

DECLASSIFIED

Project Continuity Team Final Report

**Project Continuity Team
PCO/CPA (South)
Basra Palace
Iraq**

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Final Report**

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Executive summary

The Project Continuity Team (PCT) was established to close down the remaining Projects/Contracts from the Coalition Provisional Authority (South). The team deployed in mid-July; upon deployment the PCT was faced with approximately 200 Projects and 270 Contracts and a staffing situation where over 100 Project Action Officers plus support staff in each province in Southern Iraq had transitioned to a core of 7 people, based at Basra Palace. This drastic staff reduction had many knock on effects including loss of Project knowledge and loss of local contacts.

During its existence the PCT has successfully tackled the challenges it faced through a variety of exercises and has successfully completed approximately 130 Projects and 230 Contracts (note some Projects have more than one Contract) and disbursed over \$63 Million dollars (includes EFT, Cash and funds returned to Comptrollers) with approximately \$30 Million in cash direct into the local economy.

Upon conclusion of the PCT approximately 35 Contracts are left outstanding, of these: seven are complete and require contract modifications and six relate to contracts ongoing for Reverse Osmosis and water Compact Units. These will progress to completion once transportation of the units is completed. Of these remaining Contracts four are anticipated to be completed by the 15th January latest. For all Contracts outliving the PCT, mechanisms have been established for their continuity with: Mott MacDonald's (for no fee), Basra PC MOC (Province Civil Military Operations Centre) and Frank Fuksa (TAT) engaged on ongoing Contracts.

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Introduction

The purpose of this report is to provide a summary of the PCT; its operations, its achievements and its challenges. These summaries are separated into the following areas:

- Exercises undertaken by the PCT
- PCTs Achievements
- Challenges faced by the PCT
- Conclusions and Recommendations

It is hoped that this report provides good feedback information on the work of the PCT for the Department for International Development (DFID).

Exercises undertaken by the PCT

The following are the exercises that were conducted by the PCT in order to conclude all Projects and Contracts:

- Reconciliation of databases
- Identification of Projects
- Contract Completion exercise
- EFT reconciliation
- Contract close down and “fit for audit” exercise
- DFID funded EIP reconciliation
- Search for funds for essential Contract modifications
- Reconstituting local contacts

Reconciliation of databases

Upon deployment it was identified that the records of outstanding projects held by the Project Continuity Team (South) Finance department and the Contracting department did not ‘match up’. The reason for the differences was related largely to Electronic Funds Transfers (EFT) payments, other project funding sources that Contracting department and lack of planning when original systems were being established in their “ad hoc” manner. Sadly due to the enormity of trying to reconcile these databases, the exercise had to be taken as we progressed to contract conclusion rather than in “one go”.

Identification of Projects

Due to the lack of a definitive database, an exercise was undertaken to identify all Projects and Contracts entered by CPA including EIP, using both DFI and DFID funds; as part of this exercise both financial and Contractual logs were examined to make sure no Contracts and Projects were omitted.

Contract completion exercise

In order to complete all Contracts and Projects the PCT undertook a Contract completion exercise from its outset. Due to the number of Contracts inherited by the PCT we primarily focused upon the problematic Contracts as they occurred whilst concurrently taking proactive steps to identifying other Contracts that required management and/or supervision to enable completion.

Contract End Date Exercise

In order to prioritize its focus, the PCT conducted a thorough review of all outstanding contracts to determine approximate completion dates in order to provide a report outlining future required resources.

The exercise involved careful examination of each individual contract to determine the type of contract, originator, and potential contact details for contractor. Once this information was extracted either the contract originator or the contractor was contacted (provided contracting office agreed). It is important to note that the outstanding contracts were initiated from a variety of agencies and involve many different funding streams as follow:

- CPA South
- CPA Baghdad
- MND (SE) originated
- Mott McDonald

The exercise served to highlight how the security situation and regulations in a “recovering Country” could hamper the completion of Contracts and make completion dates extremely varied.

EFT reconciliation

During the PCTs operations it was identified that all EFT payments requested by Basra Contracting department, through Baghdad, were not cross referenced against specific funding streams, consequently a reconciliation exercise was undertaken. This exercise involved investigating all EFT payments in a comparison exercise with the Financial Comptrollers (Baghdad) central log.

Furthermore, during the life of CPA all funds were decided upon at the Baghdad Project Review Board (PRB). CPA (South) utilized many different PRB funds. It has been identified that a new requirement exists for the PCT finance team to have a holistic view on all funding streams that CPA South has interacted with. An exercise must be undertaken to review all Contract files to extrapolate funding streams.

Contract close down out and “fit for audit” operation

In order to ensure all Contract and Project files were complete, transparent and “fit for audit” an exercise was conducted to review all (over 1000) Contract files. Each individual file was examined to ensure all documentation was preset and where information was not, efforts to replace it were carried out. If any Contract file had a problem that could not be remedied, a statement was placed within the file and signed off by the Contracting officers.

With supervision, Officers from both the PCT Projects and Contracts teams, this exercise was conducted with the assistance of our Locally Employed (LE) Staff. The LE staff was able to tackle the majority of Contract files – however it was identified that an unknown number (minimum 80) of old CPA Projects were present, where no Contracts were written and very few receipts were available. An executive decision was taken not to tackle these files.

Locally paid DFID funded EIP Contract reconciliation exercise

Upon deployment and formation of the PCT it was identified that no member had any knowledge or documentation of the EIP. An exercise was undertaken to examine EIP information from DFID and Mott MacDonalds. The information was interpreted to assist to reconcile which EIP Projects/Contracts relate to Development Fund Iraq (DFI) and which relate to DFID funded Projects. Additional use for the information was to help to ensure that sufficient cash reserves were held by DFID (Basra) locally to meet their forthcoming payment obligations.

Search for funds for essential Contract Modifications

The PCT identified a limited number of Contracts (less than 7) that require essential Contract modifications in order to prevent Project failure. During the PCTs existence continuous efforts took place in order to find funds and a mechanism to modify the Contracts however problems existed at every turn. As the PCT departs a potential mechanism for modifications had been found and was being tested through a request to Baghdad for modifications. The success of these modifications lies largely in the hand of the Financial and Contractual Comptrollers in Baghdad and the Ministers of the Iraqi Interim Government. It is worth noting that the PCTs modifications were not high on the priority list in Baghdad due to the enormity of other funds related issues originated from Baghdad.

Reconstituting local contacts

Following the conclusion of CPA (South) contact details were lost for the vast majority of stakeholders involved with ongoing Contracts. The PCT had to retrospectively re-acquire these contact details in order to successfully complete these Contracts. Upon gaining new contact details the PCT is compiling a database.

PCTs Achievements

Since its deployment in mid-July the PCT was actively engaged in ensuring continuity of CPA (South's) legacy through a variety of different exercises (as above). The PCT has accomplished the following achievements:

- Successfully completed approximately 125 Projects and 230 Contracts (note some Projects have more than one Contract) and
- Disbursed over \$63 Million dollars (includes EFT, Cash and funds returned to Comptrollers) (see below: Charts 1, 2, 3)
- Dispersed approximately \$30 Million in cash direct into the local economy in a variety of different sectors throughout Southern Iraq (see below: Charts 1, 2, 3)
- Conducted a "Fit for Audit" operation on all Contracts approved by CPA South (see below: chart 4)
- Identified and requested modifications of Contracts/Projects that require essential Contract modification
- Established and ensured continuity of US Army Corps of Engineers (USACE) involvement and management of our Iraqi Forward Engineer Support Teams (IFEST). Furthermore, assisted with the long term employment of IFEST in USACE, allowing for valuable continuity of knowledge in Southern Iraq and contributing to capacity building.
- Developed good working relationships with Local military commanders and Military essential services teams
- Rebuilt local contacts lost following the disestablishment of CPA (South) and reestablished outreach into the provinces
- Developed good working relationship with US State Department
- Conducted numerous site visits to ensure that work has been conducted to the Contracted requirements
- Provided continued accountability to the Comptroller (Baghdad), involving physical visits to Baghdad to submit relevant documentation and participate in training on new methodology and obtain further funding as required

Chart 1 - The shows the Timescale of Contracts completed (figures as at weekly report 11th December):

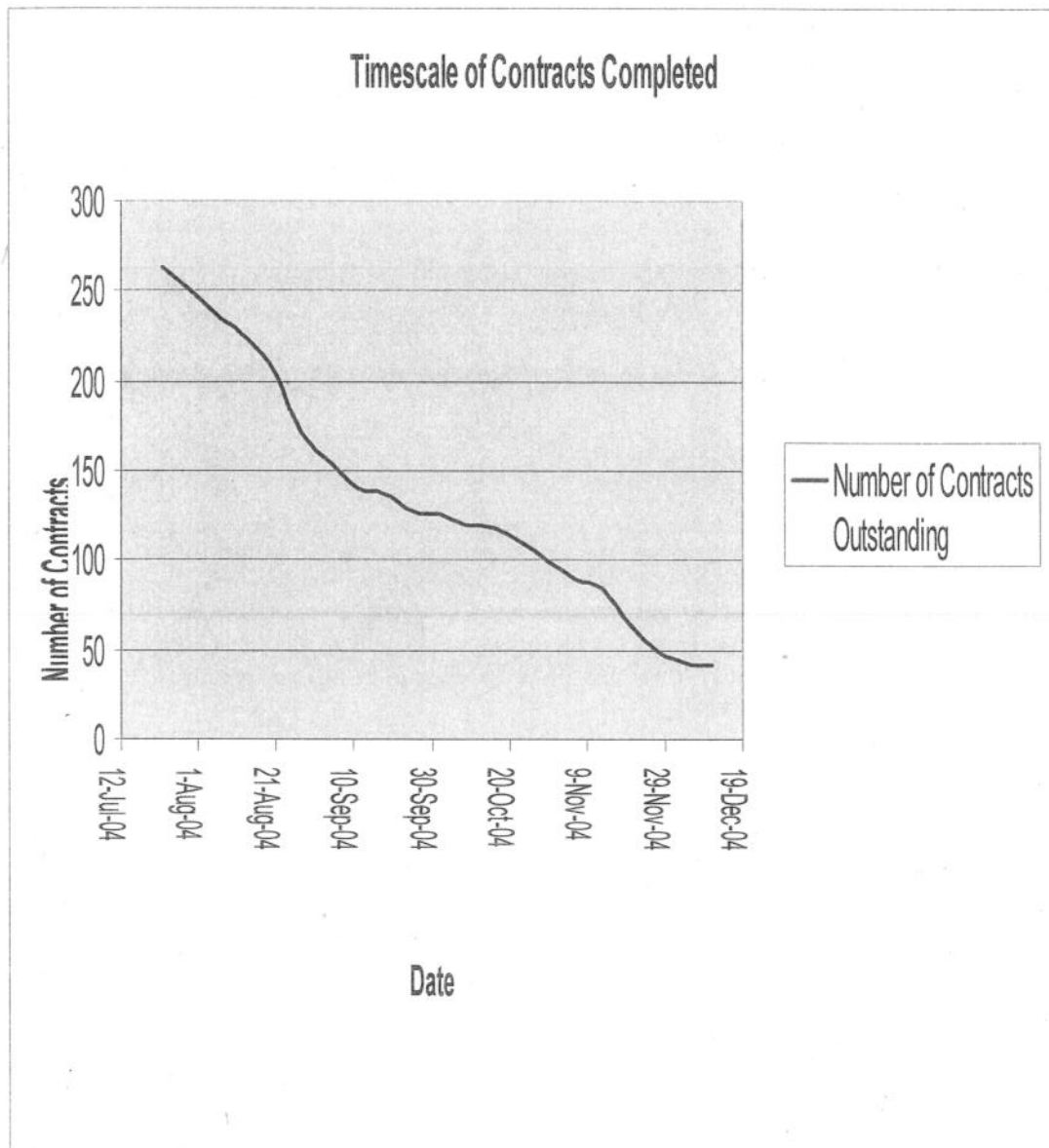


Chart 2 - The shows the Timescale of Projects completed (figures as at weekly report 11th December):

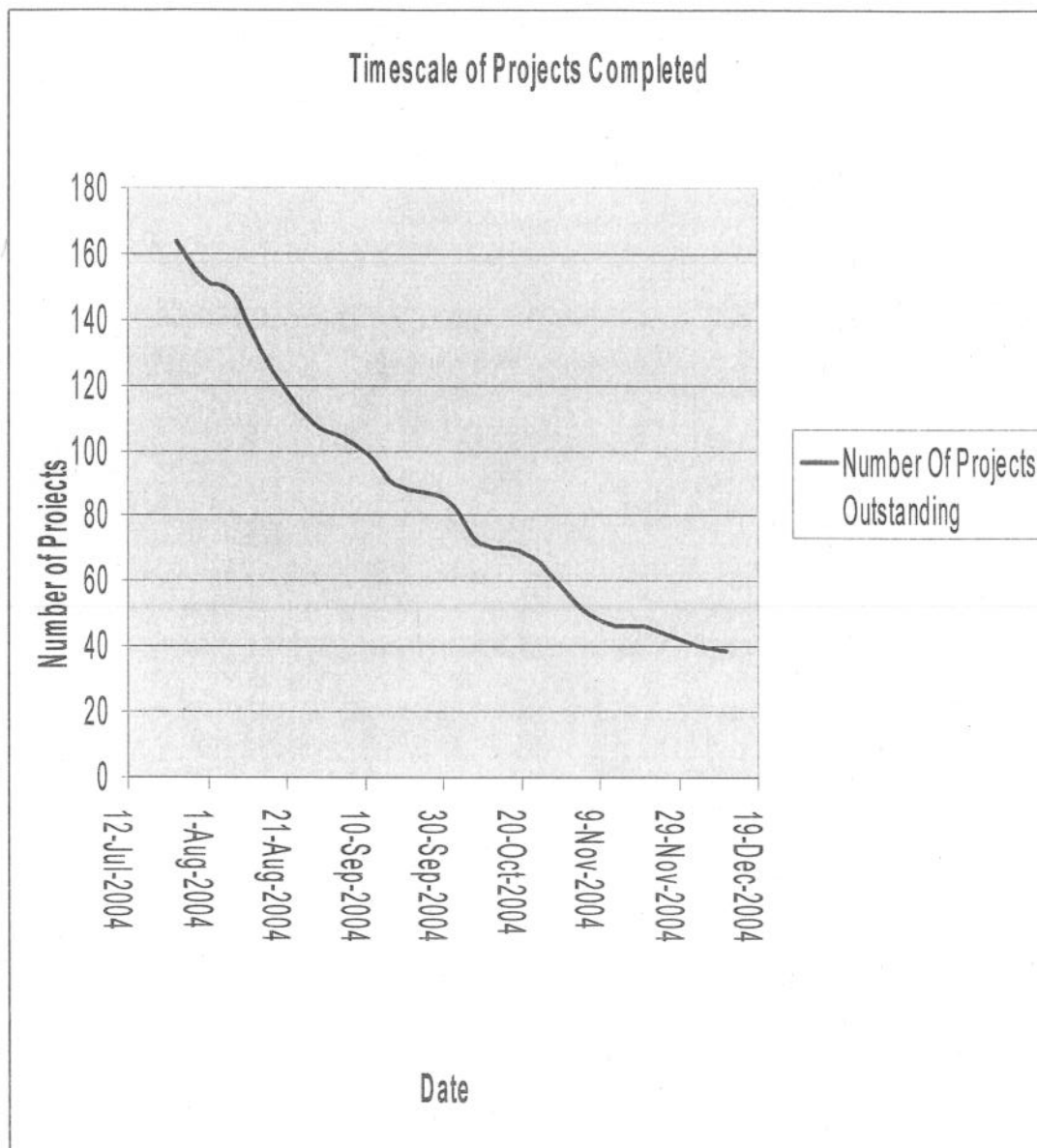


Chart 3 - The shows the Timescale of Project/Contract funds disbursal (figures as at weekly report 11th December):

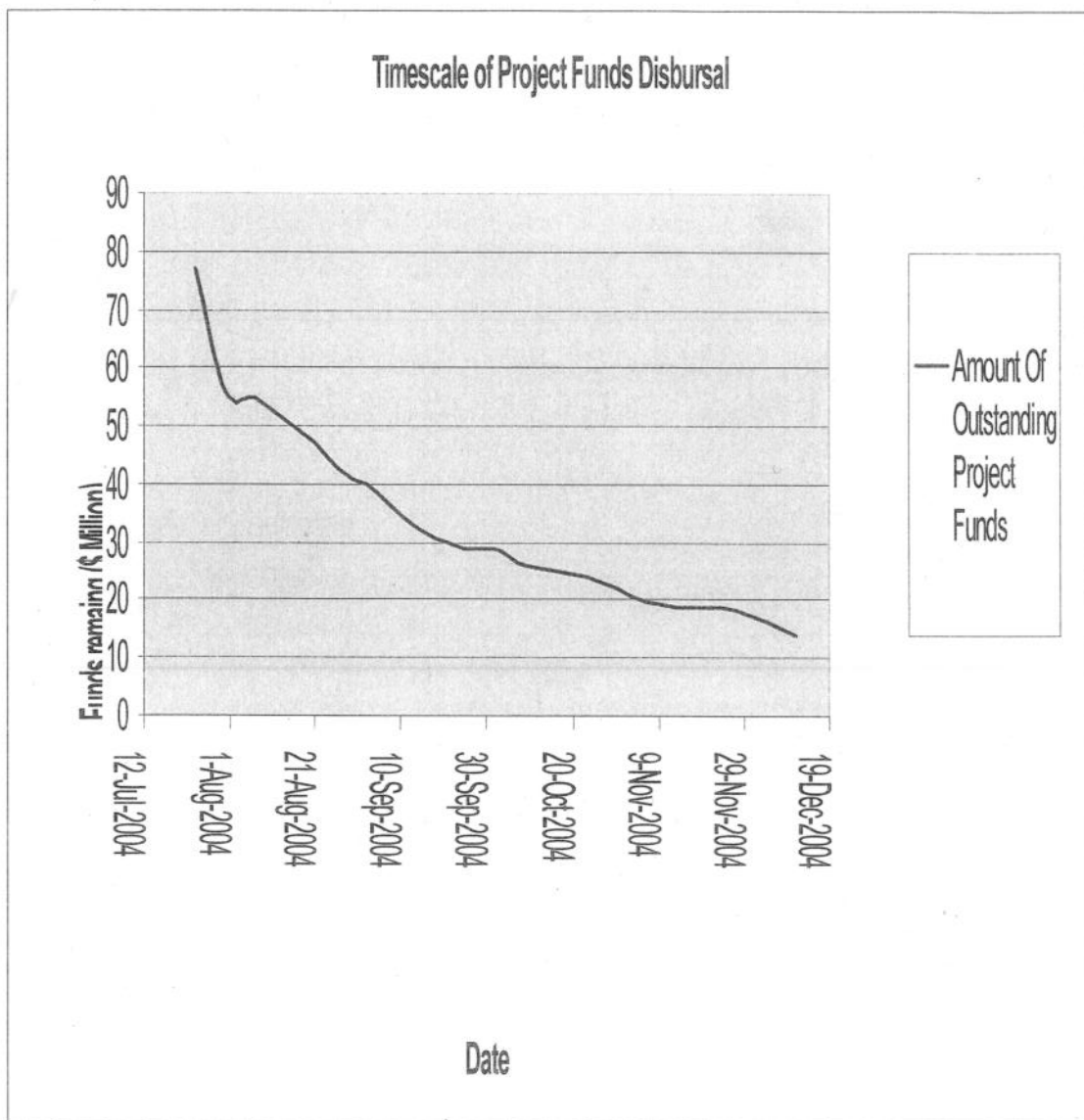
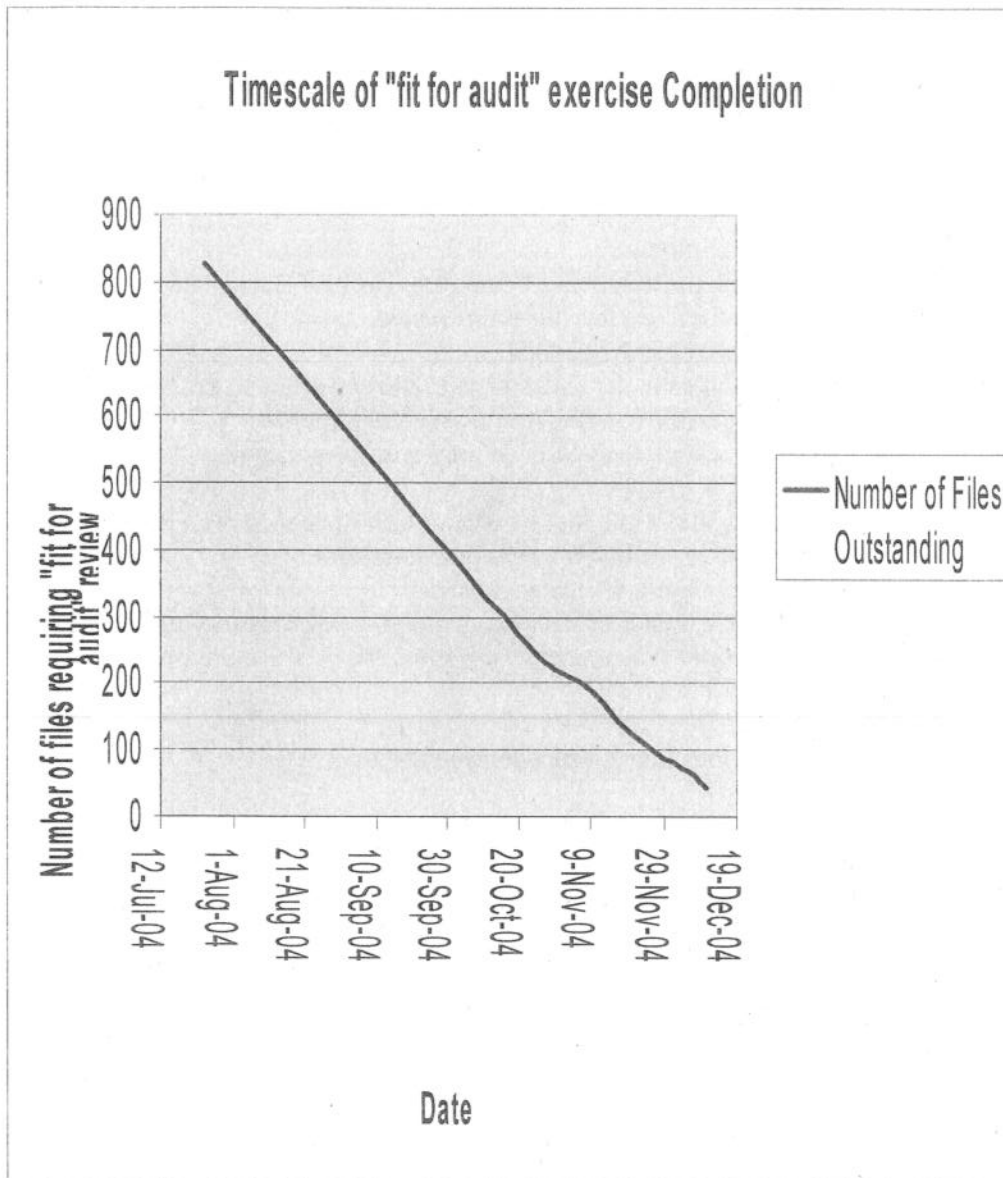


Chart 4 - The shows the Timescale of “fit for audit” exercise (figures as at weekly report 11th December):



Note: Remaining Contracts requiring "fit for audit" relate to ongoing contracts.

Challenges faced by the PCT

The PCT faced many challenges during its existence. The challenges highlighted had a knock on repercussions on the PCT and its ability to complete its exercises in a timely manner. These problems are outlined as follows:

- Security situation – The security situation continued to have a severe effect on the PCT as follows:
 - LE staff unable to come to work
 - Contractors requesting payment have been unable to visit Basra Palace
 - Local Staff and their families have been threatened
 - Local Contractors have been kidnapped
 - LE staff have been unable to visit sites to ascertain construction progress
 - PCT staff have been unable to visit sites to ascertain progress
 - PCT staff have been unable to attend meetings with Contractors
- Communication difficulties - The local phone network lack of capacity has had a knock on effect on our ability to communicate with Contractors
 - Not all Contracts include reliable contact details
 - Upon conclusion of CPA and repatriation of staff the vast majority of local contacts details were lost subsequently very often the PCT was involved in investigations to renew contacts
- Transportation and delivery into Iraq is often delayed due to:
 - The security situation
 - Border enforcement officials in areas where equipment transits to reach delivery destination
 - Tax officials
 - Accidents on route to delivery
 - Constant changes with border regulations
- EFT payments
 - EFT payment requests have been historically made by the Contracting department instead of through the Financial Dept, resulting in lack of oversight and delays
 - EFT delay was apparently due to the Ministry of Finance using a paper based system to manage all transactions. The delay had ramifications (including further delays) on all Contracts involving EFT payments as many Contractors did not ship equipment until a payment was received
- Essential Contract Modifications – PCT experienced continuous challenges over contract modifications (as already highlighted) including:
 - No funds are available to modify Contracts
 - No clear mechanism exists in order to obtain additional funds
- LE and Contracting Staff ongoing concurrent activities

- Staff are actively assisting in Contracting new CERPS Contracts and are not always able to assist with the exercises in finishing and closing down of old Projects/Contracts
- Commanders Emergency Response Programme - CERPs
 - A number of Contracts let under CERP's funding are outstanding, these Contracts (managed by the military) do not have sufficient documentation to obtain closure and therefore require investigation to obtain closure of all outstanding CPA files
- Administrative problems faced by the PCT
 - For some time the PCT rarely receive administrative/security messages from British Embassy Office Basra and consequently is not informed of when areas are out of bounds or threat levels are raised, etc.
 - Also for a while, due to not being co-located with the DfID office, Basra, the PCT often experienced decisions/discussions concerning PCT operations without a member of PCT present.

Continuity of Contracts

Upon conclusion of the PCT approximately 35 Contracts are left outstanding, of these:

- Seven are complete and require contract modifications and
- Six relate to contracts ongoing for Reverse Osmosis and water Compact Units.
(These will progress to completion once transportation of the units is completed.)

Of the further remaining Contracts four are anticipated to be completed by the 15th January latest. For all Contracts outliving the PCT, mechanisms have been established for their continuity with: Mott MacDonald's (for no fee), Basra PC MOC (Province Civil Military Operations Centre) and Frank Fuksa (TAT) engaged on ongoing Contracts.

Mechanisms for the continuity of payments on outstanding contracts have been established through negotiations with Baghdad. Payments on ongoing contracts will be made by either EFT or by a financial officer who will travel to Basra from Baghdad twice monthly.

Recommendations and Conclusions

Recommendations:

It is noticed that the PCT had a large quantity of “good news” that sadly was never publicized. It is therefore recommended for any similar future operations that a “press element” be included with any similar teams.

Conclusions:

The PCT has “achieved its mission”. It has successfully provided the solution to the lack of continuity that was present at the end of CPA (South). In providing the continuity the PCT has faced many challenges and has completed the vast majority of Contracts and Projects left by CPA (South). For those Contracts that will exist past the end of the PCT; continuity mechanisms have been established for both management and payment.