

**OFFICE OF INSPECTOR GENERAL**

## Proposed Appropriation Language

### OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, [~~\$100,000,000~~]*\$120,152,000*, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980 (Public Law 96–465), as it relates to post inspections, of which [~~\$23,000,000~~]*\$22,125,000* shall be for the Special Inspector General for Iraq Reconstruction for reconstruction oversight, and [~~\$23,000,000~~]*\$35,287,000* shall be for the Special Inspector General for Afghanistan Reconstruction for reconstruction oversight. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# OFFICE OF INSPECTOR GENERAL

## *Resource Summary*

(\$ in thousands)

Appropriations	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Positions	318	318	318	0
Funds	121,122	102,000	120,152	18,152

FY 2009 Actual includes \$57.0 million in bridge funding provided by the Supplemental Appropriations Act, 2008 (P.L. 110-252), of which \$36.5 million was transferred to the Special Inspector General for Iraq Reconstruction and \$5.0 million was for the Special Inspector General for Afghanistan Reconstruction. FY 2009 Actual also includes \$24.1 million provided by the Supplemental Appropriations Act, 2009 (P.L. 111-32), of which \$7.2 million was for the Special Inspector General for Afghanistan Reconstruction and \$7.0 million was transferred to the Special Inspector General for Iraq Reconstruction as forward funding for FY 2010 requirements, as well as \$1.0 million transferred from the Economic Support Fund appropriation provided in the Act. FY 2009 Actual further includes \$2.0 million provided by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

FY 2010 Enacted includes \$2.0 million transferred from the Economic Support Fund to OIG, \$23.0 million for the Special Inspector General for Afghanistan Reconstruction, and \$23.0 million for the Special Inspector General for Iraq Reconstruction as provided by the Consolidated Appropriations Act, 2010 (P.L. 111-117).

FY 2011 Request includes \$35.3 million for the Special Inspector General for Afghanistan Reconstruction and \$22.1 million for the Special Inspector General for Iraq Reconstruction.

Position totals are for DOS OIG only and lower than the FY 2010 CBJ total of 329 due to a technical adjustment to better reflect the actual authorized ceiling.

### *Program Description*

FY 2011 marks the second year that the Department of State's Office of Inspector General account has incorporated funding requests for the Department's Office of Inspector General (OIG), the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the Special Inspector General for Iraq Reconstruction (SIGIR). Prior to FY 2010, SIGAR and SIGIR received funding from supplemental appropriations. The following chart summarizes the budget requests for the three offices.

(\$ in thousands)

Appropriations	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
OIG Funds	65,421	56,000	62,740	6,740
SIGAR Funds	12,201	23,000	35,287	12,287
SIGIR Funds (1)	43,500	23,000	22,125	(875)
Total	121,122	102,000	120,152	18,152

(1) FY 2009 SIGIR funds include \$7 million that was forward funded for FY 2010. SIGIR's drawdown is more accurately reflected as authorized funding levels of \$36.5 million in FY 2009, \$30 million in FY 2010, and \$22 million in FY 2011.

### Department of State Office of Inspector General

The Office of Inspector General has a leading role in helping the Department of State (Department) and the Broadcasting Board of Governors (BBG) improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources. OIG's oversight extends to the Department's and BBG's 64,000+ employees and more than 275 missions and other facilities worldwide, funded through combined annual appropriations of more than \$15

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billion (including supplemental appropriations). OIG remains at the forefront of efforts to identify potential savings and cost efficiencies for the Department and BBG, and strives to provide timely, relevant, and useful feedback that supports decision makers in strengthening programs and operations.

In the past two years, OIG has implemented initiatives to strengthen its oversight of high-cost, high-risk Department operations and programs in the Middle East and South Asia. In FY 2008, OIG opened its first overseas office in Amman, Jordan, to dedicate on-the-ground resources and expertise to oversight of Department activities and U.S. interests in Iraq, Afghanistan, Pakistan, Lebanon, and other conflict and post-conflict countries. OIG's Amman regional office is augmented by three additional offices: a satellite office in Cairo, Egypt, and temporary satellite offices in Baghdad, Iraq, and Kabul, Afghanistan. The Baghdad office opened in 2008 and the Cairo and Kabul offices opened in 2009. OIG also has received NSDD-38 approval for an additional temporary satellite office in Islamabad, Pakistan, scheduled to open during FY 2010.

Within the past two years, OIG has taken steps to augment its investigative capability. OIG has aggressively recruited staff to strengthen the Office of Investigations and improve its capacity to address allegations of waste, fraud, and abuse.

Based on requested FY 2010 funding levels and taking expected attrition into account, OIG established an internal ceiling of 240 direct-hire positions. Actual on-board staffing as of November 30, 2009, was 221.

OIG's mandate encompasses all domestic and overseas activities, programs, and missions of the Department and the BBG. OIG's activities are global in scope, supporting the highest priorities of the Department. OIG's overarching goal for FY 2011 is to effect positive change by being a valued resource to the Department, with specific emphasis on the following:

- **Relevance:** OIG work will be directed at Department and BBG priorities, with an emphasis on global issues; high-cost, high-risk programs and operations; activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA); priority posts and bureaus; and the Department's coordination with other U.S. Government agencies.
- **Value Added:** OIG will recommend actions that result in savings, cost recoveries, prevention of losses, and improved efficiencies and security.
- **Usefulness:** OIG products will assist decision makers in improving programs and making spending decisions in an environment of constrained financial resources.
- **Timeliness:** OIG will reduce the time for completing its audits, inspections, and reviews by using appropriate technologies to start jobs sooner, finish them quicker, and disseminate the results broadly.

### Office of Audits

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of the Department and BBG, including their audited financial statements, internal operations, external activities funded by the Department through contracts or financial assistance, and programs and operations worldwide. It also conducts annual evaluations of Department and BBG compliance with the Federal Information Security Management Act (FISMA). The audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; assess whether intended and realized results are consistent with laws, regulations, and good business practices; and test financial accountability and the reliability of financial statements. The Office of Audits accommodates an ever-increasing number of requests from stakeholders, including the Department, Congress, and other federal agencies, as well as referrals from within OIG.

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## **Office of Inspections**

The Office of Inspections assesses domestic and overseas operations and facilities of the Department and BBG. Inspections review executive direction, policy and program implementation, resource management, and management controls. In this context, inspectors evaluate operations' leaders and managers; review staffing and recommend consolidation and relocation of operations, if appropriate; assess posts' ability to deter, detect, and respond to threats and security vulnerabilities; consider whether counterterrorism and policy implementation efforts are coordinated among agencies overseas; examine consular processes and oversight of visa, passport, and American citizens services; evaluate information management and information security programs; evaluate the extent to which financial, human resources, procurement, and inventory management best practices are employed; and determine whether management controls are in place. The Office of Inspections also provides oversight of programs and operations relating to Department efforts to counter terrorism worldwide; Iraq, Afghanistan, and other conflict/post-conflict areas; foreign assistance funding; and public diplomacy.

## **Office of Investigations**

The Office of Investigations conducts investigations of criminal, civil, and administrative misconduct related to Department and BBG programs and operations by investigating specific allegations, reports, or other information indicating possible violations of law or regulation. Investigative results are referred to the Department of Justice for prosecution and to the Bureaus of Human Resources and Diplomatic Security or other agencies for administrative or other appropriate action. The office maintains the OIG Hotline, a confidential channel for complaints. OIG's Middle East Investigative Branch is co-located with MERO regional and satellite offices, with investigative staff currently stationed in Amman, Jordan; Cairo, Egypt; and Baghdad, Iraq.

## ***FY 2011 Priorities***

OIG's priority for FY 2011 is to expand its work in the Middle East, South Asia, and other conflict and post-conflict areas.

## **Enhancing OIG's Presence in the Middle East and Other Post-Conflict Areas**

Strengthening OIG's presence in the Middle East and other conflict and post-conflict areas is OIG's top priority. As the Department continues to commit significant resources to Iraq, Afghanistan, and other conflict/post-conflict areas, OIG's oversight responsibilities have correspondingly increased. OIG officially opened the Middle East Regional Office (MERO) in Amman, Jordan, in 2008 to focus dedicated resources and expertise on high-risk, high-cost programs and operations in the region, particularly with respect to U.S. interests in Iraq, Afghanistan, Pakistan, Lebanon, Egypt, and other conflict/post-conflict countries. OIG will continue to support the Department's priorities by expanding OIG's oversight in the region to contribute to improvements in policies, programs, and operations.

## ***Performance***

Recommendations are a major product of OIG's audits, inspections, and evaluations, and serve as the vehicle for correcting vulnerabilities and realizing positive change in the Department. Resolution of recommendations reflects management's willingness to take the actions recommended by OIG to correct identified problems and improve their programs and operations. The percentage of recommendations resolved within six months (inspections) or nine months (audits and program reviews) indicates to what extent management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives that are expected to result in improved programs and operations.

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<b>STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES</b>						
<b>Strategic Priority</b>	Planning and Accountability					
<b>Bureau Goal</b>	Financial Management & Administrative Support					
<b>Indicator</b>	Percentage of recommendations resolved within the appropriate timeframe.					
FY 2006 Result	FY 2007 Result	FY 2008 Result	FY 2009 Result	FY 2009 Target	FY 2010 Target	FY 2011 Target
64 percent	88 percent	87 percent	91 percent	80 percent	82 percent	85 percent
▼ Below Target	▲ Above Target	▲ Above Target	▲ Above Target			
<b>Reason for Exceeding Target</b>	One of OIG's major offices has placed additional emphasis on resolving and monitoring OIG recommendations.					
<b>Impact</b>	The percentage of recommendations resolved within six months (inspections) or nine months (audits and program reviews) indicates to what extent agency management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives expected to result in improved programs and operations.					
<b>Methodology</b>	The status of recommendations is confirmed with the OIG offices responsible for evaluating and tracking compliance. In addition, each month OIG sends individual Department bureaus a status report of OIG recommendations directed to them. OIG and the bureaus follow up on and reconcile any discrepancies, and the OIG compliance database is updated when necessary.					
<b>Data Source and Quality</b>	The percentage of recommendations resolved within the stated timeframes is derived from information in OIG's compliance database. Recommendations in OIG reports are entered into the compliance database, and their status is updated by the OIG offices that performed the work, based on ongoing communication with the Department. The Data Quality Assessment revealed no significant data limitations.					

Monetary benefits from OIG's work result in more effective and efficient use of U.S. taxpayer dollars, and are a primary mandate of the Office of Inspector General. Monetary benefits include cost savings, recoveries, questioned costs, funds put to better use, efficiencies, restitutions, and fines. OIG's audits, inspections, evaluations, and investigations result in potential and actual cost savings and efficiencies to the Department and the Broadcasting Board of Governors.

<b>STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES</b>						
<b>Strategic Priority</b>	Planning and Accountability					
<b>Bureau Goal</b>	Accountability					
<b>Indicator</b>	Monetary Benefits: questioned costs, funds put to better use, cost savings, recoveries, efficiencies, restitutions, and fines.					
FY 2006 Result	FY 2007 Result	FY 2008 Result	FY 2009 Result	FY 2009 Target	FY 2010 Target	FY 2011 Target
\$31.3 million	\$52.6 million [Baseline]	\$23.0 million	\$26.4 million	\$12.5 million	\$12.5 million	\$17.8 million
		▲ Above Target	▲ Above Target			

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Reason for Exceeding Target	OIG's 2009 results are significantly above target due to two audits/evaluations that resulted in higher monetary benefits than predicted. In planning its work, OIG attempts to target high-cost and high-risk programs that may have internal control vulnerabilities. However, OIG cannot always predict the extent of the monetary benefits that are ultimately identified as a result of its work.
Impact	Monetary benefits from OIG's work result in more effective and efficient use of U.S. taxpayer dollars and actual monetary recoveries.
Methodology	OIG management analysts - who are independent of the audit and investigative teams that identify the monetary benefits - monitor, follow-up, and report on the status and value of monetary benefits reported by audit and evaluation teams. These amounts are entered and their status tracked in OIG's databases for compliance and investigations.
Data Source and Quality	Recoveries, questioned costs, and funds put to better use are based on amounts identified in OIG reports, as agreed to by the agency and tracked in OIG's compliance database. Investigative recoveries reflect court-ordered fines, restitutions, and recoveries based on information received from external prosecutorial and administrative authorities. The Data Quality Assessment revealed no significant data limitations.

### *Justification of Request*

To support its efforts in FY 2011, the OIG account is requesting \$120.2 million. The request represents an increase of \$6.74 million for OIG, an increase of \$12.287 million for SIGAR, and a decrease of \$875,000 for SIGIR over their FY 2010 appropriations of \$56 million, \$23 million, and \$23 million, respectively (not including the \$7 million in FY 2010 resources that were forward funded in the FY 2009 Supplemental). For OIG, this increase includes mandatory wage and price increases of \$1.0 million to continue FY 2010 activities, as well as \$1.5 million for three direct-hire positions, and \$4.04 million to expand MERO's overseas regional and satellite offices with six personal services contractors and temporary direct hires and 4 locally-employed staff (LES). The FY 2011 request also includes OIG contributions to the Council of the Inspectors General on Integrity and Efficiency of \$200,000. This funding would enable OIG to meet its FY 2011 priority of enhancing its oversight in the Middle East and South Asia, which in turn would support OIG's goals for conducting relevant, useful, and timely work that adds value to Department and BBG programs and operations.

OIG requests funding for three overseas direct-hire positions for overseas positions located at MERO's overseas satellite office in Cairo, Egypt. These positions will allow OIG to accomplish work that is beyond the capacity of its current staffing.

#### **OIG Middle East Regional Office**

MERO was established in 2008 to enhance OIG's oversight for high-cost, high-risk Department programs in the Middle East, South Asia, and other post-conflict areas. MERO is staffed with auditors and management analysts who can react promptly to conduct audits and evaluations within the region. MERO currently operates through its regional office in Amman, Jordan, augmented by a satellite office in Cairo, Egypt, and temporary satellite offices in Baghdad, Iraq, and Kabul, Afghanistan. OIG staff in Washington, DC also support MERO staff. An additional temporary satellite office is planned for Islamabad, Pakistan, in FY 2010.

OIG's FY 2011 request includes \$1.5 million to fund three positions, and \$4.04 million for six temporary hires and contractors and 4 LES for MERO's overseas offices. These increases compare to MERO's anticipated FY 2010 base of \$6.2 million to fund 23 direct-hire positions, and 7 contractors and LES positions. These positions would provide oversight for Department-funded programs in the Middle East and South Asia, including assessing the effectiveness of foreign assistance programs and conducting audits and evaluations of contracts and grants, contractor performance, and procurement issues, as well as security and management inspections. The staff would work primarily on democracy and governance, public diplomacy, anticorruption programs, embassy construction

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projects, police training, rule-of-law, and diplomatic security programs. These staff would be assigned as follows:

Cairo Satellite Office: Three direct-hire positions for auditors and program analysts and 1 LES for MERO's satellite office in Cairo, Egypt.

Kabul Satellite Office: Two temporary auditors and program analysts and 1 LES for MERO's temporary satellite office in Kabul, Afghanistan. In addition to performing work on the areas cited above, the staff would evaluate and assess the cross-border coordination actions and requirements with MERO staff at Embassy Islamabad.

Baghdad Satellite Office: Two temporary auditors and program analysts for MERO's temporary satellite office in Baghdad, Iraq.

Islamabad Satellite Office: Two temporary auditors and program analysts and one LES for MERO's temporary satellite office in Islamabad, Pakistan. In addition to performing work on the areas cited above, the staff would provide oversight for Department-funded programs in Pakistan including the Federally Administered Tribal Areas, and evaluate and assess the cross-border coordination actions and requirements with MERO staff at Embassy Kabul.

Amman Regional Office: One LES to support MERO's operations in its regional office in Amman, Jordan.

### **Special Inspector General for Afghanistan Reconstruction (SIGAR)**

The National Defense Authorization Act for FY 2008 (Public Law 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR) to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, and investigations on the use of taxpayer dollars and related funds. SIGAR's oversight responsibilities cover any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the United States government that involves the use of amounts appropriated, or otherwise made available for the reconstruction of Afghanistan to: build or rebuild physical infrastructure in Afghanistan, establish or reestablish political or societal institutions of Afghanistan, provide products or services to the people of Afghanistan, or provide security or other support functions to facilitate Afghanistan reconstruction efforts.

SIGAR's headquarters are in Arlington, Virginia. In addition, SIGAR has an office at the U.S. Embassy in Kabul and has opened three other offices in Afghanistan (Bagram, Kandahar, and the Combined Security Transition Command-Afghanistan). SIGAR has three functional directorates to meet its mission: audits, investigations, and information management.

Since 2001, the United States Government has provided significant resources for the reconstruction of Afghanistan. These anticipated funding increases will have an impact on the Special Inspector General for Afghanistan Reconstruction's (SIGAR) oversight activities, requiring SIGAR to expand the operations of its audit and investigation directorates.

SIGAR's FY 2011 budget request is \$35.287 million, representing a \$12.287 million increase over FY 2010. This increase is necessary for SIGAR funding to keep pace with expected increases in Afghanistan reconstruction funds. SIGAR requires 132 positions in FY 2011 in order to effectively audit and investigate activities in Afghanistan, an increase of 72 FTEs over FY 2010. SIGAR plans to use 14 of these 72 FTEs in Afghanistan. The other 58 FTEs will be used at SIGAR's headquarters in Arlington, Virginia.

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### **Personnel Compensation**

SIGAR employs primarily highly specialized professionals with expertise in the areas of audits, investigations, and information management. The staff consists of temporary appointees, most of whom have 13-month renewable appointments. The estimated cost of base salaries supports SIGAR's objective of utilizing primarily senior, experienced personnel capable of addressing the statutory mandate to independently and objectively conduct and supervise audits, and investigations of programs and operations funded with U.S. taxpayer dollars for the reconstruction of Afghanistan.

Because SIGAR's primary mission must be conducted in Afghanistan, a dangerous environment requiring additional expenses to maintain qualified staff, this budget request includes funding for Post Differential and Hazardous Duty Pay for Afghanistan-based personnel and TDY personnel. Personnel compensation also includes life insurance, health insurance, and employee retirement. Total costs for personnel compensation and benefits are estimated to be \$25.823 million in FY 2011.

### **Travel and Transportation**

Travel to and from Afghanistan represents a large portion of SIGAR's travel costs. These costs include deployment and re-deployment of employees to Afghanistan for an extended period of time, and regular temporary duty travel (TDY) of auditors, and investigators. Afghanistan-based employees return to the continental United States for a mid-tour break and to attend required training not otherwise available in overseas locations. Auditors and investigators will conduct site visits to various locations within Afghanistan. Due to security concerns, air transportation to these sites is often the only method of transportation. Total costs for travel and transportation of persons are estimated to be \$2.537 million in FY 2011.

### **Rent, Communications, and Utilities**

Effective communication within and between our Arlington, VA and Afghanistan offices is key to the success of our mission. The information technology services required include local and long distance telephone service, and secure wireless data and voice communication services. The majority of these services is provided through contractual agreements with the private sector. In addition to communication services, there are also rent and utility charges associated with the Arlington, VA office. SIGAR estimates expenditures for rent, communications, and utilities will be \$731,000 in FY 2011.

### **Printing and Reproduction**

SIGAR's enabling legislation requires Quarterly Reports and are distributed to the U.S. Congress, Secretaries of State and Defense, and other stakeholders. In addition to the Quarterly Report, SIGAR prints and distributes individual audit reports. The Government Printing Office handles the majority of SIGAR's printing and reproduction requirements. SIGAR also pays for the publication of notices and job announcements, as well as the airing of radio and television public service announcements. Estimated expenditures for printing and reproduction requirements total \$448,000 for FY 2011.

### **Advisory and Assistance Services**

Administrative support services include but are not limited to information management, logistics management, office assistant, human resources, operations management, project management, and security management. To produce a Quarterly Report for the Congress and the Secretaries of State and Defense and to publish audit reports annually, SIGAR will enter into contractual agreements with the private sector to provide qualified consultants and subject matter experts. SIGAR will also translate each Quarterly Report into Afghanistan's official languages, Pashto and Dari. The translated versions will be available on the SIGAR website. In the interest of public service, employees will be encouraged to attend training to develop additional skills and knowledge to help them improve in their performance of official duties. Training will also allow employees to maintain professional certifications necessary to the performance of their duties. Further, employees deploying to Afghanistan for a period of longer than 30 days are required by the Department of State to attend the one week long Foreign Affairs Counter Threat (FACT) training. Total costs for advisory and assistance services are estimated to be \$2.992 million in FY 2011.

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## Other Services

The Secretary of the Army is the designated support agency for SIGAR and will provide (generally on a reimbursable basis) core functional administrative support necessary for SIGAR to accomplish its mission. This includes, but is not limited to administration, logistics, acquisition and contracting, financial management, human resources, information technology, deployment, and security. Support provided by the Secretary of the Army does not affect the Inspector General's statutory authority and independence.

SIGAR's deployed employees will require administrative services available through the U.S. Embassy's International Cooperative Administrative Support Services (ICASS) program. Such services include, but are not limited to, motor pool operations and vehicle maintenance, travel services, printing services, mail and messenger services, information management, reception and telephone system services, purchases and contracting, personnel management, cashiering, vouchering, accounting, budget preparation, non-residential security guard services, and building operations. SIGAR is required to pay the Department of State for ICASS services. Total costs for other purchases of goods and services from government accounts are estimated to be \$1.968 million for FY 2011. SIGAR's FY 2011 budget request also includes \$106,000 to support the Council of the Inspectors General on Integrity and Efficiency, consistent with the Inspector General Reform Act of 2008.

## Supplies, Materials, and Equipment

SIGAR makes regular purchases of general office supplies required for the administration of the office. Supply purchases include, but are not limited to, items such as pencils, pens, paper, calendar pads, envelopes, file folders, publications, and information technology supplies and materials. SIGAR will also purchase various weapons and ammunition for qualified Investigators and other designated personnel operating in Afghanistan and/or other designated locations. Total costs for supplies, materials, and equipment are estimated to be \$682,000 in FY 2011.

## Special Inspector General for Iraq Reconstruction (SIGIR)

### *SIGIR – Total Year Obligations* ( \$ in thousands)

Appropriation	FY 2009	FY 2010 Expected	FY 2011 Expected	Increase / Decrease
SIGIR	37,950	30,000	22,125	(7,875)

FY 2009 includes \$2.5 million in carryover funds authorized in FY 2008 but obligated in FY 2009.

FY 2010 includes \$7 million that was forward funded and made available in FY 2009 by the Supplemental Appropriations Act, 2009 (P.L. 111-32).

SIGIR operates under the authority of Public Law 108-106, section 3001 (as amended). To fulfill its mandated responsibilities in FY 2011, SIGIR requires \$22.1 million for the agency's operating expenses for the conduct of audits, and investigations "of the treatment, handling, and expenditures of amounts appropriated or otherwise made available for the reconstruction of Iraq and ... the programs, operations, and contracts carried out utilizing such funds."

SIGIR's FY 2011 budget request represents a decrease of approximately \$8 million from SIGIR's FY 2010 budget (based on a FY 2010 level of \$30 million, which includes \$7 million that was forward funded in FY 2009). This marks the second consecutive fiscal year that the agency has implemented a budget reduction. This decrease is consistent with plans to align staffing and workload to the mandated requirements of our enabling legislation, ensuring responsible oversight while recognizing the reduction in scope of the Iraq Reconstruction program.

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As of July 2009, just over \$4 billion remained to be obligated of the major Iraq reconstruction funds within SIGIR's oversight jurisdiction. Additionally, SIGIR estimates that current appropriated and requested funding will be expended by the fourth quarter of FY 2011 to oversee additional Iraq reconstruction funds, assuming current expenditure rates and that no additional funds are made available for Iraq reconstruction assistance after FY 2010.

SIGIR's FY 2011 work will provide oversight of programs funded from appropriations for the Economic Support Fund, the Iraq Security Forces Fund, and the Commander's Emergency Response Program, among other funding sources. SIGIR will focus efforts on three broad areas:

- Assessing and strengthening economy, efficiency and effectiveness of programs and operations designed to facilitate the reconstruction of Iraq through audits and evaluations;
- Performing forensic audit analysis and investigative review, as appropriate, on 100% of payment data related to funds appropriated for the reconstruction of Iraq; and
- Providing for independent and objective leadership and coordination of, and recommendations on, policies designed to address problems and deficiencies in reconstruction efforts in Iraq.

SIGIR has a statutory mandate to prepare a final forensic report for all amounts appropriated or otherwise made available for Iraq reconstruction. SIGIR forensic cells, combining audit and investigative expertise, have been created to identify indicators of fraud, waste, and abuse. This work has produced investigatory leads and identified weaknesses in financial reporting and disbursement systems. As part of the work plan for FY 2011, continued use of complex computer data mining techniques combined with audit and investigative follow-up will be applied to financial records from each of the major Iraq reconstruction funds covering FY 2003 to 2011. This data mining effort will provide key input that will allow the investigative teams to work closely with the Department of Justice and other agencies on potential actions as appropriate.

### **Personnel Compensation**

SIGIR employs personnel appointed into the Excepted Service who are generally assigned to 13-month appointments in anticipation of the close out of the SIGIR mission. Personnel compensation estimates are based on a total of 74 FTE's – 50 US-based and 24 Iraq-based. SIGIR's objective is to continue to hire and retain senior, experienced personnel that are able to immediately execute the mission. This objective allows the organization to be responsive to the requirements of an employment environment with temporary appointment status; recruitment and retention challenges; positions in Iraq; and the Congressional mandate to produce quarterly reports. As a result, SIGIR requires a total of \$16.256 million to meet its personnel compensation requirements.

### **Travel and Transportation**

To accomplish their respective missions, SIGIR's investigators and auditors coordinate with other federal agencies in the CENTCOM region and throughout the United States. Effective interagency cooperation often requires extensive travel in support of developing criminal cases and audit reports. The FY 2011 travel estimate of \$618,000 is based on allocations for US- and Iraq-based travel. US-based travel includes expenditures associated with Temporary Duty Travel (TDY) within the continental United States required by auditors and investigators. Iraq-based travel is mainly associated with, but not limited to, deployment and redeployment to Iraq for extended periods of time.

### **Rent, Communications, and Utilities**

SIGIR will reduce space requirements to approximately 17,000 square feet in the Washington metropolitan area for FY 2011. As a result, SIGIR requires \$929,000 for rental payments to GSA. In addition, SIGIR requires \$578,000 for communications services/devices for US- and Iraq-based FTEs, as well as utilities needed to service the Washington, DC facility. As a result, a total of \$1.507 million is needed for this category.

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### Printing and Reproduction

This category includes estimates for costs associated with the Quarterly Report at approximately \$190,000. SIGIR currently produces 4 quarterly reports annually. This includes 1,200 copies of each report which are distributed to key stakeholders in the executive and legislative branches.

### Administrative/Operational Support

Due to the temporary nature of SIGIR's mandate and the need to be responsive to requirements set by Congress, SIGIR adopted a "joint-force" strategy to leverage the responsiveness and technical capabilities of private sector contractors. SIGIR continually reevaluates contractual service requirements in an effort to keep these costs at a minimum. As a result, SIGIR has recently transferred many functions from contractors to government employees. However, SIGIR currently engages the private sector to provide reduced organizational support in two main areas: administrative support services and operational (professional/technical) support in its mission areas. SIGIR requires a total of \$500,000 for administrative support and \$2.745 million for operational support services in FY 2011.

### Other Services

SIGIR requires a total of \$248,000 for costs associated with this category which includes training required to maintain auditor, investigator, engineering and other professional certifications; a subsidized fitness program; vehicle lease costs; and miscellaneous costs associated with recruiting efforts, as well as subscriptions. Included in this estimate is \$88,000 for SIGIR's FY 2011 Council of Inspectors General for Integrity and Efficiency (CIGIE) assessment.

### Supplies

This category includes estimates for supplies and shipping costs budgeted for both Iraq- and US-based requirements. This category is estimated at \$61,000.

### *Funds by Program Activity* ( \$ in thousands )

Activities	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Administration and Staff Activities	16,088	14,098	15,916	1,818
Inspections, Audits, Investigations	44,597	39,272	44,118	4,846
Policy Formulation	2,736	2,630	2,706	76
SIGAR Activities	12,201	23,000	35,287	12,287
SIGIR Activities	43,500	23,000	22,125	(875)
ARRA - American Recovery and Reinvestment Act of 2009	2,000	0	0	0
<b>Total</b>	<b>121,122</b>	<b>102,000</b>	<b>120,152</b>	<b>18,152</b>

FY 2009 SIGIR funds include \$7 million that was forward funded for FY 2010. SIGIR's drawdown is more accurately reflected as authorized funding levels of \$36.5 million in FY 2009, \$30 million in FY 2010, and \$22 million in FY 2011.

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### *Funds by Object Class*

(\$ in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
1100 Personnel Compensation	74,183	56,066	76,755	20,689
1200 Personnel Benefits	14,781	15,272	15,633	361
2100 Travel & Trans of Persons	9,289	8,441	9,739	1,298
2300 Rents, Comm & Utilities	3,855	3,889	3,262	(627)
2400 Printing & Reproduction	1,339	954	1,182	228
2500 Other Services	15,660	14,664	11,849	(2,815)
2600 Supplies and Materials	1,245	1,595	994	(601)
3100 Personal Property	770	1,019	738	(281)
4100 Grants, Subsidies & Contrb	0	100	0	(100)
<b>Total</b>	<b>121,122</b>	<b>102,000</b>	<b>120,152</b>	<b>18,152</b>

In response to the Inspector General Reform Act of 2008 (P.L. 110-409), Sec. 6, the following data is provided:

### *Inspector General Act Reporting*

(\$ in thousands)

Appropriations	FY 2011 IG Request to Agency	FY 2011 President's Request	FY 2011 CIGIE Contribution*within President's Request	FY 2011 Training Funds within President's Request
<b>OIG</b>	76,200	62,740	200	250
<b>SIGAR</b>	35,266	35,287	106	378
<b>SIGIR</b>	22,100	22,125	88	89
<b>Total</b>	<b>133,566</b>	<b>120,152</b>	<b>394</b>	<b>717</b>

\*CIGIE Contribution – IG contribution to the Council of the Inspectors General on Integrity and Efficiency