



INSPECTOR GENERAL
U.S. Department of Defense

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on

**"Evaluating DOD Equipment and Uniform
Procurement in Iraq and Afghanistan"**

**Testifying before the
Subcommittee on Oversight and Investigations
House Armed Services Committee
July 25, 2017**

Good afternoon, Chairwoman Hartzler, Ranking Member Moulton, and distinguished members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss our two audits on Iraq Train and Equip Fund (ITEF) equipment.¹

As part of the FY 2013 National Defense Authorization Act (NDAA), Congress amended the Inspector General Act of 1978 by adding a new Section, 8L, which created a Lead Inspector General to coordinate comprehensive oversight of overseas contingency operations. Section 8L requires the Chair of the Council of Inspectors General for Integrity and Efficiency to designate the Lead Inspector General from among the Inspectors General of the three agencies involved in overseas contingency operations: the Department of Defense, Department of State, and the United States Agency for International Development. Section 8L provides a mandate for the three Lead Inspector General agencies to work together from the outset of overseas contingency operations to develop and carry out joint, comprehensive, and strategic oversight. These two audits are examples of oversight of contingency operations by the DoD Office of Inspector General, and are part of a series of audit and assessment reports on the train and equip missions in Iraq and Afghanistan. Our completed, ongoing, and planned work in this area, as well as the work of other oversight organizations, to include the Special Inspector General for Afghanistan Reconstruction, are discussed in greater detail in sections 1 and 2 of our 2017 Management Challenges report, as well as in our semiannual reports to Congress.

Background

We initiated the two audits based on concerns we identified during previous audits on property accountability in Kuwait for Operation INHERENT RESOLVE and a request from the

¹Report No. DODIG-2016-134, "The Army Did Not Implement Effective Controls To Maintain Visibility and Accountability of Iraq Train and Equip Fund Equipment," September 14, 2016, and Report No. DODIG-2017-058, "Iraq Train and Equip Fund Weapons Not Properly Inventoried and Secured in Kuwait and Iraq," February 16, 2017.

Deputy Commanding General, 1st Theater Sustainment Command (1st TSC) to review its policies and procedures for the ITEF mission. The objective of our first audit was to determine whether the Army had effective controls for processing and transferring ITEF equipment to the Government of Iraq (GoI). The objective of our second audit was to determine whether DoD had effective procedures for securing ITEF equipment in Kuwait and Iraq. We initially visited both countries in May 2016 and conducted a follow-up visit to Kuwait in October 2016 to carry out these two audits.

The FY 2015 NDAA created ITEF to assist the GoI to combat the Islamic State of Iraq and Syria. ITEF includes assistance for training, equipment, logistics support, and supplies and services. Examples of ITEF equipment provided to the GoI include body armor, weapons, and cargo trucks.

Army Regulations require maintaining visibility and accountability, securing, and conducting inventories of ITEF equipment. The majority of ITEF equipment is staged in Kuwait and is shipped to sites in Iraq for transfers to the GoI. The Army's 1st TSC has primary responsibility to maintain visibility and property accountability of ITEF equipment until transferred to the GoI. Once GoI officials sign for the equipment and the 1st TSC receives all the transfer documentation, the command is no longer responsible to account for the equipment and it is removed from its accountable record.

Visibility and Accountability of ITEF Equipment

Our first audit found that several standard operating procedures were developed to provide guidance for processing and transferring ITEF equipment. However, the 1st TSC did not have complete visibility and accountability of equipment prior to transfer to the GoI. These problems occurred because the 1st TSC did not have centralized systems to maintain visibility

and accountability of ITEF equipment. Specifically, we found two main problems with accountability.

First, the 1st TSC could not provide complete data for the quantity and dollar value of equipment on hand, including vehicles and ammunition. The 1st TSC relied on multiple spreadsheets developed by different commands in both Kuwait and Iraq to provide visibility and accountability of equipment. For example, we requested the 1st TSC provide the quantity and dollar value of equipment on hand in Kuwait and Iraq and equipment transferred to the GoI. To obtain this data, the 1st TSC had to contact various officials and manually calculate the data based on multiple spreadsheets and systems, and their response was still incomplete.

Second, the 1st TSC did not consistently account for equipment in Iraq. In some cases, the 1st TSC did not enter equipment into their property records when the equipment initially arrived in Iraq. Instead, the officials delayed the entry until after the equipment was transferred to the GoI. In other cases, the 1st TSC considered equipment that was sent to Iraq as transferred to the GoI, although the equipment could still be on hand under U.S. control.

As a result, the 1st TSC did not have accurate, up-to-date records on the quantity and location of ITEF equipment. The use of manually populated spreadsheets increased the risk for human-error when inputting and updating data for equipment worth over \$1 billion. Not having accurate records of equipment on hand could result in delayed and duplicate equipment requests.

During the audit, we recommended that the 1st TSC use automated systems to account for and provide visibility of ITEF equipment. The 1st TSC initiated steps to implement corrective actions. As a short-term solution, the 1st TSC developed a shared spreadsheet for all commands involved in handling ITEF equipment, and as a long-term solution, 1st TSC initiated steps to use automated systems by late 2016.

Inventory and Security Procedures of ITEF Equipment

Our second audit focused on inventory and security procedures for ITEF weapons. As of October 2016, there were over 11,400 ITEF weapons, valued at \$17.7 million, in Kuwait, and over 2,900 ITEF weapons, valued at \$2.3 million, at the site in Iraq we visited. Examples of these weapons include M16 rifles, M14 sniper rifles, and 12-gauge shotguns. Overall, we found that the Army did not have effective procedures for conducting inventories and securing ITEF weapons in Kuwait and Iraq.

ITEF Weapons in Kuwait

In Kuwait, we identified three main problems:

- First, the 1st TSCs Combat Sustainment Support Battalion (CSSB) did not consistently conduct inventories of weapons.² Officials were unable to provide evidence that the CSSB conducted and documented inventories.
- Second, ITEF weapons were stored in cardboard boxes, some of which had holes in them, or had partially collapsed. Weapons were also stored in wooden crates that were not banded or locked. As a result, we were able to open numerous boxes and expose their contents.

² There were two CSSBs, one in Iraq and one in Kuwait, which were subordinate commands of the 1st TSC.



In fact, three prior internal Army physical security assessments were performed in 2016 at the Kuwait warehouse that also identified inventory and security deficiencies. However, the 1st TSC was not aware the assessments had been conducted.

- Third, during our October site visit, we observed Syrian equipment managed by contractors stored alongside ITEF equipment at the Kuwait warehouse, with no physical barrier separating the two. CSSB officials were concerned they could be held accountable for lost or stolen Syrian equipment.

We recommended that the 1st TSC improve oversight by establishing guidance for conducting consistent inventories and storing ITEF weapons in accordance with Army Regulations. The 1st TSC established inventory and storage procedures for the Kuwait warehouse and documented those procedures in an appendix to their standard operating procedure. In addition, the Kuwait CSSB rearranged the ITEF and Syrian equipment and requested containers to place between the two sections of the warehouse.

Storage of ITEF Weapons in Iraq

In addition to the problems identified in Kuwait, we also found that the CSSB in Iraq did not effectively secure ITEF weapons at an Iraq storage site, in accordance with Army Regulations. Specifically, the Iraq CSSB received incoming ITEF weapons at a storage yard that had a perimeter fence with multiple holes large enough to allow unauthorized access. This occurred because the storage yard was the only area provided to receive incoming ITEF weapons until another designated location was refurbished.

We recommended that the CSSB initiate action to repair the fence surrounding the ITEF portion of the storage yard or designate a new, secure storage location. The CSSB repaired the fence, and later moved the equipment to a new, secured location.

Conclusion

During the audits, the Army commanders were receptive of our observations and recommendations and initiated steps to implement corrective actions. Each commander coordinated with us to identify immediate solutions that strengthened the controls for ITEF equipment until a long-term solution was finalized. We frequently follow-up to ensure commands take action to resolve our recommendations. We also plan to continue our oversight of Operation INHERENT RESOLVE through audits, assessments, and investigations.

This concludes my statement and I would be happy to answer any questions you may have.