



Highlights of [GAO-08-568T](#), a testimony before the Committee on Appropriations, U.S. Senate

Why GAO Did This Study

Since 2001, Congress has appropriated nearly \$700 billion for the global war on terrorism. The majority of these funds have supported U.S. efforts in Iraq. Congressional oversight is crucial to improve performance, ensure accountability, and protect U.S. programs from fraud, waste, and abuse. Since 2003, GAO has issued nearly 130 Iraq-related reports and testimonies.

This testimony addresses (1) factors contributing to poor contracting outcomes and accountability, (2) long-standing issues in the Department of Defense's (DOD) management and oversight of contractors supporting deployed forces, and (3) efforts to improve the capacity of the Iraqi government. GAO reviewed U.S. agency documents and interviewed officials from State, DOD, and other agencies; the United Nations (UN); and the Iraqi government. We also made multiple trips to Iraq.

What GAO Recommends

To improve accountability and minimize opportunities for fraud, waste, and abuse, GAO has previously recommended that DOD adopt sound business processes and improve management and oversight of contractors. GAO has recommended that U.S. agencies work with the Iraqi government to develop strategic plans for key sectors. DOD and State have taken actions to address some, but not all, of GAO's recommendations.

To view the full product, click on [GAO-08-568T](#). For more information, contact Joseph A. Christoff at (202) 512-8979 or christoffj@gao.gov.

STABILIZING AND REBUILDING IRAQ

Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments

What GAO Found

U.S. efforts in Iraq have relied extensively on contractors to undertake reconstruction projects and provide support to U.S. forces. However, a lack of well-defined requirements, poor business arrangements, and inadequate oversight and accountability have negatively affected reconstruction and support efforts. For example, in a July 2007 report, GAO found that DOD completed negotiation for task orders on an oil contract more than 6 months after the work commenced and most costs were incurred. DOD paid nearly all of the \$221 million in costs questioned by auditors. Also in July 2007, GAO found that unclear DOD guidance, inadequate staff, and insufficient technology resulted in poor accountability over more than 190,000 weapons provided to Iraqi forces. DOD concurred with GAO's recommendation to determine what DOD accountability procedures apply or should apply to the program. However, as of March 2008, DOD had not made a determination.

The need to effectively manage and oversee contractors supporting deployed forces is equally important. DOD pays billions of dollars each year for contracted goods and services in locations such as Iraq and elsewhere. However, several long-standing and systemic problems continue to hinder DOD's management and oversight of contractors at deployed locations, including the failure to follow planning guidance, provide an adequate number of contract oversight personnel, systematically collect and distribute lessons learned, and provide predeployment training for military commanders and contract oversight personnel on the use and role of contractors. GAO's work has identified instances where poor oversight and management of contractors led to negative financial and operational impacts. GAO has made a number of recommendations aimed at strengthening DOD's management and oversight of contractor support at deployed locations, and the department has agreed to implement many of those recommendations. However, GAO has found that DOD has made limited progress in implementing some key recommendations.

The United States has made available nearly \$6 billion to rebuild Iraq's energy sector and \$300 million to develop its government ministries but lacks integrated strategic plans for both efforts. Building the capacity of the ministries is critical to ensure that Iraq can effectively govern, rebuild, and stabilize the country. Rebuilding Iraq's energy sector is necessary to ensure that Iraq can pay for these tasks and provide essential services to the Iraqi people. However, in the absence of a comprehensive and integrated strategic plan, U.S. efforts to build the capacity of the Iraqi government have been hindered by multiple U.S. agencies pursuing individual efforts without overarching direction. The creation of a plan for the energy sector is also essential for Iraq to meet energy production and export goals. GAO recommended that State work with Iraqi ministries to develop an integrated energy plan. State commented that the Iraqi government, not the U.S. government, should act on GAO's recommendations. Given the billions of dollars provided to rebuild Iraq's energy sector and the limited capacity of Iraqi ministries, GAO believes that its recommendations are still valid.