



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

April 26, 2012

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

SUBJECT: Interim Report on Spend Plans for Fiscal Years 2011-2012 Iraq Security Forces Funds (SIGIR 12-015)

This letter addresses the Special Inspector General for Iraq Reconstruction's (SIGIR) review of the status of the \$1.5 billion appropriated to the Iraq Security Forces Fund (ISFF) through the Defense and Full-Year Continuation Appropriations Act, 2011 (Public Law 112-10). These funds allow the Department of Defense to train, equip, and maintain Iraq's security forces¹ and are available for use in fiscal years (FY) 2011 and 2012.

As of March 20, 2012, the Office of Security Cooperation–Iraq (OSC-I)² has obligated about \$243.1 million of 2011/2012 ISFF. Obligations have been made on purchases such as ammunition, spare parts, vehicles, training, and sustainment support. Any remaining unobligated funds will expire on September 30, 2012, at which time they can no longer be used for new obligations.³ After a review of Iraq's security forces requirements and current conditions, OSC-I now expects that it will not need all of the \$1.5 billion. Because of the reduced planned spending, the Under Secretary of Defense (Comptroller) requested Congressional approval for reprogramming 2011/2012 ISFF to meet the Department's other needs. The Under Secretary received authority to reprogram about \$345 million of those funds on March 6, 2012.

This interim report addresses the status of 2011/2012 ISFF obligations made as of March 20, 2012 and OSC-I's plan to obligate the remaining appropriated funds before they expire on September 30, 2012. Because a significant amount of funding remains available and revised spending plans are not yet finalized, SIGIR is continuing its examination of the 2011/2012 ISFF appropriations. Those results will be published later this year.

Background

There have been seven ISFF appropriations over the last seven years totaling \$20.54 billion. From May 2005 to March 2011, Congress authorized and appropriated \$19.04 billion in ISFF.

¹ Iraq's security forces are organized under the Ministry of Defense and Ministry of Interior. Iraqi security forces under the Ministry of Defense include the Army, Navy, Air Force, and Special Operations Forces. Security forces under the Ministry of Interior include the Iraqi police, special task forces, the Iraqi Intelligence Agency, and border security forces.

² OSC-I assists the Government of Iraq by advising, training, and equipping their security forces. The office has authority over the management and allocation of the ISFF.

³ However, ISFF funds can be used to support changes to existing obligations after September 30, 2012. That is, ISFF can be used to pay for items that support obligations already made prior to September 30, 2012.

In January 2011, Congress authorized another \$1.50 billion of ISFF in the National Defense Authorization Act for Fiscal Year 2011 (NDAA)⁴, and in April 2011, Congress appropriated those funds in the Department of Defense and Full-Year Continuation Appropriations Act, for 2011.⁵ Table 1 summarizes ISFF appropriations from May 2005 through April 2011.

Table 1—ISFF Appropriations for Fiscal Years 2005 through 2011 as of March 20, 2012 (\$ in millions)

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

Notes:

^a Appropriated funds must be obligated in the fiscal year(s) for which they were made available.

^b Appropriations expire on the date specified in the specific appropriation language. Funds cannot be used for new obligations after this date.

^c Expired funds can be used for up to five years to cover increases to existing obligations for the fiscal year(s) in which the funds were appropriated.

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

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

Responsibilities for training and equipping the Iraqi security forces formally transitioned from United States Forces-Iraq (USF-I) to OSC-I on October 1, 2011, but USF-I continued to obligate

⁴ Public Law 111-383, January 7, 2011, the Ike Skelton National Defense Authorization Act.

⁵ Public Law 112-10, April 15, 2011, the Department of Defense and Full-Year Continuation Appropriations Act, 2011.

2010/2011 ISFF until they ceased operations and departed Iraq on December 19, 2011.⁶ Although OSC-I assumed responsibilities for training and equipping Iraqi security forces on October 1, 2011, they were not designated by the Secretary of Defense as executor of ISFF until February 16, 2012, and therefore could not obligate ISFF until such date. According to OSC-I officials, no one was available to obligate funds during the transition period from December 2011 to February 2012, although officials noted that they were able to validate projects and approve requirements during this period.

OSC-I currently has approximately 157 Department of Defense personnel and is organized under the Chief of Mission at the U.S. Embassy in Iraq. OSC-I works in conjunction with the U.S. Embassy, the Government of Iraq (GOI), and international partners, conducting security cooperation to support Iraq's continued development into a sovereign, stable, and long-term, self-reliant strategic partner.

Requirements for GOI Cost-Share and Commitment

The FY 2011 NDAA requires that the GOI bear some of the costs of purchases made with the 2011/2012 ISFF and show a commitment to building the institutional capacity to maintain and sustain U.S.-purchased equipment when obligating ISFF funding.⁷ The FY 2011 NDAA states that, "funds made available for the purchase of items or services for Iraqi security forces [through the ISFF] may not cover more than 80 percent of the item or service." Therefore, the GOI or other sources would be expected to provide at least 20 percent of those costs. However, the FY 2011 NDAA allows exemptions to this requirement if the Secretary of Defense determines that the item(s) to be purchased is significant military equipment or that the item(s) is included on the United States Munitions List.⁸ In either of these scenarios, ISFF could be used to pay 100% of the items or services.

The FY 2011 NDAA also limits the amount of ISFF available for obligations to \$1.0 billion (of the \$1.5 billion authorized) until the Secretary of Defense certifies to Congress that the GOI has shown commitment to:

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

The certification must include a description of the actions taken by the GOI that, in the Secretary's judgment, support the certification. Once those actions are certified, the remaining \$500 million could then be used for obligations.

⁶ Prior to the USF-I, the Multi-National Security Transition Command-Iraq had previously managed and allocated the ISFF for the Multi-National Force-Iraq, which was the custodian of ISFF.

⁷ Public Law 111-383, January 7, 2011, Subtitle C, Section 1532.

⁸ The U.S. Munitions List is the part of the regulations (the International Traffic in Arms Regulations or ITAR) that define which defense articles and services are subject to licensing.

ISFF Purchases Processed Under the Foreign Military Sales Program

The Under Secretary of Defense (Comptroller) issued a memorandum in June 2011 that stated 2011/2012 ISFF expenditures be managed in cooperation with the Defense Security Cooperation Agency (DSCA), a Department of Defense agency that administers the Foreign Military Sales (FMS) program.⁹ The FMS program is the government-to-government method for selling U.S. defense equipment, services, and training to foreign countries. FMS purchases are typically funded by a foreign government. In Iraq, however, the ISFF is currently being used to fund some of the purchases.¹⁰

Prior to the memorandum, OSC-I officials stated that USF-I used more direct contracting than the FMS as a method for obligating the ISFF. For direct contracting, USF-I used several organizations including the Joint Contracting Command-Iraq/Afghanistan. When the USF-I disbanded, responsibility for these contracting actions moved to the U.S. Army Contracting Command, the U.S. Army Corps of Engineers, and the Rock Island Contracting Command.

To begin an FMS case (funded by either the GOI or ISFF), the GOI sends a Letter of Request to OSC-I. OSC-I officials then forward the Letter of Request to DSCA, where a Letter of Offer and Acceptance is produced. Because many Letters of Request and corresponding Letters of Offer and Acceptance include technical details regarding the weapons or equipment, DSCA officials often send them to implementing agencies such as the Air Force or Army, which then forwards them to their Program Management offices for assistance. Once a Letter of Offer and Acceptance is completed, DSCA returns it to OSC-I, who then provide it to the GOI for its review and signature. It is only after the Letters of Offer and Acceptance are signed by all parties that contracting actions begin and funds can be obligated.

In addition to the ISFF, funds from Foreign Military Financing (FMF) will also be used to purchase defense items and services under the FMS program for the GOI's use. FMF funds are appropriated by Congress through the Department of State to be used to pay for purchases of U.S. defense items and services. According to the Department of State, FMF-funded grants enable coalition partners and allies to improve their defense capabilities and foster closer military relationships between the U.S. and recipient nations.¹¹

ISFF Used To Purchase Ammunition, Spare Parts, and Training, Among Other Items

As of March 20, 2012, OSC-I has obligated over \$243.1 million, and expended about \$206.13 million of 2011/2012 ISFF for items such as ammunition, night vision goggles, fire trucks,

⁹ According to OSC-I officials, they can still obligate ISFF funding through direct contracting, but they would need prior approval from DSCA.

¹⁰ As of December 31, 2011, DSCA reported 421 FMS cases committed by the GOI. Of these FMS cases, 196 (valued at over \$7.8 billion) are funded by the GOI, and 225 (valued at over \$2.5 billion) are funded by the U.S. Government.

¹¹ In its Congressional Budget Justification for FY 2012, the Department of State requested \$1.00 billion for FMF overseas contingency operations in Iraq. According to the Department of State, the request reflects the transition of responsibility from military assistance programs from the Department of Defense to the Department of State, and allows for the continued development of the Iraqi military until the Iraqis become self-sufficient.

armored vehicles and accompanying spare parts, training, maintenance and sustainment packages, and travel, among other items. ISFF purchases are generally categorized into three groups: sustainment, equipment and transportation, and training. As of March 20, 2012, there were 30 purchases funded with the ISFF.¹² Table 2 shows the items purchased, ISFF obligated amounts, and GOI cost-share contributions.

¹² Of these 30 purchases, 26 were processed through the FMS program and 4 were processed through direct contracting.

Table 2—Summary of 2011/2012 ISFF Purchases as of March 20, 2012

	Purchase Description	Obligated Amount	Expended Amount	GOI Cost-Share
1	Warfighter Focus Collective Training Contract	\$34,452,770	\$15,767,023	0
2	Joint Base Workshop—Vehicle Spare Parts & Maintenance Training	\$19,249,907	\$1,376,165	0
3	T-6 Aircraft Maintenance & Training	\$21,942,544	\$21,942,544	\$20,000,000
4	King Aircraft Maintenance and Training	\$18,000,000	\$18,000,000	\$24,045,084
5	Field Service Reps for Maintenance. of Heavy Equipment	\$844,016	\$844,016	0
6	Spare Parts for Armored Vehicles	\$21,379,999	\$21,379,999	0
7	Cessna 172 & 208 Aircraft Maintenance and Training	\$6,000,000	\$6,000,000	\$9,500,000
8	Cessna 208 Aircraft Maintenance and Training	\$6,000,000	\$6,000,000	\$9,500,000
9	407 Helicopter Maintenance and Training	\$34,801,296	\$34,801,296	\$55,000,000
10	Cons. of Armored Vehicle Parts Before Shipping	\$150,000	\$150,000	0
11	Radiation Meters for Iraqi Army Bomb Disposal	\$69,803	\$69,803	0
12	Refurbishment of M198 Armored Vehicles	\$5,871,914	\$5,871,914	0
13	Support Setup and Install of Long Range Radar	\$988,610	\$988,610	0
14	Night vision goggles for Iraqi Special Forces	\$750,000	\$750,000	0
15	60 Meter Navy Offshore Support Vessel	\$6,321,420	\$6,321,420	0
16	407 Helicopter Passenger Cabin Enclosure Panel	\$3,591,353	\$3,591,353	0
17	Ammunition for Collective Training Contract	\$32,831,882	\$32,831,882	0
18	Training of Key Personnel for 407 Helicopters	\$2,378,397	\$2,378,397	0
19	Travel Costs for Ministry of Defense Personnel	\$117,000	\$89,291	0
20	Training for Iraqi Army Aviation Personnel	\$1,000,000	\$1,000,000	0
21	Travel and Course Costs for Aviation Training	\$1,000,000	\$1,000,000	0
22	Storage for Offshore Support Vessel Simulator	\$497,181	\$254,793	0
23	Fuses for Ammunition for Collective Training	\$27,697	\$25,763	0
24	Travel and Course Costs for Iraqi Air Force Training	\$3,733,210	\$3,733,210	0
25	Radar Control Training	\$4,000,000	\$4,000,000	\$6,621,747
26	Unmanned Aerial Vehicle Training	\$5,000,000	\$5,000,000	0
27	M198, M113, and M88A1 Armored Vehicle Training	\$7,995,637	\$7,995,637	0
28	M2 50 Cal. Machine Guns for Armored Vehicles	\$3,905,110	\$3,905,110	0
29	Foreign Travel Costs for Ministry of Interior Forces	\$100,000	\$9,091	0
30	Fire-fighting vehicles for Iraqi Air Force	\$50,540	\$50,540	0
	Total FY 2011 ISFF^a	\$243,050,286	\$206,127,857	\$124,666,831^b

Notes:

^a Numbers are rounded to the nearest dollar.

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

Source: OSC-I.

The majority of ISFF funds obligated as of March 20, 2012—about \$238.99 million—has been used to support Iraq’s Ministry of Defense security forces. In particular, \$17.59 million has been

used for equipment purchases, \$162.82 million for equipment sustainment, and \$58.58 million for training purposes. In contrast, about \$4.01 million has been obligated for the Ministry of Interior's forces; about \$3.91 million was used to purchase armored security vehicles, and \$.10 million for travel.¹³ (See Appendix B, for ISFF funds obligated to Iraq's Ministries of Defense and Interior.)

GOI Contributes to the Cost of Some ISFF Purchases

Table 2 shows that the GOI contributed about \$124.67 million on 6 of the 30 purchases.¹⁴ Most of the contributions (about \$118.05 million) were for equipment sustainment for Iraq's Ministry of Defense security forces. Except for those items and services exempt from a cost-sharing requirement, the FY 2011 NDAA requires that ISFF fund no more than 80% of the costs of the items or services. For these six purchases, the GOI cost-share contributions range from 47.68% to 62.34% of the items' or services' total cost. The other 24 purchases were paid entirely with 2011/2012 ISFF funds. According to OSC-I officials, these items and services are on the United States Munitions List.

ISFF Obligations Remain Low

OSC-I has obligated 16 percent, or \$243.1 million of the \$1.5 billion appropriated to the 2011/2012 ISFF as of March 20, 2012. Any remaining unobligated funds will expire and can no longer be used for new obligations after September 30, 2012.

OSC-I and DSCA officials noted several challenges in obligating 2011/2012 ISFF before they expire. First, it may take months before the OSC-I and the GOI finalize exactly what is to be purchased and complete all the necessary paperwork. Officials stated that it takes between four to eight months from the time OSC-I receives GOI's Letters of Requests to the time the Letters of Offer and Acceptance are signed. It is only after the Letters of Offer and Acceptance are signed that funds can be obligated. Second, OSC-I did not receive formal authority from the Secretary of Defense to obligate the ISFF until February 2012. Furthermore, OSC-I officials stated that when USF-I received the 2011/2012 ISFF apportionment in May 2011 (Congress appropriated funds in April 2011), it was still concentrating on closing out prior years' funding and did not focus on obligating new ISFF funding. Lastly, OSC-I officials stated that it is understaffed for the number of cases managed.

Even with these challenges, OSC-I officials feel confident that they will be able to obligate most of the remaining 2011/2012 ISFF by September 30, 2012. OSC-I officials noted that they have 79 GOI Letters of Request currently in process with an estimated value of \$875 million. Of these Letters of Request, 69 are expected to have GOI cost-share contributions, and 10 will likely be funded entirely by the ISFF.

¹³ According to OSC-I officials, DSCA determined that these travel costs are on the United States Munitions List, and therefore, do not require GOI cost-share contributions.

¹⁴ Cost share amounts received from the GOI are placed into trust with the DSCA and separately tracked using trust sub-accounts.

Spending Plans for ISFF Changed

In May 2011 the USF-I prepared a financial activity plan detailing how the \$1.5 billion Congress appropriated in April 2011 for the 2011/2012 ISFF would be spent. The spend plan is included in Appendix C of this report. In October 2011, however, the USF-I Commanding General informed the Secretary of Defense that \$500 million of the \$1.5 billion would not be needed, and that the decrement would not significantly degrade the continued development of the Iraqi security forces. He made his decision “after a follow-up review of Iraqi security forces requirements under current operational and fiscal conditions.” The Commanding General further added that the “transition to Foreign Military Financing [2012] funding [would provide] the necessary means for continuing development of the [Iraqi security forces] capabilities.” In addition, difficulties in obtaining GOI’s commitment to build logistics, maintenance, and institutional capacity and to provide assurances that it can and will sustain and maintain the equipment—as required by the FY 2011 NDAA—also played a role in the decision to reduce spending to \$1.00 billion.

OSC-I, having taken over responsibilities for developing the Iraqi security forces from the USF-I, prepared a new financial activity plan, dated February 2012, that reduced the planned ISFF spending to reflect the new lower \$1.00 billion goal. Unlike the prior plan, the updated spend plan did not provide detail on exactly what was to be purchased, but rather overall totals for three main categories: sustainment, equipment and transportation, and training.

Table 3 compares the May 2011 spend plan, based on a \$1.5 billion budget, with the subsequent February 2012 updated plan, based on a \$1.00 billion budget, by major category and affected GOI Ministry. The data shows that almost all of the reduction will be taken from items and services originally planned to be provided to Iraq’s Ministry of Defense forces. Only \$3.4 million would be reduced from the planned support to the Ministry of Interior forces.

**Table 3—Summary of USF-I’s Financial Activity Plans for 2011/2012 ISFF
(\$ in millions)**

Activity	May 2011 Financial Activity Plan	Change	February 2012 Financial Activity Plan
Ministry of Defense			
Sustainment	\$503.0	\$(242.6)	\$260.4
Equipment and Transportation	\$707.8	\$(267.4)	\$440.4
Training	\$170.5	\$13.4	\$183.9
Subtotal	\$1,381.3	\$(496.6)	\$884.7
Ministry of Interior			
Sustainment	\$13.3	\$1.1	\$14.4
Equipment and Transportation	\$98.1	\$(4.9)	\$93.2
Training	\$2.3	\$0.4	\$2.7
Subtotal	\$113.7	\$(3.4)	\$110.3
Quick Response Fund*	\$5.0	\$0.0	\$5.0
Total 2011 ISFF	\$1,500.0	\$(500.0)	\$1,000.0

Note: *Quick response funds, subset of the ISFF, allow OSC-I to meet short-notice and emergent Iraqi security forces requirement.

Source: OSC-I.

OSC-I officials stated that recent communications with the GOI, however, indicate a renewed commitment to logistics, maintenance, and sustainment. Because of this, OSC-I officials now estimate it can obligate more than \$1.00 billion. In fact, they estimate that between \$1.10 billion and \$1.15 billion of 2011/2012 ISFF will be obligated by September 30, 2012. An updated spend plan reflecting the new estimates have not yet been finalized, however, OSC-I officials stated that a significant amount of ISFF will be realigned to support sustainment.

As a result of the planned reduction in ISFF spending, the Under Secretary of Defense (Comptroller) requested Congressional approval for reprogramming of ISFF to the Department’s other needs. He received authority to reprogram about \$345 million of 2011/2012 ISFF on March 6, 2012. SIGIR is currently reviewing the details of the reprogramming request and will include our observations in the follow-up report.

Concluding Observation

Even though Congress approved the Under Secretary of Defense’s (Comptroller) request to reprogram \$345 million of the \$1.5 billion appropriated for the 2011/2012 ISFF, challenges faced in obligating the ISFF will make it likely that more funds will be left unobligated by September 30, 2012. At the time of this review, OSC-I has obligated only \$243 million of appropriated ISFF. Whether it can reach its current goal of \$1.10 to \$1.15 billion by the end of FY 2012, when all unobligated funds expire, remains to be seen. SIGIR continues to examine the purchases made with remaining available ISFF and will issue its findings later this year.

Management Comments and Audit Response

Technical comments were provided by the U.S. Central Command which were incorporated in this report. Formal comments were not received.

We appreciate the courtesies extended to the SIGIR staff. For additional information on the report, please contact James Shafer, Assistant Inspector General for Audits (Washington, DC), (703) 604-0894/ fred.j.shafer.civ@mail.mil or Tinh Nguyen, Principal Deputy Assistant Inspector General for Audits (Washington, DC), (703) 604-0545/ tinh.t.nguyen4.civ@mail.mil.



Stuart W. Bowen, Jr.
Inspector General

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

Appendix A—Scope and Methodology

This interim audit report examines the 2011/2012 Iraq Security Forces Fund (ISFF) obligations made to date and plans to obligate the remaining available funds. This audit was performed under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978, as amended. SIGIR conducted its review from October 2011 to April 2012 in Arlington, Virginia.

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

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

Use of Computer-processed Data

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

Internal Controls

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

Prior Coverage

We reviewed the following SIGIR reports for this audit:

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

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

Appendix B—2011/2012 ISFF Purchases as of March 20, 2012

	Description	Obligated Amount	Expended Amount	GOI Cost-Share
1	Warfighter Focus Collective Training Contract	\$34,452,770	\$15,767,022	0
2	JB Workshop – Veh. Parts & Maint. Training	\$19,249,907	\$1,376,166	0
3	T-6 Aircraft Maintenance & Training	\$21,942,544	\$21,942,544	\$20,000,000
4	King Aircraft Maintenance and Training	\$18,000,000	\$18,000,000	\$24,045,084
5	Service Reps for Maint. of Heavy Equipment	\$844,016	\$844,016	0
6	Spare Parts for Armored Vehicles	\$21,379,999	\$21,379,999	0
7	Cessna 172 & 208 Aircraft Maint. and Training	\$6,000,000	\$6,000,000	\$9,500,000
8	Cessna 208 Aircraft Maintenance and Training	\$6,000,000	\$6,000,000	\$9,500,000
9	407 Helicopter Maintenance and Training	\$34,801,296	\$34,801,296	\$55,000,000
10	Cons. of Armored Veh. Parts Before Shipping	\$150,000	\$150,000	0
	Total Ministry of Defense Sustainment	\$162,820,532	\$126,261,043	\$118,045,084
11	Radiation Meters for IA Bomb Disposal	\$69,803	\$69,803	0
12	Refurbishment of M198 Armored Vehicles	\$5,871,914	\$5,871,914	0
13	Supp. Setup and Install of Long Range Radar	\$988,610	\$988,610	0
14	Night vision goggles for Iraqi Special Forces	\$750,000	\$750,000	0
15	60 Meter Navy Offshore Support Vessel	\$6,321,420	\$6,321,420	0
16	407 Helicopter Passenger Cabin Enclosure Panel	\$3,591,353	\$3,591,353	0
	Total Ministry of Defense Equipment	\$17,593,100	\$17,593,100	0
17	Ammunition for Collective Training Contract	\$32,831,882	\$32,831,882	0
18	Training of Key Personnel for 407 Helicopters	\$2,378,397	\$2,378,397	0
19	Travel Costs for Ministry of Defense Personnel	\$117,000	\$89,291	0
20	Training for Iraqi Army Aviation Personnel	\$1,000,000	\$1,000,000	0
21	Travel and Course Costs for Aviation Training	\$1,000,000	\$1,000,000	0
22	Storage for Offshore Support Vessel Simulator	\$497,181	\$254,793	0
23	Fuses for Ammunition for Collective Training	\$27,697	\$25,764	0
24	Travel and Course Costs for IAF Training	\$3,733,210	\$3,733,210	0
25	Radar Control Training	\$4,000,000	\$4,000,000	\$6,621,747
26	Unmanned Aerial Vehicle Training	\$5,000,000	\$5,000,000	0
27	M198, M113, & M88A1 Armored Veh. Training	\$7,995,637	\$7,995,637	0
	Total Ministry of Defense Training	\$58,581,004	\$58,308,974	\$6,621,747
28	M2 50 Cal. Machine Guns for Armored Veh.	\$3,905,110	\$3,905,110	0
29	Foreign Travel Costs for MOI Forces	\$100,000	\$9,091	0
	Total Ministry of Interior Training	\$4,005,110	\$3,914,201	0
30	Fire-fighting vehicles for Iraqi Air Force	\$50,540	\$50,539	0
	Total Quick Response Fund	\$50,540	\$50,539	0
	Total FY 2011 ISFF	\$243,050,286	\$206,127,857	\$124,666,831

Appendix C—Financial Activity Plan for 2011/2012 ISFF as of May 2011

OSC-I provided SIGIR with its 2011/2012 ISFF financial activity plan. The tables show ISFF subactivities group (or “SAGs” such as sustainment, equipment/transportation, and training for the Ministries of Defense and Interior), the service or GOI Ministry that is benefiting from the ISFF purchases, estimated costs to the ISFF, and estimated GOI contributions.

\$1.5B FAP - May 2011

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
11000	Air Force	ISR Station Mx	\$780,000	\$ 220,000
11000	Air Force	Kirkuk LRR CLS	\$780,000	\$ 220,000
11000	AAC	M-206 Flares for AAC Helos	\$1,560,000	\$ -
11000	Army	Heavy Machine Gun, M2, M3, and M85 Ammo	\$1,560,000	\$ 440,000
11000	Army	Ammo (7.62 X 51MM)	\$1,560,000	\$ 440,000
11000	Force / A	POL for IqAF and IqAAC (not spted by ITAM Air)	\$1,950,000	\$ 550,000
11000	MoD	Harris Radio Spare Parts	\$2,574,000	\$ 726,000
11000	Army	IDF Radar Lease (IQ-B-LAC/LAD)	\$2,574,000	\$ 726,000
11000	Army	M198 and M109A5 155MM Ammo	\$3,900,000	\$ 1,100,000
11000	Navy	C4ISR Sustainment (One Year)	\$3,900,000	\$ 1,100,000
11000	Air Force	Additional Fuel (not supported by ITAM Air)	\$4,680,000	\$ -
11000	Navy	Symphony Sustainment	\$5,304,000	\$ 1,496,000
11000	MoD	ITT SINCGARS O&M	\$6,942,000	\$ 1,958,000
11000	MoD	Defense Network Maintain and Sustain (IDN O&M)	\$11,700,000	\$ 3,300,000
11000	Air Force	C-172/C-208 Sustainment	\$11,700,000	\$ 3,300,000
11000	Air Force	AC/RC-208 Caravan Sustainment	\$11,700,000	\$ 3,300,000
11000	Navy	Scan Eagle	\$11,778,000	\$ 3,322,000
11000	Air Force	OH-58 / New BJR Sustainment	\$15,600,000	\$ 6,400,000
11000	Strat Log	JBW Supplement	\$18,580,000	\$ -
11000	AAC	IA407 Operational Ammo	\$21,060,000	\$ -
11000	Air Force	C130E Sustainment	\$21,840,000	\$ 6,160,000
11000	Army	M1A1, M198 & M109A5, Parts, Services, and	\$23,400,000	\$ 6,600,000
11000	Strat Log	Standard Vehicle Spare Parts	\$28,080,000	\$ 7,920,000
11000	Air Force	King Air Sustainment	\$31,200,000	\$ 8,800,000
11000	Strat Log	Non-Standard Vehicle Spare Parts	\$33,540,000	\$ 9,460,000
11000	Air Force	T-6 Sustainment	\$39,000,000	\$ 11,000,000
11000	Air Force	Mi-17 Sustainment	\$39,234,000	\$ 5,000,000
11000	Army	War fighter Focus – Logistics	\$35,000,000	\$ -
11000	Army	War fighter Focus – Combat Forces	\$40,000,000	\$ -
11000	Air Force	T/IA407 Armed Scout Sustainment	\$71,538,626	\$ 17,800,000
		TOTAL 11000	\$503,014,626	\$101,338,000

\$1.5B FAP - May 2011

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
13000	JFSOCC-	EOD Equipment Purchase	\$400,000	\$ -
13000	Army	Vehicles to support SIGINT	\$1,279,200	\$ -
13000	J4	Air Freight Forwarding	\$1,950,000	\$ -
13000	MoD	Communications Equipment (IQ-B-ZAR)	\$3,900,000	\$ 1,100,000
13000	Army	Signals Intelligence	\$3,991,000	\$ 360,080
13000	MoD	IDN Exp. Phase II	\$4,524,000	\$ 1,276,000
13000	MoD	Badger Vehicles (New)	\$9,828,000	\$ 2,772,000
13000	AAC	Mi-17 Comms and Missile Defense Upgrade	\$15,600,000	\$ 4,400,000
13000	MoD	Mobile Comms Centers	\$16,692,000	\$ 4,708,000
13000	Air Force	Long Range Radar #2	\$26,754,000	\$ 7,546,000
13000	JFSOCC-	Acadamia (equipment for training center and moving	\$26,804,000	\$ -
13000	Air Force	Ali AB ATC Equipment	\$31,200,000	\$ 8,800,000
13000	Army	RGB MTOEX4	\$35,000,000	\$ -
13000	Air Force	AFC ATC Equipment	\$36,660,000	\$ 10,340,000
13000	Air Force	Tikrit Airfield System Equipment	\$36,738,000	\$ 10,362,000
13000	Navy	C4ISR Phase II (Equipment and Training)	\$45,630,000	\$ 12,870,000
13000	Army	2011 M1A1 Abrams Tanks Ammunition	\$46,633,000	\$ -
13000	Navy	Maritime Academy Simulators & Laboratories	\$50,700,000	\$ 26,200,000
13000	Navy	35M Patrol Boat #13-15	\$70,200,000	\$ 19,800,000
13000	Army	Corps Headquarters	\$103,290,000	\$ 12,210,000
13000	Army	MTOE Up-Armored HMMWV	\$140,000,000	\$ -
		TOTAL 13000	\$707,773,200	\$122,744,080

\$1.5B FAP - May 2011

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
14000	Navy	Training ammunition	\$500,000	\$ -
14000	Air Force	Simulators (Air Force)	\$780,000	\$ 220,000
14000	AAC	RW Army Aviation Training	\$890,174	\$ -
14000	Air Force	F/W Student Pilot Training Follow-On (IQ-D-TAK)	\$1,950,000	\$ 550,000
14000	AAC	IA407 Initial Key Personnel Training	\$2,886,000	\$ 814,000
14000	Navy	C4ISR Phase II (Training)	\$3,900,000	\$ 1,100,000
14000	Air Force	Fixed Wing IP Training	\$4,000,000	\$ 15,000,000
14000	Air Force	Air Traffic Control Trng (incl IQ-D-TAI/TAJ)	\$4,680,000	\$ 1,320,000
14000	Air Force	South SOC Training	\$8,034,000	\$ 2,266,000
14000	AAC	IA407 Training Ammunition	\$23,946,000	\$ 6,754,000
14000	Army	Ammunition for Collective Training	\$40,200,000	\$ -
14000	Army	IDF Radar Log Training and Support	\$78,780,000	\$ 22,220,000
		TOTAL 14000	\$170,546,174	\$50,244,000
		TOTAL MOD	\$1,381,334,000	\$274,326,080

\$1.5B FAP - May 2011

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
21000	Mol	VSAT Ops and MX (Mol funded migration only)	\$13,260,000	\$ 3,740,000
		TOTAL 21000	\$13,260,000	\$3,740,000

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
23000	Police	Firearms Weapons Simulator (Engagement Skills	\$2,000,000	0
23000	Mol	I2N and Secure Comms (IQ-B-ZAQ)	\$11,700,000	0
23000	Police	Lawful Intercept	\$24,492,000	6908000
23000	Police	5th Division	\$59,874,000	8426000
		TOTAL 23000	\$98,066,000	\$15,334,000

SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
24000	Police	Federal Police Advanced Combined Training	\$2,340,000	2340000
		TOTAL 24000	\$2,340,000	\$2,340,000

		TOTAL MOI	\$113,666,000	\$21,414,000
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SAG	Service	Requirement Title	ISFF Total - \$1.5B	GOI \$ Total
31000		TOTAL QRF	\$5,000,000	\$ -

		TOTAL ISFF VII	\$1,500,000,000	\$295,740,080
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Appendix D—Acronyms

Acronym	Description
DSCA	Defense Security Cooperation Agency
FMA	Foreign Military Sales
FMS	Foreign Military Financing
FY	Fiscal Year
GOI	Government of Iraq
IA	Iraqi Army
IAF	Iraqi Air Force
ISFF	Iraq Security Forces Fund
MOD	Ministry of Defense
MOI	Ministry of Interior
NDAA	National Defense Authorization Act
OSC-I	Office of Security Cooperation-Iraq
SIGIR	Special Inspector General for Iraq Reconstruction
USF-I	United States Forces-Iraq

Appendix E—Audit Team Members

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

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

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Appendix F—SIGIR Mission and Contact Information

SIGIR’s Mission

Regarding the U.S. reconstruction plans, programs, and operations in Iraq, the Special Inspector General for Iraq Reconstruction provides independent and objective:

- oversight and review through comprehensive audits, inspections, and investigations
- advice and recommendations on policies to promote economy, efficiency, and effectiveness
- deterrence of malfeasance through the prevention and detection of fraud, waste, and abuse
- information and analysis to the Secretary of State, the Secretary of Defense, the Congress, and the American people through Quarterly Reports

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- Web: www.sigir.mil/submit_fraud.html
- Phone: 703-602-4063
- Toll Free: 866-301-2003

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