MINORITY STAFF
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
JULY 5, 2004

Fact Sheet

Coalition Provisional Authority Inspector General Issues Report on Halliburton Overcharging

On June 29, 2004, the Coalition Provisional Authority Inspector General issued a report entitled *Federal Deployment Center Forward Operations at the Kuwait Hilton* (CPA IG Report Number 04-003). This report found that as a result of poor oversight, Halliburton charged U.S. taxpayers for unauthorized and unnecessary expenses at the Kuwait Hilton Hotel.

Under its logistical support contract with the U.S. Army (the "LOGCAP" contract), Halliburton was responsible for receiving, training, and deploying executive personnel for the CPA. Halliburton carried out this function at the Hilton Hotel in Kuwait. The IG found that the CPA did not monitor Halliburton's charges adequately. According to the IG, the CPA "did not apply adequate oversight" over Halliburton, the CPA did not "review and analyze the details of the cost reports" submitted by Halliburton, and the CPA did not "establish clear limitations on the costs" Halliburton charged.

As a result of this inadequate oversight, Halliburton overcharged for unauthorized and unnecessary expenses at the Hilton. According to the CPA IG, "The resulting additional costs incurred under the task order amounted to $3.6 million annually." For example:

- Halliburton billed the CPA for contractor employees to stay in rooms in the main Hilton building, even though Halliburton had already billed for rooms in villas on the hotel complex that were unused. Over one year, these charges would have amounted to $2,853,000.

- Halliburton billed for a single room in the main Hilton building for a senior CPA official, even though rooms were available in the villas. Over one year, these charges would have amounted to $101,000.

- Halliburton billed U.S. taxpayers for laundry expenses at the Hilton, even though washers and dryers were already available. Over one year, these charges would have amounted to $191,000.

The CPA IG also criticized Halliburton for "allow[ing] unauthorized persons to use the Kuwait Hilton at the expense of the CPA." Although the IG was able to identify these problems, other problems could not be identified. According to the IG, Halliburton's "records were insufficient," which meant that "accurate costs for the inappropriate use could not be determined." As a result, the IG concluded that "refunds from unauthorized users could not be pursued."

Three independent auditors have now looked into Halliburton's billing practices: the Defense Contract Audit Agency, the General Accounting Office, and the CPA IG. They have all found instances of overcharging by Halliburton.