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FOR: SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

FROM: Tina W. Jonas 

SUBJECT: Coalition Provisional Authority Control of Appropriated Funds

- On Friday, October 22, the CPA Inspector General issued a favorable audit report on the CPA's control of the \$18.6 billion appropriated for the Iraq Relief and Reconstruction Fund.
- This audit examined whether "processes used to identify, review and validate requirements were reasonable and supportable."
- The report concludes "adequate accountability controls were in place to ensure that appropriated funds were approved for the intended purpose."
- The Executive Summary is attached.

Attachment
As stated:



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OSD 16959-04

Office of the Inspector General Coalition Provisional Authority

Report No. 05-001

October 22, 2004

(Project No. D2004-DCPAAF-0001)

Coalition Provisional Authority Control of Appropriated Funds

Executive Summary

Introduction. This audit report discusses the procedures used to identify, review, and validate the use of appropriated funds for Coalition Provisional Authority operational requirements and Iraq Project and Contracting Office reconstruction projects in Iraq. The Iraq Project and Contracting Office was formerly the Program Management Office.

Public Law 108-106, "Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004," November 6, 2003, under Title II, Chapter 2, "Other Bilateral Economic Assistance" (117 Stat. 1225) appropriated \$18.6 billion to carry out the purposes of the Foreign Assistance Act of 1961. The funds were to be used for reconstruction, rehabilitation, relief, and security in Iraq and were to remain available for obligation until September 30, 2006. The legislation identified the funds as the Iraq Relief and Reconstruction Fund.

Objective. The initial objective of the audit was to determine if adequate accountability controls were in place to ensure that appropriated funds were used for the purpose specified in the "Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004." Due to time constraints and other audit priorities, we revised our audit objective to examine whether processes used to identify, review, and validate requirements were reasonable and supportable.

Results. The Coalition Provisional Authority had adequate procedures to identify, review, and validate the proposed uses of appropriated funds for its operational requirements and that those funds were approved for the purposes intended in Public Law 108-106. The Project and Contracting Office had adequate procedures to identify, review, and validate the proposed uses of appropriated funds for reconstruction projects in Iraq and that those funds were approved for the purposes intended in Public Law 108-106.

Therefore, we concluded that adequate accountability controls were in place to ensure that appropriated funds were approved for the intended purpose specified in the "Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004."

Recommendation. Because we did not identify any adverse findings, this report does not contain any recommendations.

