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CPA Inspector General Finds Halliburton Mismanaged Government Property in Iraq

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Fact Sheet

CPA Inspector General Finds Halliburton Mismanaged Government Property in Iraq

On July 26, 2004, the Coalition Provisional Authority (CPA) Inspector General issued a report entitled *Audit of the Accountability and Control of Material Assets of the Coalition Provisional Authority in Baghdad* (CPA IG Report Number 04-011).

In this audit report, the Inspector General concluded that Halliburton, through its subsidiary Kellogg Brown & Root (KBR), “did not effectively manage government property” and that its property records “were not sufficiently accurate or available to properly account for CPA property items.”

In particular, the Inspector General “projected that property valued at more than \$18.6 million was not accurately accounted for or was missing.” Specifically:

- Halliburton “could not account for 6,975 (34 percent) property items from an inventory of 20,531 records valued at over \$61.1 million.”
- The missing items “included 2 generators valued at more than \$878,000 and 18 vehicles valued at more than \$1.1 million.”

The audit also raised questions about the accuracy of the “property record books” maintained by the CPA, which list the property that the CPA is supposed to possess. Inconsistencies between property listings maintained by the CPA and those maintained by Halliburton led the IG to warn that there is a “possibility that property records were removed from the property book without . . . knowledge or approval.”

The Inspector General recommended that the Pentagon ensure that “an accurate property control system analysis is performed” and that the Pentagon “[c]onduct a thorough review of Coalition Provisional Authority property in Baghdad, Iraq to locate the missing property.” The Inspector General also recommended that the Pentagon “seek to recover the cost of missing equipment from the responsible personnel” and “initiate appropriate recovery actions” from Halliburton.