



Testimony before the
Subcommittee on Oversight and
Investigations, Committee on Armed
Services, House of Representatives

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IRAQ

DOD Should Increase Visibility and Accountability Over Equipment Provided to Iraq's Security Forces

Statement of Jessica Farb, Director,
International Affairs and Trade

Chairwoman Hartzler, Ranking Member Moulton, and Members of the Subcommittee:

I am pleased to be here to discuss our work regarding the Department of Defense (DOD)'s efforts to maintain visibility and accountability over equipment funded by the Iraq Train and Equip Fund (ITEF). In 2013 and 2014, the self-declared Islamic State of Iraq and Syria (ISIS) emerged as a major threat to Iraq and Syria and to U.S. interests in the region after seizing control of large areas of territory in both countries. In 2014, Congress authorized the creation of ITEF to provide equipment and other assistance to Iraq's security forces, including the Kurdish and tribal security forces, to counter-ISIS's expansion.¹ As of December 2016, DOD had disbursed about \$2 billion of the \$2.3 billion Congress appropriated for ITEF in fiscal years 2015 and 2016 to purchase personal protective and communications equipment, weapons, and vehicles for these forces.²

My testimony summarizes our May 2017 report on DOD's efforts to maintain visibility and accountability over equipment funded by ITEF.³ To provide U.S. government personnel and others with access to information on the status of DOD-purchased equipment for Iraq and other foreign governments, DOD maintains a web-based Security Cooperation Information Portal (SCIP). In this report, we examined the extent to which DOD maintains visibility and accountability over ITEF-funded equipment from acquisition through transfer to the government of Iraq or the Kurdistan Regional Government. To do so, we analyzed DOD guidance, procedures, SCIP data, and transfer documentation and interviewed officials from DOD agencies with a role in the ITEF equipping process in the United States, Kuwait, and Iraq. All of our work was performed in

¹Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. No. 113-291, §1236 (2014)) as amended.

²Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113-235, Div. C, Title IX (2014); Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Div. C, Title IX (2015). ITEF funds are available for obligation for 2 fiscal years.

³GAO, *Iraq: DOD Needs to Improve Visibility and Accountability Over Equipment Provided to Iraq's Security Forces*, [GAO-17-433](#) (Washington, D.C.: May 25, 2017). GAO also issued three classified reports on DOD's efforts to train and equip Iraq's security forces. See *Iraq: Status of DOD Efforts to Train and Equip Iraq's Security Forces*, [GAO-17-32C](#) (Washington, D.C.: Apr. 7, 2017); *Iraq: State and DOD Need to Improve Documentation and Record Keeping for Vetting of Iraq's Security Forces*, [GAO-16-658C](#) (Washington, D.C.: Sept. 30, 2016). Unclassified information from these reports is included in *GAO, Countering ISIS and Its Effects: Key Issues for Oversight*, [GAO-17-687SP](#) (Washington, D.C.: July 18, 2017).

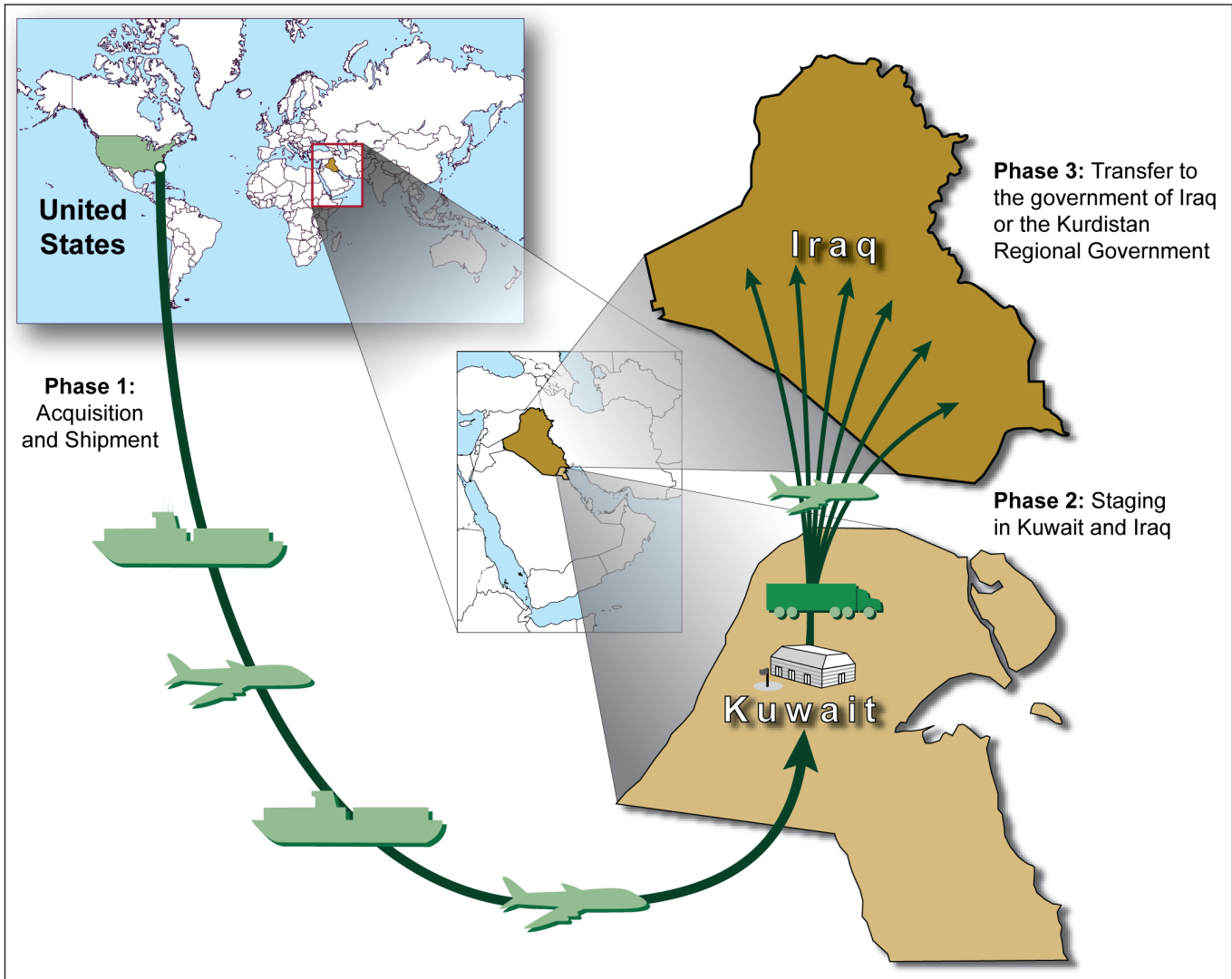
accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, our review found that DOD maintains limited visibility and accountability of ITEF-funded equipment using SCIP from acquisition through transfer to the government of Iraq and the Kurdistan Regional Government. Specifically, DOD is not ensuring that SCIP is consistently capturing key transportation dates of ITEF-funded equipment. While we did not independently determine the root cause for this issue, DOD officials attributed the lack of key transportation dates to potential interoperability and data reporting issues in SCIP. In addition, we found that DOD cannot fully account for ITEF-funded equipment transfers because of missing or incomplete transfer documentation. We made four recommendations to address these issues.

Background

The process for providing ITEF-funded equipment to Iraq's security forces generally falls into three phases: (1) acquisition and shipment, (2) staging in Kuwait and Iraq, and (3) transfer to the government of Iraq or the Kurdistan Regional Government (see fig. 1).

Figure 1: The Iraq Train and Equip Fund Equipping Process



Sources: GAO analysis of Department of Defense (DOD) documents; Map Resources (maps). | GAO-17-771T

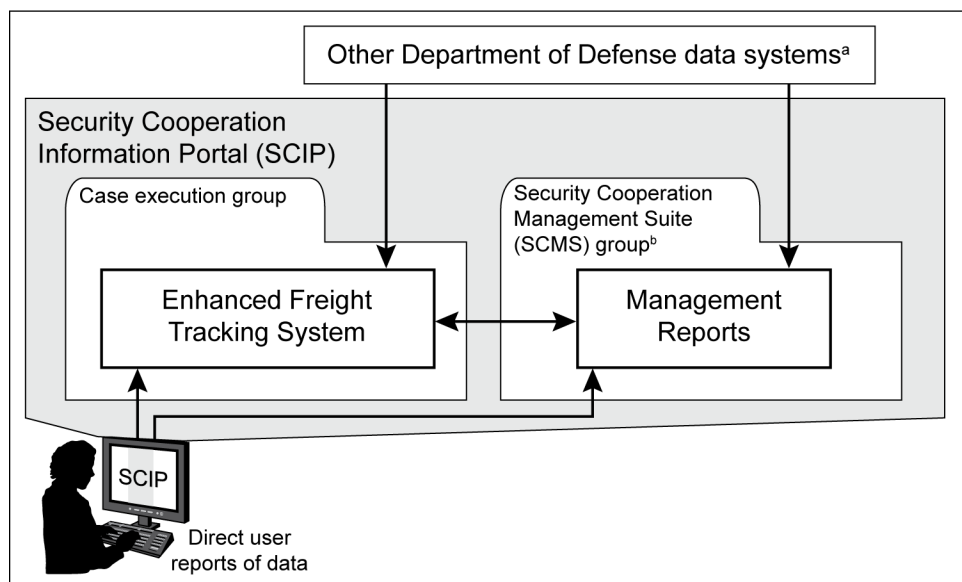
Notes: According to DOD officials, a limited number of ITEF-funded equipment items, such as small arms, ammunition, and some types of bridging equipment, are shipped directly from the United States to Iraq. In addition, DOD officials said that a small portion of ITEF-funded equipment items, such as spares and support parts, are sourced from U.S. pre-positioned stocks in the region or locally.

Multiple DOD components, including the Defense Security Cooperation Agency (DSCA), the U.S. Army Security Assistance Command (USASAC) and the 1st Theater Sustainment Command (1st TSC), are responsible for ensuring the visibility and accountability of ITEF-funded

equipment throughout the ITEF equipping process up until U.S. personnel in Iraq transfer the equipment to vetted officials from the government of Iraq or the Kurdistan Regional Government.

DOD generally administers ITEF-funded equipment purchases as individual building partnership capacity cases that are tracked through SCIP. An individual case may have multiple—sometimes thousands—of requisitions or procurement actions. SCIP, which is maintained by DSCA, includes a variety of different features for tracking defense articles and services, including equipment. These features are organized into 13 different groups. Two of these 13 groups are the Security Cooperation Management Suite (SCMS) group and the Case Execution group (see fig. 2).

Figure 2: Relationship between the Enhanced Freight Tracking System and the Security Cooperation Management Suite in the Security Cooperation Information Portal



Source: GAO analysis of the Defense Security Cooperation Agency documentation. | GAO-17-771T

^aOther Department of Defense data systems include logistics and transportation information.

^bSCMS is also populated with data from other groups of features within SCIP.

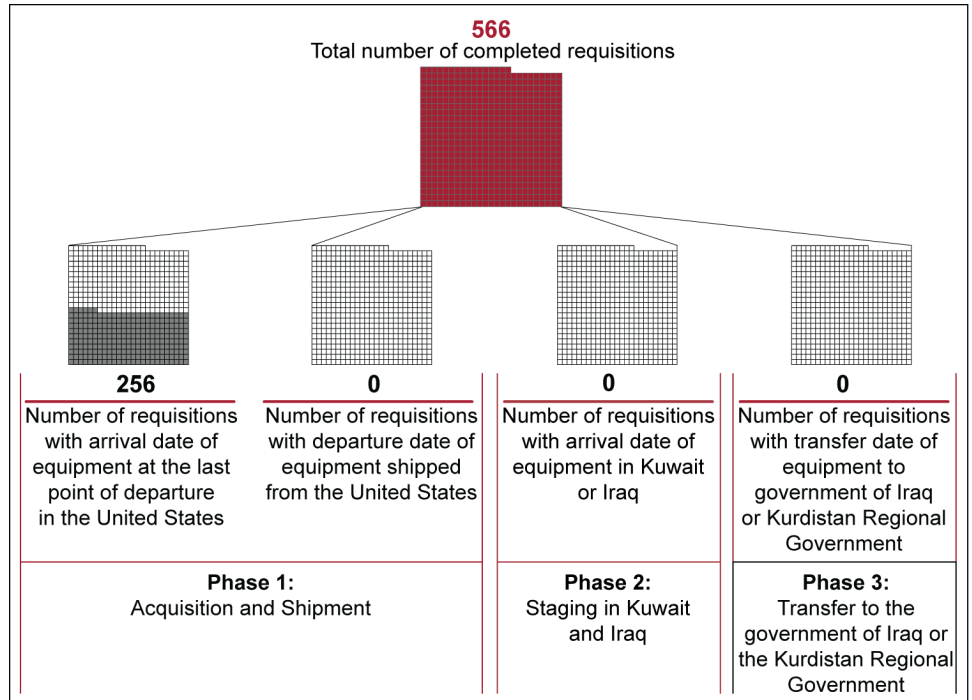
SCMS provides program managers and implementers for Iraq and other countries with customizable and ad hoc management reports on the status of ITEF-funded equipment cases. The Case Execution group contains the Enhanced Freight Tracking System (EFTS), a tracking

system within SCIP that contains shipment information of ITEF-funded equipment cases. SCMS is populated with data from systems within SCIP, DOD external data systems, and SCIP users. EFTS is populated with shipment information from external DOD data systems and SCIP users. According to DSCA officials, EFTS data should be captured in SCMS.

DOD Maintains Limited Visibility and Accountability of ITEF-Funded Equipment Using SCIP

DOD components do not ensure that SCIP consistently captures key transportation dates of equipment funded by ITEF from procurement through transfer to the government of Iraq or the Kurdistan Regional Government. According to DOD guidance, DOD components should use SCIP to identify the status and track the transportation of all building partner capacity materiel, such as ITEF. DOD also issued an order in October 2016 requiring the 1st TSC, in coordination with a USASAC program manager, to ensure that equipment transfer dates are properly recorded in SCIP. However, our analysis of the 566 requisitions marked as complete in SCMS as of February 2017 found that in phase 1, the system captured one of two key transportation dates (the arrival date of equipment at the last point of departure in the United States) for 256 of the requisitions in phase 1, and none of the key transportation dates for these requisitions in phase 2 or phase 3 (see fig. 3).

Figure 3: Key Transportation Dates for Completed Iraq Train and Equip Fund (ITEF)-Funded Equipment Requisitions Captured in the Security Cooperation Information Portal's Management Reporting System, by Equipping Phase



Source: GAO analysis of Iraq Train and Equip Fund (ITEF)-funded equipment completed requisitions in the Security Cooperation Information Portal's Security Cooperation Management Suite. | GAO-17-771T

DSCA officials responsible for the management of SCMS said SCMS is not capturing such dates because of potential interoperability and data reporting issues in SCIP and other DOD data systems in all three equipping phases. For example:

- Phase 1: Acquisition and Shipment and Phase 2: Staging in Kuwait and Iraq.* DSCA officials responsible for the management of SCMS said that SCMS may not be capturing dates because of three potential issues. First, SCMS may not be importing data correctly from other DOD data systems used by DOD components to track ITEF-funded equipment. Second, SCMS may not be importing transportation data correctly from EFTS within SCIP as intended. Third, DOD components may not be reporting key transportation dates in EFTS or SCMS. USASAC officials responsible for overseeing the delivery of ITEF-funded equipment to Kuwait or Iraq said they do not report any ITEF-funded transportation dates in EFTS or SCMS because they rely on other DOD data systems for this information, which DSCA officials

said should be captured in SCIP. According to 1st TSC officials responsible for the receiving, storing, and transporting of ITEF-funded equipment in Kuwait and Iraq, the 1st TSC does not report dates in SCIP and has no plans to report the arrival dates of ITEF-funded equipment to Kuwait or Iraq because it is not required to do so.

- *Phase 3: Transfer to the government of Iraq or the Kurdistan Regional Government.* Between August 2016 and April 2017, DOD took steps to report the transfer dates of some ITEF-funded equipment in EFTS as required by DOD guidance. However, DOD officials and contractors have had difficulty locating these dates in EFTS because of a lack of clear procedures for reporting them. In our review of DOD's written procedures for ensuring the accountability and transfer of ITEF-funded equipment, we found that the procedures did not specify under which data field ITEF-funded equipment transfer dates should be reported. In April 2017, 1st TSC officials identified the data field in EFTS that they were using to report the transfer dates of ITEF-funded equipment and provided evidence that they had reported transfer dates for about 5,000 ITEF-funded equipment requisitions in EFTS as of March 2017. According to DSCA officials, SCMS should automatically capture all transfer dates of equipment reported in EFTS. DSCA officials responsible for the management of SCMS said that SCMS may not be importing the transfer dates from EFTS as intended because of interoperability issues with EFTS.

By not capturing the transfer dates of ITEF-funded equipment in SCMS or EFTS, DOD components' visibility over the amount of ITEF-funded equipment transferred to the government of Iraq is limited.

In addition, we found that the 1st TSC cannot fully account for ITEF-funded equipment transferred to the government of Iraq or the Kurdistan Regional Government because of missing or incomplete transfer documentation. According to the 1st TSC's standard operating procedures for ensuring the accountability of ITEF-funded equipment, DOD officials are required to complete a U.S. transfer and receipt form to document the transfer of ITEF-funded equipment to a government of Iraq or Kurdistan Regional Government official. For example, of the 284 U.S. transfer and receipt forms dated between March 2015 and April 2016 that we reviewed, we found that almost all of the forms were signed by a government of Iraq or Kurdistan Regional Government official. However, more than half of the forms did not contain the date of transfer of the

equipment.⁴ In addition, we found that most of the transfer documentation lacked case identifier information, which would help ensure that DOD personnel are able to track ITEF-funded equipment throughout the equipment process. The director of the 1st TSC's equipping team said he issued a verbal order requiring case identifier information on the forms documenting the transfer and receipt of equipment. However, as of March 2017, the 1st TSC's Standard Operating Procedures for ensuring the accountability of ITEF-funded equipment do not include this requirement. Without accurate and up-to-date written procedures, new personnel may not be aware of the verbal order, thus increasing the risk that they will not follow the order and limiting the 1st TSC's ability to account for the equipment.

In conclusion, the congressional appropriation of \$2.3 billion for ITEF in fiscal years 2015 and 2016 has enabled DOD to provide equipment vital to helping Iraq's security forces counter-ISIS. However, DOD's ability to maintain visibility and accountability over ITEF-funded equipment remains limited. Without timely and accurate transit information on the status of ITEF-funded equipment, DOD cannot ensure that the equipment has reached its intended destination, nor can DOD program managers conduct effective oversight of the ITEF program.

Our Recommendations and DOD's Response

We made four recommendations in our report. We recommended that the Secretary of Defense (1) identify the root causes, such as potential interoperability and data reporting issues within SCIP and other DOD data systems, for why DOD components are not ensuring that ITEF-funded equipment transportation dates are captured in SCIP and (2) develop an action plan with associated milestones and time frames for addressing these root causes. DOD concurred with these two recommendations.

The department commented that it had begun identifying the root causes of the data reporting issues in SCIP and would provide us with the reasons for these issues within 30 days of the issuance of our report. The department also commented that it would develop an action plan with a timeline to measure progress in addressing the root causes and would notify GAO when these were addressed. In June 2017, the department said it would require periodic support from GAO to ensure that these

⁴The 1st TSC also provided 48 internal memos dated between October 2015 and February 2016 from a 1st TSC official seeking to reconcile discrepancies he found in the documentation, such as missing serial numbers for weapons.

issues are resolved. As of July 2017, according to a DOD official, the department had not resolved these issues.

We also recommended that DOD (3) develop written procedures that specify under which data field ITEF-funded equipment transfer dates should be captured in EFTS in SCIP and (4) update the 1st TSC's written standard operating procedures to include the 1st TSC commander's verbal order requiring the inclusion of unique equipment case identifier information for ITEF-funded equipment on transfer documentation. DOD partially concurred with our third recommendation and concurred with our fourth recommendation. In July 2017, DOD provided us with updated written procedures that it believes address both recommendations. We are in the process of evaluating these procedures to determine whether they address the recommendations.

We will continue to follow up with DOD on its efforts to implement these recommendations as part of our ongoing review that responds to a provision in a conference report accompanying the 2017 National Defense Authorization Act.⁵ This review examines the disposition of ITEF-funded assistance after transfer to the government of Iraq or the Kurdistan Regional Government.

Chairwoman Hartzler, Ranking Member Moulton, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Jessica Farb, Director, International Affairs & Trade at (202) 512-6991 or farbj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Judith McCloskey (Assistant Director), Kira Self (Analyst-in-Charge), Ashley Alley, Martin De Alteriis, Lynn Cothorn, Neil Doherty, and B. Patrick Hickey, and Jeff Isaacs.

⁵H.R. Rep. No. 114-840, at 1216 (2016).

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