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CPA IG

## CPA IG INITIAL QUARTERLY REPORT TO CONGRESS

- Required by section 3001(i) of Emergency Supplemental Appropriations Act
  - Must be submitted not later than March 30, 2004 and every calendar quarter thereafter;
  - Summarizes CPA IG activities and CPA activities during preceding 120-day period;
  - Must include detailed statement of all obligations, expenditures and revenues associated with reconstruction and rehabilitation activities in Iraq
- Draft report satisfies applicable legal requirements.
- Draft report does not purport to be an audit-based analysis, with findings and recommendations; instead, it is a descriptive report that draws heavily from preexisting reports and studies.
  - First audit-based findings and recommendations will be included in second quarterly report to Congress, due on June 30<sup>th</sup>.
- CPA IG report identifies following areas of interest: oversight of spending and control of cash; security and insurance costs; unbudgeted transition costs; post-transition property inventory; staffing of contracting offices.
- Consolidated CPA comments on the draft report—identifying factual errors and misstatements—will be provided to CPA IG today.
  - We have coordinated with DoD regarding several errors noted by Office of Under Secretary of Defense (Comptroller) (Al Runnels);
  - We are collecting comments from PMO; Head of Contracting Activity; and CPA's Director, Office of Management and Budget.



00834



COALITION PROVISIONAL AUTHORITY

BAGHDAD

mem of IGs

**ACTION MEMO**

December 20, 2003

FOR: All CPA Senior Advisors  
FROM: THE ADMINISTRATOR <sup>12/21/03</sup>  
SUBJECT: Appointment of Inspectors General

I am grateful for the advice that I have received, in response to my letter of November 27 to all Ministers, about the establishment of Inspectors General in all ministries.

The appointment of an Inspector General (IG), responsible for audit and investigation of operations and programs, can act as a powerful spur to efficiency and a safeguard against corruption. Through their insistence on transparency and honesty in government, the IGs, who will ultimately be accountable to elected representatives, will be an important building block in the transition to democracy.

I have set February 28 as the target date for IGs to be fully operational in all ministries – some may of course achieve an earlier date. While there may be additional specific tasks appropriate to them, ministry by ministry, I shall expect all appointments to conform to the attached statement. Legislation will be made as necessary.

I would be grateful if you could now discuss implementation with your Minister. Please confirm that the IG will be able to discharge his functions across the whole range of ministry responsibilities, including SOEs and local offices.

It may be that not all ministries, particularly the smaller ones, will need their own IG; arrangements shared between ministries may be more efficient for some. If your ministry might be in that category, please arrange for co-ordination and advise me of the outcome.

It is up to the Minister to select the IG, in accordance with the attached statement. It notes that the appointment will be subject to confirmation by me, as Administrator. I shall wish you to satisfy yourself that I can confirm the appointment. You should advise me of any concerns.

Some ministries are further advanced with the process of appointing an IG than others. Please advise your ministry's plans by January 15 if you foresee any problems about proceeding to full implementation by February 28. [REDACTED] and [REDACTED] are CPA points of contact.

ATTACHMENT: 'Establishing Inspectors General in Iraqi Ministries'

UNCLASSIFIED

## Establishing Inspectors General in Iraqi Ministries

Inspectors General in Iraqi Ministries will serve as independent and objective units-

- (1) to conduct and supervise audits and investigations relating to the programs and operations of the ministries;
- (2) to provide leadership and recommend policies (a) to promote economy, efficiency, and effectiveness, and (b) to prevent and detect fraud and abuse of authority
- (3) to provide a means for keeping the Minister and the Iraqi Government informed about problems and deficiencies relating to programs and operations and the necessity for and progress of corrective action.

Each Inspector General must (1) be appointed by the Minister, subject to approval by the Administrator, without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations; (2) report directly to the Minister and not be prevented from initiating, carrying out, or completing any audit or investigation; (3) have qualified staffs for performing the related functions of audits and investigations.

While Inspectors General are independent of the organizations they audit and inspect, they are also accountable. They must follow appropriate auditing and investigative standards, they must report the results of their work annually in a publicly available report to the head of government, they are subject to audit by the Board of Supreme Audit, they are subject to investigation by the Office of Public Integrity, and they can be removed from office for serious offenses.

To be effective each Inspector General must

- (1) have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material;
- (2) be free to make such audits and investigations as are, in the judgment of the IG, necessary or desirable;
- (3) have direct and prompt access to the Minister;
- (4) have sufficient facilities, equipment and staff to carry out the functions, powers, and duties of the Office.