

OVERSEAS CONTINGENCY OPERATIONS

Office of Inspector General Resource Summary

(\$ in thousands)

Appropriations	FY 2010 Actual	FY 2011 CR	FY 2012 Request
Other Administration of Foreign Affairs – Office of Inspector General	46,000	46,000	62,932
Special Inspector General for Afghanistan Reconstruction	23,000	23,000	44,387
Special Inspector General for Iraq Reconstruction (1) (2)	23,000	23,000	18,545

(1) FY 2010 SIGIR funds include \$7 million that was forward funded and made available in FY 2009 by the Supplemental Appropriations Act, 2009 (P.L. 111-32), for a total FY 2010 availability of \$30 million.

(2) FY 2012 SIGIR Request includes \$2.2 million requested for Q1 FY 2013, the scheduled closure and transition phase for SIGIR operations.

In previous years, funding for the Special Inspector General for Afghanistan Reconstruction (SIGAR) and the Special Inspector General for Iraq Reconstruction (SIGIR) was included in the Department of State Office of the Inspector General (OIG) chapter. This year, SIGAR and SIGIR, as temporary agencies focusing only on their respective high priority country, are included in the OCO chapter. SIGAR and SIGIR funding for FY 2011 and FY 2012 are reported here and were excluded from the OIG section. FY 2010 is shown here for reference but remains in the FY 2010 Actual column of the OIG chapter.

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 audits and investigations on the use of taxpayer dollars and related funds. SIGAR has oversight responsibility for any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. Government that involves the use of amounts appropriated, or otherwise made available for the reconstruction of Afghanistan with any private entity to: (1) build or rebuild physical infrastructure in Afghanistan, (2) establish or reestablish political or societal institutions of Afghanistan, (3) provide products or services to the people of Afghanistan, or (4) provide security or other support functions to facilitate Afghanistan reconstruction efforts.

SIGAR is headquartered in Arlington, Virginia. In addition, SIGAR has an office at the U.S. Embassy in Kabul and three other locations in Afghanistan (Bagram, Kandahar, and the Combined Security Transition Command-Afghanistan). SIGAR has four functional directorates to meet its mission: (1) audits; (2) investigations; (3) information management; (4) management and support.

Since 2001, the United States has provided over \$50 billion for the reconstruction of Afghanistan. Funding requests for FY 2011 could increase this amount to as much as \$70 billion. In order to provide the oversight necessary to ensure that these funds are not subject to waste, fraud, and abuse, SIGAR must expand the operations of its audit and investigation directorates.

SIGAR's FY 2012 request for \$44.387 million is an increase of \$21.387 million compared to the FY 2010 Actual level. This funding level will enable SIGAR to keep pace with the expanding U.S. reconstruction

OVERSEAS CONTINGENCY OPERATIONS

effort in Afghanistan. SIGAR requires 180 positions in FY 2012 to effectively audit and investigate reconstruction activities in Afghanistan. This is an increase of 40 positions over FY 2011. SIGAR intends to use 28 of these 40 positions in Afghanistan. The other 12 positions will be based at SIGAR's headquarters in Arlington, Virginia, with occasional temporary duty travel to Afghanistan.

SIGAR Funds by Object Class (\$ in thousands)

	FY 2010 Actual	FY 2011 CR	FY 2012 Request
1100 Personnel Compensation	11,502	11,502	28,493
1200 Personnel Benefits	1,503	1,503	4,283
2100 Travel & Trans of Persons	1,972	1,972	2,074
2300 Rents, Comm & Utilities	731	731	1,281
2400 Printing & Reproduction	447	447	444
2500 Other Services	6,008	6,008	6,779
2600 Supplies and Materials	837	837	1033
Total	23,000	23,000	44,387

Special Inspector General for Iraq Reconstruction (SIGIR)

SIGIR operates under the authority of Public Law 108-106, section 3001 (as amended). To fulfill its mandated responsibilities, the agency's FY 2012 request is \$18.545 million, which is a decrease of \$4.445 million when compared to the FY 2010 Actual level. This amount includes requirements for operating expenses in FY 2012 totaling \$16.317 million, as well as \$2.228 million for the 3-month closure and transition (C&T) period in FY 2013 (October through December 2012.)

This request allows funds to be available in the FY 2012 budget to prevent the need for a supplemental appropriation or budget preparation for partial-year requirements in FY 2013. This will reduce administrative burdens/costs for the organization and other agencies involved in the budget process. In addition, forward funding the three month C&T period will allow effective planning and execution of tasks/contracts necessary to finalize mission-related activities and the completion of administrative actions required to close the agency and transition remaining workload to permanent oversight organizations.

Any unobligated funds remaining upon the completion of transition, which is scheduled for December 31, 2012, would be returned to the Department of State Office of Inspector General account.

SIGIR's proposed FY 2012 budget of \$16.317 million reflects a continued reduction from previous years. These reductions are the result of optimization of government/contract ratios; the elimination of tasks no longer a priority of the Iraq reconstruction program; and a continued focus on high-priority initiatives that further SIGIR's mission to provide in-depth oversight of funds made available for Iraq reconstruction.

OVERSEAS CONTINGENCY OPERATIONS

Optimizing Organizational Resources Through Reduction/Elimination:

Operational/Administrative Support

As SIGIR matured, internal efficiencies made it possible to cross-train administrative and support staff and reduce staff without significant impact on services. Savings realized have been redirected toward SIGIR's key lines of operation – Audits, Investigations and Evaluations.

Inspections

SIGIR eliminated its Inspections Directorate effective April 30, 2010. Sufficient work had been done in this area: “bricks and mortar” projects were no longer a priority in the Iraq Reconstruction program. Most Inspections resources were redirected to the higher priority Evaluations Directorate, discussed below.

SIGIR High Priority Initiatives:

Audits

SIGIR's Audit directorate will continue to target high-priority management and transition issues, as well as the use of DOD's Commander's Emergency Response Program, Iraq Security Forces Fund, and the Department's Economic Support Funds with timely audit coverage. In FY 2012, SIGIR will complete its efforts and any remaining gaps in coverage will be identified and provided to other oversight organizations, such as Department of State OIG, DOD OIG, or the U.S. Agency for International Development OIG, as appropriate, for their consideration in ongoing audit plans.

By the close of FY 2012, SIGIR will have conducted a final forensic audit of all amounts appropriated or otherwise made available for the reconstruction of Iraq through FY 2011. A significant part of the forensic work is carried on through SIGIR's Forensic, Evaluation, Research, Recovery, and Enforcement Team (FERRET) initiative, first launched in 2009. This sensitive investigative program combines investigative and audit activities with sophisticated data analysis. Tens of thousands of records are currently being reviewed - an effort that has led to over 50 new investigations, with continued high productivity expected in 2012. A final report summarizing a review of internal controls and the results of the forensic effort will be published at the end of 2012.

Investigations

As the oversight work of SIGIR matures, the number of new criminal cases has increased. The initiation of a regional-based investigative program, co-locating investigators with prosecutors and fellow law-enforcement in jurisdictions where case loads are highest, has yielded tangible results. In FY 2012, SIGIR anticipates a high volume of investigative cases that will require focused efforts to close with a small number being transitioned to other permanent investigative agencies upon SIGIR's closure.

SIGIR Prosecutorial Initiative (SIGPRO)

In close collaboration with senior Department of Justice (DoJ) officials, SIGIR hired three highly experienced and respected former federal prosecutors and detailed them to DOJ's Criminal Division to work exclusively on cases in SIGIR's jurisdiction. SIGPRO attorneys work hand-in-hand with SIGIR's investigators to ensure that cases are in the best posture for eventual successful prosecution. In addition to handling their own prosecutorial caseload, SIGPRO attorneys also work closely with Assistant U.S. Attorneys and other DOJ attorneys who are currently handling SIGIR matters, providing them with guidance that comes from their deep understanding of contingency operations. The result is the vigorous prosecution of cases arising under SIGIR's jurisdiction, and the potential to create within the Department of Justice a new cell of expertise that will specialize in overseas contingency cases – both criminal and civil. During FY 2010, SIGIR experienced a rise in prosecutorial activity of approximately 73 percent when compared to the average of prosecutorial activity over the previous three fiscal years (FY 2007 - FY 2009).

OVERSEAS CONTINGENCY OPERATIONS

Evaluations Directorate

In FY 2010, SIGIR launched its Evaluations Directorate. It will apply a multi-faceted approach to the evaluation of Iraq reconstruction programs. Evaluation teams with audit, evaluation, program analysis, and inspection experience are designing and implementing a wide range of program evaluation studies to assess the impact of U.S. reconstruction spending. In 2012, SIGIR will conclude these efforts and determine lessons learned from its review of a cross section of major U.S. funded programs.

SIGIR Funds by Object Class (\$ in thousands)

	FY 2010 Actual	FY 2011 CR	FY 2012 Request
1100 Personnel Compensation	15,607	14,442	11,465
1200 Personnel Benefits	2,471	2,689	1,660
2100 Travel & Trans of Persons	333	900	815
2300 Rents, Comm & Utilities	1,590	1,953	1,750
2400 Printing & Reproduction	160	272	309
2500 Other Services	2,801	2,667	2,432
2600 Supplies and Materials	38	77	114
Total	23,000	23,000	18,545