



Highlights of [GAO-08-342](#), a report to congressional committees

## Why GAO Did This Study

Improvised explosive devices (IED) have been and continue to be a significant threat to U.S. forces. The Department of Defense (DOD) expanded efforts to defeat IEDs with the establishment of the Joint Improvised Explosive Device Defeat Organization (JIEDDO) in January 2006. GAO was asked to review JIEDDO's management and operations. For this second report in its series, GAO determined (1) the extent to which JIEDDO's management processes provide adequate assurances that its financial information is accurate and provides transparency over its operations and (2) the extent to which JIEDDO identifies, records, tracks, and reports numbers of all personnel, including contractors.

GAO analyzed data for the first half of fiscal year 2007, which included 47 funding transactions totaling \$1.34 billion for 24 initiatives to address these objectives.

## What GAO Recommends

To help ensure that JIEDDO provides adequate transparency over its resource use and addresses specific internal control weaknesses, GAO recommends that JIEDDO develop an effective internal control system and establish a means to identify, track, and report all personnel, including its contractor support. DOD agreed with the thrust of all of the GAO recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-342](#). For more information, contact William M. Solis at (202) 512-8365 or [solisw@gao.gov](mailto:solisw@gao.gov).

## DEFENSE MANAGEMENT

### More Transparency Needed over the Financial and Human Capital Operations of the Joint Improvised Explosive Device Defeat Organization

#### What GAO Found

JIEDDO's financial management processes do not provide adequate assurances that its financial information is accurate, and as a result, JIEDDO is unable to provide full transparency over the cost of its operations. While JIEDDO has improved its financial management processes, it has not yet reached a point where those processes contain an effective system of internal control. According to federal standards, internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives of an organization and help it to achieve desired results through effective stewardship of its resources. GAO identified four internal control weaknesses that affect JIEDDO's financial management processes. First, JIEDDO has not comprehensively documented its administrative policies and operating manuals, which affects the consistency of how its financial management personnel perform their duties. Second, JIEDDO does not have adequate funds authorization controls to ensure that transactions are properly authorized before funds are committed. In reviewing funding transactions totaling \$795 million, 18 of 24 initiatives were not properly authorized in accordance with internal control standards. As a result, funds may be used without proper scrutiny and without a mechanism to detect, correct, or address this control failure. Third, JIEDDO does not have controls to ensure that transactions are properly categorized. For example, of the \$1.34 billion in fiscal year 2007 commitments reviewed, JIEDDO inaccurately categorized at least 83 percent of these dollars under one category that should have been applied to others. This could distort information used in assessing trends and prioritizing funds. Fourth, JIEDDO does not have an adequate internal process to monitor and review the efficacy of its internal controls. In the absence of an adequate system of internal control, the agency may not achieve all of its objectives and its use of resources may not be consistent with DOD priorities. Furthermore, decision makers may be basing their decisions on inaccurate financial data and reports. At the end of this review, JIEDDO managers said that they had corrected these weaknesses; however, because these actions occurred after audit completion, GAO could not determine their effectiveness.

JIEDDO does not fully identify, track, and report all government and contractor personnel as provided for in DOD Directive 1100.4. Identifying all government and contractor personnel is important to JIEDDO's management and oversight responsibilities and contributes to its ability to effectively plan for its future workforce needs. While JIEDDO has a system in place for routinely tracking and reporting numbers of personnel JIEDDO regards as staff, this system is limited because it does not track all government and contractor personnel performing work for JIEDDO. However, since its creation in February 2006, JIEDDO has relied heavily on contractor support to accomplish its mission, which is not fully reflected in JIEDDO's system. When the Senate Appropriations Committee directed that JIEDDO provide a comprehensive accounting of all of its personnel, including contractors, by May 2007, JIEDDO had to rely on an ad hoc process to develop the report, which resulted in several inaccuracies and inconsistencies.