

Tokyo, May 05 05:06

Search News: Yen, Dollar Fall Against Euro as S

<table border="1"> <tr><td colspan="2">AUD/USD</td></tr> <tr><td>Sell</td><td>Buy</td></tr> <tr><td>0.67</td><td>0.67</td></tr> <tr><td>33</td><td>35</td></tr> <tr><td>Low</td><td>High</td></tr> <tr><td>0.6718</td><td>0.6832</td></tr> </table>	AUD/USD		Sell	Buy	0.67	0.67	33	35	Low	High	0.6718	0.6832	<p>The Aussie is EASY to trade.</p> <p>See How With a FREE PRACTICE ACCOUNT</p> <p>Click Here</p> <p>24 Hour Online Currency Trading</p>	<p>AFSL #309763</p>
AUD/USD														
Sell	Buy													
0.67	0.67													
33	35													
Low	High													
0.6718	0.6832													

- HOME
- NEWS
- MARKET DATA
- PERSONAL FINANCE
- TV and RADIO

[LOG IN/REGISTER](#)
[Feedback](#)

news

Popular:
[Politics](#) [Warren Buffett](#) [Madoff](#) [Industries](#) [Currencies](#) [ETFs](#) [Toxic Debt](#) [C-Suite](#)
 KBR Contracts Are 'Majority' of Fraud Referrals (Update2)
[Share](#) | [Email](#) | [Print](#) | [A A A](#)

- [Exclusive](#)
- [Worldwide](#)
- [Regions](#)
- [Markets](#)
- [Industries](#)
- [Economy](#)
- [Politics](#)
- [Law](#)
- [Environment](#)
- [Science](#)
- [Opinion](#)
- [Spend](#)
- [Sports](#)
- [Arts and Culture](#)
- [Editors' Video](#)
- [Picks](#)
- [Bloomberg Markets Magazine](#)
- [Special Report](#)

By Tony Capaccio

May 4 (Bloomberg) -- Billings from [KBR Inc.](#), the Army's largest contractor in Iraq, constitute the "vast majority" of 32 cases referred by government auditors for criminal investigation, the Pentagon's top auditor said today.

[April Stephenson](#), head of the Pentagon's contract audit agency, told the Wartime Contracting Commission that in the agency's history, "I don't think we are aware of a program, a contract or a contractor that's had this number" of referrals.

KBR, then a unit of [Halliburton Co.](#), won a contract in December 2001 to provide worldwide support for U.S. troops' housing, food, laundry and fuel services. The contract's value grew to \$31.7 billion, with most of the work being done in Iraq and Kuwait.

The referrals for potential fraud started in February 2004, almost a year after the U.S.-led invasion of Iraq, with the most recent referral in March, Stephenson stated. The cases include billing for unallowable costs, accepting bribes, falsification of time cards and subcontractor over-billings for laundry, guard services and dining facilities, she said.

Stephenson didn't stipulate how many of the 32 cases stemmed from KBR's Army logistic contract or from follow-on work it has been awarded since that contract ended in 2007.

KBR's Response

[Heather Browne](#), spokeswoman for KBR, said in an e-mailed statement that the company "in no way condones or tolerates illegal or unethical behavior," and "when KBR has discovered wrongdoing of any sort by an employee, we have swiftly reported it to the government."

The two-year contracting commission was established by Congress in the fiscal 2008 budget to investigate potential contracting abuses in Iraq and Afghanistan.

Over half of the 32 referrals "address suspected irregular conduct by subcontractors," said Stephenson, head of the Defense Contract Audit Agency.

KBR's system for monitoring subcontractors' costs has been repeatedly criticized as inadequate by Pentagon auditors -- most recently in an audit DCAA completed last week, Stephenson said.

Pentagon auditors since 2003 have found "various instances where KBR awarded purchase orders and subcontracts to other than the contractor with the lowest bid" and the company "did not provide adequate justification for the award to the higher-priced subcontractor," she said.

The audit agency "found many examples where KBR did not take aggressive action to obtain sufficient data" from subcontractors "to ensure the lowest possible prices for the taxpayer," she said.

'Unprecedented' Referrals

Stephenson, in an interview after the hearing, said it's "unprecedented to have that many" referrals "on a particular program. If you look at the programs we

Bloomberg PRESS
THE HERETICS OF FINANCE
 by Andrew W. Lo and Jasmina Hasanhodzic
 Hardcover, 288 pages
 \$29.95, 978-1-57660-316-1
[Visit Store](#)

More News

- [U.S. Stocks Gain as S&P 500 Index Erases Decline for Year; Alcoa Advances](#)
- [Obama Seeks to End Tax-Haven Strategies That Save Companies \\$190 Billion](#)

RESOURCES

- [Bloomberg TV](#)
- [Bloomberg Radio](#)
- [Bloomberg Podcasts](#)
- [Bloomberg Press](#)

have across the agency, having one referral is significant.”

“But to have something in the category of ‘majority of 32’ is really unprecedented,” she said, referring to the initial logistics contracts.

The problems with KBR’s cost accounting and its management of subcontractors were also “unprecedented,” Stephenson said.

“It’s the cost issues, it’s the systems issues, it’s the systemic issues,” she said. “We don’t get into the ‘quality’ aspects of what they do and I understand they do that quite well. It’s the referrals, the number of deficiencies that continue in the system -- year after year,” she said.

“It seems as though it takes a significant period of time to get these deficiencies corrected and that’s worrisome,” she said.

Last week’s DCAA audit examined KBR’s purchasing systems, including subcontractor controls -- a large part of the logistics contract -- and found it to be “inadequate,” she said. “Some of the same problems” disclosed in audits several years ago “still existed,” she said.

Houston-based KBR was spun off in 2007 from Halliburton, the world’s second-largest oilfield-services company. KBR rose \$1.27 to \$17.17 at 3:15 p.m. in New York Stock Exchange composite trading.

To contact the reporter on this story: [Tony Capaccio](mailto:Tony.Capaccio) in Washington at acapaccio@bloomberg.net

Last Updated: May 4, 2009 15:17 EDT

- [Delicious](#)
- [Digg](#)
- [Facebook](#)
- [LinkedIn](#)
- [Newsvine](#)
- [Propeller](#)
- [Yahoo! Buzz](#)

[Advertisement: FXCM - Start Trading Currency With Free Practice Account!](#)

Sponsored Links

[Come live in Canada](#)

Immigration program for Businessmen Professionals and Senior Managers.
www.MichelBeaubien.com

[FX Candlestick Profits?](#)

EXPLODE Your Trading Profits In Less Than 30 Minutes!
ForexCandlesticksMadeEasy.com

[Algorithmic Trading](#)

Global, Quantitative, Investment: Process, Technology & Marketing
www.Crowther-Investment.com

Ads by Google

Bloomberg.com | [NEWS](#) | [MARKET DATA](#) | [PERSONAL FINANCE](#) | [TV AND RADIO](#) | [ABOUT BLOOMBERG](#) | [CAREERS](#) | [CONTACT US](#) | [LOG IN/REGISTER](#)

©2009 BLOOMBERG L.P. ALL RIGHTS RESERVED. | [Terms of Service](#) | [Privacy Policy](#) | [Trademarks](#) | [Site Map](#) | [Help](#) | [Feedback](#) | [Advertising](#) | [日本語サイト](#)