under its control through an unregulated network of money brokers called "Hawalas."<sup>57</sup>

In order to counter this source of funding, the U.S. government sought to deny ISIL access to the foreign exchange markets. Working with Treasury officials, the Central Bank of Iraq has banned over 120 exchange houses and money transfer companies associated with ISIL or in ISIL-controlled territory from accessing its currency auctions, effectively disrupting a key avenue for ISIL to access U.S. dollars to fund its operations.<sup>58</sup>

DoS and Treasury continue to work closely with the Iraqi government to build its capacity to secure the Iraqi financial system against money laundering and terrorist financing. The Iraqi government continues to monitor transactions with banks and exchange houses in ISIL-controlled territory to prevent them from accessing the Iraqi and international financial systems, while regularly publicizing an updated list of exchange houses in ISIL-controlled territory that are susceptible to exploitation by ISIL.<sup>59</sup>

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## THE COALITION VERSUS ISIL

During a trip to Iraq on April 25, Secretary of Defense Ashton Carter announced additional resources to accelerate the campaign against ISIL. He outlined five developments that had been approved by President Obama and coordinated with the Iraqi government:<sup>60</sup>

- the authority to place additional advisers with Iraqi Security Forces at the brigade and battalion headquarters level
- the authority to employ attack helicopters in support of operations to retake Mosul
- the use of HIMARS (high-mobility artillery rocket systems) in support of operations to retake Mosul
- the provision of up to \$415 million in financial assistance to the Kurdish Peshmerga
- an increase to 4,087 U.S. forces deployed to Iraq, from the current 3,870

DoD officials said the goal was to enhance ongoing Iraqi efforts to envelop and retake Mosul, the second-largest city in Iraq and last major city in Iraq under ISIL control. Defense ministers representing the core countries supported the accelerated push, including Australia, Canada, Denmark, France, Germany, Italy, the Netherlands, New Zealand, Norway, Spain, and the United Kingdom. The assistance to the Peshmerga was crucial in that the military arm of Iraq's Kurdistan Regional Government (KRG) is described as a very effective, capable fighting force—and a necessary one in the battle for Mosul—but the deep global decline in oil prices had cut the KRG's revenues and ability to pay its fighters.<sup>61</sup>

Meanwhile, the United States increased its forces in Syria from 50 to 300, including U.S. Special Operations Forces, a move to expand ongoing efforts to identify, train, and equip capable anti-ISIL forces inside Syria, especially among the Sunni-Arab community. Special operations forces from other countries were added to bolster efforts to counter ISIL.<sup>62</sup>

The U.S.-led Coalition is currently engaged against ISIL in several ways:

### Air Campaign

The Coalition has up to 160 aircraft daily capable of surveillance and/or airstrikes flying over Iraq and Syria, including tankers that can refuel aircraft and allow them to stay airborne for extended periods of time.<sup>63</sup> The Coalition displayed increased air capability in May when airstrikes for the first time were launched from a U.S. carrier in the Mediterranean. (Airstrikes are

regularly launched from carriers in the Persian Gulf.)<sup>64</sup> Over 2,500 airstrikes during the quarter ending June 30, 2016, destroyed targets such as:

- Al Qaeda senior leader Abu Firas al Suri, a Syrian national who worked with Osama bin Laden in Afghanistan in the 1980s and who may have been linked to the Nusra Front, the al Qaeda-affiliate in Syria targeted by U.S. military forces. Al Suri was among at least 10 terrorist leaders killed by airstrikes in Iraq and Syria during the quarter, including several ISIL leaders in Anbar province.<sup>65</sup>
- An ISIL headquarters—formerly the Turkish consulate in Mosul—that housed senior leaders and contained a weapons storage facility. Also, Coalition aircraft struck a number of media kiosks in downtown Mosul that ISIL used to reinforce obedience by forcing residents to watch brutal execution videos.<sup>66</sup>
- Two ISIL convoys leaving Falluja after Iraqi Security Forces liberated the city from ISIL, destroying about 175 vehicles carrying militants out of the area.<sup>67</sup>
- A convoy of over 100 trucks carrying oil for ISIL to the black market. There were no reported civilian casualties as the Coalition dropped leaflets warning of the impending attack. The U.S. government recently estimated ISIL's oil production has been reduced by at least 30 percent and their total ISIL oil revenues could be reduced by at least 50 percent.<sup>68</sup>



Aviation boatswain's mate directs an F/A-18E Super Hornet, assigned to the "Fist of the Fleet" of Strike Fighter Squadron (VFA) 25, on the flight deck of the aircraft carrier USS Harry S. Truman. (U.S. Navy photo)





Iraqi soldiers enrolled in the Iraqi Ranger Course conduct weapon familiarization physical training at Camp Taji, Iraq. (U.S. Army Photo)

## Train and Equip Mission

The Coalition has six Build Partner Capacity sites in Iraq—at Baghdad, Taji, al Assad, Taqadum, Besmaya, and Irbil—where trainers from at least 18 nations train Iraqi personnel. For instance, in a recent week, more than 400 Iraqis in Taji completed training, including combat medic, infantry skills, and ranger battalion courses. At the Besmaya training area, Spanish instructors worked with Iraqi combat engineers to complete training to remove IEDs from roads and buildings. Also, 14 advanced Counter Terrorism Service explosive ordnance technicians graduated from the first IED Defeat and Assault Course. It was specifically designed to teach Counter Terrorism Service personnel the faster paced, in-stride clearance techniques needed to support special operations missions.<sup>69</sup>

The April 11 liberation of the town of Hit demonstrated a success of the train and equip program, according to DoD. Hit was an important target in that it is a gateway into the Euphrates River Valley through which ISIL could move personnel and materiel into Anbar province. DoD stated that during the Hit operation, 60 tribal fighters, along with Iraqi army field engineers and one tank, worked side-by-side with the Counter Terrorism Service personnel to fight ISIL, clear IEDs, and relocate evacuating civilians to safe areas. During the quarter,



Coalition advisers in Anbar province worked with more than 100 Sunni tribal forces in a boot camp-style course which for the first time was being taught by tribal instructors.<sup>70</sup> (See sidebar below on Sunni tribal forces.)

At one point, there were 3,800 Iraqi army soldiers and 1,100 Peshmerga fighters in training and an additional 1,100 Peshmerga had just completed training, according to the DoD. In one month, U.S. equipment delivered to Iraqis included 800 sets of body armor, 154 trucks, 12 fuel trucks, and 2 bulldozers.<sup>71</sup>

In Syria, a revised U.S. train and equip program resumed on April 1, 2016, with a small group of Syrian opposition fighters. The United States paused an earlier train and equip effort in October 2015.<sup>72</sup>

### Advise and Assist Mission

The authorized U.S. military strength of 4,087 personnel for OIR includes several hundred advise and assist personnel, with the remaining personnel engaged in training and equipping as part of the Build Partner Capacity mission. The mission provides support, logistics, and force protection.<sup>73</sup>

In Iraq, U.S. advisors are attached to Iraqi and Peshmerga forces at the division level, while some Coalition partners are located at the brigade level.

## Iraqi Sunni Tribal Forces

Ongoing sectarian and tribal divisions pervade many aspects of the efforts to counter ISIL. Much of the territory occupied by ISIL, particularly Mosul, is largely Sunni, a minority group in Iraq. Sunni populations generally distrust Shia Popular Mobilization Forces units and fear retaliation and violence at Shia hands. Thus, in the process of liberating and stabilizing an ISIL-held town, the Coalition and Iraqi government must devise plans which as much as possible do not allow predominantly Shia Popular Mobilization Forces units working with Iraqi forces to enter, hold, and police the town. The U.S. government has worked closely with the Iraqi government to ensure the Sunni tribal fighters, organized as Popular Mobilization Forces units, are embedded into the security structure and that they will have ongoing support in the national budget. The 2016 Iraqi Budget Law guarantees that a minimum of 30 percent of the Popular Mobilization Forces—currently largely made up of Shia militias—must be comprised of locals from the provinces where the Iraqi government is fighting ISIL. As a result, the Iraqi government has enrolled, and pays and equips, over 30,000 Sunni Arab volunteers for the Popular Mobilization Forces across Iraq, with the number likely to grow to 45,000.<sup>74</sup> Nearly 20,000 Sunni tribal fighters are working with Iraqi forces to take control of territory in Anbar province, in addition to over 14,000 local police across the province. DoD OIG issued a classified report in February 2016 that assessed Coalition efforts to train the Sunni tribal fighters.<sup>75</sup>



Iraqi soldiers with the 34th Armored Brigade participate in M16 rifle familiarization training at Camp Taji, Iraq, June 16, 2016. (U.S. Army photo)

In the largest ongoing operation, U.S. advisors are located at Iraqi divisional headquarters at Makhmour, south of Mosul, where they provide operational and tactical advice and assistance, as well as the coordination required for artillery and air support. In Syria, the U.S. Special Operation Forces—now numbering 300—operate differently because they are advising irregular forces that lack the organization of the Iraqi and Peshmerga forces. The U.S. contingent includes Special Operation Forces as well as medical and logistic personnel to assist local Syrian units that are fighting ISIL. The mission of these U.S. Special Operation Forces is to advise local fighters. The U.S. troops do not have a role in direct combat but, because they are located near—but behind—front lines, they can come under attack and are authorized to defend themselves if they come under fire.<sup>76</sup>

One main focus this quarter has been to stand up Syrian forces able to effectively fight ISIL. U.S. and Coalition forces supported the Syrian Arab Coalition involved in fighting near Manbij, Syria, with periodic equipment and ammunition resupply. U.S. and Coalition forces also supported other groups of vetted Syrian opposition in the northwest and south of Syria.<sup>77</sup> Lieutenant General Sean MacFarland, Commanding General of Combined Joint Task Force-Operation Inherent Resolve (CJTF-OIR), said, “One of the things that we are trying to do here is develop the indigenous partner forces on the ground amongst the Syrian Arabs who have been oppressed by Daesh [ISIL], and are now starting to take up arms in their own defense in greater numbers in partnership with our Special Forces.”<sup>78</sup>

## Oversight of Train, Advise, and Assist Programs

The Lead IG and partner agencies consider the train, advise, and assist programs as a high priority for OIG oversight, with audits issued relating to the training program for the Iraqi Sunni tribal forces in February 2016 (DODIG-2016-055) and vetting process of Syrian fighters in September 2015 (DODIG-2015-175). Both reports were classified. Two related assessments are scheduled to be completed in the next quarter:

- An assessment of DoD and U.S. Central Command efforts to train, advise, assist, and equip the Kurdish security forces as they continue to fight ISIL in northern Iraq. The DoD OIG deployed a team to Kuwait and Iraq to visit the train-and-advise sites in Irbil, Iraq, and to conduct interviews with U.S. and Coalition trainers and advisors, officials from the Ministry of Peshmerga Affairs, and individual Kurdish officers and soldiers. This report, which will be classified, is scheduled to be issued by September 30, 2016.
- An assessment of the program to develop Syrian forces to fight ISIL, focusing on any changes and improvements made to the recruiting, screening, and vetting process developed by the Combined Joint Interagency Task Force to identify personnel for training or equipping operations and the enabling processes. The project is a follow on the classified report that examined the vetting process for the New Syrian Forces. The project team conducted its assessment from March 2015 to July 2016. The team visited Al Udeid Air Base in Qatar and Incirlik Air Base in Turkey to interview U.S. and Coalition special operations forces, trainers, logisticians, and advisors. The Combined Joint Interagency Task Force is now the Special Operations Joint Task Force-OIR.

The DoD OIG also has initiated two other projects involving the Iraq train and equip programs, and has planned a third project. One ongoing audit is examining whether the Army had effective controls for processing and transferring of Iraq Train and Equip Fund equipment to the Iraqi government. The audit is one in a series of audits on property accountability in Kuwait and Iraq. The second project is an assessment to determine the effectiveness of U.S. efforts to train, advise, assist, and equip the Iraqi Counter Terrorism Service and the Iraqi Special Operations Forces to conduct and sustain combat operations against ISIL. The third project, planned to start before the end of the quarter, will assess U.S. and Coalition efforts to train, advise, and assist the Iraqi Police Forces.

Earlier this year, the Government Accountability Office (GAO) issued two classified reports on the Syria program, and has three ongoing projects. Two of the ongoing projects relate to the Syria program and one project relates to the DoD's efforts to train and equip the Iraqi Security Forces.

Information on these completed, ongoing and planned projects can be found in the oversight sections of this report.

## GROUND ACTIONS AGAINST ISIL

The most active areas of military action this quarter were: 1) Anbar province in Iraq; 2) Mosul in Iraq; and 3) the Manbij pocket and Raqqa in Syria. Iraqi Security Forces waged simultaneous campaigns in the Tigris and Euphrates River valleys. According to Lieutenant General (ret.) Terry Wolff, Deputy Special Envoy for the Global Coalition to Counter ISIL, the fact that Iraqi forces engaged in these simultaneous operations represented a significant development.<sup>79</sup> (See the infographic on Fighting Forces in Iraq and Syria for an overview of combatants, page 6.)

### Iraq's Anbar Province

Following the liberation of Ramadi on December 28, 2015, Iraqi forces retook two other key towns in Anbar province—Hit and Rutba. Iraqi Security Forces raised the Iraqi flag over the government building in Hit on April 11 after combat by a combination of forces from the Iraqi Army, Sunni tribal forces, and the Counter Terrorism Service, Iraq's most elite force of about 13,000 commandos. The Iraqi operation was supported by 21 Coalition air strikes against 108 enemy targets, resulting in the deaths of an estimated 500 ISIL fighters. About 7,000 civilians were evacuated from battle areas for safety, and Iraqi forces began clearing IEDs so that civilians could return. Retaking Hit helps close an ISIL route used to move foreign fighters and supplies along the Euphrates River Valley between Syria and Iraq.<sup>80</sup>

Figure 1.  
Anbar Province, Iraq



On May 19, Iraqi forces freed Rutba, a town in western Anbar province that sits astride the main highway and trade route between Jordan and Baghdad. In addition to regaining control of this strategic location, Special Envoy McGurk cited the increased interoperability of Iraqi forces as a notable outcome of the military operation.<sup>81</sup> The Counter Terrorism Service spearheaded the operation, but the Anbar Police Special Tactics Battalion worked with them, while the Iraqi border force and Anbar Sunni tribal fighters established a blocking position outside the town.<sup>82</sup> The focus of the Coalition and Iraqi government now is to reopen the Baghdad-Amman highway which, before ISIL took control of much of Anbar province, contributed up to 20 percent of Jordan's exports and nearly \$100 million per month in trade.<sup>83</sup>



On May 23, the Iraqi government launched an operation to retake Falluja, although the U.S.-led Coalition had recommended Mosul as the next target. However, a series of at least 15 ISIL bombings in and around Baghdad between mid-April and mid-May killed nearly 200 civilians and contributed to additional unrest against the government of Prime Minister Abadi. The Iraqi government viewed ISIL-controlled Falluja, about 40 miles west of Baghdad, as the likely source of the suicide bombers. As a result, Prime Minister Abadi decided that Iraqi forces had to take Falluja.<sup>84</sup>

As was the case in Ramadi, Hit, and Rutba, the liberation of Falluja was a combined operation made up of thousands of forces from the Iraqi army, the Federal Police, Sunni tribal fighters, and Counter Terrorism Service, supported by Coalition airstrikes. The Counter Terrorism Service was in charge of the operation to retake the city. Popular Mobilization Forces units mainly comprised of Shia militias, some under the control of the Iraqi government, also participated in this operation.<sup>85</sup> Seeking to control sectarian tensions, the prime minister reportedly ordered the Shia-dominated Popular Mobilization Forces to remain on the outskirts of the Sunni-dominated city, although significant accusations of Popular Mobilization Force atrocities against Sunni civilians still emerged.<sup>86</sup> (See sidebar on the Popular Mobilization Forces, next page.)

ISIL controlled Falluja for 2 years, giving it ample time to prepare defenses. DoD reported ISIL fighters had established complex defensive positions with extensive tunnels, berms, obstacles, and IEDs used as mine fields. ISIL fighters offered stiff resistance, fighting with heavy machine guns, indirect fire from mortars and artillery, and VBIEDS. The Coalition conducted airstrikes in support of the operation and provided intelligence, surveillance and reconnaissance.<sup>87</sup>

As the battle wound down, Iraqi forces continued the slow, difficult work of clearing IEDs and booby-traps, fighting off localized ISIL attacks, and engaging pockets of ISIL fighters who continued to attack with suicide vests and VBIEDs.<sup>88</sup> Falluja was declared liberated from ISIL on June 28, although ISIL attacks in the area were continuing. The Coalition plans to institute an Italian-run training program for local police to secure the city when military operations cease, as well as a comprehensive mine clearing program.<sup>89</sup> Some mine clearance programs are substantial, for example in Ramadi, where clearing is ongoing even though it was retaken from ISIL 6 months ago. ISIL had planted booby traps in returning residents' homes, killing nearly 100 civilians there. Among the places booby-trapped were people's closets and refrigerators.<sup>90</sup>

Securing Falluja from ISIL did not immediately halt the deadly bombings taking place in Baghdad. Just 4 days after the city was declared liberated, a suicide bombing killed at least 293 people in a shopping district in a Shia neighborhood of Baghdad in the worst single bombing since U.S. forces toppled the government of Saddam Hussein 13 years ago. Angry residents threw stones and slippers—a show of contempt—at Prime Minister Abadi when he toured the site the following day.<sup>91</sup>

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Just 4 days after Falluja was declared liberated, a suicide bombing killed at least 293 people in a shopping district in a Shia neighborhood of Baghdad in the worst single bombing since U.S. forces toppled Saddam Hussein 13 years ago.

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## Falluja's liberation through the eyes of Sunni Arab Media

The liberation of Falluja was not presented as an entirely good-news story for all Iraqis. An analysis by the Carnegie Endowment for International Peace found that Sunni Arab media focused on the sectarian nature of the battle to oust ISIL from the town, painting the military operation as a Shia onslaught against a largely Sunni population.<sup>92</sup>

Iraqi government forces were supported by Sunni tribal fighters and by Shia Popular Mobilization Forces. Some of the Shia Popular Mobilization Forces operate under the control of the Iraqi government; some do not, and some are backed by Iran. During the operation, the Iraqi troops and Shia Popular Mobilization Forces checked for escaping ISIL fighters among tens of thousands of refugees fleeing Falluja and routinely detained men over the age of 15 to ensure that they did not pose a security risk.<sup>93</sup> However, within days of the start of the operation on May 23, reports appeared alleging that over 600 Sunni men had disappeared after being detained by the Popular Mobilization Forces and that Sunnis had been executed at the hands of Shia militiamen. The reports led Ayatollah Ali al Sistani, the country's top Shia cleric, to call on Shia militias to refrain from acting "extreme."

The Shia-led Iraqi government publicized its efforts to help IDPs exit Falluja and posted images of Sunni members of the government's security forces on social media.<sup>94</sup> Government officials also met with the World Health Organization to provide medicine and other emergency assistance to some 85,000 Sunnis displaced from Falluja who had gathered in camps in the desert.<sup>95</sup> The Iraqi government launched an investigation into the alleged abuses against Sunnis fleeing the city, and in mid-June, Iraq's government announced the arrests of Shia militiamen for these abuses.<sup>96</sup>

Conflict between Sunni and Shia traces its origins back to the seventh century dispute over the rightful successor to the Prophet Muhammad. Over the centuries the two sects have developed different religious practices, and at times their differences have produced distrust spiking into violence. One of these spikes came in 2006 when the Sunni terrorist group al Qaeda in Iraq was accused of bombing the Al Askari Mosque in Samarra, one of holiest Shia sites, unleashing a wave of revenge attacks and sectarian retaliations.<sup>97</sup>

Within days of the start of the operation, reports appeared alleging that over 600 Sunni men had disappeared.

## Mosul in Iraq

A series of military operations in the last quarter continued to isolate ISIL in Mosul, Iraq's second largest city, which has been held by ISIL since June 10, 2014. The current staging area for U.S.-backed forces is Makhmour, a small village south of Mosul. There, U.S.-backed Coalition advisors aid Iraqi commanders at the Ninewa Operations Center, established as a logistics hub in February 2016. For the last 6 months, operations have aimed at cutting main roadways used to supply Mosul from Raqqa and to secure areas surrounding Mosul.

A key target is the town of Qayyarah, about 20 miles west of Makhmour, which, when seized, will provide an airfield and close an ISIL supply route along the Tigris River. The operational progress reported by DoD includes:

- In April, Iraqi Security Forces, supported by the Coalition, seized a number of villages in a new offensive in the Tigris River Valley about 45 miles south of Mosul.<sup>98</sup> Meanwhile, Sunni Arab fighters loyal to Athell al Nawjaifi, former governor of Ninewa province (Mosul is its capital), worked with the Peshmerga to recapture villages northeast of Mosul.<sup>99</sup>
- In late May, Peshmerga forces conducted a swift attack to the east of Mosul, clearing eight villages and extending their forward line of troops approximately 15 kilometers to control the Khazir River. The Coalition supported the attack with advisers and by conducting 22 airstrikes, which destroyed fighting positions, tunnels, machine guns, mortars, rocket rails, and a VBIED.<sup>100</sup>
- In June, Iraqi forces began to clear ISIL from the small towns of Hawija and Sharqat in Kirkuk and Salah Ad Din provinces, with the assistance of Apache helicopters.<sup>101</sup>

The Coalition is coordinating the Iraqi Security Forces, Kurdish Peshmerga, and local fighters from Ninewa province in the lead-up to a military offensive to retake Mosul from ISIL. The Iraqi government and Kurdistan Regional Government met in June to plan military strategy to take and stabilize the city after ISIL's expected defeat. The plans include funding for 15,000 local fighters whose participation in the military offensive could help prevent sectarian and ethnic conflicts from erupting similar to the ones that took place during previous military operations to retake Falluja and Tikrit from ISIL control.<sup>102</sup>

Figure 2.

### Mosul, Iraq



## U.S. Navy SEAL Killed in ISIL Attack

The death of Special Warfare Operator 1st Class (SEAL) Charles Keating IV, 31, of San Diego, on May 3 highlights the unpredictability and grave risks faced by service members conducting advisory missions as well as those providing support. DoD officials said that a U.S. advise and assist team was meeting with a Peshmerga unit in the village of Tal Asquf, about 2 miles behind the forward line of troops. At about 7:30 a.m., ISIL forces breached the Peshmerga forward lines with at least 125 fighters armed with truck bombs. At 7:50 a.m., the U.S. team was involved in the ensuing firefight and called in a quick-reaction force to extract them. Keating was part of that arriving force. At 9:32 a.m., he was struck by direct fire, and although he was evacuated by air, he did not survive. No other Coalition or U.S. forces were injured, although the Peshmerga suffered casualties. Two Black Hawk medevac helicopters were damaged by small arms fire.

The Peshmerga counterattacked, and the Coalition responded with 31 airstrikes carried out by 11 manned aircraft and 2 drones. The aircraft destroyed 20 enemy vehicles, 2 truck bombs, 3 mortar systems, and 1 bulldozer, and killed 58 ISIL terrorists. The Peshmerga regained control of Tal Asquf.

DoD officials stated that while the systems that were in place worked—the quick-reaction force sprang into action and the wounded soldier was evacuated from the battlefield within one hour—the death demonstrates the dangers of advisory missions close to enemy lines.<sup>104</sup>

The DoD said that there are between 20,000 and 25,000 ISIL fighters split between Iraq and Syria, with the majority in Iraq concentrated around Mosul.<sup>104</sup> Coalition forces can expect well-built defensive fortifications when they attack Mosul, similar to what was seen this quarter in Falluja. Closer to Mosul, Kurdish forces liberating Sinjar in November 2015 found that ISIL had smashed holes in walls between adjoining buildings and had dug extensive tunnels to allow hidden movement in the face of Coalition airstrikes.<sup>105</sup>

### Syria's Manbij Pocket

A 100-kilometer area around the town of Manbij in Syria is the last stretch of territory that provides ISIL with ready access to the Turkish border. Turkey has taken measures to tighten its side of the border. On June 1, Coalition-backed Syrian Democratic Forces (SDF) launched a surprise attack aimed at encircling Manbij, and after a series of attacks and counter-attacks by ISIL, SDF troops remained near the city limits. Seizing the Manbij pocket would help stem the flow of foreign fighters into ISIL-controlled areas and reduce ISIL's ability to dispatch attackers abroad using the Turkish border crossing.<sup>106</sup>

The operation to liberate Manbij was led by an SDF component called the Manbij Military Council, which is part of the Syrian Arab Coalition,

Figure 3.

**The Manbij Pocket, Syria**

a component of the SDF that consists of about 3,500 fighters, roughly 80 percent of whom are local Syrian Arabs.<sup>107</sup>

DoD officials said the SDF forces reached Manbij in mid-June after securing, repairing, and reopening the Qarah Quzah Bridge across the Euphrates River, which also allowed Syrian Arab Coalition-led forces to deliver much-needed essential supplies to area residents. The SDF met heavy resistance from ISIL forces, which employed IEDs, car bombs, and other weapons to slow the advancing SDF forces and destroy infrastructure. DoD reported that ISIL fighters were executing civilians trying to flee Manbij and were hiding among the population as the SDF closed in on the town.<sup>108</sup>

DoD has emphasized that the fight against ISIL along the border near Manbij is an SDF operation led by the Syrian Arab Coalition component and that the Kurdish People's Protection Units (YPG)—the SDF's largest group and best fighters—is engaged only in logistical support.<sup>109</sup> Having the largely Syrian Arab Coalition in the lead helps reduce Turkey's sensitivity to the Kurdish YPG



operating along its border. Turkey considers the YPG a terrorist organization due to its links to the Kurdistan Workers' Party (PKK), which leads a Kurdish independence movement and has orchestrated terrorist attacks in Turkey. However, while the United States also considers PKK a terrorist organization, it does not label YPG as one.<sup>110</sup>

Turkey complained in late May after seeing widely-published photographs of two U.S. Special Operations troops wearing shoulder patches bearing YPG logos while advising YPG fighters near Raqqa. At first, a Pentagon spokesperson defended the patches, saying it was “customary” for U.S. Special Forces to wear the insignia of their allies in order to “blend in.” But the next day, a Pentagon spokesperson indicated that wearing the patches was inappropriate and that “corrective action” had been taken.<sup>111</sup>

Meanwhile, SDF forces aided by U.S. advisors and more than 200 U.S. airstrikes massed about 40 miles north of Raqqa awaiting the conclusion of fighting along the Manbij pocket. Special Envoy McGurk said that the Coalition will “look to isolate Raqqa—likely the next phase of operations after Manbij—with a predominately Arab and locally-grown force.”<sup>112</sup>

As the SDF closed in on Manbij, DoD-supported Syrian opposition forces continued to hold a north-south largely static frontline, known as the Mar'a Line, to the west. These forces are largely holding territory against ISIL, but neither side has gained a decisive victory. U.S. officials said they expected ISIL to “fight hard to hold their ground.”<sup>113</sup> While these forces have struggled to advance eastward against ISIL and to clear the Turkish border areas of ISIL fighters, they have acted as a magnet for ISIL attacks, in turn providing targets for Turkish artillery strikes and U.S. airstrikes.<sup>114</sup>

## THE STATUS OF ISIL

From April to June 2016, ISIL lost territory, resources, leaders, and fighters, but retained control over half of the territory that it has seized in Iraq and three-fourths of the territory it has taken control of in Syria. ISIL also inspired or directed deadly attacks in Iraq, Syria, Bangladesh, Saudi Arabia, Turkey, and the United States. Coalition attacks have degraded ISIL's black market oil operations, ability to collect taxes, and access to foreign fighters—particularly with the combat in Syria's Manbij pocket, ISIL's last link to the Turkish border.

Special Envoy McGurk described a shrinking but still highly dangerous ISIL in testimony on June 28, 2016, before the Senate Foreign Relations Committee. Specifically, he said that:

- **Morale is plummeting:** Credible reports say that ISIL has executed its own fighters for desertion, and that ISIL fighters have panicked on the battlefield. Salaries and services have dropped. And as the Coalition removes ISIL leaders, newer ISIL commanders struggle to maintain discipline.
- **Territory has been lost:** ISIL lost control of key areas during the quarter, especially in Iraq's Anbar province. U.S.-led Coalition forces are now targeting Mosul, the last major city under ISIL control in Iraq, and Raqqa, ISIL's self-proclaimed capital in Syria. In addition, Coalition-supported forces are closing the Manbij pocket in Syria that allows ISIL access to Turkey's border.
- **ISIL's ranks have been reduced:** The number of ISIL fighters has diminished, and is now at the lowest point since the summer of 2014. There are an estimated 18,000-22,000 fighters in Iraq and Syria, down from previous high-end estimates of 33,000. This decrease is due mainly to battlefield deaths and a reduced flow of foreign fighters.

McGurk also cited the growing emergence of Sunni Arab tribal fighters in Iraq as a fighting and policing force in the Sunni-dominated areas—a model now being employed in the Manbij pocket in Syria and viewed for use in future operations to free Mosul and Raqqa.<sup>115</sup>

Still, CIA Director John Brennan said ISIL has the “ability to continue to propagate its narrative, as well as to incite and carry out these attacks. I think we still have a ways to go before we’re able to say that we have made some significant progress against them.”<sup>116</sup>

Recognizing losses, ISIL's chief spokesperson, Abu Muhammad al Adnani, said in May that ISIL does not fight for territory and may lose control of the cities of Raqqa and Mosul. He made a public appeal to sympathizers around the world to carry out lone wolf-style attacks during the Islamic holy month of Ramadan. In a stark reversal of previous pleas for foreign fighters, the Ramadan message specifically urges followers not to travel to Syria, and to go to Libya instead.<sup>117</sup> ISIL professes that attacks against “the Crusaders” in their homelands, specifically the United States and Europe, are now regarded as more valuable than sending additional fighters to ISIL-held territory.<sup>118</sup>

In the case of Omar Mateen, who killed 49 patrons at a nightclub in Orlando on June 12, it appears that there was no communication between the shooter and the terrorist organization. Mateen was clearly not thoroughly indoctrinated, as

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evidenced by his praise for ISIL, al Qaeda, Hezbollah, and the Nusra Front—all ideologically in conflict with each other.<sup>119</sup> However, Mateen pledged allegiance to ISIL, and the group claimed credit and praised the shooter as a hero.

Among other major attacks during Ramadan:

- A man claiming allegiance to ISIL stabbed a French police commander to death in front of his house near Paris on June 13 and then killed his partner.<sup>120</sup>
- Three suicide bombers killed at least 41 people and wounded about 150 at Istanbul’s main airport on June 27—an attack blamed by Turkish officials on ISIL although no group claimed responsibility.<sup>121</sup>
- ISIL claimed responsibility for the July 3 attack on an upscale restaurant in the Bangladeshi capital of Dhaka, which left 20 hostages dead.<sup>122</sup>
- A vehicle filled with explosives killed 293 people at a shopping area in a Shia neighborhood of Baghdad on July 3, during the last weekend of Ramadan. The attack was claimed by ISIL.<sup>123</sup>
- Three bombings in Saudi Arabia, including Medina, near the Prophet’s Mosque; Jidda, near the U.S. Consulate; and Qatif on July 4, ISIL is suspected of carrying out the attack.<sup>124</sup>

Regardless of whether radicalized individuals receive direct instruction and support or simply a compelling message from ISIL, the terrorist organization has demonstrated a capacity for exploiting the internet as a recruiting tool and source of power projection. Unlike the grainy video and audio tapes of their jihadist predecessors, such as al Qaeda, ISIL employs a wide range of high quality multimedia to promote its message globally. ISIL’s advanced propaganda network includes the semi-autonomous news agency, Amaq, which maintains a façade of independence while delivering the terrorist group’s messages. Amaq was the first to report the San Bernardino shooters’ support for ISIL in 2015, a day before the terrorist organization officially acknowledged it.<sup>125</sup>

The United States and its allies have responded to ISIL’s sophisticated messaging by launching the Global Engagement Center (GEC) earlier this year. The effectiveness of GEC and similar programs will be assessed by the Quantitative Crisis Response program, which seeks to provide automated, real-time, quantitative analysis of the enemy’s online communications and U.S. countermeasures. Demonstrating the importance of counter messaging, although not directly related to OIR, NATO on June 14 recognized cyberspace as an operational domain of warfare, treating the internet “just like air, sea, and land” for the purposes of planning and conducting operations.<sup>126</sup>

Meanwhile in the United States, the FBI is now emphasizing the role of individual interventions, stressing the importance of community engagement in helping investigators identify potentially radicalized individuals.<sup>127</sup> Reuters recently reviewed approximately 90 cases brought by the U.S. Department of Justice against alleged ISIL affiliates since 2014 and found that 75 percent of those charged belonged to small groups of two or more co-conspirators who conducted planning activities in person. Among those who had no in-person contact, the vast majority of those charged had some kind of communication, often online, with like-minded individuals. Only a handful of defendants acted entirely alone. Terrorism experts are now focused on so-called “wolf dens” —small clusters of individuals whose communications accelerate the transformation of radical views into violent acts.

## GOVERNANCE IN IRAQ

### Diplomatic Engagement Regarding Political and Economic Challenges in Iraq

The Iraqi government continued to face significant political and economic challenges in the months of April through June 2016. According to a Congressional Research Service report of June 27, 2016, “Iraq remains mired in political and fiscal crises, with Iraqi leaders and factions competing for advantage amid popular demands for improved security, service delivery, and an end to corruption.”<sup>128</sup>

As reported previously, in March, Prime Minister Abadi proposed to the Iraqi Council of Representatives a slate of technocratic, non-partisan nominees to replace his current Council of Ministers as part of a broader push to rein in corruption and improve governance. Starting in February, large-scale popular demonstrations organized by Shia cleric Muqtada al Sadr had supported such reform.<sup>129</sup> In a tumultuous April 26 session of the Council of Representatives, a dozen Representatives opposed to the reform disrupted the proceedings and forced the remaining lawmakers to leave the main chamber and vote in a separate hall. Though the cabinet reshuffle was approved in this vote, on June 28, the Iraqi Supreme Court declared the vote unconstitutional because of procedural irregularities.<sup>130</sup> The Council of Representatives recessed for Ramadan from May 29 until early July.

As of June 30, the previous cabinet was back in office following the Supreme Court’s decision invalidating Prime Minister Abadi’s appointment of new ministers in April.” Speaker of Parliament Salim al Jaburhas said that he will raise the issue of the technocratic cabinet again when the Council of Representatives reconvenes. Opposition lawmakers also were seeking Prime

Iraq continued to face severe and pressing economic challenges during the reporting period, due primarily to greatly reduced government revenue resulting from the low price of oil combined with the continuing high costs of fighting ISIL.

Minister Abadi's removal but failed to reach a quorum.<sup>131</sup> Meanwhile, the Iraqi Interior Minister, Mohammed Ghabban, submitted his resignation on July 5, following the devastating ISIL bombing in Baghdad that killed 293 people.<sup>132</sup>

This quarter's political turmoil surrounding the cabinet appointments has deepened fractures among and within the various factions making up the Shia National Alliance.<sup>133</sup> Prime Minister Abadi will need to formulate new alliances among all populations to make progress on his reform agenda. President Obama, Secretary Kerry, and U.S. Ambassador to Iraq Stuart E. Jones have all emphasized U.S. support for Prime Minister Abadi's reform efforts, and U.S. officials have urged a range of Iraqi officials to support the reform initiatives.<sup>134</sup> More broadly, DoS diplomatic efforts continue to promote political reconciliation among all factions throughout Iraq to foster a democratic, inclusive government.<sup>135</sup> DoS's Bureau of Democracy, Human Rights, and Labor continued its program to provide technical assistance and training to the Council of Representatives to strengthen the legislative process, build capacity, and improve understanding and oversight of the budgetary process.<sup>136</sup>

In addition to political issues, Iraq continued to face severe and pressing economic challenges during the reporting period, due primarily to greatly reduced government revenue resulting from the low price of oil combined with the continuing high costs of fighting ISIL. In turn, according to the World Bank, Iraq has seen a deterioration of economic activity, public finances, and balance of payments; and an increase in poverty, vulnerability, and unemployment.<sup>137</sup>

According to DoS officials, however, the Iraqi government is actively addressing its fiscal gap and undertaking reforms recommended by the World Bank and the International Monetary Fund (IMF) as part of their financing programs. During the reporting period, U.S. officials worked with Iraqi officials and representatives of the World Bank and the IMF to identify economic assistance funding to offset budget shortfalls. Additionally, the FY 2016 Omnibus Appropriations Act passed in December 2015 provided \$2.7 billion in Foreign Military Financing loans to help the Iraqi government continue to purchase and sustain U.S. defense articles for use in counter-ISIL operations. DoS officials stated that between reforms and financing from the international community, the Iraqi government is expected to weather its financial challenges in the short-to-medium term. However, DoS officials added that the Iraqi government's long-term financial stability will rely on the successful implementation of reforms, the defeat of ISIL, and an increase in oil prices.<sup>138</sup>



## DoS OIG Oversight Initiatives Regarding Governance

The DoS OIG has two audits underway involving the Middle East Partnership Initiative, a program administered by the Bureau of Near Eastern Affairs. The initiative is the primary U.S. government tool for supporting civil society in the Middle East and North Africa, and has obligated \$461 million in assistance in FY 2011-2014. The program advances civil society, economic growth, democracy, women's rights, and education priorities through grants and cooperative agreements with non-governmental organizations, educational institutions, local governments, and private businesses. The initiative focuses on countering the drivers of violent extremism while fostering economic growth in the region.

DoS OIG expects to complete both of the following projects by the end of the fourth quarter of FY 2016:

- **Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative:**  
This audit will determine whether the goals and objectives of the initiative are being achieved and whether the Bureau of Near Eastern Affairs effectively monitors the initiative's grants and cooperative agreements.
- **Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative:**  
Acting on behalf of the DoS OIG, Kearney & Company, P.C., an independent public accounting firm, is conducting this audit to determine to what extent the Bureau of Near Eastern Affairs ensured that grant and cooperative agreement expenditures were allowable, allocable, reasonable, supported, and made in accordance with the terms and conditions of the award agreements.

## STABILIZATION IN IRAQ

In May 2016, the Coalition's Stabilization Working Group met with the UN and other international organizations to discuss the intricate challenges surrounding the stabilization of Falluja and other areas freed from ISIL's control.<sup>139</sup> The goal is to enable people who fled from conflict areas to return home and build productive lives under a stable government. This is a political, diplomatic, economic, and humanitarian challenge often requiring protracted negotiations and vigorous diplomatic engagement from the United States and the coalition international community. Without well-crafted and well-executed stabilization plans, a liberated area remains vulnerable to ISIL reasserting its influence, or to other extremist groups.<sup>140</sup>

Stabilizing areas after ISIL can be even more important than clearing areas from ISIL. We are encouraged that, thus far in the campaign, no significant territory liberated by Coalition-backed forces has been reclaimed by ISIL.

-Brett McGurk, Special Presidential Envoy for the Global Coalition to Counter ISIL, June 28, 2016

To plan stabilization efforts, the United States and the Coalition support the Iraqi national, provincial and local governments, and tribal leaders to assess needs, develop plans for revitalization, and support negotiations among tribes, political parties, and others to find solutions to issues involving politics and power.<sup>141</sup> Among the critical topics is identifying, training, and assisting the security force that will police a town once it is liberated. These forces may include Iraqi Security Forces, tribal fighters, and members of the Popular Mobilization Forces. Article 40 of the 2016 Iraqi Budget Law requires that a minimum of 30 percent of Popular Mobilization Forces be local fighters from provinces where the Iraqi government is fighting ISIL.<sup>142</sup> To date, the Iraqi government has equipped and incorporated into the Popular Mobilization Forces more than 30,000 Sunni Arab volunteers from across Iraq, a development that the United States considers vital to sustaining military victories against ISIL.<sup>143</sup> These fighters do not include certain Shia militias that operate outside of Iraqi government control and that are often supported by Iran.<sup>144</sup>

In anticipation of humanitarian needs in liberating an area from ISIL, the United States, the UN, and international donors also conduct detailed discussions with all levels of the Iraqi government, seeking to address the anticipated flow of IDPs from the fighting, their needs, and plans to address those needs.<sup>145</sup>

Further, before stabilization efforts can proceed, the Iraqi government and the Coalition must assess and defuse the explosive devices extensively planted by ISIL as it evacuates an area.

### Funding Facility for Immediate Stabilization

In June 2015, the Iraqi government and the United Nations Development Programme (UNDP) established the Funding Facility for Immediate Stabilization (FFIS) to provide funding for stabilization efforts in the first six months after an area is liberated from ISIL.<sup>146</sup> USAID is a key supporter of the project, contributing \$15.3 million out of the fund's \$81.7 million budget as of June 30, 2016.<sup>147</sup> The fund helps to pay for activities such as light infrastructure repair, livelihood support, local government capacity building, and community reconciliation.<sup>148</sup> FFIS only operates in newly liberated areas if they have been determined safe for citizen return.<sup>149</sup>

The Iraqi government decides which areas will receive FFIS assistance and which will receive government funds.<sup>150</sup> As of June 5, 2016, the Iraqi government had authorized the FFIS to work in 17 newly liberated areas in 4 Iraqi provinces, including Anbar, Salah Al Din, Ninewa, and Diyala.<sup>151</sup>

Between April 1 and June 30, 2016, 4 countries pledged or contributed to the FFIS as follows<sup>152</sup>:

- **Italy:** \$2.72 million
- **Finland:** \$1.13 million
- **Germany:** \$3.9 million
- **UAE:** \$10 million<sup>153</sup>

## Stabilization in Falluja

More than 20,000 local Sunni tribal fighters helped retake Falluja from ISIL's control, and more than 14,000 Italian-trained Federal police are now providing security across Anbar province. However, some Shia Popular Mobilization Forces not under the control of the Iraqi government participated in the fighting, and according to reports, some donned police uniforms and entered the city, causing consternation among the Sunni residents.<sup>154</sup> Complicating the efforts to reach consensus on stabilization issues, as reported on June 30, 2016, the Anbar Governorate Council voted to remove Governor al Rawi from office.<sup>155</sup>

During this reporting period, the FFIS steering committee approved funds for Falluja and surrounding locations following liberation of Falluja at the end of June, but the area remained too unstable to implement stabilization activities.<sup>156</sup>

Allegations surfaced in June about human rights abuses against male IDPs. Concerns about ISIL fighters and sympathizers disguising themselves as IDPs led to screening of military-aged men and boys by Iraqi forces and Popular Mobilization Forces. Allegedly, approximately 600 persons remain unaccounted for, and about 50 were killed.<sup>157</sup> Two Shia PMFs not under the control of the Iraqi government are believed to bear responsibility for these abuses. Prime Minister Abadi directed an investigation, which is ongoing. Prime Minister Abadi and other leaders, including Ayatollah al Sistani, have condemned the atrocities. DoS continues to monitor the reconciliation process,<sup>158</sup> and will advise as requested.<sup>159</sup>

This quarter, the DoS Bureaus of Near Eastern Affairs and Democracy, Human Rights, and Labor worked with the Coalition and Embassy Baghdad to foster reconciliation and justice among Iraqi citizens of Anbar province. On-going projects sought to strengthen human rights, accountability, and access to justice; mitigate conflict; and empower vulnerable populations. Some of these initiatives addressed the rights of internally displaced people, detainees, and victims of forced disappearances.<sup>160</sup> Last quarter, the DoS OIG inspection reviewed grants under these projects and found that many grants lacked performance indicators that could enable proper evaluation of a project by DoS and Embassy Baghdad.<sup>161</sup>

## Stabilization in Ramadi

Stabilization in Ramadi continued to be hampered by IEDs and booby traps left in homes and buildings by retreating ISIL fighters. Demining efforts proceeded slowly under the oversight of JANUS, a U.S. company funded by DoS. As of June 30, while thousands of residents had returned, extensive demining was still needed.<sup>162</sup>

## Stabilization in Mosul

As Iraqi Security Forces continued to advance toward Mosul, the United States and the Coalition met in June 2016 with Iraq's national security advisor and the president of the Kurdistan Regional Government to develop a coordinated political and military plan for stabilization of the northern Iraqi city, which has been under ISIL's control for two years. U.S. officials described "an emerging consensus on stabilization" of the area.<sup>163</sup> While USAID reported that the FFIS steering committee had not yet approved activities for the Mosul area, the governor of Ninewa province did provide the UNDP with a list of items costing approximately \$12 million for water and electricity infrastructures supplies near the end of the quarter.<sup>164</sup> The UN estimates that the anticipated military offensive to capture Mosul from ISIL will result in 300,000 to 1 million displaced people.<sup>165</sup>

## SYRIAN CIVIL WAR

Syria is a complicated battlefield involving the Syrian regime of President Bashar al Assad; regime supporters Russia, Lebanon's Hezbollah, and Iran; dozens of Syrian opposition groups rebelling against the regime; the U.S.-led Coalition; the Syrian Democratic Forces; ISIL; and al Qaeda-affiliate Nusra Front. (See infographic on Fighting Forces in Iraq and Syria on page 6.)

Two separate military campaigns confront ISIL and the Nusra Front in Syria (See sidebar, page 51): 1) The U.S.-led Coalition forces conduct air strikes against both terrorist organizations and also support ground action against ISIL in Syria; and 2) the Syrian regime is fighting Syrian opposition groups, ISIL, and the Nusra Front as part of a civil war that began in 2011. The United States has been clear that the U.S.-led Coalition and its supported military forces are not engaged in the Syrian civil war to oust Assad's regime.<sup>166</sup>

However, the United States is engaged in trying to find a solution for the Syrian civil war and the resulting humanitarian crisis. DoS is conducting activities to create the conditions for long-term stability free of extremist influence by working to build the capacities of the moderate Syrian opposition and empower civilian institutions to provide essential services to their communities.<sup>167</sup>

ISIL suffered territorial setbacks as a result of both military campaigns during the quarter, and repeatedly responded with counter-attacks with mixed success.<sup>168</sup>

The Institute for the Study of War, a non-partisan research organization in Washington, D.C., that tracks military involvement in Iraq and Syria, gave situation reports on the civil war. Its reports tracked widespread fighting across Syria, but also three particularly intense areas of combat:

- **Aleppo:** The Syrian regime looked to encircle opposition areas, and al Assad reiterated on May 5 his commitment to gaining a final victory in Aleppo province.<sup>169</sup> Russia, Iran, and the Lebanese Hezbollah support al Assad, and Russian intervention in particular has helped shore up the Syrian regime. The Syrian opposition, comprised of dozens of armed groups, ISIL, and the Nusra Front, oppose the Syrian regime. ISIL and the Nusra Front also oppose each other. In June, nearly 50 Russian and Syrian airstrikes hit rebel-held areas around Aleppo. Dozens of barrel bombs—oil drums filled with explosives—were reportedly dropped by helicopter on populated areas.<sup>170</sup> By July 1, pro-regime and opposition forces were battling over an area north of Aleppo city that was crucial to the pro-regime goal of encircling the city.<sup>171</sup>
- **Idlib Province:** Russian and Syrian jets conducted heavy bombing raids on residential areas in the rebel-held provincial capital, southwest of Aleppo, in June.<sup>172</sup>
- **Homs and Raqqa provinces:** ISIL seized the Sha-er Gas Field—a primary source of natural gas for western Syria—from pro-regime forces in Homs province on May 5 and, after weathering Russian airstrikes, blew up several pumping stations there on May 16. In June, Al Qaeda and pro-regime forces fought for control of the Sfeiyah and Thawra oil fields in the western part of Raqqa province. Pro-regime forces began an offensive to capture the oil fields on June 2 and seized control on June 10, only to have ISIL counter-attack and regain possession on June 19.<sup>173</sup>

The Syrian regime and Russian forces continued to attack opposition groups who should have been protected by the Cessation of Hostilities agreement meant to pause the fighting between the government and the opposition, but which did not apply to ISIL or the Nusra Front. However, Nusra Front fighters have intermingled with more moderate opposition groups around Aleppo, and all of them were subjected to pro-regime bombing. U.S. officials said the Nusra Front was intentionally mixing with other groups to try to protect its fighters.<sup>174</sup>

The U.S. and Russian militaries communicate with each other regarding Syria to maintain flight safety and avoid misunderstandings in the airspace and on the ground. During the quarter, Russia focused the majority of its support to al Assad regime offensives in the Aleppo, Latakia, and Damascus areas.<sup>175</sup> However, Russian aircraft on June 16 dropped cluster bombs on the U.S.-backed Kateb Allah Akhbar aimed at fighting ISIL in the area of al Tanf near the Syrian border with Iraq and Jordan.<sup>176</sup>

For an overview of combatants in Syria and Iraq, see the infographic on page 6.



## The Nusra Front, Syria's al Qaeda Affiliate

The Nusra Front has developed into a potent fighting force in Syria's civil war, and has established a presence in Aleppo, Idlib, and other western and southern Syrian towns. By June 2016, the Sunni Islamist group was operating schools and military training camps, particularly in Idlib province, from which it launches military attacks against pro-Syrian government forces.<sup>177</sup>

On June 28, 2016, Special Envoy McGurk testified before the Senate Committee on Foreign Relations that the Nusra Front's presence in Syria had grown in 2016, even as ISIL continued to lose territory, and that the group had become the largest al Qaeda affiliate "in history." "This is a serious concern, and where we see the Nusra Front planning external attacks, we will not hesitate to act," McGurk said.<sup>178</sup>

Founded by Abu Mohammad al Golani, a 35-year-old former member of Al Qaeda in Iraq who fought against the U.S. military in Iraq, the Nusra Front fought alongside other Syrian opposition groups early in the civil war, gaining their trust and admiration, despite the Nusra Front's Islamist leanings. The co-mingling on the battlefield has made it difficult for the U.S. and Coalition partners to contain and defeat it.<sup>179</sup>

When the U.S. government declared the Nusra Front a terrorist organization in December 2012, more than two dozen opposition groups signed a petition in support of the militant group, declaring, "We are all the Nusra Front."<sup>180</sup> The episode illustrated not only the broad acceptance of the Nusra Front among groups fighting pro-government forces in Syria, but also the group's tactics. Unlike ISIL, the Nusra Front has not declared an Islamic caliphate in Syria and has not forced its austere form of Islam on the local population, distinctions which have made it more palatable to the Syrian public.<sup>181</sup>

In 2013, tensions developed between Golani and Al Qaeda in Iraq leader Abu Bakr al Baghdadi when Baghdadi unilaterally proclaimed that Al Qaeda in Iraq and the Nusra Front had merged under the name ISIL. Golani rejected the merger and pledged allegiance al Qaeda leader Ayman al Zawahiri. A number of Nusra Front members defected to ISIS, and the two groups clashed. By early 2014, more than 3,000 fighters had been killed in battles between the two organizations.<sup>182</sup>

In 2013 and 2014, the Nusra Front was involved in a number of high-profile kidnappings in Syria. In December 2013, the organization took a group of Greek Orthodox nuns hostage and released them after officials from Qatar and Lebanon negotiated a prisoner exchange with the Syrian government. In August 2014, the Nusra Front released an American journalist whom it had been holding hostage since 2012. The Nusra Front also kidnapped 45 Fijian UN peacekeepers, alleging that they were aiding al Assad's forces, but released them two weeks later.<sup>183</sup>

In July 2015, the Nusra Front kidnapped seven members of the U.S.-trained opposition group, Division 30, calling them U.S. agents. The U.S. responded with drone strikes that killed a number of Nusra Front members.<sup>184</sup> It continues to clash with both ISIL and pro-government forces, and its leadership reportedly has had violent disputes with allies such as Ahrar al Sham, another Islamist group.<sup>185</sup>

## Prospects for a Peaceful Resolution in Syria

Despite diplomatic efforts, the United States and the international community achieved little progress towards peace in Syria during the reporting period. Repeated violations of the Cessation of Hostilities agreement have put that agreement at serious risk and hampered the delivery of much-needed humanitarian assistance to the Syrian people. The UN-facilitated peace talks in Geneva, Switzerland, resumed for two weeks in April but are now postponed indefinitely. In addition, the fragility of the Cessation of Hostilities agreement has undermined confidence in those peace talks.<sup>186</sup>

## Cessation of Hostilities Agreement at Risk

As reported previously, the International Syria Support Group (ISSG), co-chaired by the United States and Russia, brokered a February 2016 Cessation of Hostilities agreement between the al Assad regime and Syrian opposition forces.<sup>187</sup> The parties committed to cease completely all attacks against all parties to the agreement; to allow humanitarian access to areas under their control; and to participate in the UN-facilitated peace talks aimed at a political resolution to the crisis.<sup>188</sup> The agreement did not prohibit military operations against ISIL, al Qaeda, or the Nusra Front. Despite al Assad's support to the Cessation of Hostilities agreement, his regime has violated the agreement by repeated airstrikes on opposition-held areas, obstruction of humanitarian access to besieged population centers, and refusal to advance a political resolution to the conflict.<sup>189</sup> In April alone, the al Assad regime and Russia conducted nearly 50 airstrikes around Aleppo. The al Assad regime attacks included an airstrike on a hospital in Aleppo that killed 27 civilians.<sup>190</sup> The Syrian opposition forces have also attacked the regime forces in response to regime aggression. According to the DoD, there were over 3,000 violations reported as of June 30 during the 125 days of the agreement.<sup>191</sup>

In addition to escalating the fighting in Syria in violation of the Cessation of Hostilities agreement, the al Assad regime impeded the delivery of humanitarian assistance to besieged population centers.<sup>192</sup> According to the UN Special Envoy to Syria, Staffan de Mistura, as of the end of June 2016, a concerted effort by the International Syria Support Group (ISSG) Humanitarian Access Task Forces had enabled humanitarian aid to reach all 18 besieged towns in Syria.<sup>193</sup> However, the sporadic convoys to these areas fell far short of the sustained access required.<sup>194</sup>

In response to the violence in Syria, DoS worked with the UN and their diplomatic counterparts in the ISSG in an attempt to keep the agreement in place. In late April, Secretary Kerry communicated with Special Envoy de Mistura and the General Coordinator of the Syrian Opposition High Negotiations Committee, Dr. Riyad Hijab, stating that the U.S. was pursuing



The aircraft carrier USS Harry S. Truman (CVN 75) transits the Suez Canal. Harry S. Truman and its Carrier Strike Group are deployed in support of Operation Inherent Resolve, maritime security operations and theater security cooperation efforts in the U.S. 5th Fleet area of operations. (U.S. Navy photo)

initiatives to de-escalate the increased fighting and reaffirming the U.S. commitment to the success of the Cessation of Hostilities agreement.<sup>195</sup> In May, Secretary Kerry raised concerns about the actions of the al Assad regime with Russian Foreign Minister Sergei Lavrov, Secretary Kerry's co-chair on the ISSG, and urged him to press the regime to cease attacks on opposition forces and civilians in Aleppo and the Damascus suburbs.<sup>196</sup> Similarly, a May DoS press release called on Russia to push the al Assad regime to “end its offensive tactics that kill civilians [and] immediately allow relief supplies.”<sup>197</sup>

Despite the diplomatic efforts of the UN, the United States, and the ISSG, al Assad vowed to continue fighting. In a June 7 televised statement clearly at odds with the Cessation of Hostilities agreement, al Assad pledged to take back “every inch” of the country by military force.<sup>198</sup> On June 16, Secretary Kerry stated that “[i]t is very clear that the Cessation of Hostilities is frayed and at risk and that it is critical that a genuine cessation be put in place.”<sup>199</sup> According to DoS, to move beyond the current state of conflict, the Russian government must commit to complying with all aspects of UN resolutions setting forth a roadmap to ending the fighting in Syria.<sup>200</sup>

## Geneva Peace Talks Postponed

The UN-sponsored peace talks in Geneva, Switzerland, between representatives of the al Assad regime and the Syrian opposition resumed briefly in April but stopped once the opposition postponed its participation in response to the al Assad regime's military offensives. The opposition's chief negotiator, Mohammed Alloush, resigned his position at the end of May, stating that the talks had failed to reach a political settlement or help Syrians.<sup>201</sup> In the same speech in which he vowed to take back every inch of Syria by force, al Assad stated that the peace talks were a "booby-trapped" effort by opponents seeking to depose him.<sup>202</sup> There are currently no firm plans for the resumption of the talks,<sup>203</sup> but Special Envoy de Mistura is working toward another meeting among the parties in August.<sup>204</sup>

## Governance in Syria

DoS assistance is helping the Syrian opposition, including local and provincial councils, community security providers, and civil society groups, provide services to their communities and enhance stability in opposition-controlled and contested areas of Syria. In various locations, DoS supports the provision of essential services—including education, training, and utilities—to buttress the legitimacy of local moderate institutions and governments.<sup>205</sup>

The United States is providing more than \$500 million in non-lethal military assistance to the Syrian opposition.<sup>206</sup> The U.S. Code defines non-lethal supplies as equipment that is "not a weapon, ammunition, or other equipment or material that is designed to inflict bodily harm or death."<sup>207</sup> Non-lethal assistance includes radios, armor, or vehicles such as trucks.<sup>208</sup> The U.S. government vets Syrian recipients of assistance to avoid helping or funding violent extremists. DoD and U.S. intelligence agencies conduct the vetting through background investigations on individuals put forward as potential recipients of U.S. assistance.<sup>209</sup> The DoS OIG is currently conducting an audit to determine whether DoS has complied with the process for vetting non-lethal aid recipients in Syria and whether the assistance provided has been used as intended. Results are currently expected by December 31, 2016.

As territory is liberated from ISIL, the DoS expects to rely on the same platforms, mechanisms, and types of programs that it has employed elsewhere in Iraq and Syria to stabilize any newly-liberated areas. The DoS anticipates that these stabilization efforts will face challenges similar to those in Iraq and will call for similar measures to those employed there.<sup>210</sup>

## DoS OIG Inspections and Audits of High-Threat Overseas Missions

The DoS maintains approximately 280 missions worldwide, including embassies, consulates, and other diplomatic facilities.<sup>211</sup> The DoS OIG conducts inspections, audits, and evaluations of these missions and their programs. An OIG inspection of an overseas mission is an in-depth review of most aspects of the mission's operations, including the effective formulation, coordination, and implementation of U.S. policies and programs; the efficient management of resources; the establishment and operation of management controls; and compliance with security requirements.<sup>212</sup>

The safety of all overseas posts and personnel is a paramount concern for the DoS and the DoS OIG, including security against acts of terrorism, as embassies and their personnel have in the past suffered such attacks.<sup>213</sup> ISIL presents a specifically grave concern because, as noted by CIA Director John Brennan in his June 16, 2016 testimony, ISIL retains its global reach and terrorism capability, and may intensify its attacks outside of its territory in Iraq and Syria.<sup>214</sup> Assessment of post security is a key component of all OIG inspections, including review of physical security, personnel protection, emergency preparedness, and information security. Many DoS OIG audits also focus on security issues.

### INSPECTION OF EMBASSY CAIRO, EGYPT

The DoS OIG inspected Embassy Cairo and the Consulate General in Alexandria and, in a report issued on April 21, 2016, made 20 recommendations to improve operations and procedures, ranging from better coordination of its crisis planning to strengthening management controls and oversight of information technology operations.<sup>215</sup> The inspection, which occurred from October 13 to November 18, 2015, reviewed the embassy's security programs and operations, Emergency Action Committee, and crisis planning. Among the report's findings regarding Embassy Cairo, identified as a post facing a critical-level threat of terrorism and ISIL, are:

- Many consular staff members were unfamiliar with the roles they might fill in a crisis. Consular managers, faced with many competing demands for their time, had not yet provided sufficient section-wide crisis-specific training to consular staff to make them crisis-ready. As a result, many consular personnel were unprepared to respond quickly and confidently to crises.

As a result of insufficient crisis-specific training, many U.S. Embassy Cairo consular personnel were unprepared to respond quickly and confidently to crises.

*(continued on next page)*



## Dos OIG Inspections and Audits of High-Threat Overseas Missions

*(continued from previous page)*

- Information Systems Security Officers were not performing regular reviews and analysis of information systems audit logs, user libraries, emails, workstations, servers, and hard drives for indications of inappropriate or unusual activity, as required. The officers were not performing these duties because of competing priorities. Neglect of these duties may leave the embassy vulnerable to cyber security attacks.

Security and safety issues were addressed in greater detail in a classified annex.

In addition to addressing the Embassy's own security, the inspection reviewed Embassy Cairo's support of broader counterterrorism efforts in Egypt and the region. As part of the review of policy and program implementation, the inspection found that since March 2015, after strains in the security relationship abated and the U.S. renewed security assistance to Egypt, the embassy has re-engaged with the Egyptian government on countering ISIL and other terrorist threats.

### AUDIT OF LOCAL GUARD FORCE CONTRACTORS AT CRITICAL- AND HIGH-THREAT POSTS

On May 20, 2016, the DoS OIG issued an audit report assessing local guard force contractors at critical- and high-threat posts (AUD-SI-16-33). Security against terrorism is vital at such posts, many of which are involved in counter-ISIL efforts in the Middle East, and a sample of which were reviewed in this audit.

The Bureau of Diplomatic Security is responsible for the safety and security of DoS facilities in the United States and abroad. The bureau assigns a Regional Security Officer for each overseas post, who is responsible for the safety and security of that facility. The Regional Security Officer manages the Local Guard Program, using contracted local guards to support the security mission. During this audit conducted from April to October 2015, DoS OIG reviewed the oversight and performance of local guards employed by commercial firms working under contract at eight critical- and high-threat overseas posts in four countries. The names of the countries were redacted in the report.

The audit found certain deficiencies common to two or more missions involving access control, equipment, unofficial reassignment of post orders, screening of deliveries and mail, and reporting and investigating procedures. The DoS OIG issued 12 recommendations for corrective actions to avoid negative impact on the performance of security procedures, which have been or are in the process of being resolved. The DoS OIG found that oversight under the Regional Security Officer was generally conducted in accordance with requirements.

## DOS OIG OVERSIGHT INITIATIVES IN IRAQ ARE ONGOING

A significant part of the expenses incurred by DoS in Iraq involves staffing and maintaining a secure, productive Mission at Embassy Baghdad and U.S. consulates in Basra and Irbil. These operating expenditures include such things as staffing, travel, security, information technology, and compound maintenance, as well as diplomatic engagement activities and programs and counter-ISIL efforts.

The DoS OIG has ongoing audits related to these types of expenditures, which it expects to complete by the end of the fourth quarter FY 2016. While some of this work is not directly or uniquely focused on Iraq or the counter-ISIL efforts, these audits concern the staffing and maintaining of missions such as that in Iraq:

- **Audit of DoS Management of the Operations and Maintenance Contract for U.S. Mission Iraq:** This audit will ascertain whether DoS is administering the contract for operations and maintenance for the U.S. mission in Iraq in accordance with acquisition regulations and whether the contractor is complying with contract terms and conditions.
- **Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program:** The Bureau of Diplomatic Security is responsible for administering a world-wide armored vehicle program. This audit will determine whether armored vehicles are being obtained by the Bureau of Diplomatic Security in accordance with DoS guidelines and utilized appropriately by overseas posts, such as the mission in Iraq.
- **Audit of DoS's Compliance with Critical Environment Contracting Policies:** In support of a congressional mandate to assess the operational and political risks associated with contractor performance in support of OCOs, DoS established the Critical Environment Contracting Analytics Staff to develop and implement Department-wide risk assessments and mitigation plans. This audit will determine whether DoS has performed these steps.
- **Audit of the Administration of Foreign Assistance by the Bureau of Political Military Affairs:** This audit will assess the extent to which 1) the Bureau of Political Military Affairs grantees' expenses were incurred in accordance with the terms of their award agreements, and 2) the unliquidated obligations associated with the Bureau's grants and cooperative agreements remain valid.

The audit will determine whether armored vehicles are being obtained by the Bureau of Diplomatic Security in accordance with DoS guidelines and utilized appropriately by overseas posts, such as the mission in Iraq.









A Syrian man sits amid the rubble of destroyed buildings following reported airstrikes by Syrian government forces in the rebel-held area of Douma, east of the capital of Damascus. (AFP/ABD photo)

# HUMANITARIAN ASSISTANCE

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The conflict between ISIL and the Iraqi government backed by the U.S.-led Coalition continued to be the primary driver of humanitarian needs in Iraq.<sup>216</sup> In particular, the Iraqi-led campaign to liberate key areas in Anbar province from ISIL this quarter caused significant displacement of residents and exacerbated humanitarian needs during the reporting period.<sup>217</sup> Financial complications within the Iraqi government also hindered humanitarian assistance efforts throughout the country.<sup>218</sup> By late June, the UN reported approximately 10 million people were in need of assistance in Iraq.<sup>219</sup>

In Syria, conflict between multiple groups continued to drive humanitarian needs throughout the quarter, notwithstanding the February 2016 nationwide Cessation of Hostilities agreement.<sup>220</sup> Military operations of the Syrian government and opposition forces, as well as UN-designated terrorist groups such as ISIL, killed and displaced thousands while damaging critical civilian infrastructure.<sup>221</sup> Furthermore, restrictions on the movement of goods and people, as well as rising commodity costs, worsened humanitarian conditions throughout many parts of the country.<sup>222</sup>

The UN reported that while “real but modest progress” was made in Syria during the quarter in accessing many hard-to-reach and besieged locations, providing assistance in such locations remained extremely difficult.<sup>223</sup> OFDA and FFP, as well as the UN reported that conflict and actions by armed groups, such as the Syrian government and ISIL, continued to limit access and that the number of people in the hard-to-reach and besieged areas was increasing.<sup>224</sup> By June 30, the UN reported approximately 13.5 million people were in need of assistance in Syria.<sup>225</sup>

The U.S. government implements humanitarian assistance activities in Syria and Iraq through three operating units:

- **USAID’s Office of U.S. Foreign Disaster Assistance (OFDA)** works with implementing partners to provide support to internally displaced persons (IDPs) and other conflict-affected people in Iraq and Syria within those two countries.
- **USAID’s Office of Food for Peace (FFP)** provides food assistance to IDPs, refugees, and others in need who have been affected by the crises in Syria and Iraq.<sup>226</sup>
- **DoS’s Bureau of Population, Refugees, and Migration (PRM)** works with partners to primarily assist refugees, as well as IDPs and other conflict victims associated with the crises in these countries.<sup>227</sup> Next quarter, the DoS OIG plans to issue an inspection report assessing the effectiveness of PRM, including its humanitarian support activities in Iraq, Syria, and neighboring countries.



## Humanitarian Funding for Syrian and Iraqi Crises

U.S. government financial commitments since the start of the Syrian crisis totaled approximately \$5.13 billion at the end of the reporting period on June 30, 2016.<sup>228</sup>

U.S. government financial commitments for the Iraqi crisis totaled approximately \$778 million since FY 2014.<sup>229</sup>

Table 5.

### Status of Cumulative FY2015 and FY2016 U.S. Government Humanitarian Assistance Funds for the Syria Complex Crisis, as of 6/30/2016

(\$ Millions)

Office	Syria Obligated	Syria Disbursed	Iraq Obligated	Iraq Disbursed
PRM	\$1,116.0	\$1,422.8	\$332.9	\$284.5
FFP	\$814.9	\$848.0	\$88.5	\$27.6
OFDA	\$329.9	\$185.8	\$82.0	\$45.6
<b>Total</b>	<b>\$2,260.8</b>	<b>\$2,456.6</b>	<b>\$503.4</b>	<b>\$357.7</b>

**Note:** USAID and DOS reported disbursements may exceed obligations because disbursements may have been made against obligations from a prior fiscal year. In past OIR reports, DOS reported disbursements only from funds obligated from FY2015 forward. This accounts for the difference seen in figures reported here and in past reports. Data on disbursements can provide valuable information about how much money has been spent on activities as well as the amounts of funding that remain available for expenditure. Provided a letter of credit from the U.S. government, however, humanitarian assistance implementing partners may accrue expenses before drawing down on agency funds. For this reason, expenditures on humanitarian assistance activities sometimes exceed disbursements.

**Sources:** USAID, response to Lead IG request for information, 7/8/2016; DoS, response to Lead IG request for information, 7/13/2016.

USAID and PRM receive appropriations for humanitarian assistance activities that are not designated for use in responding to a particular humanitarian crisis, which enables them to exercise flexibility in responding to ongoing and emerging crises. OFDA and FFP primarily use International Disaster Assistance funds, as well as Title II funds to a lesser extent, to support humanitarian assistance activities associated with the Syria and Iraq complex crises, while PRM applies Migration and Refugee Assistance funds to this purpose.<sup>230</sup>

Financial constraints continued to affect humanitarian activities associated with both crises during the reporting period. Despite the international community's pledge of \$6 billion for Syria at the London pledging conference in early February 2016, UN appeals for Syria remain significantly underfunded as of June 30, 2016.<sup>231</sup> USAID noted that, with the exception of

*(continued on next page)*

## UN Appeals for Humanitarian Funding in Syria Remain Underfunded *(continued from previous page)*

Table 6.

### United Nations Appeals and Funding Received for the Syria and Iraq Crises, as of 6/30/2015

United Nations Response Plan	Requested	Received
2016 Syria Regional Refugee and Resilience Plan	\$4.5 billion	\$1.41 million (31% of request)
2016 Syria Humanitarian Response Plan	\$3.19 billion	\$694 million (22% of request)
2016 Iraq Humanitarian Response Plan	\$861 million	\$309.9 million (36% of request)

**Sources:** OCHA, “Romena: Regional Humanitarian Funding Update,” 6/30/16; OCHA, “Regional Funding Update-Syria Crisis,” 6/30/16.

more than \$600 million provided to the World Food Program (WFP) by Germany last quarter, the increased funding had yet to have an impact, as non-U.S. government pledges had yet to be distributed for programming by the end of the reporting period.<sup>232</sup> As Table 6 shows, the UN’s appeals for support for internally displaced persons (IDPs) and refugees in the region had received only partial support.

OFDA, FFP, and PRM rely on several types of personnel to execute their work, including U.S. government direct hires, contractors, and personnel on long-term temporary duty assignments.<sup>233</sup> OFDA added 15 positions from the previous quarter, 14 in Washington, D.C. and 1 in Budapest, Hungary.<sup>234</sup> For a breakout of the 77 personnel assigned to the Iraqi and Syrian crises, by operating unit and location, see Table 7.

Table 7.

### OFDA, FFP, and PRM Personnel Assigned to Iraq-Syria Crisis Response Efforts, by Location, as of 6/30/2015

Operating Unit	Washington, D.C.	Iraq	Turkey	Jordan	Lebanon	Total
OFDA	31	5	4	4	—	45*
FFM	5	—	1	2	—	8
PRM	10	4	4	4	2	24
<b>Total</b>	<b>46</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>2</b>	<b>77</b>

\*One OFDA employee based in Budapest, Hungary.

**Sources:** USAID, OFDA/FFP response to USAID OIG Request for information, 7/8/16, 7/13/16; and DoS PRM response to DoS OIG request for information, 7/13/16.

## IRAQI CRISIS

Intensified Iraqi government and allied military operations against ISIL and ISIL counteroffensives were the primary drivers of civilian displacement and needs during the quarter.<sup>235</sup> In particular, military campaigns in Falluja and Mosul displaced thousands of civilians.<sup>236</sup> By June 30, 2016, the UN reported that 56 percent of the more than 2,200 people killed during the quarter were civilians, and more than 100,000 civilians had been displaced.<sup>237</sup> According to the UN, many of the displaced fled with few, if any, provisions and were desperately in need of assistance.<sup>238</sup> OFDA and FFP also reported that humanitarian responders were able to access greater numbers of beneficiaries (individuals receiving assistance) due to people fleeing conflicts for safer areas where the provision of assistance is possible.<sup>239</sup> The UN, along with OFDA and FFP, reported supporting various assistance efforts, including but not limited to the provision of shelter, water, food, and healthcare to IDPs and conflict-affected people throughout Iraq.<sup>240</sup> The UN further reported that security conditions, IDP screening procedures, the remote locations of many IDPs, overcrowded camps, and the financial crisis within the Iraqi government complicated relief efforts in the country.<sup>241</sup>

As of late June 2016, the UN reported that approximately 10 million people were in need in Iraq.<sup>242</sup> Among the 10 million, needs and conditions varied and included the following:

- 4.7 million children were in need of assistance<sup>243</sup>
- 2.4 million people were in need of food assistance<sup>244</sup>
- 3.2 million people were internally displaced<sup>245</sup>
- 3 million people were living in hard-to-reach areas (June 1)<sup>246</sup>

According to the UN's 2016 *Humanitarian Response Plan* for Iraq, urgent needs in the country included but were not limited to protection, food assistance, healthcare, water and sanitation hygiene (WASH), shelter, and emergency relief items.<sup>247</sup> During the quarter, the UN, as well as OFDA, FFP, and PRM, reported that protection assistance for IDPs and other conflict-affected people was an especially serious concern.<sup>248</sup> The UN plan identified more than 8 million people in need of such assistance.<sup>249</sup> USAID humanitarian protection assistance seeks to aid vulnerable people who “must cope with threats such as sexual violence, violence in the home, separation of families, exploitative labor, and exclusion from life-saving humanitarian assistance” during conflicts or natural disasters.<sup>250</sup> The UN reported on June 30 that 3.6 million children in Iraq—one in five in the country—were at serious risk of death, injury, sexual violence, abduction, and recruitment by armed groups.<sup>251</sup>

In June 2016, during the campaign to retake the city of Falluja, media sources reported that ISIL shot civilians fleeing the city, while the UN reported allegations of security forces allied with the Iraqi government detaining and abusing civilians as they fled the area.<sup>252</sup> Past UN reporting documented widespread and systematic human rights violations by ISIL and other armed actors in Iraq.<sup>253</sup>

During the quarter, the number of IDPs in Iraq fluctuated as the conflict continued to displace people while at the same time permissive security conditions in some areas also allowed for the return of IDPs to their places of origin.<sup>254</sup> In April 2016, the International Organization for Migration (IOM) reported that the number of IDPs rose to more than 3.4 million, but by the end of the quarter this had decreased to approximately 3.2 million IDPs, according to the UN.<sup>255</sup> Simultaneously, there was an increase in the overall number of returnees during the reporting period. By late June, the number of returnees increased to 754,158, representing an increase of 36 percent from the previous quarter.<sup>256</sup> By late June, 77 percent of all displaced people originated from Anbar and Ninewa provinces.<sup>257</sup> By the end of May, approximately 46 percent of all IDPs were in the provinces of Baghdad, Anbar, and Dahuk.<sup>258</sup>

### **Iraqi Government Military Campaigns**

In Anbar and Ninewa provinces, Iraqi government-led military campaigns to recapture ISIL territory caused significant death, displacement, and destruction while limiting humanitarian access to those in need.<sup>259</sup> Since the beginning of 2016, approximately 190,000 people have been newly displaced from the Falluja and Mosul areas.<sup>260</sup>

Conflict in the areas around Falluja, north of Khalidiyah, and in the town of Hit hindered relief efforts and by the end of May displaced at least 60,000 people, of which approximately half were estimated to be children under the age of 18.<sup>261</sup> This included 35,000 people displaced by the Iraqi government led offensive to capture the town of Hit in early-April 2016.<sup>262</sup> The UN reported that those displaced by the conflict fled to nearby locations in the province, including transit sites Kilo 18 and al Wafa, located in remote open desert areas to the southwest of Hit, and towns with large IDP camps, such as Ameriyat al Falluja and Habbaniyah Tourist City.<sup>263</sup>

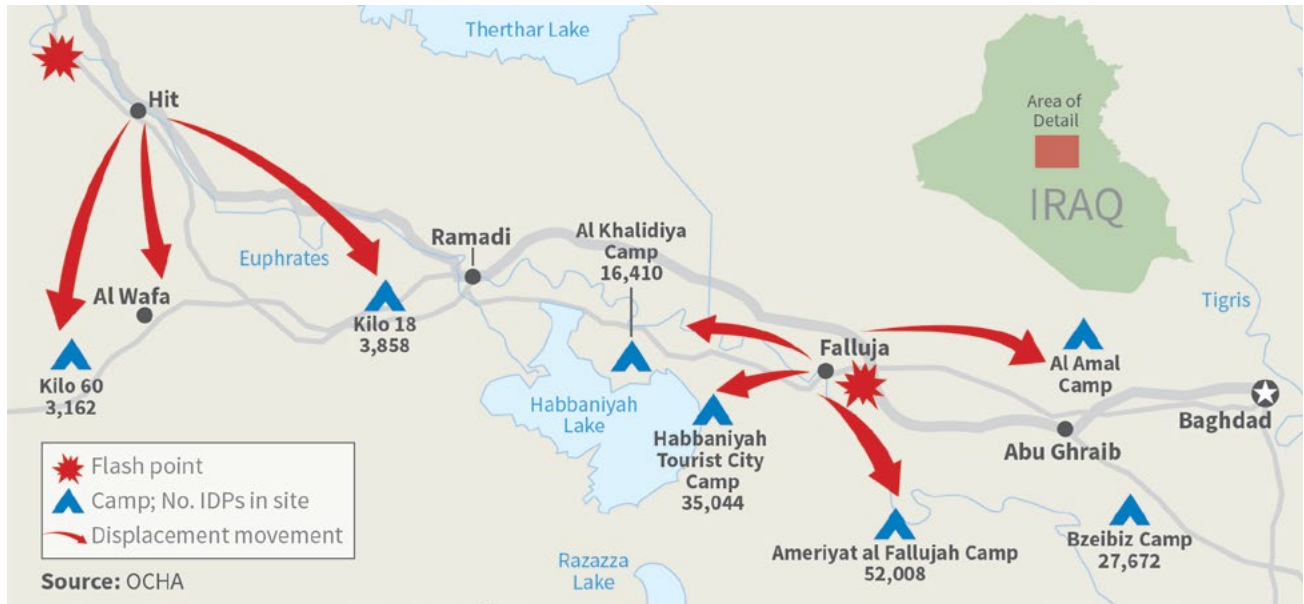
Humanitarian responders, including OFDA and FFP partners, provided emergency response assistance to those displaced by the fighting in Anbar Province, including shelter, food, WASH, healthcare, protection, and non-food item assistance.<sup>264</sup> OFDA and FFP, as well as the UN, reported that the fluidity of IDP movements and the remoteness of IDP locations complicated efforts to provide assistance.<sup>265</sup> OFDA and FFP noted other factors that delayed or encumbered assistance efforts, including the scarcity of organizations

In April, USAID partners provided emergency ready-to-eat rations to 84,000 individuals fleeing conflict-affected parts of the country, with more than 70 percent of these in Anbar province alone.

-OFDA/FFP

Figure 4.

### Displacement in the Hit-Falluja Corridor, Anbar Province



In the first three weeks of May, an additional 26,500 people fleeing fighting around Anbar were reached with emergency food rations.

-OFDA/FFP

working in the area, long distances between warehouses and camps, and delays at security checkpoints.<sup>266</sup> Furthermore, partners were reportedly forced to relocate operations to these areas, placing great strain on the already minimal staff in the area.<sup>267</sup>

As conflict continued in Anbar province, humanitarian conditions reportedly deteriorated inside Falluja. Supply routes to the city—vital for the delivery of food, medicine, and other supplies—were cut off, effectively placing the city under siege, according to the UN.<sup>268</sup> The World Food Program (WFP) reported that food prices were extremely high in the city as local food stocks were being rapidly depleted.<sup>269</sup> The UN also reported shortages of other essential goods and services such as electricity, medicine, and potable water.<sup>270</sup> By May 10, the UN reported that an estimated 50,000 people remained in the city, unable to escape.<sup>271</sup> Any aid convoys that attempted to reach Falluja would be forced to cross active conflict zones and be exposed to active bombing, according to the UN.<sup>272</sup> OFDA and FFP reported that attempts to get aid to civilians were thwarted by ISIL, and Iraqi Security Forces maintained strict control of any movements of commercial trucks in or out of the area.<sup>273</sup>

The Iraqi government-led campaign to retake Falluja from ISIL began on May 22, 2016.<sup>274</sup> The UN reported that residents initially fled from the outer areas of the city, but as the campaign pushed forward into the city center, greater numbers were displaced.<sup>275</sup> By June 18, when the Iraqi government



During the fight for Falluja, the IOM worked with the UN and other international organizations to distribute critical supplies to hundreds of families who fled the fighting. IOM also stockpiled additional supplies in anticipation of thousands of families who were still expected to flee the city. (IOM Photo)



reclaimed the majority of Falluja from ISIL, approximately 85,000 people had fled from the city and its surrounding area.<sup>276</sup> Many of those who fled did so at great risk. The UN reported that people drowned while crossing the Euphrates River, were targeted by ISIL snipers, or were hit by improvised explosive devices (IED).<sup>277</sup> Additionally, the UN reported that displaced persons continued to face threats after escaping the city.<sup>278</sup> Armed groups fighting in support of the Iraqi government were reportedly intercepting people as they fled the conflict, separating men and boys from women for security screening procedures.<sup>279</sup> Aimed at identifying potential ISIL fighters and others deemed to be a security threat, these screening procedures in some cases devolved into physical abuse and other forms of violence. There have also been claims of detainees being executed.<sup>280</sup> By July 1, approximately 20,000 had been detained and at least 9,000 were still in custody, according to media reports.<sup>281</sup> OFDA and PRM reported that as a result of these screening processes, providing humanitarian protection assistance became a higher priority for partners during the reporting period.<sup>282</sup>

A majority of those displaced from Falluja moved south to Ameriyat al Falluja where government and international humanitarian groups provided

The UN and the U.S. government have provided a total of \$47.5 million to address critical needs for shelter, water, sanitation, and health services in Falluja. However, if the operations exceed 6 months, they could face a projected shortfall of \$20-25 million.<sup>283</sup>

<b>UN Central Emergency Response Fund</b>	\$15
<b>UN Humanitarian Pooled Fund</b>	\$12.5
<b>U.S. Government</b>	\$20
<b>TOTAL (in millions)</b>	<b>\$47.5</b>

assistance. Others fled northeast of Falluja and were residing in public buildings and IDP camps.<sup>284</sup> The UN reported that those who fled for safety did so with few, if any, of their possessions and had an array of needs, including shelter, water, food, and health care.<sup>285</sup> In anticipation of the offensive, the Iraqi government and partners set up tents and prepared WASH facilities at IDP camps throughout the town of Ameriyat al Falluja and were working to establish other camps in nearby towns, such as Khalidiyah and Habbaniyah Tourist City.<sup>286</sup> OFDA and FFP reported that partners, including UNICEF and WFP, provided WASH, shelter, emergency relief commodities, dignity kits, and protection services.<sup>287</sup>

Despite these efforts, the UN reported that the number of displaced was well above planning figures and the scope of the crisis has outpaced the capacity of humanitarian agencies in the area.<sup>288</sup> Prior to the offensive, more than 75,000 IDPs from other locations within Anbar were residing in camps in Khalidiyah, Habbaniyah Tourist City, and Ameriyat al Falluja.<sup>289</sup> By mid-June, the UN reported that contingency relief supply stocks were nearly depleted, every agency was in need of additional funding, and few frontline partners were present in Anbar to provide assistance.<sup>290</sup> OFDA and FFP noted a lack of stocks and supplies to meet the rapidly increasing needs but that as USAID finalizes approvals on FY 2016 grants, stocks of emergency supplies would be bolstered.<sup>291</sup> The UN noted there were concerns that as temperatures increased and the lack of available clean drinking water persisted, the risk of communicable disease outbreaks would rise.<sup>292</sup>

In addition to conflict in Anbar province, the Iraqi government military offensive in the Mosul corridor also displaced thousands during the reporting period.<sup>293</sup>

Since ISIL captured the city Mosul two years ago, approximately 500,000 people remain displaced from the city according to the UN, and an unknown number of civilians remained trapped inside the city.<sup>294</sup> Following the Iraqi government and allied forces' renewed campaign in late March 2016 to recapture territory in the Mosul corridor from ISIL, the UN reported that conflict in the border area southeast of Mosul between Ninewa and Irbil provinces had displaced approximately 14,000 people as of mid-June.<sup>295</sup> Concentrated across the Tigris River from the city of al Qayyara in Ninewa province, the conflict has primarily pushed IDPs further east into Irbil province's Makhmour district.<sup>296</sup> The displaced have reportedly sought shelter in nearby IDP camps, such as Debaga camp, which is located to the east of Makhmour city, and has borne the brunt of this most recent displacement.<sup>297</sup>

The UN reported in April 2016 that the Debaga camp had exceeded its 5,000 person capacity and that an additional camp established in Makhmour's local stadium had also surpassed the number of IDPs that it could accommodate.<sup>298</sup> In the Debaga camp's reception center, the availability of latrines, drinking water, and space were serious concerns, as the UN reported

Figure 5.

**Displacement on Ninewa-Irbil Province Borders**

the area was seven times over capacity to support IDPs.<sup>299</sup> OFDA and FFP reported providing multi-sectoral support, with an emphasis on shelter, WASH, and non-food items, to those displaced by the conflict residing in camp and non-camp settings.<sup>300</sup> OFDA and FFP also noted that while security and access remained significant challenges, ISIL's long-term control of the area limited partner capacity in the area and thereby also hindered response efforts.<sup>301</sup> As of June 19, an estimated 30,000 people remained in the area between the eastern bank of the Tigris River and the military frontline in Irbil province.<sup>302</sup>

Military conflict north of Mosul also displaced residents in Ninewa province during the reporting period. Security forces relocated many of those displaced from the frontlines in Ninewa province to Garmawa IDP camp in Dahuk province.<sup>303</sup> The UN reported that Garmawa camp exceeded its 1,000 family capacity and that humanitarian groups were struggling to cope with the recent influx.<sup>304</sup> In particular, the short notice given to the camps by security forces and serious protection concerns for IDPs, combined with an already overcrowded camp, have placed great demands on local humanitarian workers.<sup>305</sup> The UN also reported that IDPs from the Mosul area have sought refuge outside of the country. Since April, approximately 6,700 Iraqis from the city and surrounding area traveled to Syria's northern governorate of Hasakah. The majority of these IDPs have sought refuge in al Hol camp.<sup>306</sup>

In addition to military offensives, financial troubles within the Iraqi government have also impacted the delivery of humanitarian assistance throughout the country.<sup>307</sup> During the quarter, political divisions, reform

According to the UN, the number of new arrivals since March 2016 at Debaga Camp's reception center and the new local stadium camp surpassed 10,000 by late June 2016.

-UNHCR

efforts, and protests throughout the country beset the already cash-strapped Iraqi government.<sup>308</sup> While the price of oil increased during the reporting period, by May 10, oil revenue were still down by 40 percent from 2014 levels, which was driving a fiscal crisis within the Iraqi government that impacted humanitarian relief efforts throughout the country.<sup>309</sup> For example, funding shortfalls affected operations in the Iraqi Kurdistan Region (IKR) according to OFDA and FFP.<sup>310</sup> Funding cuts affected public health facilities and increased demands on the health operations of OFDA partners in the region. In addition, labor strikes by Kurdish health workers due to pay cuts exacerbated humanitarian conditions.<sup>311</sup> Experiencing gaps in service, local communities sought healthcare at IDP clinics run by humanitarian agencies. OFDA noted that while critical needs continued to be met, the increase in beneficiary caseloads strained clinic staff and resources.<sup>312</sup>

### OFDA, FFP, and PRM Programming

During the reporting period, OFDA reported that it sustained 14 humanitarian assistance awards through 12 implementing partners in Iraq.<sup>313</sup> Through these awards OFDA reportedly supported assistance efforts throughout all 18 provinces of Iraq, with the highest concentration in the northern provinces of Dahuk, Ninewa, and Kirkuk.<sup>314</sup> Combined, these provinces house 33 percent of Iraq's IDP population and have been a focal point of OFDA operations.<sup>315</sup> Of these 14 awards, three were initiated during the quarter and focused on humanitarian coordination, providing reproductive and gender-based violence support to women and girls, and supporting Rapid Response Mechanisms through UNICEF.<sup>316</sup> Other assistance efforts during the quarter focused on sectors such as healthcare, protection, logistics and relief commodities, WASH, and shelter.<sup>317</sup> In addition to starting new awards, OFDA also concluded 11 awards during the reporting period.<sup>318</sup> These awards supported a variety of efforts including WASH, health, non-food items, and psychosocial support to IDPs.<sup>319</sup>

WFP conducted FFP-supported food assistance efforts in Iraq.<sup>320</sup> Overall, WFP aimed to assist 1.5 million IDPs and conflict-affected people per month through the three modalities.<sup>321</sup> Immediate response rations are designed to meet the most urgent food needs of families for 3 days, while household food parcels are provided to cover 80 percent of the caloric needs of a family of five for 30 days.<sup>322</sup> WFP cash-based assistance (which can include food vouchers) ranged from \$10–\$80 depending on household size (FFP supports WFP vouchers but no WFP cash assistance in Iraq).<sup>323</sup> On April 13, FFP announced an additional funding contribution of \$41 million to WFP.<sup>324</sup> The funding will reportedly enable WFP to provide household food parcels for more than 1 million people for two and a half months, food vouchers for 370,000 for one month, and immediate response rations for as many as 140,000 people for three months.<sup>325</sup> In May, WFP reached more than 1 million in Iraq, including

700,000 IDPs with household food parcels, and 66,000 people fleeing conflict zones with immediate response rations.<sup>326</sup> In May, more than 80 percent of immediate response rations were delivered in Anbar province alone.<sup>327</sup>

As of June 30, PRM reported that it was providing humanitarian assistance to Iraqi refugees in the region and to Iraqi IDPs through 19 awards to implementing partners. These awards addressed a variety of needs, such as education, shelter, protection, and mental health care, while combatting gender-based violence and promoting livelihood development. PRM funding to non-governmental organizations and international organizations such as the United Nations High Commissioner on Refugees (UNHCR), IOM, and UNICEF, among others, enabled these organizations to carry out humanitarian activities for vulnerable Iraqis in Iraq and in neighboring countries. UNHCR provided continuing assistance to refugees in Jordan, Lebanon, Syria, and Turkey, and PRM continued its assistance to NGOs in Jordan, Lebanon, and Syria to assist the Iraqi refugees in those countries. UNHCR estimates that there are a total of 230,000 Iraqi refugees in the region. PRM's flexible funding to UNHCR for the Iraq response enables the organization to provide humanitarian assistance where it sees the most urgent needs.<sup>328</sup> In April 2016 PRM announced a total of \$105.1 million in additional funding for the continuing operations of one non-governmental organization and three international organization partners.<sup>329</sup>

PRM partners reported providing protection services, including legal assistance, raising awareness on gender-based violence and early marriage for children, the dangers of mine contamination, and conflict resolution to more than 24,000 IDPs and refugees in central and southern Iraq. This partner also mapped service providers in nine provinces to streamline medical and protection referral pathways for vulnerable IDPs, refugees, and host-community members, and it provided psychosocial counselling and support to nearly 3,400 individuals during the quarter.<sup>330</sup>

Another PRM implementing partner reported providing summer school classes in northern Iraq for IDP children who had not passed their end-of-year examinations.<sup>331</sup> These classes would provide catch-up opportunities for the students, who will be given the opportunity to retest in September so that they have another chance to stay in their age-appropriate classes in the coming school year. This program, in combination with summer recreation activities for other school-aged children, involves at least 1,500 IDP students.<sup>332</sup>

Another PRM partner, working with funding from PRM and other donors, reported providing child protection services to nearly 24,000 IDP children and nearly 5,000 refugee children, of whom nearly 3,000 children received referrals for specialized services, such as trauma mitigation, lack of access to education, gender-based violence, child labor, and early marriage.<sup>333</sup>



# IRAQ: IMPACT OF CONFLICT ON CIVILIAN POPULATION BY PROVINCE

## NINEWA

More than 8,000 IDPs fled Mosul and the surrounding area during the quarter. The displaced have fled north to Garmawa IDP camp and west into Syria, where many sought refuge at al Hol camp.

## IRBIL

Fighting in Makhmour district, south-east of Mosul, displaced approximately 14,000 people since late March. As of June 18, over 13,000 individuals were residing in the nearby Debaga IDP camp facilities west of Makhmour city in Irbil province.

## DIYALA

Diyala province has experienced a high rate of returnees, mainly due to improved security conditions in the province. During the quarter, more than 16,000 people returned to the province, bringing the total number of returnees in the province to nearly 140,000 by June 22, 2016.

## BAGHDAD

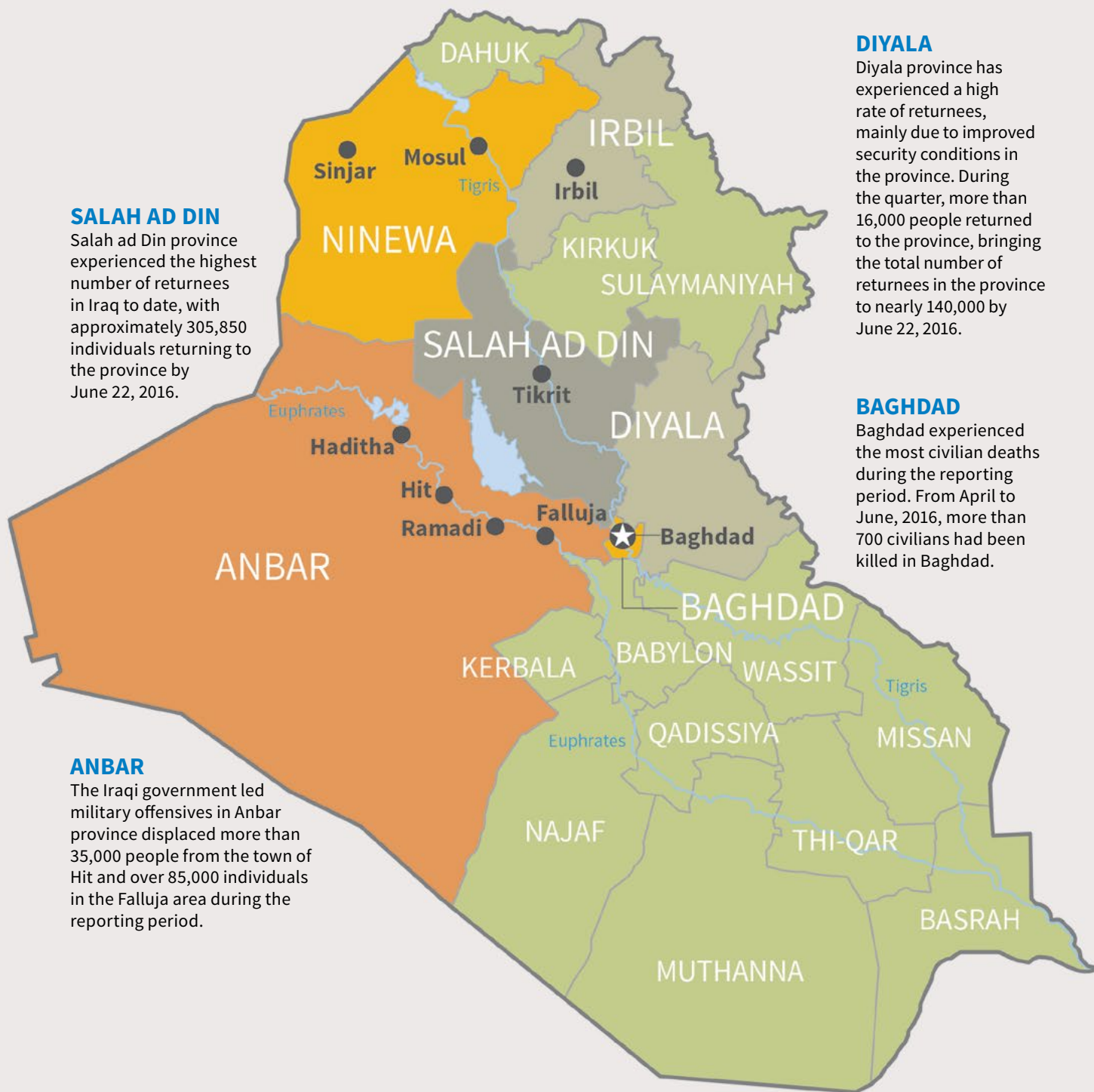
Baghdad experienced the most civilian deaths during the reporting period. From April to June, 2016, more than 700 civilians had been killed in Baghdad.

## SALAH AD DIN

Salah ad Din province experienced the highest number of returnees in Iraq to date, with approximately 305,850 individuals returning to the province by June 22, 2016.

## ANBAR

The Iraqi government led military offensives in Anbar province displaced more than 35,000 people from the town of Hit and over 85,000 individuals in the Falluja area during the reporting period.



## SYRIAN CRISIS

Despite the February agreement on a nationwide Cessation of Hostilities, and the subsequent reduction in violence during March, the UN reported conflict between multiple actors in Syria increased during this reporting period, displacing and killing civilians throughout the country.<sup>334</sup> Offensives by several groups, including the Syrian government, ISIL, and opposition groups, were particularly damaging, as they exacerbated humanitarian needs in several governorates, such as Aleppo and Damascus.<sup>335</sup> OFDA and FFP reported that as the Cessation of Hostilities agreement began to fail, Syrian government and allied forces airstrikes and barrel bombings increased in multiple areas of Syria, resulting in decreased access to certain communities and a reduction in humanitarian assistance.<sup>336</sup>

The non-profit Syrian Network for Human Rights documented 3,184 civilian deaths this quarter, a decrease of about 200 from the previous quarter.<sup>337</sup> However, the resumption of conflict in many parts of the country led to a return to pre-CoH numbers of civilian deaths during the quarter.<sup>338</sup> From March, when the Cessation of Hostilities agreement largely held, to the end of April, the number of civilian deaths nearly doubled, rising from 623 in March to 1,041 in April.<sup>339</sup> The number of civilians killed rose from nearly 900 in May to more than 1,200 in June.<sup>340</sup> According to the Syrian Network for Human Rights, the Syrian government and Russia were responsible for approximately 2,226 (70 percent) civilian deaths during the quarter while ISIL accounted for 363 (11 percent).<sup>341</sup>

The UN reported that as of June 30, approximately 13.5 million people were in need in Syria.<sup>342</sup> Among the 13.5 million, needs and conditions varied and included the following:

- 6 million children were in need of assistance.<sup>343</sup>
- 4.1 million women and girls of reproductive age were in need of assistance (May 31).<sup>344</sup>
- 8.7 million people were in need of food assistance (May 31).<sup>345</sup>
- 6.5 million people were internally displaced—120,000 displaced since mid-April 2016.<sup>346</sup>
- 5.47 million people were living in hard-to-reach areas.<sup>347</sup>

### Aleppo

While conflict occurred throughout the country, including the governorates of Idlib, Damascus, Homs, Hama, and Latakia, fighting and its impact on civilians was particularly severe in Aleppo Governorate.<sup>348</sup>

In Aleppo Governorate, fighting between the Syrian government, ISIL, and opposition forces resulted in significant civilian death and displacement,

**Violence, most notably aerial bombardments, remains the principal driver of the humanitarian crisis, and the main constraint to humanitarian operations.**

-OFDA/FFP

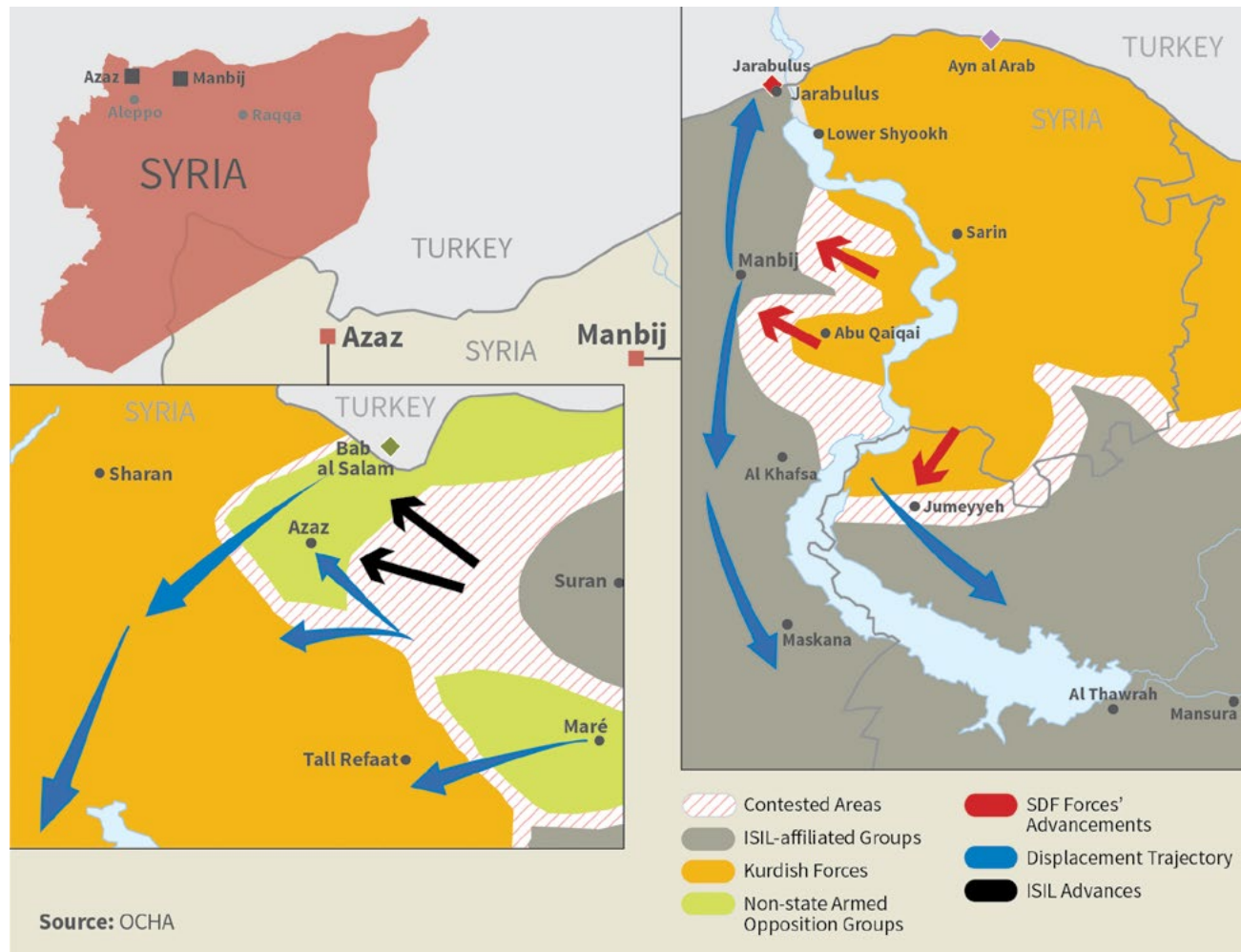
particularly in Aleppo city and areas near the Syrian border, according to the UN.<sup>349</sup> In Aleppo City, approximately 180 people were killed and hundreds more were injured in April by Syrian government airstrikes and shelling from opposition forces.<sup>350</sup> Civilian infrastructure, such as hospitals, schools, and other critical structures, were also heavily damaged during the escalated fighting.<sup>351</sup> According to the UN, attacks on medical facilities disrupted assistance for some 10,600 people in the eastern part of Aleppo city during the reporting period.<sup>352</sup> At least nine health facilities—including ones supported by OFDA—were hit by airstrikes or other explosives.<sup>353</sup> OFDA and FFP reported that the resumption of violence in the area, particularly airstrikes, affected partner operations.<sup>354</sup> In the city and other areas within the governorate, OFDA and FFP reported that partner personnel were prevented or had limited access to program sites. Some partners temporarily suspended activity in various areas due to airstrikes.<sup>355</sup> One partner completely ceased activity in the city following an attack that resulted in the total loss of a hospital.<sup>356</sup>

Fighting in the northern countryside displaced thousands of people in late April.<sup>357</sup> Fighting between ISIL, opposition groups, and Syrian government forces displaced approximately 40,000 people from the area. A majority of those were from six IDP camps that were evacuated by NGOs due to their proximity to frontlines.<sup>358</sup> Many of the IDPs reportedly fled to areas close to other IDP camps near the Bab al Salam border crossing, settling in the open under trees, with host families in the area, or in the towns of Azaz or Afrin.<sup>359</sup>

On May 4, the United States and Russia brokered a renewal of the Cessation of Hostilities agreement in an effort to reduce hostilities in Aleppo Governorate.<sup>360</sup> The agreement, which was a reaffirmation of the original Cessation of Hostilities agreement pursued in February, reportedly led to a partial decline in violence in Aleppo Governorate in May.<sup>361</sup> The UN reported that essential services—such as water and medical services—began to be restored as a result of the renewed agreement.<sup>362</sup> However, airstrikes by the Syrian government and its allies resumed by June, and continued hostilities between opposition forces and Kurdish Defense Forces led to the temporary closure of the al Castello road, a key humanitarian route and the last remaining way in and out of eastern Aleppo city.<sup>363</sup>

While the UN reports the new Cessation of Hostilities agreement has resulted in a decline in violence, ISIL—which is not a party to the original Cessation of Hostilities agreement—continued to attack in Aleppo Governorate.<sup>364</sup> Beginning on the morning of May 27, ISIL conducted multiple offensives against opposition forces near the towns of Azaz and Mare’a, which are located just south of the Bab al Salam border crossing.<sup>365</sup> The UN reported that 4,600 civilians fled north ahead of the offensive to areas around the Bab al Salam IDP camp and Azaz while an estimated 13,500 people were encircled by fighting in Mare’a city.<sup>366</sup> Further, in the village of Kiljibrin located within the Azaz-Mare’a corridor,

Figure 6.

**Displacement in Northern Aleppo Governorate**

approximately 6,000 civilians remained through ISIL's offensive.<sup>367</sup> According to the UN, ISIL conducted executions and arrested those suspected of supporting opposition forces in the town.<sup>368</sup>

By June 8, the fighting around Azaz had displaced an estimated 19,300 people.<sup>369</sup> The UN reported that a number of international and local NGOs operating in the area suspended programming and relocated staff across the border in Turkey to wait until the fighting subsided. According to the UN, the new influx of IDPs significantly increased humanitarian demands in the region, as some 163,000 IDPs already reside in the Azaz corridor.<sup>370</sup> Despite the difficult conditions, OFDA and FFP reported that implementing partners and

other humanitarian organizations provided multi-sector assistance for people displaced to the Azaz area.<sup>371</sup> In Azaz, relief agencies, including OFDA and FFP partners, distributed supplies including 7,000 blankets, 3,900 household food parcels, and 11,500 kits containing hygiene, household, and shelter items. In Azaz district, a USAID partner also delivered 9,000 food parcels, each of which is sufficient to meet the basic needs of a household for 15 days.<sup>372</sup>

The fighting associated with Syrian Democratic Forces and coalition efforts to drive ISIL from the eastern parts of Aleppo Governorate, including Manbij, displaced nearly 47,000 people during the quarter.<sup>373</sup> According to the UN, shortages of fuel, flour, electricity, and water occurred throughout the area, including Manbij, and an estimated 65,000 remained trapped by the fighting as of June 20.<sup>374</sup> Unconfirmed reports received by the UN also estimate that many of the displaced (30,000 people) remained in the Manbij sub-district, while others fled to ISIL-held areas such as Jarablus and further into Manbij district.<sup>375</sup> While the majority of IDPs remained in ISIL territory, OFDA and FFP reported that partners conducted rapid needs assessments when the situation permitted and distributed hygiene kits for those who crossed into opposition areas. OFDA and FFP also noted that many of the urgent needs were addressed by a local council that distributed essential relief items in the area.<sup>376</sup> The UN reported that, given previous incidents, those fleeing into ISIL territory may be obstructed from freely moving within their territory and that the offensive has the potential to eventually displace an additional 216,000 people.<sup>377</sup>

## Fuel Crisis

In late April, opposition groups blocked access routes in the area in northern Aleppo Governorate and closed the road passing through the Bab al Hawa border-crossing, a key transit point for UN cross-border assistance efforts into Syria.<sup>378</sup> In addition, the UN reported that Kurdish Defense Forces closed the road between the towns of Azaz and Afrin, a key transit route for diesel, a resource that many in northern Syria, especially those in Idlib Governorate, depend on.<sup>379</sup>

With the closure of these routes, the price of fuel and other goods increased dramatically in Aleppo and Idlib Governorates. From May 7–22, the cost of diesel rose from \$137 a barrel to approximately \$458 and \$412 in Aleppo and Idlib Governorates, respectively.<sup>380</sup> The rise in fuel prices increased the costs and reduced the availability of electricity and food in these areas. In eastern Aleppo Governorate, operators of several community generators, the primary source of electricity for the area, were forced to raise monthly subscription prices by more than a third while reducing daily supply from eight to six hours.<sup>381</sup> In Idlib Governorate, high fuel prices caused to the price of flour to double and forced some bakeries to close according to the UN.<sup>382</sup>



According to OFDA and FFP, rising fuel and food prices contributed to worsening humanitarian conditions in Syria.<sup>383</sup> To mitigate the impact on those in need, OFDA and FFP supported a series of efforts during the reporting period. OFDA reported supporting voucher programs to help beneficiaries to purchase fuel throughout Syria, except for in ISIL controlled areas. The value of the vouchers varied based on local market assessments.<sup>384</sup> FFP also reported ongoing efforts to provide emergency food assistance throughout Syria. For example, in Deir ez Zour city, which has had the highest food prices in Syria, FFP supported WFP airdrops to the city. The large volume of food introduced into the city by airdrops helped stabilize local food prices during June, according to FFP.<sup>385</sup>

## Access and Delivery of Assistance

The UN reported that while “real but modest progress” was made during the quarter in accessing many hard-to-reach and besieged locations, providing assistance in such locations remained extremely difficult.<sup>386</sup> OFDA and FFP, as well as the UN reported that conflict and actions by armed groups, such as the Syrian government and ISIL, continued to limit access and that the number of people in hard-to-reach and besieged areas was increasing.<sup>387</sup> By June 20, 2016, the UN reported 5.47 million people were residing in hard-to-reach areas, including some 590,000 people in besieged locations.<sup>388</sup> This represents an increase of 800,000, which includes 110,000 people in besieged areas, from the previous reporting period.<sup>389</sup> Some of the largest besieged communities remained in Rif Damascus Governorate, where approximately 377,700 people were besieged by Syrian government forces, and in Deir ez Zour city, where 110,000 people were besieged by ISIL.<sup>390</sup> The increase in the number of people now residing in hard-to-reach and besieged areas is partly due to the reclassification of conflict areas by the UN including the addition of areas within the northern Aleppo Governorate and the al Wa’er neighborhood in Homs city.<sup>391</sup>

In an attempt to assist those in hard-to-reach and besieged areas in Syria, the UN and other international partners delivered multi-sectoral assistance.<sup>392</sup>

OFDA and FFP are key contributors to various UN agencies, including WHO, WFP, and UNICEF, that are involved in implementing both ground and air assistance efforts throughout Syria.<sup>393</sup>

The UN reported that as of June 22, 2016, it had reached nearly 845,000 people in hard-to-reach and besieged areas. That represented an increase of nearly 400,000 beneficiaries—200,000 in hard-to-reach areas and more than 180,000 in besieged areas—during this reporting period.<sup>411</sup> This is an increase from roughly 446,000 people, including over 246,000 in hard-to-reach areas and 150,000 in besieged areas, in early April.<sup>412</sup> Assistance included 976 metric tons of food supplies delivered in 60 airdrops to the besieged areas in the western

**In June 2016, for the first time in more than two years, UN inter-agency convoys were able to reach the towns of Daraya and Douma in Rif Damascus governorate. Assistance such as nutritional and vaccine support for children, health items, and food rations were delivered multiple times, including a food assistance convoy that reached 45,000 people in the Daraya area. The UN reported that dozens of barrel bombs were dropped on Daraya shortly after assistance was delivered.**

-OCHA

## **OIG Activities Related to Humanitarian Assistance Efforts in Syria**

USAID OIG investigations related to U.S efforts in the Syria response have identified fraud schemes involving collusion between vendors and implementers' procurement and logistic staff, product substitution of food and non-food items, inflated billing, and false claims.<sup>394</sup> As of June 2016, USAID OIG had identified more than \$1.3 million in quantified losses in flour and other food items, as well as non-food items such as cash, medical supplies, and humanitarian kits. While some of the losses were the result of conflict-related issues such as bombings, many were reportedly the result of theft and diversion.<sup>395</sup>

From February 2015 to June 2016, USAID OIG received a total of 116 complaints, including allegations of procurement fraud, false claims, theft, and bribery related to the Syria complex crisis.<sup>396</sup> As a result of these complaints, USAID OIG opened 25 investigations relating to nine implementers. Many of the cases related to fraud and have prompted USAID to suspend vendors and individuals or take other remedial actions against those who have committed procurement fraud.<sup>397</sup> By June 29, 2016, USAID OIG investigations had resulted in savings of over \$11.5 million.<sup>398</sup>

Since the beginning of the OCO, USAID OIG investigations have raised serious concerns relating to assistance efforts in Syria and neighboring countries. In Turkey, USAID OIG investigations revealed a network of implementing partner staff involved in bribery or kickback schemes with vendors providing food and non-food items for Syria cross-border assistance programs.<sup>399</sup> Staff accepted vendor bribes in exchange for data and information or to rig the bidding process in that vendor's favor.<sup>400</sup> Also in Turkey, as well as Jordan and Syria, USAID OIG investigations identified vendors providing sub-par goods or lesser quantities of goods than detailed in the award.<sup>401</sup> For example, a vendor in Turkey provided food ration kits with salt substituted for lentils, resulting in the loss of more than \$100,000 for the implementer.<sup>402</sup> Also, USAID OIG found that non-food item kits at a warehouse in Syria were missing items or included deficient products.<sup>403</sup> Implementers or their sub-partners also billed USAID for goods and services delivered to ineligible or nonexistent beneficiaries in Syria.<sup>404</sup> Furthermore, in Jordan, a sub-implementer fabricated documentation alleging the distribution of non-food items to communities in Syria when the goods were actually delivered by another organization.<sup>405</sup> The investigation resulted in the termination of the sub-award and a savings of more than \$10 million.<sup>406</sup>

As a result of ongoing USAID OIG investigations, USAID suspended certain implementing partner programs, vendors, and individuals.<sup>407</sup> To fill gaps left by suspended activities, USAID reported that it was attempting to transition assistance away from suspended partner programs with the aim of continuing to meet the needs of affected communities.<sup>408</sup> For example, in response to the partial programmatic suspension of an FFP partner

*(continued on next page)*

## OIG Activities Related to Humanitarian Assistance Efforts in Syria *(continued from previous page)*

providing flour and food parcels in Syria, USAID reported that it redirected resources to WFP and another NGO to sustain the distribution of such goods to those in need.<sup>409</sup> USAID noted that while gaps in assistance efforts remain, it continues to work with the UN and other NGO partners to identify ways to assist the remaining populations affected by the suspensions.<sup>410</sup>

Based on USAID OIG's referral of fraud allegations impacting State Department programs, DoS OIG's criminal investigative component opened an investigation into these allegations and joined in USAID OIG's investigation.

side of Deir ez Zour city.<sup>413</sup> According to the UN, beneficiaries, many of whom were reached multiple times, received healthcare assistance, non-food items, WASH support, and education and protection supplies, in addition to food aid.<sup>414</sup> Food assistance included items such as wheat flour, chickpeas, lentils, salt and sugar, as well as specialized foods such as high energy biscuits.<sup>415</sup> By the end of the reporting period, the UN had reportedly reached all 18 besieged locations at least once, including towns such as Zamalka and Arbin, which had not been reached since November 2012.<sup>416</sup>

Despite this progress, the restriction of the movement of people and goods throughout Syria by authorities, armed groups, active conflicts, and intermittent border closures continued to hinder humanitarian assistance efforts.<sup>417</sup> For example, during the reporting period, conflict on the al Castello Road in Aleppo city made use of the Bab al Salama border crossing extremely dangerous, forcing partners to use the more distant Bab al Hawa crossing to provide assistance in Aleppo.<sup>418</sup> Also, despite some cooperation with the UN and partner organizations, the Syrian government refused to approve access to several hard-to-reach and besieged areas.<sup>419</sup> OFDA and FFP reported that the Syrian government's failure to grant approvals has significantly hindered its ability to reach those residing in hard-to-reach and besieged areas in Syria.<sup>420</sup>

On April 20, the UN submitted to the Syrian government its inter-agency convoy plan to reach nearly 1 million beneficiaries in 35 hard-to-reach, besieged, and priority locations across conflict lines for the month of May.<sup>421</sup> Of those, 14 locations were approved in full and eight were conditionally approved (limited in the scope and scale of assistance). The 13 that were not approved were host to nearly 42 percent of beneficiaries under the plan.<sup>422</sup> In June, OFDA and FFP reported that while the Syrian government continued to limit access to certain areas, it did grant access to a greater percentage of hard-to-reach, besieged, and priority cross-line locations.<sup>423</sup> From June 4, onwards, the Syrian government approved access to 29 of 34 requested locations. The five locations that were not approved represented 25 percent of the total number of people previously selected for assistance under the plan in June.<sup>424</sup> OFDA and FFP

**“It is important to recognize that despite the gains made in 2016 to reach besieged and hard-to-reach areas, UN convoys do not represent the sustained access that is needed. Each convoy is painstakingly negotiated with no certainty additional deliveries will be forthcoming. They are therefore an inadequate substitute for full access, including for civilians to leave these areas, as well as for humanitarian workers to enter to provide the sustained services.”**

–OFDA/FFP

reported that cross-conflict-line assistance efforts continue to be scrutinized heavily by the Syrian Government and approvals were difficult to obtain. Even when approvals were obtained, items were often removed by the Syrian Government during loading or at checkpoints, according to OFDA and FFP. These items were returned to the partner for transport back to Damascus.<sup>425</sup>

## OFDA, FFP, and PRM Programming

In the third quarter of FY 2016, OFDA funded 33 humanitarian assistance awards through 25 implementers.<sup>426</sup> According to OFDA, these efforts are directed at IDPs and other conflict affected peoples throughout all 14 governorates in Syria.<sup>427</sup> Of the awards, seven were countrywide efforts while others were focused on specific governorates or areas, with the governorates of Aleppo, Damascus, Hama, and Dar’a experiencing the highest number of active awards during the quarter.<sup>428</sup> Six of these awards were initiated during the reporting period. They supported humanitarian coordination and information management, agriculture and livelihoods, shelter and WASH assistance.<sup>429</sup> While the majority of awards were intended to support efforts to provide and coordinate emergency assistance to IDPs and conflict-affected peoples in Syria, certain awards support more specific activities such as promoting market recovery, developing market systems, and monitoring and evaluation needs.<sup>430</sup> OFDA also reported that 10 awards concluded during the reporting period. These awards focused on providing assistance such as healthcare, emergency relief items, and information coordination.<sup>431</sup>

As of June 30, FFP maintained 9 active awards with 7 implementers to support emergency food assistance to Syrians.<sup>432</sup> These awards aimed to assist those in need of emergency food assistance in Syria and in surrounding countries hosting Syrian refugees, such as Jordan, Lebanon, Iraq, Egypt, and Turkey.<sup>433</sup> FFP also continued its funding for two other awards that provided indirect support for humanitarian assistance. These awards focused on information analysis to support emergency food security and livelihood interventions in addition to analysis of regional food security conditions.<sup>434</sup> During the reporting period, FFP concluded four awards.<sup>435</sup> These awards had focused on providing emergency food assistance to specific governorates and support to bakeries in western Syria.<sup>436</sup>

As of June 30, PRM was reportedly providing humanitarian assistance to Syrian IDPs and refugees and Palestinian refugees from Syria through 51 awards to implementing partners who provided healthcare, shelter, protection, mental health, and health and psychological support, and other basic lifesaving services to conflict-affected populations.<sup>437</sup> Despite increased challenges, including those discussed below, PRM humanitarian support to

# SYRIA: IMPACT OF CONFLICT ON CIVILIAN POPULATION BY GOVERNORATE

## ALEPPO

Fighting involving Syrian government, opposition groups, and ISIL displaced more than 100,000 people in various locations throughout the governorate.

## IDLIB

Over 16,000 people were displaced from Idlib city due to escalating violence during the quarter. IDPs are living with host families, in collective centers and in open areas under trees.

## LATAKIA AND TARTUS

On 23 May 2016, a series of bombings by ISIL hit Latakia and Tartus governorates, killing at least 130 people and injuring more than 200.

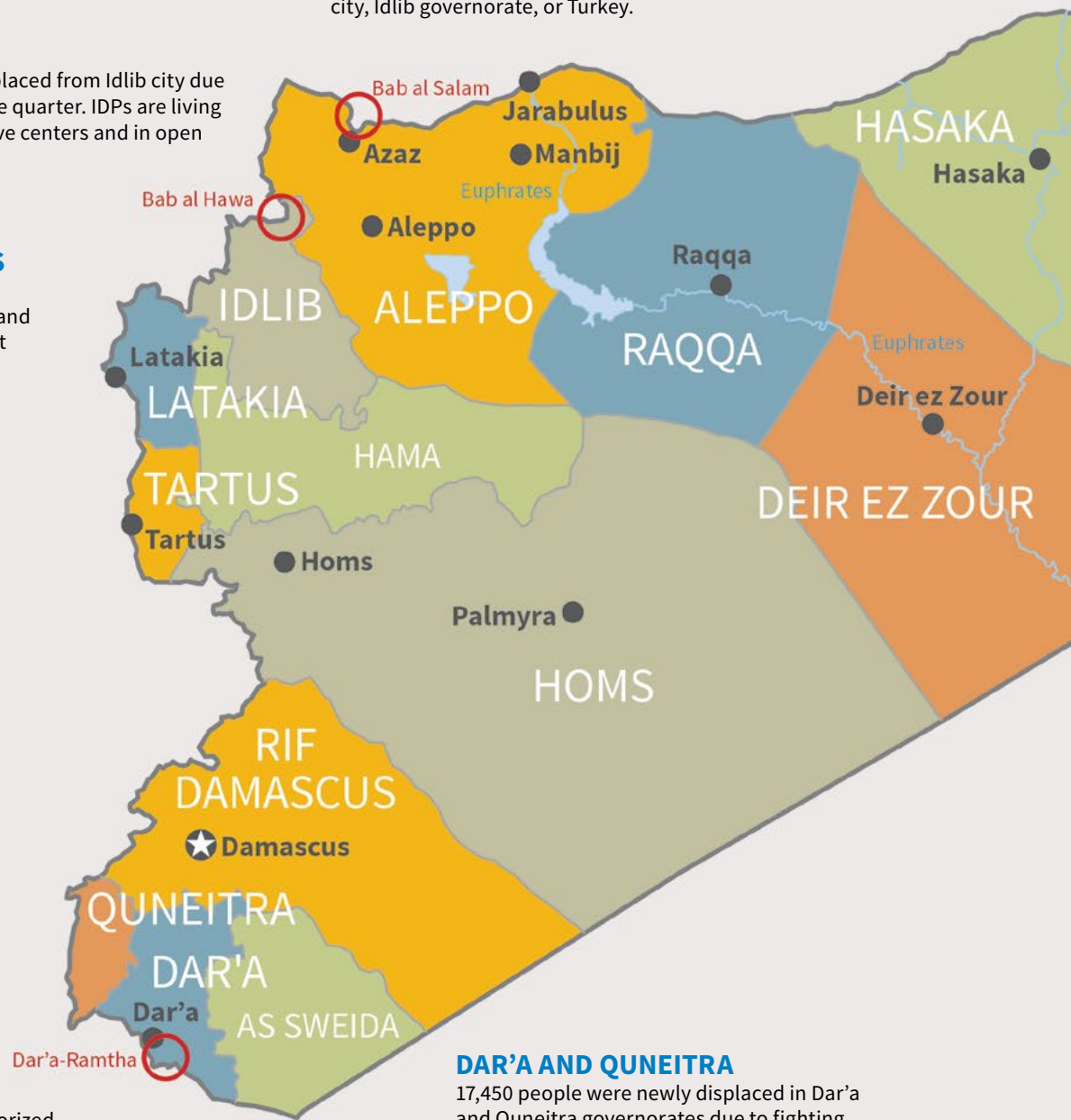
## RIF DAMASCUS


In May 2016, Syrian government advances to the east of Damascus city in the southern section of Eastern Ghouta area displaced more than 13,600 people.

By June 8, 2016, 72,000 people were stranded at the Berm, a remote desert area on the northeastern Syrian-Jordanian border. Near the end of the quarter, relief agencies were reportedly struggling to replenish assistance such as food aid to those in need as the Jordanian border was closed due to security conditions.

## RAQQA

Mortality rates for those injured by the airstrikes in Raqqa reportedly increased due to hospital closures, the destruction of hospitals, and the general decline of medical services in the city. ISIL reportedly refused to transfer the injured to facilities in non-ISIL held areas such as Quamishli city, Idlib governorate, or Turkey.

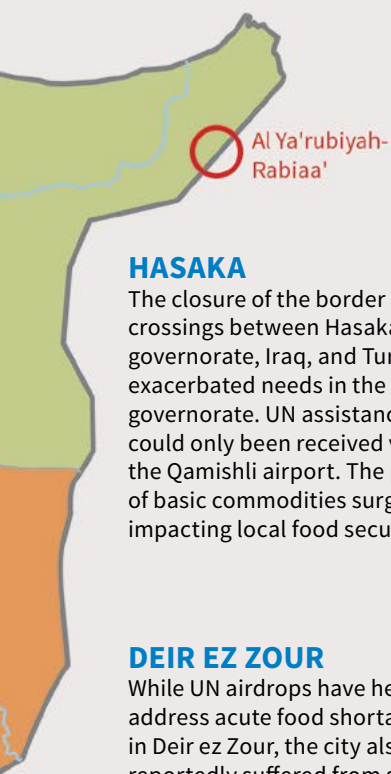


 = Border crossing authorized by UNSCR 2165, 2191, and 2258

## DAR'A AND QUNEITRA

17,450 people were newly displaced in Dar'a and Quneitra governorates due to fighting from April to May 2016.





Al Ya'rubiya-  
Rabaa'

### HASAKA

The closure of the border crossings between Hasaka governorate, Iraq, and Turkey exacerbated needs in the governorate. UN assistance could only be received via the Qamishli airport. The price of basic commodities surged, impacting local food security.

### DEIR EZ ZOUR

While UN airdrops have helped address acute food shortages in Deir ez Zour, the city also reportedly suffered from severe fuel shortages. In May, water pumps and bakeries were forced to close due to fuel shortages.

### HOMS

On May 23, the UN officially classified the Syrian government controlled al Wa'er area in Homs city, where approximately 75,000 civilians reside, as besieged. Food prices soared during the reporting period while sniper activity close to aid distribution points made accessing assistance difficult for many in the area.

partners helped fund critical services for refugees and IDPs, and supported host communities throughout the region where refugees reside.<sup>438</sup>

In Lebanon, registered Syrian refugees are not automatically accorded legal residency, and more than half of the refugees are unable to renew their residency permits due to cost and logistical challenges. Seventy percent of Syrian refugees lived below the poverty line (\$3.84 per day per person) in 2015 compared to 48 percent in 2014. Moreover, Lebanon continued to prohibit the UNHCR from registering new refugees. Humanitarian partners counsel Syrian refugees about Lebanese requirements for residency permits. One PRM partner in Lebanon directly subsidizes additional staff for the Lebanese public health system, enabling more refugees to access medical services.<sup>439</sup>

PRM-supported programs provided core relief items inside Syria in areas where implementing partners were able to safely negotiate access. Turkey's tightened border restrictions increased the cost of providing assistance in northeastern Syria. Near Jordan's border Syrians continued to amass, unable to enter Jordan to seek asylum. Due to several factors, including security, humanitarian actors faced increasingly restricted access to the population.<sup>440</sup> According to PRM partners, the number of Iraqi refugee arrivals in Syria's Hassakeh province increased during the quarter, with approximately 8,000 Iraqis entering primarily from Iraq's Ninewa province. Protection actors, including PRM partners, noted increased vulnerability among refugees in Syria, because of security challenges, humanitarian funding shortfalls, and refugees being displaced multiple times in some cases.<sup>441</sup>

One PRM partner reportedly provided relief items to hundreds of thousands of vulnerable Syrians, prioritizing the newly displaced, those in hard-to-reach or besieged areas, or those with mental health or chronic medical issues. This same PRM partner also reportedly provided protection assistance to more than 100,000 vulnerable Syrians through community centers, mobile protection teams, and trained volunteers.<sup>442</sup>

PRM partners also continued to provide Syrian refugees in Iraq with needed medical services, protection, shelter support and upgrades, and psychosocial support. While more than 97 percent of Syrian refugees in Iraq are in the northern three provinces of the country and accessible for humanitarian assistance, a small population at the Al Qaim camp, on the Syrian-Iraqi border, has been inaccessible to humanitarian partners for nearly two years due to ISIL control of the area. Some local NGOs have been able to provide only sporadic assistance to the camp residents.<sup>443</sup>





أسمنت الخليج  
Al Khafji Cement

30

أسمنت الخليج  
ORDINARY PORTLAND CEMENT  
BS EN 197-1  
CEM I - 42,5 R  
For General Purpose

50 KG  
For cement  
BS EN 197-1  
CEM I - 42,5 R  
For General Purpose





A U.S. soldier stacks a package of cement for use in constructing a well at Al Taqaddum Air Base, Iraq, June 3, 2016. (U.S. Air Force photo)

## COMPLETED OVERSIGHT ACTIVITY

Lead IG Staffing	84
Outreach	84
Completed Audit, Inspection, and Evaluation Projects	85
Investigations	92
Hotline Activity	98

Section 8L of the Inspector General Act, as amended, established the Lead IG and created a structure for planning, conducting, and reporting on oversight of overseas contingency operations. This section of the report provides information on Lead IG staffing approaches to perform these oversight functions; outreach efforts by Lead IG agencies; completed Lead IG oversight work related to audits, inspections, and evaluations during the past 3-month period, April 1, 2016 through June 30, 2016; Lead IG investigative activity; and Lead IG hotline activity. Appendix B provides a description of the Lead IG responsibilities and authorities.

## LEAD IG STAFFING

The Lead IG staffing strategy includes hiring new staff for OCO oversight, through the special hiring authority provided within 5 U.S.C. § 3161, and the re-employment of annuitants provided within 10 U.S.C. 9902, as well as assigning existing permanent staff. Each Lead IG agency has assigned newly hired 3161 staff and current permanent staff to the oversight projects identified in this report and in support of the strategic oversight planning and reporting responsibilities.

To support audit, evaluation, and inspection efforts, the Lead IG agencies have adopted an expeditionary workforce model. Oversight teams from the Lead IG agencies travel to Jordan, Kuwait, Qatar, Turkey, Iraq, and other locations in the region on a temporary basis to conduct the field work for their respective projects. In addition, the DoD OIG established field offices in Kuwait and Qatar to support the DoD OIG's regional activity with a small contingent of oversight staff assigned to each office on six-month rotations. The DoS OIG established a field office in Iraq with a small contingent of oversight staff on one year assignments.

For their investigative work, the Lead IG agencies have hired and deployed investigators to the region and stateside to investigate fraud and corruption related to OIR and associated humanitarian assistance. The Defense Criminal Investigative Service (DCIS), which is the DoD OIG's investigative component, has deployed special agents to Kuwait and Qatar. DoS OIG has deployed special agents in Germany and Iraq. USAID OIG has deployed special agents to Germany.

## OUTREACH

Outreach and coordination are important components of the Lead IG work. Travel into the theater of operation provides an opportunity to meet with senior officials in charge of the operation and witness ongoing activities.

These trips are in addition to visits by project teams to conduct oversight or by special agents who are leading investigations. During this quarter, two senior-level trips were taken to learn about and observe OIR operations.

- In April 2016, a team of senior DoD OIG personnel visited Al Udeid Air Base in Qatar to meet with senior Air Force Central Command Defense Intelligence Agency officials. The team received briefings on the planning and execution of the air campaign, including the range of assets and capabilities, supporting OIR.
- In June 2016, the Acting DoD Deputy Inspector General for Investigations traveled to Kuwait and Qatar to meet with Air Force and Army leaders to obtain a better understanding of operational realities, Air Force contracting efforts, and possible areas of focus for fraud prevention and detection. He also traveled to Camp Arifjan, Kuwait, to meet with senior leaders of Combined Joint Task Force-Operation Inherent Resolve to discuss the contracting footprint in the theater of operations and efforts in the fight against fraud.

During the quarter, the Acting DoD Inspector General highlighted Lead IG efforts and common audit issues in his quarterly meetings with the Service IGs, the Service Auditors General, and the Defense Contract Audit Agency. He also met with DoD military criminal investigative organizations—the U.S. Army Criminal Investigation Command, Naval Criminal Investigative Service, and Air Force Office of Special Investigations—to discuss joint investigations and opportunities for deconflicting such efforts related to OIR.

In addition, senior Lead IG officials routinely meet with policy officials, collect information, and conduct research related to OIR’s military activities, governance activities, and humanitarian assistance. Senior Lead IG officials also met with congressional staff to discuss OIR activities and completed, ongoing, and planned oversight.

Investigative briefings and the Lead IG Hotline are other avenues for outreach that are discussed later in this section.

## COMPLETED AUDIT, INSPECTION, AND EVALUATION PROJECTS

Lead IG agencies and partners released nine reports relating to OIR from April 1, 2016 to June 30, 2016. During this quarter, the DoD OIG also completed one research project related to intelligence activities and used the information collected to plan new projects. A separate report was not issued.



## Final Reports

The following reports completed during this quarter addressed OIR-related matters:

### ARMY AUDIT AGENCY

#### ***Audit of Accountability and Reporting of Equipment Transferred to Vetted Syrian Opposition Forces***

A-2016-0107-IEX, June 22, 2016

The audit's objective was to verify that processes and procedures related to the accountability and reporting of equipment transferred to vetted Syrian opposition forces were sufficient to ensure compliance with provisions, as set forth in Section 1209 of the FY2015 National Defense Authorization Act, and applicable regulations. The Army Audit Agency (AAA) found that DoD had a sufficient divestiture process in place and functioning to ensure that equipment divested and planned for divestiture to Syrian forces was properly accounted for and reported. However, the audit also found that several critical property accountability processes could be improved as the program continues to develop and mature. U.S. Special Operations Command purchased and shipped large quantities of equipment to storage sites in Turkey and Jordan. The Command did this based on DoD's intent to preposition equipment for future use due to planned training expectations. Although prepositioning the equipment was necessary for mission success, it was done before establishing necessary systems and controls for sufficient property accountability. As a result, DoD did not have full assurance that on-hand quantities of ammunition were accounted for properly on property books. Storing this excess equipment put DoD at a higher risk for potential pilferage, damage, and increased sustainment costs. AAA made two recommendations. This is a classified report.

#### ***Funds Supporting Vetted Syrian Opposition Forces***

A-2016-0106-IEX, June 22, 2016

This audit sought to verify that funds supporting the training and equipping of vetted Syrian opposition forces were properly obligated and executed in accordance with the provisions set forth in Section 1209 of the FY 2015 National Defense Authorization Act and other applicable regulations. AAA identified several key financial management processes and controls that could either be implemented or improved upon to help ensure that Syrian Train and Equip program funds are obligated and expended as intended. The audit found that deficiencies occurred because the mission was still evolving and maturing. DoD was still refining the program's policies and guidance, processes, and roles and responsibilities during the course of the audit.

Additionally, the audit noted that the mission spans two geographic areas controlled by two different combatant commands, which each have different process for executing funds. As a result, the audit concluded that DoD didn't have assurance that all funds were being obligated and executed in accordance with applicable DoD policy and guidance. Additionally, the audit noted that weak controls over the stipend and OPFUND processes create opportunities for potential fraud and misuse of funds. Missing documentation to support OPFUND purchases and stipend payments hinders DoD's ability to achieve audit readiness for its financial statements. AAA made three recommendations. This is a classified report.

## DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR GENERAL OVERSIGHT

### ***Evaluation of U.S. Intelligence and Information Sharing with Coalition Partners in Support of Operation Inherent Resolve***

DODIG-2016-081, April 25, 2016

The DOD OIG evaluated the effectiveness of current DoD policies, governance, procedures, and guidelines for sharing classified military information with coalition partner nations in support of OIR. The report found that although DoD guidance and policies allow information sharing with partner nations, opportunities exist to improve information-sharing in a contingency operation. The Undersecretary of Defense for Policy and the Undersecretary of Defense for Intelligence concurred with the DOD OIG's recommendation to update the DoD Directive, "Disclosure of Classified Military Information to Foreign Governments and International Organizations," dated June 16, 1992. DoD is currently coordinating a draft update of this directive to address the recommendations. The DoD OIG believes that this directive, if approved and followed, will reduce delays and improve efficiency for sharing information with coalition partner nations in a contingency operation environment. The report is classified.

### ***Additional Controls Needed to Issue Reliable DoD Cost of War Reports That Accurately Reflect the Status of Air Force Operation Inherent Resolve Funds***

DODIG-2016-102, June 23, 2016

Section 8L of the IG Act, as amended, requires the Lead Inspector General to review and ascertain the accuracy of information provided by federal agencies related to obligations and expenditures, costs of programs and projects, accountability of funds, and the award and execution of major contracts, grants, and agreements in support of the contingency operation. In compliance with this requirement, DoD OIG conducted this audit to determine whether the Air Force is adequately accounting for DoD funds supporting OIR through its *Cost of War* execution report. In addition, based on the results of

DoD OIG's preliminary research, the audit also assessed whether the *Cost of War* report satisfied the legal requirements to report financial information for contingency operations.

The performance audit, which ran from October 2015 through May 2016, found that the Office of the Assistant Secretary of the Air Force Financial Management and Comptroller inaccurately reported Air Force OIR costs in the third quarter FY 2015 *Cost of War* reports, and that the DoD comptroller did not issue the *Cost of War* reports in a timely manner. The audit concluded that significant underreporting of cost and publication delays diminished the relevance of the information provided to Congress for making informed budget decisions.

The audit determined that the Air Force underreported \$237.9 million in obligations and \$209.9 million in disbursements. This occurred because Air Force and Defense Finance and Accounting Service Enterprise Solutions and Standards did not have adequate controls over the processing and reporting of Air Force OIR costs. Specifically, these organizations did not:

- have processes in place to capture complete and accurate source data;
- update the business rules for the Contingency Operations Reporting and Analysis Service, the reporting system through which DOD accounts for all OIR costs; and
- submit costs that matched the source data.

The audit also found that the Deputy Comptroller, Office of the Under Secretary of Defense personnel did not issue the FY 2015 *Cost of War* reports within the deadline required by public law. This occurred because Deputy Comptroller personnel prioritized other tasks ahead of the *Cost of War* report and used manual processes to prepare the *Cost of War* report.

The DoD OIG made four recommendations to improve the accuracy and timeliness of the reports. Three of these recommendations, which involved implementing operation-specific standard operating procedures, updating business rules to ensure more accurate reporting of future costs, and coordinating with Congress to adjust the legal requirements related to issuance of the *Cost of War*, were addressed before the audit was published.

On July 22, the DoD Comptroller responded to the one outstanding recommendation in a memorandum outlining the efforts being undertaken to improve automation of data and rely less on manually produced charts. The response indicates that the Comptroller's office has been given approval to hire a senior budget analyst specifically to support the redistribution of the workload, enabling staff to devote more time to preparing the *Cost of War* report and to meet legislative deadlines. This report is featured on page 18.

## DEPARTMENT OF STATE OFFICE OF THE INSPECTOR GENERAL OVERSIGHT

### ***Inspection of Embassy Cairo, Egypt***

ISP-I-16-15A, April 16, 2016

As part of the inspection of Embassy Cairo, the DoS OIG sought to determine whether the Chief of Mission is effectively coordinating and supporting programs and operations to counter ISIL. The OIG inspected the U.S. Embassy in Cairo from October 13 to November 18, 2015, and the U.S. Consulate General in Alexandria on November 1 and 2, 2015. The DoS OIG made 20 recommendations to improve Embassy Cairo's operations and procedures. The report addresses management of foreign assistance, integration of crisis preparation across the agencies and offices, and the need for a more strategic approach to public diplomacy. The report also recommended strengthening management controls and oversight of IT operations. The report is featured on page 55. The security review is classified.

### ***Management Assistance Report: Questionable Practices Regarding the Department of State Baghdad Life Support Services (BLiSS) Contract, Including Suspected Use of Cost-Plus-a-Percentage-of-Cost-Task Orders***

AUD-MERO-16-27, June 30, 2016

The DoS OIG is conducting an audit of a DoS contract with PAE Government Services Inc. (PAE) to provide life support services for U.S. government personnel working in Iraq. In July 2013, DoS awarded a five-year (base year plus four optional years) Baghdad Life Support Services (BLiSS) contract to PAE. Life support services include food, water, fuel and other support services. In June 2016, the DoS OIG issued a Management Assistance Report (MAR) concerning labor charges associated with the BLiSS contract.

As reported in the published MAR, the DoS OIG found that DoS's failure to include all relevant material in the BLiSS contract file represented an important deficiency which could prevent an assessment of decisions made during in the contracting process. The MAR noted that the DoS OIG will continue to monitor the contract arrangements used by the DoS administrative offices during the DoS OIG's ongoing audit of the BLiSS contract, as well as other contracts in the region, and will notify DoS promptly of any issues identified. Finally, the MAR stated that the proper management of contract case files continued to be a major management challenge for DoS and would remain an audit focus for the DoS OIG.

***DoS OIG Audit of Local Guard Force Contractors at Critical- and High-Threat Posts***

AUD-SI-16-33, May 20, 2016

The DoS OIG conducted this audit to review aspects of four local guard forces contracts at eight selected critical- and high-threat overseas posts in four countries. The audit reviewed whether 1) local guard force contractors are complying with general and post orders included in the contract; 2) contractors provide invoices that comply with contract requirements; and 3) regional security officers perform oversight of the contracts in accordance with their Contracting Officer's Representative delegation memoranda.

The DoS OIG found that the local guards complied with, on average, greater than 90 percent of security-related guard post orders observed. However, the DoS OIG identified deficiencies that were common across two or more missions related to access control procedures, equipment, unofficial reassignment of post orders, delivery and mail screening procedures, and reporting and investigating procedures. These deficiencies, if not addressed, could negatively impact the performance of security procedures intended to maintain post security and required by the contract.

The DoS OIG also found that three of the four contractors properly submitted invoices that included appropriate supporting documentation. However, one contractor did not adhere to the contractually required invoice format or to the schedule for submitting invoices.

Finally, the DoS OIG found that assistant regional security officers generally conducted local guard force oversight in accordance with requirements, which are to monitor, inspect, and document the contractors' performance and, when necessary, apply negative incentives for not meeting performance standards. However, the DoS OIG found that deficiencies with some documentation of contractors' performance or with maintaining complete Contracting Officer's Representative's files. Without a complete file, the government may not have the necessary documentation to defend its position of contractor nonconformance with contract terms, potentially resulting in paying for services that do not meet contract requirements.

The DoS OIG offered 18 recommendations intended to address the deficiencies identified in this report. The DoS OIG considers 13 recommendations resolved, pending further action; 2 unresolved; and 3 implemented and closed.



## GOVERNMENT ACCOUNTABILITY OFFICE OVERSIGHT

***Syria: DoD has Organized Forces to Execute the Syria Train and Equip Program but Faces Challenges in Fully Developing Personnel Requirements***  
GAO-16-292C, April 1, 2016

This report is classified and an unclassified summary is not available.

## OTHER LEAD IG PARTNER OVERSIGHT

***TSA Oversight of National Passenger Rail System Security***  
OIG-16-91, May 13, 2016

The Department of Homeland Security (DHS) OIG conducted this audit to determine the extent to which the Transportation Security Administration (TSA) has the policies, processes, and oversight measures to improve security at the National Railroad Passenger Corporation (Amtrak). The audit found that TSA has not fully implemented all the requirements from Public Law 110-53 and the 9/11 Commission Act of 2007 (9/11 Act). Federal regulations require Amtrak to appoint a rail security coordinator and to report significant security concerns to TSA. The audit concluded that TSA has not issued regulations to assign rail carriers to high-risk tiers; established a rail training program; or conducted security background checks of frontline rail employees as required by the 9/11 Act. In the absence of formal regulations, TSA relies on outreach programs, voluntary initiatives, and recommended measures to assess and improve rail security for Amtrak.

TSA attributed the delays in implementing the rail security requirements from the 9/11 Act primarily to the complex federal rulemaking process. Although the rulemaking process can be lengthy, the OIG found that the TSA had not prioritized the need to implement the security requirements. The OIG report noted that the TSA had not satisfied the requirements in the 8 years since the legislation was enacted. The audit concluded that without fully implementing and enforcing the requirement from the 9/11 Act, TSA's ability to strengthen passenger rail security may be diminished. It also found that the absence of regulations impacts TSA's ability to require Amtrak to make security improvements that may prevent or deter acts of terrorism.

The DHS OIG made two recommendations to DHS and TSA to implement rail security requirements from the 9/11 Act. When implemented, these recommendations should strengthen the effectiveness of passenger rail security. DHS concurred with the recommendations.

## INVESTIGATIONS

Lead IG agencies conduct investigative activity through DCIS and the criminal investigative components of DoS and USAID OIGs. During the quarter, these components maintained an investigative presence at in-theater locations, including Kuwait, Qatar, and Iraq, as well as in Germany and Washington, DC. These Lead IG agency components along with representatives from the military criminal investigative organizations form the Fraud and Corruption Investigative Working Group. They work together to detect, investigate, and prevent fraud and corruption in OIR-related programs and operations.

### Investigative Activity

During the quarter, the investigative components of the Lead IG agencies opened 12 new OIR-related cases. DCIS opened nine cases that involve allegations of procurement or program fraud, theft, and trafficking in persons. Five of these cases originated as a result of allegations reported to the DoD OIG hotline. DoS OIG opened one case alleging procurement or program fraud.

## Fraud and Corruption Investigative Working Group for OIR

The mission of the Fraud and Corruption Investigative Working Group for OIR is to promote the detection, investigation and prevention of fraud and corruption related to OIR programs and operations. The Working Group is a forum for member agencies to identify, coordinate, and de-conflict fraud and corruption investigations; share best practices and investigative techniques; and discuss possible proactive measures to detect and deter abuses related to U.S. government contracts, grants, cooperative agreements, and other federal assistance awards related to OIR. The members of the working group include:

- Defense Criminal Investigative Service
- Department of State OIG
- U.S. Agency for International Development OIG
- U.S. Army Criminal Investigation Command
- Naval Criminal Investigative Service
- Air Force Office of Special Investigations

The Federal Bureau of Investigation is a collaborating agency of the Fraud and Corruption Investigative Working Group for OIR.

USAID OIG received 18 complaints and opened 2 cases relating to program fraud. The military criminal investigative organizations opened three OIR-related investigations. Overall, three cases were closed during the quarter.

Forty-seven investigations involving OIR-related programs and operations remained open as of June 30, 2016. These investigations involved allegations of procurement, grant, and other program fraud; corruption involving U.S. government officials; theft and diversion of government funds or equipment; and other offenses, including trafficking in persons. These open investigations do not include “legacy cases” that DCIS and DoS OIG special agents are continuing to pursue related to actions committed during Operation Iraqi Freedom and its immediate successor, Operation New Dawn. Information on the activities of the individual investigative components can be found in the following dashboards.

While operational security and law enforcement concerns prevent discussing the details of allegations and on-going OIR investigations in this report, the following results were achieved during this reporting period:

### **DoD Contractor Agreed to Pay \$214,579 in Restitution**

A contractor agreed to pay \$214,579 to the Army Air Force Exchange Service in connection with the theft of government funds by eight of its foreign national employees at Camp Arifjan in Kuwait. A joint investigation by DCIS and the U.S. Army Criminal Investigation Command disclosed that the eight employees conspired to steal money from unrecorded sales involving cash transactions. All eight employees were ordered removed from Exchange Service facilities at Camp Arifjan within 24 hours and barred from future employment by the same contractor on Army Air Force Exchange Service contracts worldwide.

### **Collusion and Bribery Investigation in Turkey Results in 11 Personnel Actions**

In April 2016, USAID OIG staff continued an investigation of fraud schemes perpetrated by local NGO procurement staff and vendors in southeast Turkey. Based on the investigation results, USAID partially suspended two cross border programs, one funded by the Office of Foreign Disaster Assistance and one funded by Food for Peace. During the quarter, the USAID implementer terminated 7 employees and accepted the resignation of another employee, all of whom were responsible for logistics, procurements, and program administration. In total, the investigation resulted in a total of 11 personnel actions. USAID also debarred one implementer employee for accepting bribes from vendors in connection with a humanitarian program. In June 2016, DoS OIG joined the investigation.

## Outreach Efforts

During this reporting period, each of the Lead IG investigative components and the military investigative organizations conducted fraud awareness briefings to educate individuals on the investigative mission and how to identify indicators of fraud. In total, investigators led more than 100 fraud awareness briefings attended by more than 600 government, civilian, and military personnel; contractors; law enforcement personnel; and foreign officials. These briefings promote fraud awareness, help develop relationships, and uncover information about potential fraud and corruption in government programs.

In addition, USAID OIG conducted three outreach activities.

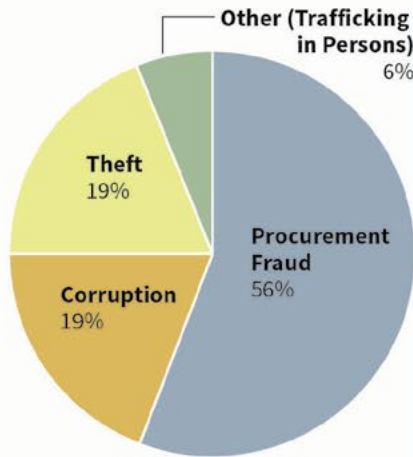
- In May 2016, USAID OIG special agents participated in a 2-day audit and fraud donor roundtable in Copenhagen, Denmark, along with bilateral donors and public international organizations. They discussed findings and methodologies associated with ongoing Syria-related investigations. Sharing this information in such a forum prompted roundtable attendees to examine their programs for corrupt practices and allowed USAID OIG to provide investigative referrals.
- In June 2016, a USAID OIG special agent conducted, via video teleconference, a fraud awareness briefing to Food for Peace implementers in Adana, Turkey. The agent led a discussion about best practices in internal controls and fraud reporting and participated in a question and answer session with the implementers.
- The USAID OIG posted an electronic copy of its Fraud Prevention and Compliance Handbook for the Middle East Crisis Humanitarian Response to its website for easier dissemination and reference. Food for Peace officers also distributed copies of the Handbook during the Adana, Turkey meeting discussed above.

Details on the activities of the individual investigative components can be found in the following dashboards.

# DoDIG/DCIS INVESTIGATIONS

## OPERATION INHERENT RESOLVE

As of June 30, 2016



### OPEN CASES

**16**

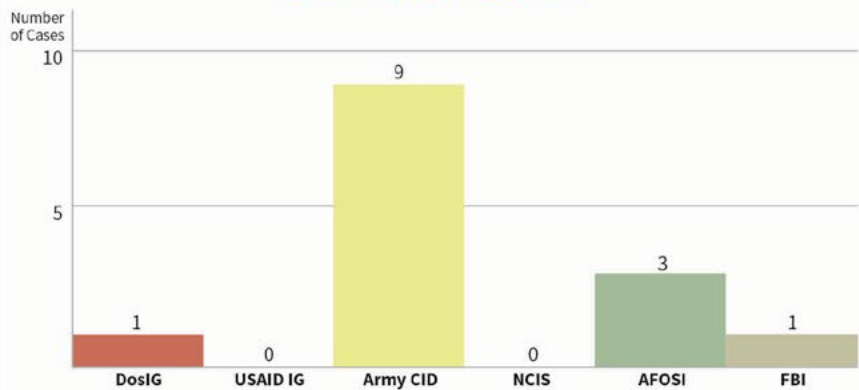
### OPEN CASES BY CATEGORY

<b>Procurement Fraud</b>	<b>9</b>
False claims/Statements	4
Contractor Kickbacks	1
Cost/Labor Mischarging	4
<b>Corruption</b>	<b>3</b>
Bribery/Contracting Official	2
Conflict of interest	1
<b>Theft</b>	<b>3</b>
Theft of Funds	2
Theft of Fuels	1
<b>Other</b>	<b>1</b>
<b>TOTAL</b>	<b>16</b>

### FRAUD AWARENESS BRIEFINGS

<b>No. of Briefings</b>	<b>44</b>
<b>No. of Attendees</b>	<b>707</b>

### JOINT OPEN CASES\*



### SOUTHWEST ASIA SUBJECT LOCATIONS

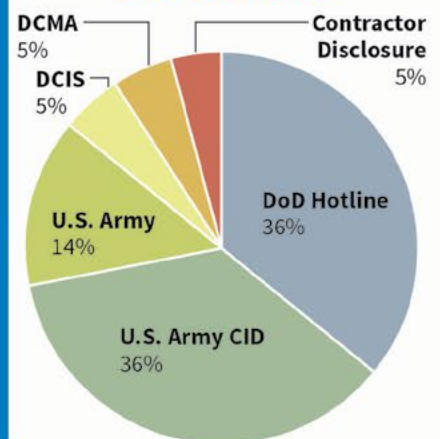


Iraq	2
Kuwait	7
Qatar	16
United Arab Emirates	1
United States	12
<b>TOTAL</b>	<b>37</b>

### CUMULATIVE RESULTS

<b>Arrests</b>	—
<b>Criminal Charges</b>	—
<b>Criminal Convictions</b>	—
<b>Recoveries</b>	<b>\$214,579</b>
<b>Contract Terminations</b>	<b>1</b>
<b>Debarments</b>	<b>2</b>
<b>Job Terminations</b>	<b>8</b>
<b>Employment Bars</b>	<b>8</b>

### SOURCES OF ALLEGATIONS



\*Some investigations are joint with more than one agency and some not joint with any other agency. Therefore, the total number of Joint Open Cases may not equal the total number of Open Cases. **Note:** Cumulative since Jan. 1, 2015

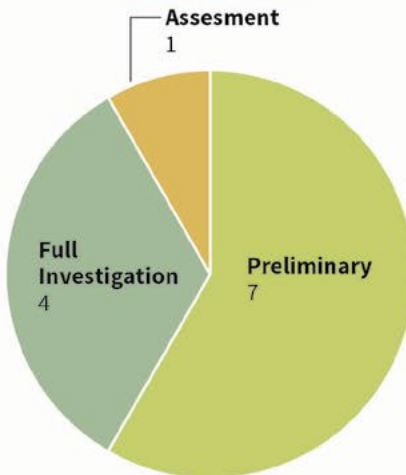


# DoS OIG INVESTIGATIONS

## OPERATION INHERENT RESOLVE

April 1, 2016—June 30, 2016

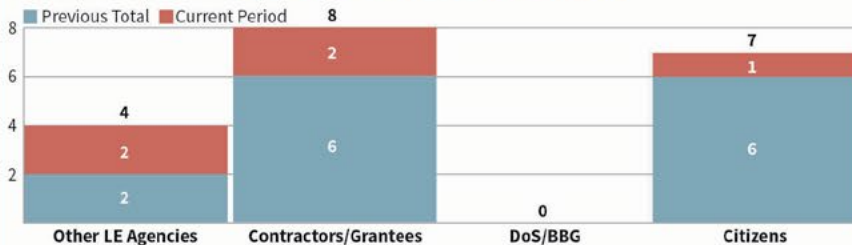
### STATUS OF OPEN CASES



### OPEN CASES

12

### SOURCE OF COMPLAINT



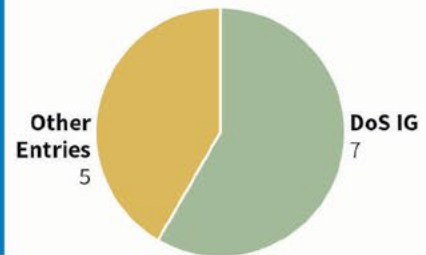
### INVESTIGATIVE RESULTS

Management Assistance Reports 2

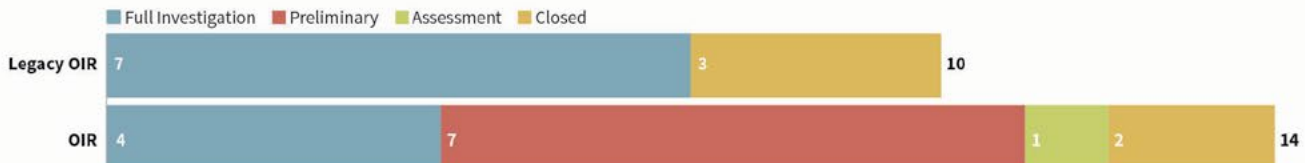
### FRAUD AWARENESS BRIEFINGS

No. of Briefings 43  
No. of Attendees 1,462

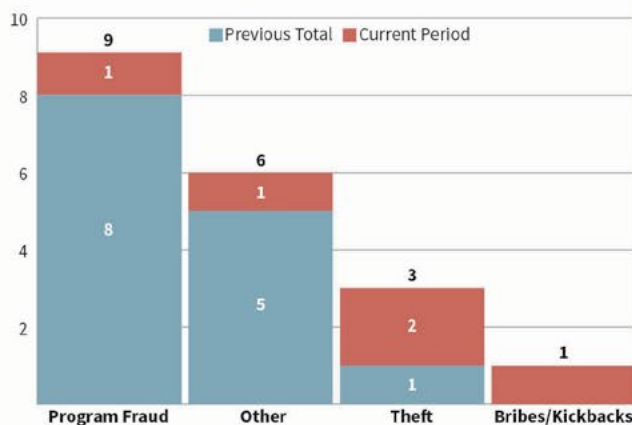
### OUTCOME OF HOTLINES RECEIVED



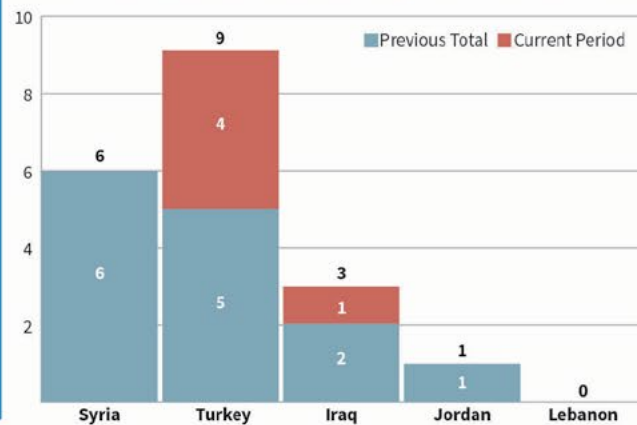
### CUMULATIVE OCO CASE STATUS



### CASE ALLEGATIONS



### COMPLAINT INTAKE BY COUNTRY



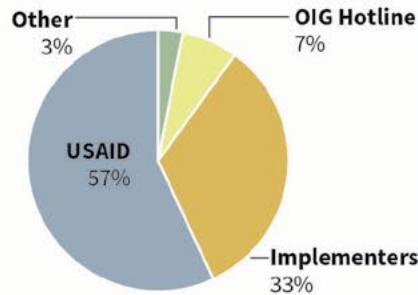
Note: Cumulative since December 17, 2014

# USAID OIG INVESTIGATIONS

## IRAQ SYRIA COMPLEX CRISIS

January 2015—June 2016

### SOURCE OF COMPLAINT



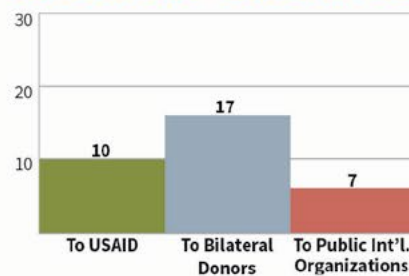
### INVESTIGATIVE RESULTS

Systemic Changes	2
Procurement Actions	9
Suspensions/Debarments	15
Personnel Actions*	11
Savings/Recoveries	\$11,574,379
Arrests	—

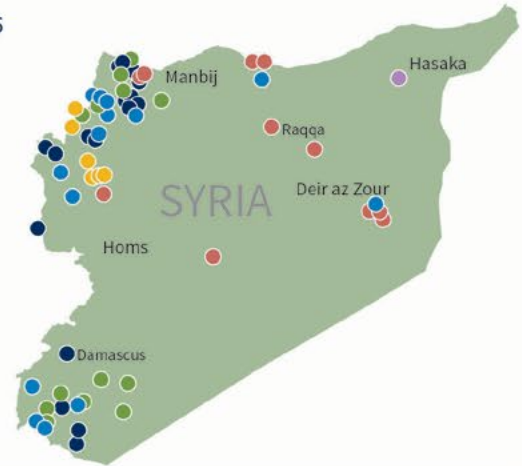
### FRAUD AWARENESS BRIEFINGS

No. of Briefings	32
No. of Attendees	480

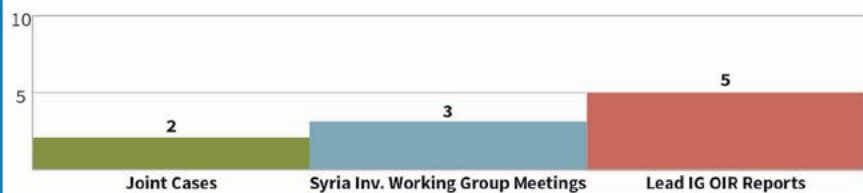
### REFERRALS GENERATED



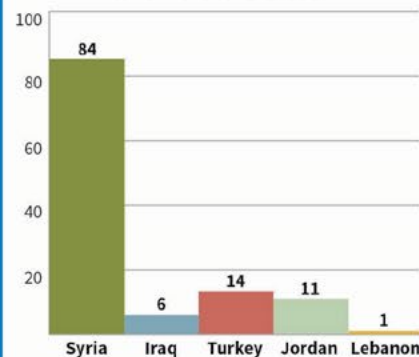
### SYRIA COMPLAINT LOCATIONS



### USAID OIG COORDINATION



### COMPLAINT INTAKE BY COUNTRY



### ALLEGATIONS

	Complaints	Cases
Fraud	35	21
Theft	40	—
ISL/JAN Diversions	21	1
Bribery or Kickbacks	4	3
Other	16	—
<b>TOTAL</b>	<b>116</b>	<b>25</b>

### LOSSES

	Food	Total Dollar Loss
ISIL	4,000 rations, 15 MT flour	\$454,138
JAN	12.5 MT flour	\$194,415
Other	34 MT flour, 275 rations	\$673,770
<b>TOTAL</b>	<b>61.5 MT flour, 4275 rations</b>	<b>\$1,322,323</b>

\*Personnel actions includes employee terminations and resignations.

## HOTLINE ACTIVITY

The OIGs' Hotlines provide a confidential, reliable means for individuals to report violations of law, rule or regulation; mismanagement; gross waste of funds; and abuse of authority for independent review. They are a central part of the Lead IG outreach efforts to educate individuals on fraud, waste, and abuse.

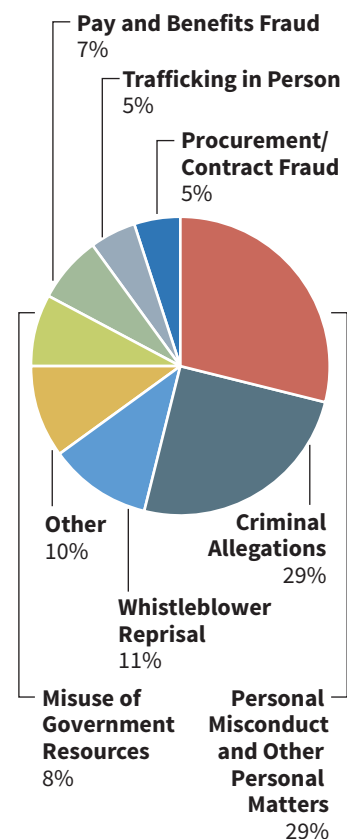
Each Lead IG agency maintains its own hotline to receive complaints and contacts specific to their own agency. Hotline representatives process the complaints they receive and then refer these complaints in accordance with their respective protocols. Any hotline complaint that merits referral is sent to the responsible organization for investigation or informational purposes.

The DoD OIG has a Lead IG Hotline investigator to coordinate the contacts received through the hotline among the Lead IG agencies and others as appropriate. During the reporting period, the Lead IG Hotline investigator received and coordinated 153 contacts related to OIR and opened 74 cases, which were referred within DoD OIG, to other Lead IG agencies, or to other investigative organizations. As noted in Figure 6, the majority of the complaints received during this quarter related to personal misconduct and other personal matters, as well as criminal allegations.

In addition to the investigative briefings noted above, the Lead IG Hotline investigator conducts in-theater and U.S. fraud awareness briefings and training events for commanders, service members, DoD civilians, contractors, and facility directors at military installations throughout Iraq, Kuwait, and Qatar. The purpose of these briefings is to make people aware of the hotline and reinforce an education campaign focused on preventing, detecting, and reporting fraud, waste, and abuse related to OIR activities.

Figure 6.

### Hotline Activity













A U.S. Air Force F-16 Fighting Falcon receives fuel from a KC-135R Stratotanker while flying over Iraq in support of Operation Inherent Resolve, April 29, 2016. (U.S. Air Force photo)

# ONGOING AND PLANNED OVERSIGHT ACTIVITY

Strategic Planning	102
Ongoing Projects	104
Planned Projects	110

This section of the report discusses the ongoing Lead IG strategic planning process as well as ongoing and planned audit, inspection, and evaluation work. The ongoing and planned oversight projects are listed in separate tables. Information contained in this section is as of June 30, 2016.

## STRATEGIC PLANNING

The FY 2016 Joint Strategic Oversight Plan for OIR categorizes OIR-related oversight projects into five strategic oversight areas. These areas include:

- Oversight of contracts
- Operations
- Governance
- Humanitarian and Development Assistance
- Intelligence

In developing the FY 2016 Joint Strategic Oversight Plan for OIR, the Lead IG agencies used a risk-based planning process that involved reviewing OIR-related strategic plans and mission-execution documents, funding activity related to specific OIR programs, systemic management and program challenges, and prior oversight work. This planning process recognized the rapidly evolving nature of the overseas contingency operations and adopted an approach whereby oversight teams could more readily respond to the changing demands of OIR and the ongoing humanitarian crisis. The current list of ongoing and planned oversight projects reflects this approach, as several projects were not contemplated when the Joint Strategic Oversight Plan was made final in October 2015. Some projects have been reconstituted to reflect the changing environment.

### Lead IG Planning for FY 2017

Representatives from Lead IG agencies, as well as from other federal oversight entities, are currently planning for FY 2017. The joint strategic oversight planning and analysis process reflects interagency collaboration within the oversight community to develop a comprehensive and focused approach for oversight of U.S. activities and programs related to the OIR mission. The planning process focuses on U.S. national objectives for defeating ISIL, as well as strategic oversight issue areas derived from trends identified in prior oversight of contingency operations. The Joint Strategic Oversight Plan for OIR, detailing the FY 2017 plan and projects, will be published on or about September 30, 2016.

The overall goal of the FY 2017 strategic planning process is to identify and determine the scope of oversight projects that examine the economy,



Camp Buehring,  
Kuwait.  
(U.S. Army photo)

## Health and Safety of the Warfighter

The DoD OIG regards the health and safety of the warfighter as a priority, and routinely conducts health and safety inspections of U. S. military-occupied facilities in the Middle East, Asia, and the United States. Next quarter, the DoD OIG plans to issue two inspection reports on facilities located in the OIR theater of operation—the King Abdullah II Special Operations Training Center in Amman, Jordan, and the U.S. military-occupied facilities at Camp Buehring, Kuwait. Both inspections will examine compliance with DoD health and safety policies and standards regarding electrical and fire protection systems. Also next quarter, the DoD OIG plans to conduct a similar onsite inspection of U. S. military facilities at Camp Lemonnier, Djibouti.

efficiency, or effectiveness of the programs and operations of federal agencies participating in OIR, engaging in counter-ISIL activities, or providing refugee and humanitarian assistance. Lead IG planning representatives are examining major Lead IG oversight areas, highlighting strategic oversight priorities, balancing oversight resources across those priorities, and identifying oversight gaps and where to assume risk. Considerations that inform this strategic planning process include the OIR national and coalition strategic objectives; annual appropriations to support the military, diplomatic, and humanitarian activities; and management challenges and risks as well as feedback from departmental and congressional stakeholders.

The Departments of Homeland Security, Justice, and Treasury OIGs; Military Service Auditors General; U.S. Government Accountability Office; and other federal oversight agencies are also involved in planning oversight work on OIR-related issues. The resulting projects will be included in the FY 2017 plan.

## ONGOING PROJECTS

As of June 30, 2016, the oversight community has 38 ongoing projects directly related to OIR. Figure 7 describes the ongoing projects by strategic oversight area.

The table that follows provides the project title and objective for each of these projects. In addition, DoD OIG has two ongoing research projects—one is related to OIR operations and the other to military facilities. The information collected through this research will be used to plan new projects.

The oversight work is in five major areas:

- **Operations:** Over half of the ongoing projects this quarter pertain to operations. DoD OIG and Air Force Audit Agency have a project underway to assess OIR-related overseas operations. Other DoD OIG projects focus on U.S. efforts to train, advise, and equip Iraqi and Kurdish partners engaged in the fight against ISIL. DoS OIG is conducting audits of Diplomatic Security's administration of its armored vehicle program, as well as DoS efforts to screen visa applicants for potential terrorist risk factors and inspections of embassies and related programs. GAO is examining the use of funds for various train and equip operations and the extent to which DoD has ensured that base budget and OCO funds are being obligated in a manner consistent with their respective appropriations.
- **Governance:** DoS OIG and GAO have projects involving an assessment of the efficacy of the Middle East Partnership Initiative, efforts to counter ISIL's online propaganda, and activities to combat looting of antiquities from Iraq and Syria.
- **Oversight of Contracts:** Together, DoD OIG and DoS OIG have five projects examining the oversight of contracts in support of OIR. DoS OIG is auditing contracts related to life-support services, operations and maintenance, and foreign assistance support in Iraq. DoD OIG is conducting audits of defense contracts for Army heavy lift and facilities maintenance of the Joint Training Center, Jordan.
- **Humanitarian and Development Assistance:** USAID OIG, DoS OIG, and GAO have six ongoing projects related to humanitarian assistance. USAID OIG is auditing the agency's humanitarian assistance efforts through its basic education improvement programs in Lebanon, programs in Syria, and the Community Engagement Project in Jordan. DoS OIG is auditing the vetting of Syrian non-lethal aid recipients and GAO is evaluating the refugee screening process.
- **Intelligence:** DoD OIG is conducting the one oversight project on intelligence, which will evaluate the cost-benefit analysis tools used by U.S. Central Command (CENTCOM) to make decisions on intelligence, surveillance, and reconnaissance (ISR) capability allocation.

Figure 7.

### Ongoing Projects by Strategic Oversight Area

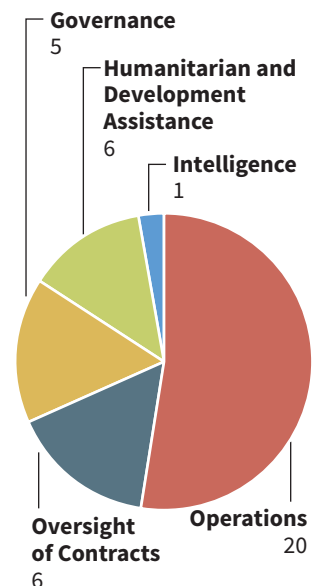


Table 8.

**Ongoing Oversight Projects, as of 6/30/2016**

<b>Project Title</b>	<b>Objective</b>
<b>AIR FORCE AUDIT AGENCY</b>	
<b><i>AFCENT AOR Installation Infrastructure Planning</i></b>	To determine whether implementation plans for installation, development, and sustainment adequately address mission requirements. Specifically, to determine whether personnel accurately identify and plan civil engineering infrastructure and sustainment support to meet combatant commanders' requirements.
<b><i>AFCENT AOR Integrated Defense</i></b>	To determine whether Air Force personnel effectively planned and executed integrated defense at United States Air Force central locations. Specifically, to determine if personnel properly identified critical assets, assessed risks, implemented security plans, and tested mitigation strategies.
<b><i>Consumable Item Demilitarization</i></b>	To determine whether Air Force personnel properly disposed of consumable parts requiring demilitarization.
<b>DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR GENERAL</b>	
<b><i>Evaluation of ISR Capability Allocation Process for OIR</i></b>	To evaluate a) if decisions on ISR capability allocations for OIR were supported by a comprehensive cost-benefit assessment of U.S. CENTCOM's priority intelligence and cost-benefit analysis tools used in the capability generation process.
<b><i>Assessment of DOD/CENTCOM and Coalition Plans/Efforts to Train, Advise, Assist, and Equip the Kurdish Security Forces</i></b>	To assess U.S. and Coalition efforts to train, advise, assist, and equip the Kurdish Security Forces to conduct operations against ISIL.
<b><i>Audit of Army Controls for Processing and Transferring Iraq Train and Equip Fund Equipment</i></b>	To determine whether the Army had effective controls for processing and transferring Iraq Train and Equip Fund equipment to the Government of Iraq. The audit team will travel to Camp Arifjan, Kuwait, and Baghdad and Taji, Iraq, to conduct fieldwork. This is one in a series of audits on property accountability in Kuwait and Iraq
<b><i>Assessment of U.S. and Coalition Plans/Efforts to Train, Advise, Assist, and Equip Iraqi Counterterrorism Service and the Iraqi Special Operations Forces</i></b>	To assess U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi Counterterrorism Services and the Iraqi Special Operations Forces in support of operations against ISIL.
<b><i>Inspection of U.S. Occupied Military Facilities at King Abdullah II Special Operations Training Center, Jordan</i></b>	To determine whether U.S. military occupied facilities at King Abdullah II Special Operations Training Center comply with DOD health and safety policies and standards regarding electrical, and fire protection, and suppression systems. A radiation survey will also be conducted to determine whether current ambient (background) radiation levels pose unacceptable health risk concerns.



<b>Project Title</b>	<b>Objective</b>
<b><i>Evaluation of the Syria Train and Equip Program (Phase II)</i></b>	To evaluate the Syria Train and Equip Program's compliance with provisions authorized under the 2015 National Defense Authorization Act, Section 1209. In addition to our evaluation, we will determine the validity of a DOD OIG Hotline complaint concerning program execution.
<b><i>Audit of Military Information Support Operations for Operation Inherent Resolve</i></b>	To determine whether DoD effectively planned and executed Military Information Support Operations for Operation Inherent Resolve.
<b><i>Military Facilities Inspection-Camp Buehring, Kuwait</i></b>	To determine whether U.S. military occupied facilities at Camp Buehring comply with DOD health and safety policies and standards regarding electrical, and fire protection systems. We will also conduct a radiation survey to determine whether ambient (background) radiation levels pose unacceptable health risks to the warfighters stationed at Camp Buehring.
<b><i>Audit of Facilities Maintenance at the Joint Training Center in the U.S. Central Command Area of Responsibility</i></b>	To determine whether DOD is effectively maintaining facilities at the Joint Training Center, Jordan. The audit team will travel to the Joint Training Center, Jordan, to conduct fieldwork. This is the third in a series of audits on facilities maintenance in Jordan.
<b><i>Audit of Oversight of the Army Heavy Lift Contracts</i></b>	To determine whether DoD provided effective contract oversight of the Army Heavy Lift contracts.
<b>Department of State Office of Inspector General</b>	
<b><i>Audit of Task Orders for Fuel Under the Baghdad Life Support Services Contract</i></b>	To determine whether DoS oversight personnel implemented adequate controls to ensure the contractor, Pacific Architects and Engineering, is performing its duties of fuel acquisition, fuel distribution, and equipment maintenance in accordance with the contract terms and federal regulations.
<b><i>Audit of Department of State Management of the Operations and Maintenance Contract for U.S. Mission Iraq</i></b>	To determine whether DoS is administering the contract for operations and maintenance in accordance with acquisition regulations and the contractor is complying with contract terms and conditions.
<b><i>Inspection of the Bureau of Population, Refugees, and Migration</i></b>	To inspect the overall programs and operations of the Bureau of Population, Refugees, and Migration and assess the effectiveness of its humanitarian support activities in Iraq, Syria, and neighboring countries.
<b><i>Inspection of the Middle East Broadcasting Networks, Inc.</i></b>	To review obligations, expenditures, and program goals for OCO funds appropriated to the Broadcasting Board of Governors and allotted to Middle East Broadcasting Networks.
<b><i>Inspection of Embassy Ankara and Constituent Posts</i></b>	To determine, as part of the inspection of Embassy Ankara, whether the Chief of Mission is effectively coordinating and supporting counter-ISIL programs and operations.

<b>Project Title</b>	<b>Objective</b>
<b><i>Audit of the Middle East Partnership Initiative</i></b>	To determine whether the goals and objectives of the Middle East Partnership Initiative program are being achieved, and whether the Bureau of Near Eastern Affairs effectively monitors the program's grants and cooperative agreements.
<b><i>Financial Audit of the Middle East Partnership Initiative</i></b>	To determine to what extent the Bureau of Near Eastern Affairs ensured that grant and cooperative agreement expenditures were allowable, allocable, reasonable, supported, and made in accordance with the terms and conditions of the award agreement.
<b><i>Audit of All Native, Inc.</i></b>	To determine the extent to which 1) the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management is managing and overseeing contracted foreign assistance support in Iraq in accordance with Federal and Department regulations and guidelines; and 2) the contractor, All Native, Inc., is complying with contract terms, conditions, and invoice requirements.
<b><i>Audit of Political Military Affairs Administration of Foreign Assistance</i></b>	To determine the extent to which 1) the Bureau of Political Military Affairs grantees claimed expenses that were allowable, allocable, reasonable, supported, and made in accordance with the terms and conditions of the award agreement, and 2) the unliquidated obligations associated with the Bureau's grants and cooperative agreements remain valid.
<b><i>Audit of Department of State Visa Applicant Terrorist Screening Efforts</i></b>	To determine whether the DoS is 1) obtaining terrorism-related information, 2) reporting that information for watch-listing purposes, and 3) properly screening visa applicants for ties to terrorism.
<b><i>Audit of the Department of State's Compliance with Critical Environment Contracting Policies</i></b>	To determine the extent to which the DoS is complying with Public Law 112-239 and 14 FAM 240 requirements for the Department to, among other things, perform comprehensive risk assessments and develop risk-mitigation plans for operational risk associated with contractor performance of critical functions. The audit will also look at the Department's role in carrying-out the P.L. 112-239, Section 853 requirement for a database on contractor performance that can be used for source selection decisions.
<b><i>Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program</i></b>	To determine whether the Bureau of Diplomatic Security is administering the armored vehicle program in accordance with Department policy and guidelines, and whether overseas posts obtain, use and dispose of armored vehicles in accordance with applicable policy and guidelines.
<b><i>Audit of Department of State Vetting of Syrian Non-Lethal Aid Recipients</i></b>	To determine whether DoS has complied with the process for vetting non-lethal aid recipients in Syria and whether the assistance provided has been used as intended.

<b>Project Title</b>	<b>Objective</b>
<b>Government Accountability Office</b>	
<b><i>U.S. Efforts to Train and Equip the Vetted Syrian Opposition</i></b>	To determine the U.S. plans for the Syrian Train and Equip Program; to determine the extent to which funds allocated to the Syria Train and Equip Program have been disbursed; to determine the progress made in training and equipping the vetted Syrian opposition.
<b><i>DOD's Support for the Syria Train and Equip Program</i></b>	To evaluate the extent to which DOD 1) identified roles and missions for the advisor teams, including personnel, equipment, and training requirements; 2) met these requirements, including any potential impact on the readiness of units providing advisors; 3) incorporated lessons learned from its prior advisory experience in structure, preparing, and executing this advisor mission; and 4) provided enablers, such as force protection and base security, to the train and equip mission.
<b><i>Refugee Screening Process</i></b>	To determine 1) what the data indicates about the characteristics of refugee resettlement applications to the United States; 2) how the DHS determines admissibility for refugees seeking resettlement in the United States; 3) to what extent DHS and DoS have implemented policies and procedures for conducting security checks of applicants for refugee resettlement; and 4) how, if at all, DHS and DoS coordinate with other U.S. agencies in conducting such security checks.
<b><i>U.S. Efforts to Train and Equip Iraqi Security Forces</i></b>	To understand the U.S. Government plans for training and equipping the Iraqi forces; the extent to which U.S. funds have been allocated, committed, and disbursed for training and equipping the Iraqi Forces; and the progress made in implementing the U.S. plans to train and equip the Iraqi forces.
<b><i>Vetting Iraqi Security Forces for Human Rights and Terrorism</i></b>	To assess 1) the processes and procedures in place to ensure that Iraqi Security Forces personnel receiving training and equipment are vetted for violations of human rights or for associations with terrorist organizations; 2) the extent to which the U.S. Government has complied with policies and procedures to vet Iraqi Security Forces for human rights violations and associations with terrorist organizations; and 3) the extent to which the vetting process resulted in identifying Iraqi Security Forces with evidence of human rights violations or associations with terrorist organizations.
<b><i>Combating Looting of Antiquities from Iraq and Syria</i></b>	To determine: 1) the activities U.S. agencies have taken to combat the destruction and trafficking of Syrian and Iraqi antiquities since 2011, and what resources have been dedicated to those activities; 2) the extent to which U.S. agencies work with art market participants, including auction houses, dealers, and collectors, to prevent the sale and purchase of stolen Syrian and Iraqi antiquities; and 3) the extent to which U.S. agencies work with key foreign partner countries and international organizations to combat the destruction and trafficking of Syrian and Iraqi antiquities.

<b>Project Title</b>	<b>Objective</b>
<b><i>Countering Islamic State of Iraq and the Levant Online Propaganda</i></b>	To determine: 1) the extent to which the U.S. Government has developed a plan, with goals and performance metrics, for countering ISIL propaganda online; 2) the activities U.S. agencies have undertaken to counter ISIL propaganda online, and to what extent these activities have been coordinated among federal agencies and entities outside the U.S. government; and 3) the extent to which the U.S. government has been effective in countering ISIL propaganda online.
<b><i>DOD's Use of Overseas Contingency Operations (OCO) Funds</i></b>	To determine: 1) the amount of obligated war funds DOD has authorized or appropriated with the OCO/Global War on Terror or emergency designation and the extent to which DOD has identified and reported these obligations; 2) the extent to which Congress has appropriated war funds for non-war purposes; 3) the extent to which DOD has applied the Office of Management and Budget or other criteria in identifying costs for inclusion in its war funding requests, and (4) the extent to which DOD has established and implemented guidance and a plan with milestones for transitioning enduring OCO costs to its base budget.
<b><i>U.S. Military Enabler Support within Operation Inherent Resolve</i></b>	To evaluate how 1) U.S. military enablers support coalition airstrikes, 2) enabler resource allocation decisions are made within Operation Inherent Resolve, 3) the United States determines the types of enabler support to provide, and 4) the United States ensures that groups, such as Iranian-back Shia militias or Iranian military forces, do not benefit from U.S. military enabler support.
<b>U.S. Agency for International Development Office of Inspector General</b>	
<b><i>Audit of USAID/Lebanon's Quality Instruction Toward Access and Basic Education Improvement</i></b>	To determine 1) what actions USAID's Lebanon's Quality Instruction Toward Access and Basic Education Improvement program has taken to overcome the challenges related to expanding equitable access and improving learning outcomes for early learners in Lebanon's public schools; and 2) the most appropriate actions to take to alleviate strains to Lebanon's education system, including strains from the continuing inflow of Syrian refugee children.
<b><i>Audit of USAID/Jordan's Community Engagement Project</i></b>	To determine if USAID's Jordan's Community Engagement Project was achieving its goal of strengthening community engagement in the context of regional volatility and transition.
<b><i>Audit of Selected Obligations and Costs Incurred Under USAID's Overseas Contingency Operations Relating to USAID's Humanitarian Assistance in Syria and Neighboring Countries</i></b>	To determine whether 1) USAID awarded, obligated, modified, monitored, and reported funds according to established requirements and 2) the costs incurred were supported, allowable, allocable, and reasonable in accordance with established requirements and award provisions.

## Ongoing OIR-Related Projects

DHS OIG has 13 ongoing projects examining programs and activities to protect the homeland against terrorist activities. While DHS OIG efforts are focused more broadly, many of these DHS OIG projects relate to the U.S. efforts to counter ISIL.

The Department of Justice (DOJ) OIG is currently conducting five projects that are assessing the Department's overall counterterrorism and national security efforts, which contribute to efforts to protect the homeland and may include efforts to counter ISIL as a part of an expansive counterterrorism effort.

Appendix E provides a listing of the DHS and DOJ OIG efforts, including the project title and objectives.

## PLANNED PROJECTS

There are eight additional FY 2016 oversight projects related to OIR, as of June 30, 2016, that Lead IG agencies and partners plan to start in FY 2016. These projects are listed in the following table.

Over half of these planned projects are related to operations, as DoD OIG and Air Force Audit Agency will look to assess military occupied facilities and construction, as well as efforts to train, advise, assist, and equip Iraqi Police Forces. DoD OIG is also planning to evaluate whether Intelligence, Surveillance, and Reconnaissance (ISR) efforts in support of OIR are following a cost-benefit approach and established DoD guidelines, and to audit controls related to base support services and securing Iraq-provided equipment. DoS OIG will focus on contract oversight, specifically auditing whether the department is adequately overseeing OCO contracts in Iraq. DoD OIG will audit the contracts supporting military information support operations.



Table 9.

**Planned Oversight Projects, as of 6/30/2016**

<b>Project Title</b>	<b>Objective</b>
<b>Air Force Audit Agency</b>	
<b><i>USAF Central Command Area of Responsibility Construction Planning</i></b>	To evaluate whether Air Force civil engineers effectively coordinated Military Construction projects. Specifically, to determine if personnel properly 1) programmed, authorized, and documented O&M funded construction; 2) used existing, temporary, or movable facilities when possible; and 3) planned construction projects to meet desired mission capabilities.
<b>Department of Defense Office of Inspector General</b>	
<b><i>Evaluation of Federated ISR Processing, Exploitation and Dissemination in Support of OIR</i></b>	To evaluate 1) the execution of established DOD procedures and guidelines for federated ISR processing, exploitation, and dissemination in support of OIR, and 2) if the OIR federated processes follow a cost-benefit approach.
<b><i>Assessment of U.S. and Coalition Efforts to Train, Advise, and Assist the Iraqi Federal Police Forces</i></b>	To assess U.S. and Coalition efforts to train, advise, assist, and equip the Iraqi Federal Police in support of operations against ISIL.
<b><i>U.S. Military Occupied Facilities Inspection—Camp Lemonnier, Djibouti</i></b>	To determine whether U.S. military occupied facilities supporting OCO operations comply with DoD health and safety policies and standards regarding electrical and fire protection systems.
<b><i>Audit of Controls over Kuwait Base Operations Support Services</i></b>	To determine whether the U.S. Army Contracting Command developed adequate controls to effectively monitor contractor performance for Kuwait Base Operations Support Services contract.
<b><i>Audit of DoD Procedures for Securing Iraq Train and Equip Fund Equipment</i></b>	To determine whether DoD had effective procedures for securing Iraq Train and Equip Fund equipment in Kuwait and Iraq. This project is one in a series of audits on property accountability in Kuwait and Iraq.
<b><i>Audit of Contracts Supporting Web-Based Military Information Support Operations</i></b>	To determine whether DoD components provided proper oversight for contracts supporting web-based Military Information Support Operations.
<b>Department of State Office of Inspector General</b>	
<b><i>Audit of Contract Officers' Representatives Responsibility for Overseeing Invoices for OCO Contracts</i></b>	To determine if Contract Officers' Representatives were adequately overseeing invoices for contracts carried out in Iraq and Afghanistan.
<b>U.S. Agency for International Development Office of Inspector General</b>	
USAID OIG has initiated a new planning process and is currently assessing its OIR-related workload. Future audits may target issues such as USAID's oversight of and approach to responding to humanitarian crises such as OIR, monitoring of OIR implementers' internal controls and procurement systems, and coordination with public international organizations that deliver USAID-funded assistance programs in the OIR region. Plan project titles and objectives will be communicated in the next quarterly report.	







A photo from Secretary of Defense Ash Carter's trip to Iraq, April 18, 2016. (DoD photo)

## APPENDIXES

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## APPENDIX A:

# Lead Inspector General Statutory Requirements

Section 8L, Inspector General Act of 1978, as Amended	Pages
Appoint, from among the offices of the other Inspectors General specified in subsection (c), an Inspector General to act as associate Inspector General for the contingency operation who shall act in a coordinating role to assist the lead Inspector General in the discharge of responsibilities under this subsection.	1, 115-116
Develop and carry out, in coordination with the offices of the other Inspectors General specified in subsection (c) a joint strategic plan to conduct comprehensive oversight over all aspects of the contingency operation and to ensure through either joint or individual audits, inspections, and investigations, independent and effective oversight of all programs and operations of the federal government in support of the contingency operation.	83-111
Review and ascertain the accuracy of information provided by federal agencies relating to obligations and expenditures, costs of programs and projects, accountability of funds, and the award and execution of major contracts, grants, and agreements in support of the contingency operation.	18-19, 87-88
Employ, or authorize the employment by the other Inspectors General specified in subsection (c), on a temporary basis using the authorities in section 3161 of title 5, United States Code, such auditors, investigators, and other personnel as the lead Inspector General considers appropriate to assist the lead Inspector General and such other Inspectors General on matters relating to the contingency operation.	85-85
Submit to Congress on a biannual basis, and to make available on an Internet website available to the public, a report on the activities of the lead Inspector General and the other Inspectors General specified in subsection (c) with respect to the contingency operation, including:	
status and results of investigations, inspections, and audits and of referrals to the Department of Justice; and	11-13, 83-111
overall plans for the review of the contingency operation by inspectors general, including plans for investigations, inspections, and audits.	101-111
Submit to Congress on a quarterly basis, and to make available on an Internet website available to the public, a report on the contingency operation.	1-111
<b>Note:</b> The Inspectors General specified in subsection (c) are the Inspector General of the Department of Defense, Inspector General of the Department of State, and the Inspector General of the United States Agency for International Development.	

## APPENDIX B:

# Lead Inspector General Responsibilities and Authorities

In January 2013, Congress passed the FY 2013 National Defense Authorization Act (NDAA), which amended the Inspector General Act of 1978 to add a new section 8L. It directs responsibilities and authorities to the Chair of the Council of Inspectors General on Integrity and Efficiency (CIGIE) and to the Inspectors General (IGs) for the Department of Defense (DoD), Department of State (DOS), and the U.S. Agency for International Development (USAID) for the oversight of overseas contingency operations (OCO). Specifically, it details the duties of the designated Lead Inspector General for an OCO and addresses jurisdictional conflicts.<sup>444</sup>

## COORDINATION

Section 8L provides a new mandate for the three Lead IG agencies to work together from the outset of an OCO to develop and carry out joint, comprehensive, and strategic oversight. Each IG retains statutory independence, but together, they apply extensive regional experience and in-depth institutional knowledge in a coordinated interagency approach to accomplish oversight responsibilities for the whole-of-government mission. Essentially, when joint oversight projects are to be carried out among them,<sup>445</sup> the Lead Inspector General, in consultation with the other two IG offices, will designate one of the three staffs to lead the project. The standard operating procedures of that IG office will take precedence.<sup>446</sup>

In general, the DoD IG, DoS OIG, and USAID OIG conduct oversight projects within the boundaries of their individual office missions. However, OCO programs and operations often involve coordinated work among multiple agencies, including military operations. Pursuant to section 8L, the Lead Inspector General will determine which IG has principal jurisdiction among the Lead IG agencies. When none of the three Lead IGs has jurisdiction, the Lead IG is to coordinate with the appropriate agency to ensure that comprehensive oversight takes place.<sup>447</sup>

## STRATEGIC PLANNING

The Lead IG approach leverages dedicated, rotational, and temporary staff from each of the Lead IG agencies to perform various operational activities, including joint strategic oversight planning. The Lead Inspector General must develop, update, and provide to Congress an annual joint strategic plan to guide comprehensive oversight of programs and operations for each OCO. This effort includes reviewing and analyzing completed independent oversight, internal management, and other relevant reports to identify systemic problems, trends, lessons learned, and best practices to inform future oversight projects.



## REPORTING

As required by section 8L, the Lead Inspector General is responsible for producing quarterly and biannual reports to Congress and making these reports available to the public online. Biannual reports include the status and results of investigations, inspections, and audits; the status of referrals to the Department of Justice; and overall plans for the review of the contingency operation by IGs, including plans for investigations, inspections, and audits. Reports—published each April, July, October, and January—provide updates on U.S. programs and operations related to the OCO.<sup>448</sup> The Lead Inspector General manages the timely production of congressionally mandated reports in a coordinated effort among the three Lead IG offices and other IG agencies, as appropriate.

The Lead IG reports to Congress rely on information supplied by federal agencies in response to questions from the Lead IG agencies, as well as information announced by federal agency officials in open-forum settings. Where available, as noted in each report, the Lead IG agencies also consult reputable open source reporting in an effort to verify and assess such information. However, in light of the operational realities and dynamic nature of each OCO, the Lead IG agencies have limited time to test, verify, and independently assess all of the assertions made by these agencies. This is particularly true where the Lead IG agencies have not yet completed oversight of these assertions through audits, inspections, or evaluations.

## THE LEAD INSPECTOR GENERAL FOR OIR

In October 2014, the military mission for Iraq and Syria was named Operation Inherent Resolve (OIR), and on October 17, the Secretary of Defense designated it an OCO.<sup>449</sup> At the onset of the OCO, the Lead IG agencies had already developed a comprehensive framework for their joint oversight strategy. These agencies have always had plenary authority to conduct independent and objective oversight. For more than a decade, while they conducted independent oversight of their agencies in Iraq and Afghanistan, they also worked jointly on several projects requiring cross-agency collaboration. Since 2008, they have met quarterly, along with the Government Accountability Office, the Special Inspectors General for Iraq and Afghanistan Reconstruction, and the Service Auditors General to coordinate their oversight and avoid duplication of effort.

In consultation with the three IGs, the CIGIE Chair designated Jon T. Rymer as Lead Inspector General for OIR on December 17, 2014.<sup>450</sup> On December 18, 2014, Lead Inspector General Rymer appointed DoS Inspector General Steve A. Linick to serve as the Associate Inspector General for OIR, in keeping with the provisions of section 8L of the Inspector General Act, as amended.<sup>451</sup> Lead Inspector General Rymer resigned on January 8, 2016, and Glenn A. Fine became Acting Inspector General for the Department of Defense. On January 11, 2016, the CIGIE Chair reaffirmed the DoD IG was the Lead IG for OIR.<sup>452</sup>

## APPENDIX C:

# The Office of Foreign Assets Control and Treasury's Sanction Process

Historically, the U.S. government has used economic sanctions primarily as a tool to pressure foreign governments and regimes, including state (country) sponsors of terrorism. Since 1995, the U.S. government has also used targeted economic sanctions as a tool against international terrorists and terrorist organizations. Following the events of September 11, 2001, Executive Order (E.O.) 13224 was issued to expand the scope of then-existing U.S. sanctions against terrorists and terrorist organizations. The combination of programs targeting international terrorists and terrorist organizations with those targeting terrorism-supporting governments constitutes a wide-ranging assault on international terrorism and its supporters and financiers.

The Department of the Treasury's (Treasury) Office of Foreign Assets Control (OFAC) is the lead office responsible for implementing sanctions with respect to assets of international terrorist organizations and terrorism-supporting countries. OFAC implements these sanctions as part of its general mission to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals. In administering and enforcing the sanctions programs, OFAC focuses on identifying persons for designation; assisting parties in complying with the sanctions prohibitions through its compliance and licensing efforts; assessing civil monetary penalties against persons violating the prohibitions; working with other U.S. government agencies, including law enforcement, on sanctions-related issues needing coordination; and coordinating and working with other nations to implement similar strategies.

Some of OFAC's sanctions relating to terrorism entail the blocking or freezing of assets. The implementation of programs targeting terrorist organizations has resulted in the blocking of more than \$37 million in the U.S. in 2015. In addition, about \$2.3 billion of assets relating to designated state sponsors of terrorism in 2015 are blocked pursuant to economic sanctions.

OFAC administers sanctions programs targeting international terrorists and terrorist organizations and their supporters. OFAC also administers sanctions programs relating to those countries that have been designated as state sponsors of terrorism. Specifically, OFAC administers three sanctions programs under which organizations, individuals, and countries may be designated:

- Executive Order 13224, *Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism*—E.O. 13224 was issued in response to the grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the terrorist acts committed on September 11, 2001. Individuals designated under this E.O. are identified as “Specially Designated Global Terrorists” or “SDGTs.”
- Executive Orders 12947, *Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process*, and its amendment, Executive Order 13099—E.O. 12947 targets terrorists threatening the Middle East peace process and prohibits dealings in property or interests in property of any organization or individual designated under its authority, including the donation of funds, goods, or services, and it blocks all property in the U.S. or within the possession or control of a U.S. person in which there is an interest of any designated person. Individuals designated under this E.O. are identified as “Specially Designated Terrorists” or “SDTs.”

- The Antiterrorism and Effective Death Penalty Act of 1996 authorizes the Secretary of State, in consultation with the Secretary of the Treasury and the U.S. Attorney General, to designate organizations meeting stated criteria as Foreign Terrorist Organizations (FTOs) and makes it a crime for persons within the U.S. or subject to U.S. jurisdiction to knowingly provide material support or resources to an FTO.<sup>453</sup>

Terrorists, terrorist groups, and terrorist supporters that are designated pursuant to E.O.s 12947 (as SDTs) and 13224 (as SDGTs), or as an FTO, are placed on OFAC's public list and are generically referred to as "Specially Designated Nationals" or "SDNs." Once designated, U.S. persons are prohibited from conducting unauthorized transactions or having other dealings with or providing services to the designated individuals or entities. Foreign persons may also be held liable for effecting such transactions from or through the U.S. Any property or property interest of a designated person that comes within the possession or control of a U.S. person is blocked and must be reported to OFAC.

Specific to Operation Inherent Resolve and the line of effort to disrupt Islamic State of Iraq and the Levant (ISIL) financing, Treasury has designated 27 individuals under E.O. 13224 since May 14, 2014. This E.O. is used because it gives Treasury the general authority to designate individuals related to terrorism. As a result of these designations, \$131,000 of assets were blocked in 2015. Listed below are some individuals and organizations designated by Treasury for materially assisting, acting for or on behalf of, and providing financial and material support to ISIL:

- ISIL officials and facilitators: Hasan al alahayn Salih al Sha'ari, Ali Musa al Shawakh, Tarad Mohammad Aljarba, Morad Laaboudi, Mu'tassim Yahya 'Ali al Rumaysh, Mounir Ben Dhaou Ben Brahim Ben Helal, Sami Jasim Muhammad al Jaburi, Tuah Febriwansyah, Muhammad Sholeh Ibrahim, Nasir Muhammad 'Awad al Ghidani al Harbi, Hafiz Saeed Khan, Muwaffaq Mustafa Muhammad al Karmush, Bajro Ikanovic, Aqsa Mahmood, and Omar Hussain
- UK-national Aseel Muthana
- Russian-national Islam Seit-Umarovich Atabiyev
- Commander of Chechen faction of ISIL, Akhmed Chatayev
- Syrian businessman George Haswani for serving as a middleman for oil purchases from ISIL
- Syrian HESCO Engineering and Construction Company
- Senior Boko Haram leaders Mohammed Nur and Mustapha Chad
- Senior ISIL oil official Faysal Ahmad al Zahrani
- Foreign fighter facilitator Husayn Juaythini
- Senior ISIL official Turki Mubarak Abdullah Ahmad al Binali
- ISIL Sinai Province representative in Libya Salmi Salama Salim Sulayman 'Ammar

## APPENDIX D:

### Department of Justice: Efforts to Defeat ISIL

The U.S. Department of Justice (DoJ) conducts a wide array of activities aimed at countering ISIL, mostly through activities designed to counter the foreign terrorist fighter (FTF) and homegrown violent extremist (HVE) threats. DoJ works closely with FBI, Department of Homeland Security, other members of the intelligence community, and federal and state law enforcement agencies to share information and identify, investigate, and prosecute U.S. citizens and others who support foreign terrorist organizations by providing money or other resources, and who travel, intend to travel, and facilitate or recruit others to travel to foreign countries to fight or otherwise support terrorist groups. Additionally, DoJ is prosecuting a growing number of individuals who have not traveled to the Syria-Iraq area of operations, but who have nonetheless been inspired and/or radicalized by ISIL to commit violent acts in the United States.

Since 2013, federal prosecutors have publicly charged approximately 96 individuals in more than 30 districts for FTF- or HVE-related conduct. This number includes more than 70 FTF- related cases and more than 20 HVE-related cases to date. Already, prosecutors have obtained a number of convictions and many other cases are under investigation. Examples include:<sup>454</sup>

- On June 15, 2016, Ardit Ferizi pleaded guilty in the Eastern District of Virginia to providing material support to ISIL and accessing a protected computer without authorization. He admitted to stealing the personally identifiable information of over 1,000 U.S. service members and federal employees; he provided that information to ISIL to encourage terrorist attacks against those individuals. He had been detained in Malaysia in September 2015 on a provisional arrest warrant, and he subsequently waived extradition proceedings.
- On June 21, 2016, Nader Elhuzayel and Muhanad Badawi were convicted after a jury trial in the Central District of California. Elhuzayel was found guilty of conspiracy and attempt to provide material support to ISIL and Badawi was found guilty of conspiracy and aiding and abetting material support to ISIL. In addition to the terrorism-related counts, Elhuzayel was found guilty of 26 counts of bank fraud based on a scheme to defraud three different banks by depositing stolen checks into his personal checking accounts and then withdrawing cash at branch offices and ATMs in Orange County. The money generated from the bank fraud was to finance his travel to Syria to join ISIL. Badawi was convicted of federal financial aid fraud based on using his federal financial aid to purchase a plane ticket for Elhuzayel to travel to Turkey.
- On May 10, 2016, Alaa Saadeh was sentenced to 15 years in prison for conspiring to provide material support to ISIL. Saadeh admitted that prior to his arrest on June 29, 2015, he planned to travel overseas to join ISIL along with others. Saadeh discussed his plans to join ISIL with his brother, Nader Saadeh, Samuel Rahamin Topaz, and Munther Omar Saleh, and admitted that at various times each of them indicated that they wanted to join ISIL. Saadeh also admitted that he watched ISIL-related videos with

Nader Saadeh and Topaz, some of which depicted the execution of individuals—both Muslim and non-Muslim—regarded by ISIL as enemies. On May 5, 2015, Nader Saadeh departed the United States with plans to travel overseas to join ISIL as part of the conspiracy. Saadeh admitted assisting Nader Saadeh with these plans by letting him purchase airline tickets using Saadeh's credit card, removing the SIM card from Nader's smartphone and resetting the smartphone in an effort to avoid detection. Saadeh also admitted that Saleh assisted Nader Saadeh by giving him contact information for an individual who would facilitate Nader Saadeh's travel from Turkey to ISIL in Syria.

- On April 21, 2016, two men were charged in a superseding indictment with conspiracy to commit acts of terrorism transcending national boundaries, as well as conspiracy to provide material support to ISIL, conspiracy to obstruct justice and obstruction of justice. Beginning in at least February 2015, the two men and another co-conspirator who is now deceased began discussing ISIL's call to kill non-believers in the United States and they began plotting and recruiting members for their "martyrdom" operation. In March 2015, one of the two defendants drafted organizational documents for a "Martyrdom Operations Cell" and conducted Internet search queries about firearms, the effectiveness of tranquilizers on human subjects, and the establishment of secret militias in the United States. The three men each allegedly conspired to commit attacks and kill persons inside the United States on behalf of ISIL. In preparation for their attack, a member of the group conducted research on weapons that could be used to kill their victims.



## APPENDIX E:

### Ongoing DHS and DoJ Oversight Projects Related to Efforts to Counter ISIL

Project Title	Objective
<b>Department of Homeland Security Office of Inspector General</b>	
<b><i>DHS Use of Biometric Information to Detect and Respond to Naturalization Fraud</i></b>	To determine whether the United States Citizenship and Immigration Services 1) has granted naturalization to aliens without identifying biometric records that associated the aliens with multiple identities and Final Removal Orders, 2) uses biometric information effectively to identify naturalization applicants with multiple identities and Final Removal Orders and 3), along with U.S. Customs and Border Protection, and U.S. Immigration and Customs Enforcement (ICE) have procedures for handling these suspected immigration fraud cases are effective.
<b><i>Joint Review on Domestic Sharing of Counterterrorism Information</i></b>	To determine 1) how DHS component representatives contribute to the counterterrorism mission of field-based entities such as fusion centers; 2) what requirements DHS places on fusion centers receiving funding for counterterrorism activities; 3) DHS' process for sharing counterterrorism information with field-based entities; 4) how DHS components receive and process counterterrorism information from field-based entities; and 5) how DHS ensures the proper safeguarding of its shared counterterrorism information with field-based entities.
<b><i>Reliability of Transportation Worker Identification Credential Background Check Process</i></b>	To determine whether the screening process for Transportation Worker Identification Credential is operating effectively and whether the program's continued eligibility processes ensure that only eligible card holders remain eligible for the program.
<b><i>DHS Drug Interdiction Efforts</i></b>	To determine the extent to which DHS is executing its responsibilities under the National Drug Control Strategy.
<b><i>Transportation Security Administration's Risk-Based Strategy</i></b>	To determine the extent to which TSA's intelligence-driven, risk-based strategy informs security and resource decisions to protect the traveling public and the nation's transportation systems.
<b><i>DHS' Use of Force</i></b>	To determine whether the Federal Air Marshal Service adequately manages its resources to detect, deter, and defeat threats to the civil aviation system.
<b><i>Federal Air Marshal Service's Oversight of Civil Aviation Security</i></b>	To determine whether the Federal Air Marshal Service adequately manages its resources to detect, deter, and defeat threats to the civil aviation system.

<b>Project Title</b>	<b>Objective</b>
<b><i>ICE's Screening of Aliens from Specially Designated Countries</i></b>	To determine whether ICE ensures the proper screening of aliens from specially designated countries.
<b><i>Border Security Update</i></b>	To conduct research and analysis of completed reports and studies to evaluate the U. S. Customs and Border Protection actions taken in response to the 1993 Sandia National Laboratory study, Systematic Analysis of the Southwest Border.
<b><i>Federal Air Marshals Service's Policies and Procedures Covering Employee Misconduct and Misuse of Government Resources</i></b>	To determine whether TSA has policies and procedures in place to identify and address employee misconduct and misuse of government resources.
<b><i>Operation Stonegarden Grants</i></b>	To determine whether the Federal Emergency Management Agency and U.S. Customs and Board Protection have sufficient oversight of Operation Stonegarden grants to ensure the awarded funds are properly administered and spent effectively.
<b><i>Transportation Security Administration SA Carry-On Baggage Penetration Testing</i></b>	To determine the effectiveness of Transportation Security Administration's carry-on baggage screening technologies and checkpoint screener performance in identifying and resolving potential security threats at airport security checkpoints.
<b><i>U.S Citizenship and Immigration Services Green Card Inquiry</i></b>	To review the full extent to which green cards have been issued to unauthorized parties, what actions U.S. Citizenship and Immigration Service has taken to recover these cards, and what actions the service has taken or plans to take to prevent similar incidents from happening in the future.
<b>Department of Justice Office of Inspector General</b>	
<b><i>DoJ's Handling of Known or Suspected Terrorists Admitted into the Federal Witness Security Program</i></b>	To review the DoJ's handling of known or suspected terrorists admitted into the program, practices for watch-listing and processing encounters with this group of program participants, and procedures for mitigating risks to the public through restrictions placed on this high-risk group of program participants.
<b><i>The Federal Bureau of Investigation's Cyber Threat Mitigation Strategies</i></b>	To assess the FBI's cyber threat mitigation strategy and approach to address cyber threats. This structured and strategic approach is intended to address these threats by identifying the perpetrators and their tradecraft, intent, capabilities, and affiliation.

Project Title	Objective
<b><i>Joint Review on Domestic Sharing of Counterterrorism Information</i></b>	To 1) identify and examine the federally supported field-based intelligence entities engaged in counterterrorism information-sharing to determine their overall missions, specific functions, capabilities, funding, and personnel and facility costs; 2) determine whether counterterrorism information is being adequately and appropriately shared with all participating agencies; and 3) identify any gaps and/or duplication of effort among the entities. The Inspectors General of the Intelligence Community, DoJ, and DHS initiated a coordinated, joint review focusing on domestic sharing of counterterrorism information in response to a congressional request.
<b><i>Bulk Telephony Review</i></b>	To review the FBI's use of information derived from the National Security Agency's (NSA) collection of telephony metadata obtained from certain telecommunications service providers under Section 215 of the Patriot Act. The review will examine the FBI's procedures for receiving, processing, and disseminating leads the NSA develops from the metadata, and any changes that have been made to these procedures over time; how FBI field offices respond to leads, including the scope and type of information field offices collect as a result of any investigative activity that is initiated; and the role the leads have had in FBI counterterrorism efforts.
<b><i>FBI's Use of Section 215 Orders in 2012 through 2014</i></b>	To examine, among other things, the effectiveness of Section 215 as an investigative tool and the FBI's compliance with the minimization procedures the Department approved and implemented in 2013. The OIG is examining the FBI's use of Section 215 authority under the Foreign Intelligence Surveillance Act in 2012 through 2014. This review is required under Section 108 of the USA FREEDOM Act of 2015.

## Acronyms and Definitions

Acronym	Definition
AQI	Al Qaeda in Iraq
CBI	Central Bank of Iraq
CENTCOM	U.S. Central Command
CJTF-OIR	Combined Joint Task Force-Operation Inherent Resolve
DHS	U.S. Department of Homeland Security
DoD OIG	Department of Defense Office of the Inspector General
DoJ	U.S. Department of Justice
DoS OIG	Department of State Office of Inspector General
FBI	Federal Bureau of Investigation
FFIS	Funding Facility for Immediate Stabilization
FFP	U.S. Agency for International Development, Office of Food for Peace
FinCEN	Financial Crimes Enforcement Network
FTF	Foreign terrorist fighter
GAO	Government Accountability Office
GEC	Global Engagement Center
IDP	Internally Displace Person
IED	Improvised Explosive Device
IKR	Iraqi Kurdistan Region
IMF	International Monetary Fund
IOM	International Organization for Migration
ISF	Iraqi Security Forces
ISIL	Islamic State of Iraq and the Levant
ISIL-K	Islamic State of Iraq and the Levant – Khorasan
ISR	Intelligence, Surveillance, and Reconnaissance
ISSG	International Syria Support Group
KRG	Kurdistan Regional Government
Lead IG	Lead Inspector General

Acronym	Definition
Lead IG agencies	Refers to DoD OIG, DoS OIG, and USAID OIG agencies
LOE	Line of effort
NATO	North Atlantic Treaty Organization
NCTC	Director of National Intelligence, National Counterterrorism Center
NGO	Non-governmental organization
O&M	Operation and Maintenance
OCO	Overseas Contingency Operation
OFDA	U.S. Agency for International Development, Office of U.S. Foreign Disaster Assistance
OIR	Operation Inherent Resolve
PKK	Kurdistan Workers' Party
PMF	Popular Mobilization Force
PRM	Department of State, Bureau of Population, Refugees, and Migration
SAC	Strategic Air Command
Treasury	U.S. Department of the Treasury
UN	United Nations
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
USAID OIG	U.S. Agency for International Development Office of the Inspector General
VBIED	Vehicle-borne Improvised Explosive Devices
WASH	Water, Sanitation and Hygiene
WFP	World Food Program
WHO	World Health Organization
YPG	Kurdish People's Protection Units

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444. On January 2, 2013, the National Defense Authorization Act for FY 2013 was signed into law, including section 848, amending the IG Act of 1978 (5 USC app.) by adding section 8L, "Special Provisions Concerning Overseas Contingency Operations."
445. DoD IG, DoS OIG, and USAID OIG, as designated in section 8L of the Inspector General Act of 1978, as amended.

446. Lead Inspector General, FY 2015 Joint Strategic Oversight Plan for OIR, 3/31/2015, p. 12.
447. Pursuant to section 8L of the Inspector General Act of 1978, as amended: The Lead IG will “determine which IG has principal jurisdiction when more than one inspector general from the DoD, DoS, and USAID has jurisdiction.” Further, the Lead IG will “exercise responsibility for discharging oversight responsibilities” when Departments of Defense and State and USAID have no jurisdiction.
448. As required by section 8L of the Inspector General Act of 1978, as amended.
449. In internal DoD documents, OIR was named an overseas contingency operation as defined in 10 USC 101(1)(13).
450. CIGIE Chair Phyllis K. Fong, letter to DoD Inspector General Jon Rymer, 12/17/2014.
451. DoD Inspector General, letter to DoS Inspector General Steve Linick, 12/18/2014.
452. CIGIE Chair Michael E. Horowitz, letter to Acting DoD Inspector General Glenn A. Fine, 1/11/2016.
453. Public Law 104-132 (April 24, 1996)
454. Department of Justice response to Lead IG request for information, 7/14/2016.

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Guided-missile destroyer USS Gonzalez (DDG 66) transits the Gulf of Aden as part of the Harry S. Truman Carrier Strike Group in support of Operation Inherent Resolve. (U.S. Navy photo)

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