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Statement
of

Mr. Thomas F. Gimble
Acting Inspector General
Department of Defense

before the
House Armed Services Committee

on

"Audit of Reconstruction and Support Activities in Iraq"

Mr. Chairman and Members of the Committee on Armed Services:

I would like to thank you for the opportunity to appear before this committee. I also want to publicly thank the men and women who serve in our Armed Forces. Each visit I make to Southwest Asia, most recently last November to Iraq and Qatar, reminds me of the importance of my office in providing the oversight necessary to ensure funds are being appropriately managed and are being used to support the warfighter and achieve Department of Defense (DoD) mission requirements.

As I stated in our last Semiannual Report to Congress, the Global War on Terror is at the forefront of our nation's concerns, and continues to be a priority for the DoD Office of the Inspector General (OIG). Currently we have about 140 OIG personnel working with the Department and the Congress in providing the oversight needed on the \$400 billion in DoD supplemental funds appropriated to support our fight against terrorism and to support the men and women of our Armed Forces in Southwest Asia.

OIG Strategy

To accomplish our oversight mission, we recognized that we needed a combination of initiatives: (1) establish an in-country oversight presence, (2) expand oversight coverage of funds that are predominantly being executed in the United States, and (3) improve interagency coordination and collaboration to minimize duplicative efforts within the oversight community. First, we established an audit field office in Qatar under sponsorship of the Commander, U.S. Central Command, which is also where

his forward deployed base is located. We use Qatar as a hub where teams deploy into Iraq, Kuwait, and Afghanistan. The field office is staffed by auditors on a rotational cycle for tours of duty that range from 4, 6, or 12 months. That office has conducted command requested reviews such as the Commander's Emergency Response Program. Separately, we have had auditors deploy from Qatar into Iraq to review the status of equipment, Iraqi Security Forces Fund, and Potable and Nonpotable Water Quality. Additional audit teams are planned to review reset of ground vehicles and equipment in Iraq. Also, we currently have four auditors and investigators in Iraq, who are the initial staff for our established in-country presence in Iraq. Second, as of December 2006, we have initiated 15 ongoing audits staffed with about 108 auditors on issues that pertain to Operation Iraqi Freedom. Third, we are establishing a Joint Planning Group on oversight activities in the Southwest Asia Region so that oversight work by the Military Inspectors General and Auditors General, the Inspectors General of State and the Agency for International Development, the Special Inspector General for Iraq Reconstruction and Relief, and the Combatant Commands Inspectors General can better coordinate and deconflict oversight activities in the region.

In-Theater Presence

We continue to move forward in expanding OIG in-theater presence in Southwest Asia. Almost a year ago, we established our first forward field site, Qatar, in Southwest Asia. We are working towards increasing our presence in Southwest Asia, specifically to

Iraq, Afghanistan and Kuwait, before the end of this year. In the meantime, our organization continues to actively conduct audits, investigations, inspections, and intelligence oversight in the Continental United States (CONUS) and Southwest Asia that supports the war efforts in Iraq and Afghanistan. Our oversight mission covers DoD funds appropriated for the Global War on Terror, and is conducted by DoD Inspector General personnel in Southwest Asia and in CONUS to obtain the essential documentation or evidence to evaluate audits issues, allegations, or other claims. Each OIG component, Audit, Investigations, Inspections and Evaluations, and Intelligence, is actively involved in oversight efforts in Iraq as well as Afghanistan.

Audits

We have 15 on-going Iraq-related audit projects involving critical readiness issues that directly impact the warfighter such as personnel and operational equipment readiness; the sustainability of small arms programs, and resetting ground vehicles and equipment with the combatant commands. Our audits include the oversight of funds and evaluation of internal controls relating to the Commanders' Emergency Response Program, as well as the execution of supplemental funds to train and equip the Iraq security forces.

Many of our audits are initiated in response to congressional requests. Examples include the use of contractors for dissemination of information within Iraqi local

community populations, procurement policies for armored vehicles, water quality for U.S. forces serving in Iraq, and equipment status of deployed forces. With respect to our audit of Information Operations Activities in Southwest Asia (the Lincoln Group), we concluded that the Multi-National Force-Iraq and Multi-National Corps-Iraq complied with applicable laws and regulations in their use of a contractor to conduct Psychological Operations and their use of newspapers as a way to disseminate information. With respect to procurement policies of armored vehicles, we have completed five site visits to examine the procurement history of armored vehicles and to determine whether proper contracting policies were followed. On the potable and non-potable water audit, the audit team completed site visits in Camp Ar Ramadi in December 2006. We are also completing our audit of the equipment status of deployed forces where we visited Iraq and Afghanistan. Comments have been received from the Assistant Deputy Under Secretary of Defense for Program Support, the U.S. Central Command, and the Department of the Army, and we plan to issue this report by the end of the month.

Investigations

The Defense Criminal Investigative Service (DCIS), the criminal investigative arm of the DoD Inspector General, has been engaged in investigating DoD-related matters pertaining to the Iraqi theater, to include Kuwait, since the start of the war. From May 2003 through October 2004, DCIS had teams of two to three agents deployed to Baghdad. From October 2004 to present, the DCIS European office as well as multiple

CONUS DCIS offices continued to investigate Iraq related matters. In September 2006, DCIS re-deployed four special agents to the theater – two special agents are assigned to Iraq and two special agents are assigned to Kuwait. Both offices are conducting criminal investigations and examining matters that pertain to the Department.

The presence of DCIS in the region has led to numerous investigations of corrupt business practices, the loss of U.S. funds through contract fraud, and the loss of Iraqi military equipment. Our investigations are focused on matters such as bribery, theft, gratuities, bid-rigging, product substitution, and conflicts of interest. These alleged crimes expose U.S. and coalition forces to substandard equipment and services, or shortages that aggravate an already harsh and harmful environment.

DCIS seeks to protect America's warfighters by assuring the readiness of U.S. and coalition forces through the vigorous investigation of alleged thefts, anti-trust violations, and other breaches of public trust that affect programs and services with critical security applications.

As a result of the magnitude of alleged criminal activity, DCIS played a significant and pivotal role in the creation of the International Contract Corruption Task Force (ICCTF), whose mission is to investigate and prosecute contract fraud and public corruption related to U.S. Government spending in Iraq and Afghanistan. DCIS has partnered with other agencies that include the Federal Bureau of Investigation, the Special Inspector General for Iraq Reconstruction, the U.S. Army Criminal Investigation

Command, the Agency for International Development Office of the Inspector General, and the Department of State Office of the Inspector General.

The ICCTF has activated a Joint Operations Center to coordinate criminal investigations and employ criminal intelligence capabilities to achieve maximum interagency cooperation and successfully prosecute fraud and corruption cases in Iraq and Afghanistan.

Intelligence

Our intelligence component continues to review and assess high-profile issues such as review of DoD-directed investigations of detainee abuse; evaluating the U.S. Government's Relationship with the Iraqi National Congress, and review of congressional concerns regarding the Rendon Group.

Inspections and Evaluation

Finally, our Policy and Oversight component continues to play a key role in developing and promoting the establishment of effective oversight and security organizations in Afghanistan and Iraq. To help ensure that we succeed in this effort, we continue to assign a full time person to the Multinational Security Transition Command in Iraq (MNSTC-I) in Baghdad to assist the Iraq Minister of Defense (MoD) and Minister of Interior (MoI) establish, coordinate and develop Inspector General training for the

Iraqi. We are also continuing to conduct joint critical assessments with the Department of State—an interagency effort.

Interagency Coordination

We are committed to remaining an active player in improving interagency coordination and collaboration to minimize duplication of efforts. I'm confident that my colleagues within the oversight community will attest that continuous interagency coordination and collaboration is essential for our business. To minimize the impact on forward command operations, deconflict overlapping and duplicative oversight requests, and facilitate the exchange of oversight information in Iraq, we participate in the Iraq Inspectors General Council chaired by the Special Inspector General for Iraq Reconstruction.

We also recognize that the Joint Staff and Combatant Commands Inspectors General are key players in helping us achieve our oversight objectives. To highlight the importance of collaborative oversight responsibilities, we recently agreed to host the next Joint Staff and Combatant Commands Inspector General Conference, which will be held in April 2007. Further, the first meeting of the Southwest Asia Joint Planning Group will coincide with the Joint Staff and Combatant Commands Inspectors General Conference. It is our intent that this joint planning group will enhance supportive dialogue and

minimize or eliminate operational constraints in gaining access to the theater of operation, which may potentially delay delivery of results of high-level interest.

Operational Constraints

Operational constraints, such as travel restrictions, impact oversight efforts including the DoD Inspector General. Operational tempo requirements and the anticipated surge of warfighters may present operational challenges for us to enter Southwest Asia; specifically in Iraq and Afghanistan. We recognize that the surge of personnel and Army's Relief In-Place Transfer of Authority (RIPTOA) also present a challenge for the commands. Nonetheless, our in-country presence to conduct adequate oversight is imperative.

Although a significant number of our reviews are conducted in the "green zone" areas, we must enter the "red zone" or high threat areas to assess claims or allegations. Therefore, we actively engage with the combatant command to ensure that the coordination, timeliness, and force protection measures for movement in and out of "red zone" areas are reasonable enough to minimize or manage the risk to the auditor or investigator as well as force protection staff.

Way Ahead

The way ahead for our organization is to continue executing our strategy. We must continue working towards placing forward field sites in Southwest Asia; specifically in Iraq, Kuwait, and Afghanistan, by the end of the year. We are committed to performing oversight of Department operations related to the Global War on Terror by directing our resources to provide the necessary oversight at CONUS locations and Southwest Asia. The way ahead is to continue coordinating and collaborating with the respective Inspectors General, Department of State, the Special Inspector General for Iraq Reconstruction, Government Accountability Office, and other audit and investigative agencies who are supporting the Global War on Terror in Southwest Asia to leverage collective oversight capabilities. We continue to work with the combatant commanders to minimize or eliminate any operational constraints in the performance of our mission.

In closing, we recognize that the men and women of the U.S. armed forces are facing enormous challenges ahead for the defense of our nation's goals. We offer our commitment in ensuring that the DoD resources that are appropriated and provided to those men and women of the U.S. Armed Forces are used effectively in the Global War on Terror in Southwest Asia.

Thank you for the opportunity to appear before the committee today to address our ongoing oversight work regarding Iraq.