

United States Senate

WASHINGTON, DC 20510

October 6, 2010

Via Electronic Transmission

The Honorable Hillary Rodham Clinton
Secretary
U.S. Department of State
Harry S. Truman Building
2201 C Street, NW
Washington, DC 20520

Dear Secretary Clinton:

As Ranking Members of the Senate Committee on Finance, and the Senate Committee on Homeland Security and Governmental Affairs, Permanent Subcommittee on Investigations, we sent a letter on April 8, 2010, to 69 Inspectors General, asking among other things, about any agency interference or resistance to the OIG's oversight work.

The OIGs replied, indicating varying degrees of cooperation with their agencies. We were disappointed to learn that the Department of State is among those that have not fully cooperated with the SIGIR. A copy of the Inspector General's letter is attached for your reference. Specifically, the Inspector General reported that the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the Department of State still has not provided complete data on the cost of the contract for providing trainers for the Iraqi Police Training Program. The request has been outstanding since July 8, 2009. At one point INL responded that SIGIR's request was given a low priority.

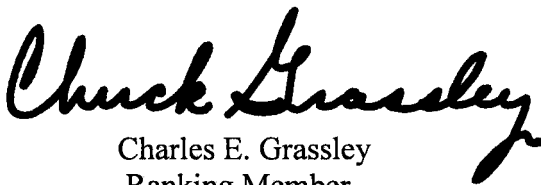
It has been well over a year and SIGIR still has not received all the necessary information to complete a thorough and accurate audit. Even more concerning is that SIGIR provided a summary of their findings to the Assistant Secretary of INL and noted the incomplete report; which was due to the failure of INL not providing requested data. One would expect that the INL would immediately begin complying with the SIGIR requests, but that has not been the case. In light of these problems, we have the following questions:

- 1) Prior to this letter, were you aware of these examples of interference with the OIG's oversight function?
- 2) If so, when and how did you become aware of these issues and what steps have you taken to correct the problems?
- 3) If not, what steps do you intend to take to correct the problems?
- 4) Why has the INL not fully complied with requests made by SIGIR?

- 5) What guidance has been given employees of the Department of State in regards to responding to requests made by SIGIR? Please provide a copy of any such guidance.

Thank you for your cooperation and attention to this important matter. Please provide the request set forth in this letter no later than October 20, 2010. Should there be any questions, please contact Jason Foster on Senator Grassley's staff at (202) 224-4515, or Keith Ashdown on Senator Coburn's staff at (202) 224-3721. All formal correspondence should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov or via facsimile to (202) 228-2131.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on Finance



Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee

Attachment



SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

June 15, 2010

Senator Charles E. Grassley
Ranking Member
Committee on Finance

Senator Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee

Dear Senators:

This letter responds to your inquiry of April 8, 2010. As requested, we have addressed the issues specified in your letter: (1) interference with our oversight work; (2) identification of any reports or investigations not disclosed to the public; (3) interference in our ability to communicate with Congress on budget or other matters; and (4) recommendations not yet implemented by agencies involved in Iraq reconstruction activities.

Interference with Oversight

Twice during the period of October 1, 2008 to June 1, 2010, SIGIR's audit activities were slowed by agencies involved in Iraq reconstruction and relief efforts. The first instance involves the Department of State. The Bureau of International Narcotics and Law Enforcement Affairs (INL) of the Department of State has not, to date, provided complete data on the cost of the contract for providing trainers for the Iraqi Police Training Program. Our initial request for the data was made about 11 months ago. On July 8, 2009, during the entrance meeting with INL on SIGIR's Audit of the DynCorp International Task Orders for the Iraqi Police Training Program (Project 9025), SIGIR representatives requested obligation and expenditure data for the DynCorp task orders in Iraq, including detailed cost data by contract line item for the two largest task orders. In e-mails to INL's Audit Liaison dated November 19 and December 1, 2009, SIGIR auditors reiterated their requests for the previously requested financial data. In a December 1, 2009, response, the audit liaison stated that the request was in process.

On December 15, 2009, INL provided the obligation and expenditure data for the DynCorp Iraq task orders but did not provide the detailed cost data for the two largest task orders. On December 17, 2009, SIGIR provided the Assistant Secretary INL and other INL representatives with a summary of findings on SIGIR Project 9025. The summary stated: "Despite repeated requests to INL for obligation, expenditure, and detailed cost data, INL did not provide the data in time for this summary." On January 4, 2010, INL provided spreadsheets containing detailed cost data for the largest task orders. Upon examination of the spreadsheets and subsequent discussions with INL personnel, SIGIR auditors with the assistance of INL personnel were not able to reconcile the differences between the expenditure data provided for the task orders and

the detailed cost data for the same task orders. SIGIR's audit report,¹ dated January 25, 2010, stated that INL had not provided the detailed cost data until early January 2010 and SIGIR's preliminary analysis of the data raised questions that could not be resolved in time to be included in the report. The report also stated that SIGIR would continue to pursue those questions with INL.

On February 16, 2010, SIGIR auditors again requested information of the status of INL's effort to reconcile the expenditure data. On February 22, 2010, the INL audit liaison stated in an e-mail that since the request for the reconciliation was associated with a completed project, the request would receive a lower priority. On February 24, 2010, INL representatives were notified by SIGIR auditors that the reconciliation data was needed for a current audit of the Iraqi Police Training Program (Project 9028) and therefore should be given priority. In response a partial answer for security costs was provided on April 13, 2010, but SIGIR has not received the requested data as of June 1, 2010.

The second instance was less serious. This involved a misunderstanding with the Multi-National Force-Iraq Inspector General as to SIGIR's oversight authority. This issue was quickly resolved with the leadership of the Multi-National Force-Iraq during the Fall of 2009. I am pleased to report that we now have a strong and cooperative working relationship with Multi-National Force-Iraq, renamed U.S. Forces-Iraq in January 2010. Correspondence related to this matter is attached as Tab A.

Public Disclosure of Reports and Investigations

SIGIR disclosed to the public all audit reports produced during the period of January 1, 2009 through April 30, 2010.

We were separately informed that in discussions with your staff, members of the accountability community learned that you were interested in matters such as "management implication reports". While we have produced no reports of this nature, I have written one letter to senior agency officials in the relevant time period expressing my concerns about emerging issues relating to the management of Iraq reconstruction activities. That letter is attached as Tab B..

With respect to your request for copies of all closed investigations, our discussions with your staff indicate that such request is not applicable to the kinds of cases that SIGIR investigates, namely investigations of alleged fraud and related crimes relating to Iraq reconstruction funds. As an agency whose jurisdiction overlaps with the jurisdiction of agency inspectors general, the Department of Justice, and other investigative bodies, SIGIR does not investigate allegations of criminal or administrative misconduct by agency senior management (other than fraud or related matters involving reconstruction funds), but would turn such other matters over to other

¹ See *Long-standing Weaknesses in Department of State's Oversight of DynCorp Contract for Support of the Iraqi Police Training Program* (SIGIR 10-008, 1/25/2010) available at <http://www.sigir.mil/directorates/audits/auditReports.html>

investigative agencies. As a result, as discussed with your staff, SIGIR is not providing reports on its closed criminal investigations.

Communicating with Congress

Prior to the enactment of the current text of the section 6(f)(3)(E) of the Inspector General Act, our budget requests were not always approved, but in recent years they have been approved and transmitted to Congress without material change. There have been no attempts to impede our ability to communicate with Congress.

Status of Recommendations

You asked that we provide a copy of our reply to the Ranking Member of the House Committee on Oversight and Government Reform providing information on outstanding recommendations that have not been fully implemented. We used the occasion of your question to review again the status of our audit recommendations.

Most of SIGIR's audit recommendations have been implemented or are otherwise closed.

SIGIR currently has 116 of 417 (28%) audit recommendations made to U.S. agencies involved in Iraq reconstruction efforts that remain open as of June 1, 2010. The recommendations are open because (1) agency management has not yet come to a decision about the recommendation, (2) agency management has not yet finished implementing the recommendation, or (3) agency management and SIGIR disagree about the recommendation, and no final management decision has been made. SIGIR's audit recommendations remain open until the audited entity completes corrective actions and SIGIR has reviewed and accepted them or management makes a final decision to disagree with the recommendation at which time the recommendation is closed. These procedures are pursuant to Office of Management and Budget Circular A-50, *Audit Followup*. Please see the attached document for more details on the current status of SIGIR's audit recommendations [Tab C].

We have also attached a verbatim copy of our reply to the Ranking Member of the House Committee on Oversight and Government Reform, the Honorable Darrell Issa [Tab D]. Note that in addition to accounting for 7 new recommendations since we made our report to Representative Issa, we are now including 28 recommendations which were made in Fiscal Year 2004 and subsequently closed and have removed 8 recommendations which had been reported for Fiscal Year 2009 but which, as part of a standardization process, we do not now count as separate recommendations in our database.

Senators Grassley and Coburn

June 15, 2010

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SIGIR appreciates your interest in, and support of, our work. Please contact me if we may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Bowen, Jr.", followed by a period.

Stuart W. Bowen, Jr.
Inspector General

Attachments