

OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL

The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Should Continue to Strengthen Its Management and Oversight of the Funds Transferred to Other Agencies



September 8, 2011



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Executive Agencies:

This report discusses the results of a performance audit of the implementation and sustainability of the U.S. civilian uplift in Afghanistan. This report includes two recommendations to the Department of State's Assistant Secretary for South and Central Asian Affairs.

When preparing the final report, we considered comments from the Secretary of State's Special Representative for Afghanistan and Pakistan, the Department of State's Bureau of Resource Management, and the Department of Homeland Security. The Special Representative for Afghanistan and Pakistan concurred with the report's recommendations and identified planned actions to resolve them. The Bureau of Resource Management stated that it did not object to one of our recommendations; it did not address the other. The Department of Homeland Security did not comment directly on the recommendations. These comments are reproduced in appendices V-VII, respectively.

A summary of this report is on page iii. This performance audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction and the Department of State Office of Inspector General under the authority of Public Law No. 110-181, as amended, the Inspector General Act of 1978, and the Inspector General Reform Act of 2008.

A handwritten signature in black ink, appearing to read "Steven Trent".

Steven Trent
Acting Special Inspector General
for Afghanistan Reconstruction

A handwritten signature in black ink, appearing to read "Harold Geisel".

Harold Geisel
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The Honorable Ryan C. Crocker
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**Special Inspector General for
Afghanistan Reconstruction
and
State Office of Inspector
General**

SIGAR Audit-11-17 & State OIG AUD/SI-11-45 Sept. 2011

**The U.S. Civilian Uplift in Afghanistan Has Cost Nearly
\$2 Billion, and State Should Continue to Strengthen Its
Management and Oversight of the Funds Transferred to
Other Agencies**

What SIGAR and the Department of State OIG Reviewed

In 2009, President Obama announced a new, comprehensive U.S. strategy for Afghanistan aimed at disrupting, dismantling, and defeating al-Qaeda. A key element of the strategy is the expansion of civilian-led efforts to build Afghan governing capacity at all levels, improve the rule of law, and initiate sustainable economic growth. A significant increase or “uplift” in U.S. civilian employees deployed to Afghanistan supports this effort. In addition to significant infrastructure and security costs, it costs the U.S. government between about \$410,000 and \$570,000 to deploy one employee to Afghanistan for 1 year. Despite this cost, no agency has comprehensively assessed the cost of establishing and sustaining the civilian uplift or the mechanisms in place to ensure uplift funds are used appropriately. SIGAR and State OIG jointly conducted an audit to (1) determine the number of personnel and associated costs of the civilian uplift, (2) evaluate State’s mechanisms to transfer funds to other agencies to support civilian uplift personnel, and (3) assess the costs of sustaining and supporting the civilian presence in Afghanistan and State’s plans to address these costs. To address these objectives, we collected data from all agencies that have deployed uplift personnel, interviewed officials from these agencies, and reviewed inter- and intra-agency documentation. We conducted work in Washington, D.C., and Kabul, Afghanistan, from October 2010 to July 2011, in accordance with generally accepted government auditing standards.

What SIGAR and the Department of State OIG Found

Since early 2009, U.S. agencies have nearly tripled the number of civilians deployed to Afghanistan under Chief of Mission authority at a cost of nearly \$2 billion. The number of U.S. civilian employees deployed to Afghanistan increased from 320 in early 2009 to 1,040 personnel by June 2011. As the primary agency responsible for funding the civilian uplift and providing safe and functional working and living conditions for all agencies, the Department of State (State) incurred the majority of the \$1.7 billion obligated to support the uplift, in addition to security costs.

Congress authorized State to transfer funds to other agencies to support operations in and assistance for Afghanistan, and SIGAR and State OIG found that State has not taken sufficient steps to ensure that State funds transferred to other agencies are used for their intended purposes. The Foreign Affairs Manual indicates that obligations should be supported by evidence of binding agreements in writing between U.S. agencies regarding the use of funds. In addition, government-wide internal control standards highlight the importance of agency monitoring to ensure funds are expended for their intended purposes. However, we found that State had neither established formal mechanisms with other agencies regarding their use of civilian uplift funds nor monitored how agencies spent funds and instead relied on informal communications such as emails and meetings. As a result, this increased the risk that funds would not be spent for their intended purpose. In one instance, we determined that the Department of Transportation (Transportation) did not know whether \$3.5 million in State transfers were authorized for training or other purposes, and as a result Transportation cancelled plans to utilize the funding.

State and other agencies are likely to experience increased costs related to an expanded civilian presence in Afghanistan, and State faces significant challenges in planning to address these costs. First, the U.S. military’s withdrawal from Afghanistan will likely lead to cost increases for State due to key military security functions that State will assume. Second, a legislative proposal to standardize pay and benefits for all civilians deployed to Afghanistan could also result in increased costs for civilian agencies. Third, the opening of two consulates in Afghanistan could increase costs due to security and housing requirements. Although officials in State’s Bureau of South and Central Asian Affairs have started planning to address the costs of supporting and sustaining the civilian presence in Afghanistan, they face a number of planning challenges, such as budget uncertainty and the absence of details on the expected size of the civilian presence in Afghanistan in coming years.

What SIGAR and the State OIG Recommends

SIGAR and State OIG are making two recommendations to the State Department’s Bureau of South and Central Asian Affairs to ensure that uplift funds are used for their intended purpose and to recover \$3.5 million in unused funds from Transportation. State agreed to implement formal agreements with agencies receiving transfers, and State indicated the agreements will include reporting requirements and return of unused funds. State and Transportation officials have indicated the \$3.5 million in unused funds will be returned to the U.S. Treasury.

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ACRONYMS

Commerce	Department of Commerce
CSCS	Capital Security Cost Sharing
DHS	Department of Homeland Security
DOD	Department of Defense
DOJ	Department of Justice
DS	State Bureau of Diplomatic Security
FS	Foreign Service
FY	Fiscal Year
GS	General Schedule of the Civil Service
HHS	Department of Health and Human Services
ICASS	International Cooperative Administrative Support Services
OBO	State Bureau of Overseas Buildings Operations
RM	State Bureau of Resource Management
R&R	Rest and Recuperation
RRB	Regional Rest Break
SCA	State Bureau of South and Central Asian Affairs
SIGAR	Special Inspector General for Afghanistan Reconstruction
SRAP	Special Representative for Afghanistan and Pakistan
State	Department of State
State OIG	Department of State Office of Inspector General
Transportation	Department of Transportation
Treasury	Department of Treasury
USDA	U.S. Department of Agriculture
USAID	U.S. Agency for International Development
USFOR-A	U.S. Forces-Afghanistan



The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Should Continue to Strengthen Its Management and Oversight of the Funds Transferred to Other Agencies

In 2009, President Obama announced a new comprehensive U.S. strategy for Afghanistan aimed at disrupting, dismantling, and defeating al-Qaeda and denying its access to safe havens. A key element of the strategy is the expansion of civilian-led efforts to build Afghan governing capacity at all levels, improve the rule of law, and initiate sustainable economic growth, primarily through agricultural development. This effort has been supported by a significant increase, or “uplift,” in U.S. civilian employees deployed to Afghanistan, from 320 personnel in January 2009 to over 1,200 authorized positions as of May 31, 2011. Although the Department of State (State) and the U.S. Embassy in Kabul play lead roles in funding and overseeing the uplift, it is an interagency effort, drawing personnel primarily from State and the U.S. Agency for International Development (USAID), but also the Departments of Agriculture (USDA), Justice (DOJ), Treasury, Transportation, Commerce, Health and Human Services (HHS), and Homeland Security (DHS). State and USAID are the only two agencies directly funded by Congress for uplift positions. Congress also authorized State to use appropriations to transfer funds to other civilian agencies to support operations and assistance for Afghanistan. State transfers funds to seven civilian departments under this authority.¹ The Department of Defense (DOD) also plays a key role in supporting U.S. civilians by providing life support to civilians deployed to field locations and providing a secure environment for civilians.

In February 2010, State’s Office of Inspector General (OIG) reported that the U.S. Embassy in Kabul may face challenges in sustaining the additional personnel deployed under the civilian uplift and, therefore, should evaluate the affordability of the civilian uplift.² In October 2010, the Special Inspector General for Afghanistan Reconstruction (SIGAR) reported on the types and number of personnel provided to implement the civilian uplift and the extent to which the life and operational support needs of these personnel had been met.³ In that audit, SIGAR raised several concerns, including the difficulty that the U.S. government may encounter in sustaining the civilian uplift at current levels.

Although the civilian uplift is a key component of the President’s strategy in Afghanistan, no agency has conducted a comprehensive assessment of the costs of establishing and sustaining the uplift. SIGAR and State OIG jointly conducted this audit to (1) determine the number of personnel and associated costs of the civilian uplift, (2) evaluate State’s mechanisms for transferring funds to other agencies to support

¹ Public Laws Numbers 111-32, 111-117, and 111-212 authorize the Secretary of State to transfer funds to any department or agency of the United States, upon the concurrence of the head of such department or agency, to support operations in and assistance for Afghanistan and to carry out the provisions of the Foreign Assistance Act of 1961.

² Report Number ISP-I-10-32A.

³ See SIGAR Audit-11-2, *U.S. Civilian Uplift in Afghanistan is Progressing but Some Key Issues Merit Further Examination as Implementation Continues*, October 26, 2010.

civilian uplift personnel, and (3) assess the costs of sustaining and supporting the civilian presence in Afghanistan and State's plans to address these costs.

To address our objectives, we obtained data from civilian agencies that deploy personnel to Afghanistan. Specifically, we requested that they identify the number of Afghanistan-based positions authorized as part of the uplift and the number of personnel who filled these positions in fiscal years (FY) 2009, 2010, and 2011.⁴ We also collected data from the agencies regarding expenditures and obligations to support civilian uplift employees deployed to Afghanistan. We examined State processes to transfer funds to other agencies and identified factors that could affect the cost of sustaining the civilian uplift, such as life support services provided to U.S. civilians by the U.S. military and coalition partners. Finally, we interviewed key officials from each of the agencies involved. See Appendix I for a complete discussion of our scope and methodology.

BACKGROUND

In March 2009, President Obama outlined a new U.S. strategy for Afghanistan.⁵ In support of this strategy, U.S. Embassy Kabul and U.S. Forces-Afghanistan (USFOR-A)⁶ released the *United States Government Integrated Civilian-Military Campaign Plan for Support to Afghanistan* in August 2009, and the Secretary of State signed the *Afghanistan and Pakistan Regional Stabilization Strategy* in February 2010. These documents outlined broad U.S. reconstruction goals to improve security, build Afghan governance capacity, enhance rule of law, and lay the foundation for sustainable development. To achieve these goals, the President announced that the United States would send additional troops to help secure Afghanistan, particularly in the more unstable eastern and southern regions of the country. To complement the increased military presence, the new strategy also called for a substantial increase in the number of civilian personnel and associated resources for civilian-led assistance efforts.

The uplift is intended to help the Afghan government build capacity to govern effectively at the national and sub-national level. For the purposes of this report, civilian uplift personnel are defined as U.S. government civilian employees⁷ deployed to Afghanistan under Chief of Mission authority⁸ after January 2009 to support the campaign for Afghanistan. The 320 employees in place before the uplift are referred to as "base" employees.

⁴ For fiscal year 2011, State and USAID provided the number of filled positions as of March 2011, while other agencies provided projections of the number of positions expected to be filled by the end of fiscal year 2011.

⁵ The U.S. Strategy for Afghanistan refers to the strategy announced in a March 27, 2009 speech, and reiterated in a December 1, 2009, speech delivered by President Obama.

⁶ U.S. Forces-Afghanistan is the functioning command and control headquarters for U.S. forces operating in Afghanistan, and is intended to ensure effective integration and coordination between U.S. and coalition forces.

⁷ Contractor personnel were included in our accounting of uplift personnel only if they were filling civilian uplift positions. Third-party contractors were not included in uplift counts. However, costs incurred from contractors to support the civilian uplift were included in the cost estimation.

⁸ According to National Security Decision Directive 38, the Chief of Mission, also referred to as U.S. Ambassador to a certain country or other specified entity, has full responsibility for the direction, coordination, and supervision of all U.S. government executive branch employees in that country, except for Voice of America correspondents on official assignment and employees under the command of a U.S. area military commander. See 22 U.S.C. § 3927.

State and USAID are the primary U.S. government agencies charged with conducting foreign policy and implementing the U.S. government's foreign assistance strategy and, therefore, are the key implementing agencies of the civilian uplift in Afghanistan. Congress authorized State to use appropriations to transfer funds to other civilian agencies to support operations and assistance for Afghanistan. In addition, Congress authorized USAID to fund other agencies' uplift positions, and USAID has used this authority to fund one Commerce uplift position.

According to State officials, the Chief of Mission at the U.S. Embassy in Kabul formulates personnel and associated budget requirements needed to fulfill the U.S. government's nonmilitary strategy for Afghanistan reconstruction. Officials at State's Bureau of South and Central Asian Affairs (SCA) review the Embassy's requirements and coordinate within State and with other civilian agencies to determine the personnel numbers for State bureaus and other agencies. These officials, in consultation with senior leadership in other departments, determine the final staffing needs and authorize positions in Kabul and in the field to support the U.S. government strategy for reconstruction in Afghanistan. After staffing targets are determined, SCA officials work with officials from the other department to determine the funding levels required to deploy the uplift personnel. SCA works closely with the Office of the Secretary of State's Special Representative for Afghanistan and Pakistan (SRAP) to manage and oversee the civilian uplift. SRAP is responsible for coordinating across the U.S. government to meet U.S. strategic goals in the region.

Typically, the U.S. government spends between \$425,926 and \$570,998 to support the deployment of one U.S. government civilian to Afghanistan for a 1-year assignment. Actual agency costs vary depending on factors such as the salary level of the deployed employee, fees for life support services at the Embassy and in the field, and individual agencies overtime policies. These costs are broken down in table 1 and described in more detail in appendix II.

Table 1: Estimate of Costs to Deploy a Civilian Employee to Afghanistan for One Year

Cost Items	Cost Range ^a
A) Salary and Benefits:	
Salary - planning assumptions for a civil service position and for a Foreign Service position	\$110,000 - \$122,733
Salary for training period ^a	\$9,441
Danger pay-35% of base pay ^b	\$38,500 - \$42,957
Post differential-35% of base pay ^b	\$38,500 - \$42,957
Sunday differential-5% of base pay ^b	\$5,500 - \$6,137
Overtime compensation	\$22,000 - \$30,683
Special differential-20% of base pay (only for a Foreign Service Positions)	\$22,000 - \$24,547
Benefits-28% of base pay	\$30,800 - \$37,009
Separate maintenance allowance of the base pay (only for Foreign Service positions)	\$12,516 - \$17,300
R&R and RRBs budgeted for a position in Afghanistan	\$5,785 - \$21,000
Total salary and benefits range (The range indicated is not the total sum of all the line items in this table because some categories are not applicable to certain positions).	\$266,300 - \$310,216
B) Other direct expenses for the position:	
Mandatory Afghanistan training costs (including per diem)	\$10,432 ^c
Deployment travel	\$25,000 - \$48,983
Medical evacuation	\$28,120
International Cooperative Administrative Support Services (ICASS)	\$37,000 - \$150,000
Housing (non ICASS housing and infrastructure costs)	\$45,000 ^d
Department of Defense (DOD) civilian life support in the field	\$ 36,000 - \$48,701
Capital Security Cost Sharing	\$1,626 - \$22,657
Field life support kits	\$15,000
Total other direct expenses (The range indicated is not the total sum of all the line items in this table because some categories are not applicable to certain positions).	\$159,626 - \$242,657
Total Cost Estimate Range for One Position	\$425,926 - \$570,998

Source: SIGAR analysis based on information provided by State and USAID.

Note: This model does not take into consideration the agencies' headquarters staff support costs for the agencies' Afghanistan positions in Washington D.C. or the 15 days transitional leave/expenses for employees departing Afghanistan.

^a Based on State and USAID Afghanistan Position Planning Tools.

^b Calculated based on the salary range mentioned above.

^c Based on USAID data. State's training costs are not broken down on a per person basis.

^d USAID pays for housing through ICASS in Afghanistan.

In addition to the costs detailed in the table above, the U.S. government incurs costs to support civilians in Afghanistan that cannot be calculated on a per person basis. These include, for example:

- **Security:** In addition to certain security costs charged on a per person basis, State's Bureau of Diplomatic Security (DS) provides security for civilian employees deployed to Afghanistan.⁹ DS officials estimated that the total expenses for security in Afghanistan from fiscal year 2009 through March 2011, was approximately \$491 million.
- **Infrastructure** of the U.S. Mission Compounds: State has obligated over \$700 million for housing and office space required to support uplift personnel.

THE NUMBER OF CIVILIAN EMPLOYEES ASSIGNED TO AFGHANISTAN HAS INCREASED BY 720 SINCE 2009, AT AN ESTIMATED COST OF NEARLY \$2 BILLION

The U.S. civilian uplift in Afghanistan represents a significant investment of resources. The number of civilian employees deployed or assigned to deploy to Afghanistan has increased by 720, from 320 in January 2009 to a total of 1,040 through the end of fiscal year 2011, at a cost of nearly \$2 billion.¹⁰ State and USAID account for the majority of uplift personnel, contributing a combined 74 percent of uplift personnel through fiscal year 2011. Uplift personnel are implementing multiple programs to advance governance, rule of law, and development—key objectives of the U.S. effort for Afghanistan reconstruction. According to agency officials, agencies plan to continue deploying additional personnel throughout fiscal year 2012.

U.S. Government Agencies Are Projected to Deploy at Least 720 Additional Personnel by the End of Fiscal Year 2011

Agencies have increased the number of uplift personnel assigned to Afghanistan each fiscal year since 2009, increasing the number of personnel by 720 for a total of 1,040 in fiscal year 2011. Table 2 depicts the number of U.S. civilian personnel supporting the U.S. uplift in Afghanistan in fiscal years 2009 through 2011, by agency.

⁹ The U.S. military and foreign coalition partners also provide secure environments for civilians deployed to field locations in Afghanistan. DOD officials said security is provided without seeking reimbursement from State or other agencies.

¹⁰ SIGAR and State OIG also had increases in personnel in Afghanistan due to increased spending on programs and operations. However, State does not include increases in SIGAR and State OIG personnel and associated costs in the uplift counts and costs. The figure of 1,040 personnel reflects the summation of State's actual civilian uplift deployment as of March 31, 2011, and other agencies projected civilian uplift deployment as of the end of fiscal year 2011. However, the total number of personnel at post fluctuates weekly due to factors such as personnel rotations, personnel deployed on details, or rest breaks.

Table 2: Actual and Projected Civilian Uplift Personnel Deployed to Afghanistan, by Agency and Fiscal Year^a

Department	FY 2009	FY 2010	FY 2011
State	77	315	309
USAID	62	199	222
DOJ	0	62	78
USDA	0	44	59 ^b
DHS	0	11	25
Transportation	0	1	13
Treasury	11	10	12
Commerce	0	1	1
HHS	0	1	1
TOTAL^c	150	644	720

Source: SIGAR and State OIG analysis of data provided by each agency.

^a The personnel numbers shown in this table are in addition to the 320 base positions in place before January 2009. State and USAID figures represent actual positions filled as of the end of FY 2009 and 2010, and actual positions filled as of March 2011 for FY 2011. DOJ figures reflect the number of positions filled as of end of the first quarter of each fiscal year. All other agencies reflect actual positions filled at the end of FY 2009 and 2010, and projected positions filled by the end of FY 2011. While SIGAR and State OIG Afghanistan personnel and costs increased due to overall U.S. government operations and programs in Afghanistan, these organizations' personnel counts and associated costs are not included in this report.

^b USDA FY 2011 personnel counts include 14 positions that USDA originally considered base positions and funded through direct USDA appropriations in FY 2009 and 2010. However, in FY 2011, USDA officials reported that their appropriations for these 14 positions, as well as Washington, D.C. based support staff has been reduced to zero. USDA had not yet reached its allotment of uplift positions funded by State and will use State funds to continue to fund the deployment of the 14 personnel, in addition to other uplift personnel.

^c The total shown for each year is cumulative. For example, the total for FY 2011 includes filled uplift positions in FY 2009, 2010, and 2011.

State and USAID Account for over 70 Percent of the Civilian Uplift

As of fiscal year 2011, State and USAID personnel comprise 531 uplift personnel, or 74 percent of the 720 uplift personnel. As of fiscal year 2011, State accounted for 43 percent and USAID accounted for 31 percent of uplift personnel deployed to Afghanistan. State and USAID are engaged in a variety of programs to advance governance and rule of law, such as mentoring Afghan government officials at the national and sub-national levels. USAID also manages development programs, including the Local Governance and Community Development program¹¹ and vouchers for increased production in agriculture.

¹¹ The Local Governance and Community Development program assesses community needs and implements local stability initiatives and maintains these initiatives through Afghan-led community development programs.

Prior to the civilian uplift, State had the largest civilian presence in Afghanistan. State has also experienced the largest increase of any agency. Specifically, State increased its civilian personnel deployed to Afghanistan from 192 in January 2009, to 501 in March 2011—an increase of 309 personnel. State has an additional 81 authorized full-time equivalent positions for the civilian uplift as of May 31, 2011, but the positions are currently unfilled. According to State officials from the Bureau of South and Central Asian Affairs (SCA), they will continue to place additional civilian personnel in these positions through fiscal years 2011 and 2012.

USAID had the second largest presence of any agency prior to the start of the uplift. USAID personnel increased from 85 in January 2009 to 307 as of March 2011, an increase of 222 personnel. USAID has an additional 80 authorized positions for Afghanistan that are currently unfilled. According to USAID officials, they will continue to place additional U.S. civilians in these positions in fiscal years 2011 and 2012.

The Remaining Seven Civilian Agencies Account for a Total Increase of 189 Personnel, or approximately 26 Percent of the Uplift

As of June 2011, the other seven civilian agencies with a presence in Afghanistan accounted for an increase of 189 personnel, or approximately 26 percent of the total civilian uplift. These agencies provide personnel at the request and direction of the Chief of Mission in Afghanistan and State officials in Washington in order to meet the mission's strategic goals. The Chief of Mission determines the number of authorized civilian uplift positions in consultation with each department.

DOJ accounted for an increase of 78 personnel, or 11 percent, of the total civilian uplift. The majority of these uplift personnel are employees of the Drug Enforcement Administration who work on mentoring and training Afghan law enforcement entities in an effort to promote the rule of law. In addition, they provide leadership and guidance in the conduct of bilateral counternarcotics investigations and operations. USDA has deployed 59 civilian uplift personnel as of June 2011, representing eight percent of the total civilian uplift. These employees primarily mentor Afghan government officials at the Ministry of Agriculture, Irrigation, and Livestock. The remaining five agencies account for approximately seven percent of the total civilian uplift. DHS personnel advise, mentor, and train Afghan border, customs, and related entities to enforce Afghan customs and immigration law. Treasury places technical experts at Afghan government ministries where they provide assistance in four areas: strengthening budget and financial accountability, combating economic crimes and corruption, building internal audit capacity and increasing non-tax revenues, and achieving debt relief and improving debt management. Transportation personnel advise officials at the Afghan Ministry of Transport and Civil Aviation on issues such as civil aviation law and surface transportation planning. HHS personnel work on health programs, such as programs to strengthen maternal and child health services in Afghanistan. Finally, Commerce personnel assist with efforts to promote Afghanistan's economic development and trade.

The U.S. Government Obligated nearly \$1.7 Billion through Fiscal Year 2011 to Support the Deployment of Uplift Civilians and to Provide Facilities and Services that Benefit Base and Uplift Employees

The U.S. government obligated nearly \$1.7 billion from fiscal year 2009 through fiscal year 2011 to fund the civilian uplift, as well as to provide facilities and services that benefit both base and uplift employees. The U.S. government has expended approximately \$880 million of this \$1.7 billion to support the civilian uplift; about \$782 million in additional funds has been obligated, but not yet

expended. The \$1.7 billion does not include additional costs for security in Afghanistan, which State's Bureau of Diplomatic Security has estimated was \$491 million to support both base and uplift personnel. Table 3 depicts all agency expenditures and obligations for fiscal years 2009 through 2011.

Table 3: Agency Expenditures, Projected Expenditures, and Unliquidated Obligations to Directly Fund the Deployment of Civilian Uplift Personnel in Afghanistan (\$ in thousands), by Fiscal Year

Agency	FY 2009 Expenditures ^a	FY 2010 Expenditures ^b	FY 2011 Projected Expenditures ^c	Unliquidated Obligations ^d (as of FY 2011)	Total
State	\$116,445	\$265,532	\$69,262 ^e	\$778,748 ^e	\$1,229,987
USAID	3,873	66,777	169,293	-	239,943
DOJ	1,601	73,141	27,723	-	102,465^f
DHS	0	14,337	23,804	-	38,141
USDA	2,300	10,664	19,329	-	32,293
Treasury	995	3,995	6,428	3,786	15,204
Transportation	0	78	2,719	-	2,797
Commerce	0	52	706	-	758
HHS	0	567	500	-	1,067
TOTAL	\$125,214	\$435,143	\$319,764	\$782,534	\$1,662,655

Source: SIGAR and State OIG analysis of expenditure and obligation data provided by each agency.

Notes: Figures are rounded. A dash (-) indicates that no data were provided.

^aFor FY2009, all agencies provided data on actual expenditures, except for DOJ, which reported obligations.

^bFor FY2010, all agencies provided data on actual expenditures, except for DOJ, which reported obligations.

^cFor FY2011, State reported actual expenditures through January 2011. Treasury reported obligations. DOJ reported actual obligations through March 31, 2011, which do not reflect the total DOJ obligations expected to occur in FY 2011. All other agencies provided data on projected expenditures for FY 2011.

^dUnliquidated obligations are funds that have been obligated, but not yet expended. State and Treasury were the only agencies that reported unliquidated obligations.

^eActual expenditures and unliquidated obligations for SCA as of January 14, 2011, and Overseas Building Operations as of February 2, 2011.

^fDOJ totals reflect obligations in each fiscal year.

State Obligated \$1.2 Billion to Directly Fund the Deployment of Uplift Personnel through the First Quarter of Fiscal Year 2011, and Spent an Additional \$491 Million in Diplomatic Security Costs in Afghanistan

From January 2009 through the first quarter of 2011, State obligated \$1.2 billion toward the civilian uplift effort.¹² It also spent an estimated \$491 million on security costs for operations in Afghanistan.¹³ State funds the civilian uplift primarily through SCA, and SCA reimburses other State bureaus that incur costs to support the uplift effort.¹⁴ The State Bureau of Overseas Buildings Operations (OBO) and DS also receive direct appropriations to fund activities related to security and infrastructure in Afghanistan. State (excluding DS) expended \$451 million through January 2011 to support the uplift efforts and has unliquidated obligations of an additional \$779 million in funds to support the uplift.¹⁵ (See appendix IV.)

OBO received appropriations, as well as transfers from other State bureaus, totaling \$945 million to construct office, housing, support and temporary facilities in Kabul and consulates in Herat and Mazar-e-Sharif. The bureau's funding came primarily from the Embassy Security, Construction, and Maintenance appropriation, but State SCA and DS also transferred \$62 million and \$41 million, respectively, to OBO. Of these funds, OBO expended \$75 million and obligated an additional \$623 million, leaving \$247 million unobligated. OBO is using these funds to provide accommodations and office space for the continued growth in staffing. For example, OBO includes developing permanent buildings for classified and unclassified office space, housing units, and support facilities. To provide space during this construction, non-permanent housing has been recently completed and 896 non-permanent desks are expected to be completed this September. The consulates in Herat and Mazar-e-Sharif are temporary facilities housed in pre-existing buildings that will provide space for 100 desks (Herat) and 37 desks (Mazar).

DS estimated that it obligated \$491 million for security operations in Afghanistan from the beginning of fiscal year 2009 through March 2011. Security expenses include the provision of physical security infrastructure (such as blast walls), the Embassy guard force, salaries for DS personnel, security for ground transportation, and security equipment such as armored vehicles. DS does not develop budgets on a country-by-country basis and does not distinguish between base and uplift personnel when providing security for U.S. civilians. Therefore, these costs represent an estimate of costs to provide security to base and uplift personnel in Afghanistan since the start of the civilian uplift. The DS estimated costs are presented in a separate schedule (see appendix III).

In addition to funding State's internal bureaus, SCA transferred approximately \$250.4 million to seven U.S. agencies participating in the civilian uplift. Table 4 depicts funding transfers from State to these agencies for the purpose of funding costs associated with the deployment of personnel to Afghanistan.

¹² State OIG analysis of financial data provided by the Bureaus of Resource Management (RM) and SCA, as of January 14, 2011. Also included are OBO's reported expenses and unliquidated obligations as of February 2, 2011.

¹³ State OIG analysis of financial data as provided by DS, March 2011.

¹⁴ Other bureaus within State (except for the Bureaus of Diplomatic Security and Overseas Buildings Operations) are reimbursed by SCA for their contributions towards the uplift effort.

¹⁵ Of the \$449 million of outlays by SCA, \$262 million were SCA reimbursements to other bureaus within the department for their assistance with the uplift effort.

Table 4: State Transfers to Agencies Providing Civilian Employees to Support the Uplift (\$ in thousands)

Agency	FY 2009	FY 2010	FY 2011 ^a	TOTAL
DOJ	\$74,660	\$25,469	\$47,239	\$147,368
DHS	15,290 ^b	4,948	18,264	38,502
USDA	8,700	15,350	15,861	39,911
Treasury	4,950	4,315	4,780	14,045
Transportation	3,700	1,372	4,024 ^c	9,096
HHS	622	0	500	1,122
Commerce	0	0	402	402
TOTAL	\$107,922	\$51,454	\$91,070	\$250,446

Source: State OIG and SIGAR analysis of State data.

^a FY 2011 transfers are through May 31, 2011, and do not necessarily reflect the total of transfers that will occur in FY 2011. FY 2011 transfers include funds that were originally transferred in FY 2010, but were unexpended and unobligated in that year and made available for agencies in FY 2011.

^b \$7 million of these transferred funds were transferred to DOD by DHS to support the Border Mentor Task Force Contractor program, and not to support DHS direct hire uplift personnel. DHS officials expect an additional \$7-\$9 million to be transferred in FY 2011 for this program and not for DHS direct-hire personnel.

^c \$1,305,000 represents an expenditure transfer whereby SCA obligated for the transfer to Transportation and the intra-governmental payment and collection system collected for the services provided.

USAID Has Obligated an Estimated \$240 Million to Support USAID uplift personnel in Afghanistan from May 2009 through Fiscal Year 2011

Since May 2009, USAID has obligated almost \$240 million to deploy civilian uplift personnel.¹⁶ USAID expects to spend an additional \$321 million in fiscal year 2012 to deploy and support both base and uplift personnel. We estimate that USAID will spend at least \$232 million of this \$321 million to deploy uplift personnel, with the remainder spent on base employees. Consistent with its authority, USAID also funds one Commerce uplift position and has provided Commerce with \$1 million since fiscal year 2009 for this position (see table 5).

All Other U.S. Agencies Projected Expenses of Approximately \$193 Million through Fiscal Year 2011

All agencies other than State and USAID projected to spend approximately \$193 million through fiscal year 2011, using funds transferred by State. Most of the expenses for these agencies are related to salaries and benefits; therefore, agency expenditures correlate with the number of civilian uplift personnel. For example, DOJ has more civilian uplift personnel deployed to Afghanistan than any other agency besides State and USAID. As such, DOJ has obligated over \$100 million in funds transferred from State to support its uplift personnel—more than half of the expenditures and obligations of the other non-State and non-USAID agencies. The majority of DOJ’s obligations were for the Drug Enforcement Administration, which provided the majority of DOJ uplift personnel. The Drug Enforcement

¹⁶ USAID provided costs for all USAID personnel and did not separate costs by civilian uplift personnel. We calculated the cost for USAID civilian uplift personnel by estimating the average cost per person deployed per month, and we calculated the share of costs related to uplift personnel by determining the number of months each individual was deployed to Afghanistan in each fiscal year. For a complete explanation of our methodology, see appendix I.

Administration also received State funding for specialized services, such as support for aviation resources, vehicles, and specialized investigative units.

DHS projects to spend \$38 million, the second highest projection of any agency other than State and USAID. State transfers to DHS included \$7 million for the Border Mentor Task Force contractor program;¹⁷ these funds were not used to support DHS uplift personnel. DHS officials expect to use an additional \$8-\$9 million in fiscal year 2011 for the Border Mentor Contract. DHS officials told us they transferred this \$7 million to DOD, which administers the contract. DHS also received \$1.2 million from State for the purpose of funding rental vehicles for DHS personnel in Afghanistan.

USDA projects to spend \$32 million through fiscal year 2011, the third highest projection of any agency other than State and USAID, and has the second most uplift personnel of any agency other than State and USAID. The majority of USDA personnel are deployed to field locations, where support costs are lower due to reduced ICASS charges.

Table 5 depicts the transfer from USAID to Commerce for the purpose of funding costs associated with the deployment of the Commerce uplift employee to Afghanistan.

Table 5: USAID Transfers to the Department of Commerce for the Civilian Uplift (\$ in thousands)

Agency	FY 2009	FY 2010	FY 2011 ^a	TOTAL
Department of Commerce	0	500	500	1,000

Source: Department of Commerce

^a Commerce officials noted FY 2011 funds had not been transferred as of May 17, 2011, but \$500,000 in funds are expected before the end of FY 2011.

STATE HAS NOT DEVELOPED FORMAL AGREEMENTS TO TRANSFER AND OVERSEE FUNDS PROVIDED TO OTHER AGENCIES

State has not developed formal agreements with agencies, such as memoranda of understanding, to establish how transferred funds may be used, and State does not consistently monitor agencies' use of transferred funds. According to State's Foreign Affairs Manual,¹⁸ obligations should be supported by documentary evidence of binding agreements in writing between U.S. agencies regarding the use of funds. Additionally, government-wide internal control standards highlight the importance of having systems in place for ensuring that funds are spent for their intended purpose.¹⁹ State commonly uses formal agreements regarding the transfer of funds with other agencies and foreign governments. For example, State has memoranda of understanding with DOD and foreign coalition partners regarding the provision of life support for U.S. civilians located at DOD and coalition controlled field locations in Afghanistan. State also has memoranda of understanding with DOD regarding DOD reimbursements to State for the provision of communications and security services to the Afghan Major Crimes Task Force.

¹⁷ The Border Mentor Program is managed by DHS. Border Mentors are provided by a contractor using a DOD administered contract. DHS officials told us Border Mentors are skilled former Customs and Border Protection employees who advise, coach, and mentor the Afghan Border Police, Afghan Customs leaders and their subordinates.

¹⁸ U.S. Department of State Foreign Affairs Manual Volume 4—Financial Management, Section 080, Administrative Control of Funds. See 4 FAM 082.6(1), citing 31 U.S.C. § 1501.

¹⁹ Standards for Internal Control in the Federal Government, November 1999, U.S. Government Accountability Office.

Moreover, USAID has a memorandum of understanding with Commerce for the funding of the one Commerce uplift position. This memorandum includes provisions for the appropriate use and monitoring of funds.²⁰ However, we found that State does not follow these best practices when transferring funds to other agencies to fund their uplift personnel in Afghanistan.

The supplemental appropriations act of 2009 authorized State to transfer funds to agencies to support operations in and assistance for Afghanistan.²¹ Within State, SCA transfers the funds to other agencies. SCA officials stated that the legislation is vague, but told us that they and the Office of Management and Budget determined the intent was to authorize the transfer of funds to support the costs of uplift personnel only. SCA has transferred funds to agencies primarily for the purpose of funding civilian uplift personnel and not to support programs, with some exceptions. For example, in fiscal year 2011, State approved a DOJ request for funding that included training for Afghan authorities.

However, SCA has used a largely informal process for transferring these funds and ensuring that funds are used as intended. For example, SCA officials told us they rely on e-mail communication and verbal discussions with agency officials to communicate how funds can be spent. These officials also stated that they have held group meetings with agencies to discuss appropriate uses of the transferred funds, which Office of Management and Budget officials attended. Furthermore, SCA made explicit in its financial plan submitted to Congress that it would transfer funds to support uplift personnel. SCA officials told us that they review agencies' spending proposals before approving any transfers and that it is the agencies' responsibility to monitor and report to State on their own use of transferred funds. SCA officials told us that they did not use a more formal mechanism to transfer funds, such as a memorandum of understanding, because they were advised by officials in State's Bureau of Resource Management that they were not needed. According to SCA, these officials indicated that SCA's financial plan together with email and verbal communications adequately communicated State's intent in transferring the funds to other agencies. In commenting on a draft of this report, State's Bureau of Resource Management stated that appropriated funds were intended to be transferred expeditiously to other agencies, and that State did not seek an oversight role in how other agencies budgeted for the deployment of uplift personnel.

We found that this informal process is not sufficient for ensuring that funds are used for their intended purpose, and that the use of formal written agreements between State and agencies that receive State transfers would improve accountability of funds used for the civilian uplift. For example, in one instance, we learned that State approved a transfer to Transportation in fiscal year 2009 of \$3.7 million intended to support the deployment of Federal Aviation Administration uplift personnel, as well as to provide for training and equipment to Afghan officials. Transportation encountered difficulties and delays in recruiting and deploying qualified personnel to Afghanistan and therefore did not expend or obligate much of the transferred funds it received. In May 2010, Transportation programmed \$3.5 million of the \$3.7 million to pay for projects including equipment and air traffic control training for the Afghan Ministry of Transport and Civil Aviation. According to State, new Transportation staff came on board in January 2011, and State officials instructed Transportation officials that transferred funds should only be used for personnel costs. However, State officials were referring to funds transferred in fiscal year 2011, and not funds from fiscal year 2009. Transportation officials indicated the new personnel did not have access to their predecessors' emails that contained the original State guidance and were unaware that fiscal year 2009 State funds had been approved for equipment and training. As a result, Transportation stopped plans to use the remaining \$3.5 million from fiscal year 2009 for

²⁰ Memorandum of Agreement Between the United States Agency for International Development and the United States Department of Commerce to Transfer Funds, signed May 27, 2010.

²¹ P.L. Number 111-32.

equipment and training, even though State originally approved a portion of the \$3.7 million for these purposes. These officials also noted that they would have preferred to have a memorandum of understanding with State outlining how transferred funds could be used because they were not privy to email or verbal exchanges that may have occurred between State and former Transportation officials. They added that State required memoranda of understanding for similar funding transfers to support operations in Iraq, and they were surprised that State did not continue to follow this practice for Afghanistan.

As a result of our inquiries, Transportation officials conferred with State officials and determined that State's funds should be returned to the United States Treasury. However, as of August 2011, Transportation had not yet returned the funds. Without more formal mechanisms in place to transfer funds and to monitor their use, State places uplift funds at the risk of not being used for their intended purpose, as occurred in the case of Transportation's transferred funds.

THE COST OF SUPPORTING AND SUSTAINING THE CIVILIAN PRESENCE IN AFGHANISTAN WILL LIKELY INCREASE, AND STATE FACES A NUMBER OF RELATED PLANNING CHALLENGES

State and other agencies are likely to experience increased costs related to an expanded civilian presence in Afghanistan, and State faces challenges in planning for these contingencies. The U.S. military's withdrawal from Afghanistan, targeted for 2014, will likely lead to cost increases similar to those experienced by State after the U.S. military withdrew from Iraq. A legislative proposal to standardize pay and benefits for civilian uplift personnel from all agencies could also result in increased costs for civilian agencies, which have not consistently provided the same level of benefits that State accords its employees. Finally, the opening of two new consulates in Herat and Mazar-e-Sharif, Afghanistan could increase costs. Although SCA officials have initiated planning to address these matters, they face a number of planning challenges.

The U.S. Military's Drawdown Will Likely Result in Increased Costs Related to U.S. Civilian Personnel

The military drawdown in Afghanistan will likely result in increased costs for State, similar to those experienced with the U.S. military drawdown in Iraq. U.S. military combat forces have been scheduled to start withdrawing from Afghanistan in the summer of 2011 and complete the U.S. military withdrawal by 2014, with combat forces withdrawing at a steady pace as Afghan security forces assume control of security operations nationwide. The U.S. military withdrawal from Iraq suggests that this process will present significant challenges for State, including increased costs associated with assuming some of DOD's previous security responsibilities. A 2009 State OIG report indicated that the U.S. military's withdrawal from Iraq could result in additional costs for State, such as providing convoy security for fuel, food, and other supplies.²² In 2010, State echoed these concerns, reporting that it would need to perform certain tasks in Iraq that had been performed by DOD, such as convoy security, clearing travel routes, recovering killed and wounded personnel, recovering damaged vehicles and downed aircraft, and monitoring private security contractors. State's Undersecretary for Management also noted in an April 7, 2010, letter to DOD that State would have "a critical need for logistical and life support of a magnitude and scale of complexity that was unprecedented in the history of the Department of State."²³

²² Performance Evaluation of Embassy Baghdad's Transition Planning for a Reduced United States Military Presence in Iraq, Report Number MERO-A-09-10, August 2009.

²³ Commission on Wartime Contracting in Iraq and Afghanistan, CWC Special report 3, *Special Report on Iraq Transition Planning*, July 12, 2010.

State officials confirmed to us that they expect their costs to increase as the military pulls out of Afghanistan.

A Legislative Proposal to Standardize Pay and Benefits for All Civilian Employees Deployed to Afghanistan May Result in Increased Costs for Civilian Agencies

A legislative proposal to standardize personnel policies for civilians deployed to certain locations, including Afghanistan, could result in increased costs for civilian agencies. Civilian employees deployed to Afghanistan, regardless of agency (except for those under the command of the U.S. military), fall under the direction and supervision of the U.S. Chief of Mission in Afghanistan; however, civilians are compensated under different pay systems, including the General Schedule and Foreign Service systems. A report by the U.S. Government Accountability Office noted that two deployed civilians with comparable salaries who work under different pay systems could receive different overtime pay because the overtime rate is determined by the employee's pay system and grade/band level.²⁴ Additionally, this report noted that rest breaks and leaves, which vary between civilian agencies, result in different costs from agency to agency. For example, while it is State's policy to provide for up to three rest and recuperation breaks depending on the duration of the employee's assignment, USDA foreign service officers deployed to the field do not receive the same breaks.

Congress is considering legislative language that may be included in the FISCAL YEAR 2012 National Defense Authorization Act requiring all agencies operating in Afghanistan to standardize pay and incentive policies. State officials confirmed that, while this proposal would not increase the costs of supporting State employees in Afghanistan, it could raise costs for other U.S. agencies that receive State transfers and, therefore, State would need to increase the amount of transfers. The legislation would authorize State to require all agencies deploying personnel to Afghanistan to provide the same allowances and benefits as State prescribes for its employees on duty in combat zones. Executive agencies would also be required to grant employees stationed in combat zones up to 10 workdays of recuperation leave for each rest and recuperation trip.

New Consulates Could Increase Costs for State

According to officials in OBO, State modified plans for the development of two temporary consulates in Herat and Mazar-e-Sharif to accommodate an increase in personnel due to the civilian uplift. Embassy management officials noted that two consulates were established in Herat and Mazar-e-Sharif in 2011, and OBO has developed temporary facilities to initially house the consulates. According to OBO, the temporary Herat consulate was to have 20 desks and 30 beds; however, the plans were modified to accommodate 100 desks and 70 beds due to the civilian uplift. Similarly, the temporary Mazar-e-Sharif consulate was to have 20 desks, but the plans were redesigned to accommodate 37 desks. According to SCA officials, State has not yet determined whether permanent consulates will be established in Herat and Mazar-e-Sharif. However, OBO officials told us these temporary consulates may be replaced by permanent consulates. If established, these posts could represent substantial additional costs for State. For example, according to an official at the U.S. Embassy in Kabul, State would have to pay for supplies and services, including food, motor pools, vehicle repair, air traffic control at the airport, crash and rescue, medical evacuation, and hospital services, among many others. The State official said that these items would likely constitute a significant cost increase.

²⁴ See GAO-09-562. *Human Capital: Actions Needed to Better Track and Provide Timely and Accurate Compensation and Medical Benefits to Deployed Federal Civilians*, U.S. Government Accountability Office, June 26, 2009.

State Has Initiated Plans to Address Costs of the Civilian Presence in Afghanistan, but Faces Planning Challenges

SCA officials indicated that they have been planning “in earnest” for the past 6 months to address the costs of supporting the civilian presence in Afghanistan; however, they face a number of planning challenges. SCA officials told us that they have developed budget plans through fiscal year 2013 to support the costs of the anticipated civilian presence in Afghanistan. Because these plans were pre-decisional, we were unable to assess them. SCA officials also told us that, because of the similarities in the Iraq and Afghanistan conflicts, they regularly consult their colleagues who were responsible for transition planning in Iraq. Lessons learned from Iraq demonstrate the importance of careful planning. For example, the Commission on Wartime Contracting found in a report on DOD-to-State transition planning that planning for State’s operations in Iraq during the military drawdown and after the U.S. military exit had not been sufficiently detailed.²⁵

While initial budget planning has occurred, SCA officials said that they face a number of challenges in developing a longer-range, robust plan. First, they stated that uncertainty over their budget and that of other civilian agencies makes planning difficult. The current emphasis on reducing the federal deficit increases the likelihood that spending, including the budgets of agencies involved in the uplift, will be reduced in coming years. An overall budget reduction could negatively affect the U.S. government’s ability to implement its strategy in Afghanistan. Officials at agencies currently receiving transferred funds from State to support their uplift personnel consistently told us that they would have to scale back or discontinue their operations in Afghanistan if the State funding were eliminated. For example, HHS and USDA officials noted they would have to completely eliminate their presence in Afghanistan if they did not receive State transfers. However, in commenting on a draft of this report, officials from State’s Bureau for Resource Management noted that, at least for fiscal year 2012, State is not likely to face challenges from a budget standpoint. State has requested funding for Afghanistan operations through a new funding title referred to as Overseas Contingency Operations, which is intended to reflect the shared security missions of State and DOD and includes funding for extraordinary and temporary costs that exceed the requirements of a normal embassy in a non-conflict zone. According to the bureau, Congress is likely to fully fund this request for the coming fiscal year.

Second, SCA officials also said that, while they have some ability to plan for the costs of the civilian presence in Afghanistan, a number of key policy decisions have not yet been made, complicating their planning efforts. For example, SCA officials do not know exactly when the civilian presence in Afghanistan will peak, how large the civilian presence will be at its high point, and when and how quickly the number of civilians deployed to Afghanistan will decrease. These decisions will have to be made at the highest levels of government. On June 23, 2011, Secretary Clinton noted in a testimony before the Senate Foreign Relations Committee that the civilian uplift had reached its height. However, the Secretary did not specify whether agencies would continue to deploy personnel to fill uplift positions that are authorized but unfilled and did not provide details on when the uplift would start to decrease.

CONCLUSION

The U.S. civilian uplift in Afghanistan has come at considerable cost to the U.S. government. Our analysis shows that the U.S. government has incurred nearly \$2 billion to fund the uplift and that the cost of maintaining a civilian presence in Afghanistan is likely to increase. However, State has not always

²⁵ Commission on Wartime Contracting in Iraq and Afghanistan, CWC Special report 3, *Special Report on Iraq Transition Planning*, July 12, 2010.

taken the steps necessary to safeguard these funds against improper use, such as developing formal agreements with funded agencies that specify the intended use of the funds and allow for monitoring. In addition, State faces a number of challenges in planning to support and sustain the civilian presence in Afghanistan in the coming years. Given the uncertain budget environment and the lessons learned from the transition in Iraq, it will be important for the most senior decision makers in the U.S. government to reach agreement on the role of U.S. civilians in Afghanistan in a timely manner.

RECOMMENDATIONS

To improve the management and planning of the U.S. civilian uplift in Afghanistan, we are making two recommendations to State's Assistant Secretary for South and Central Asian Affairs to:

1. Implement formal agreements, such as memoranda of understanding, with all agencies that receive State transfers to fund their uplift personnel to ensure funds are used for their intended purposes. These agreements should clearly detail the approved uses of funds and provide for the monitoring and oversight of the expenditure of funds.
2. Ensure that the Department of Transportation returns the \$3.5 million in funds that were unused to State or the U.S. Treasury.

AGENCY COMMENTS ON A DRAFT OF THIS REPORT

State and DHS provided comments on a draft of this report. These comments are reproduced in appendices V-VII, respectively. Transportation officials told us that its comments were incorporated into State's comments. DOJ, DHS, USDA, Treasury and Commerce also provided technical comments, which we have incorporated as appropriate.

State provided two sets of comments, one from SRAP, which commented on behalf of SCA, and one from the Bureau of Resource Management.

- SRAP concurred with all the recommendations and identified steps to implement them. Specifically, SRAP indicated that beginning in FISCAL YEAR 2012, SCA plans to implement memoranda of agreement with agencies that receive State transfers. SRAP noted that the memoranda will require agencies to report details of their spending, and to make plans to return unused funds, if any. SRAP also indicated that the details of the memoranda are currently being developed. Additionally, SRAP noted that State and Transportation/Federal Aviation Administration have agreed to return \$3.5 million in funds to the United States Treasury.
- State's Bureau of Resource Management provided additional information on funding for the civilian operations in Afghanistan in FISCAL YEAR 2012 and outlined its perspective on some of the issues we raise in this report. Most notably, while the bureau did not object to our recommendation to establish formal agreements with agencies receiving transferred funds, it indicated that the legislation originally appropriating funds for the civilian uplift was expressly intended to avoid binding and formal agreements with recipient agencies. It also indicated that State did not request or seek an oversight role in how other civilian agencies budgeted for their staffing efforts. Therefore, the bureau suggested that formal written agreements with other agencies had been unnecessary. We disagree with this characterization of the legislation, as well as the bureau's conclusions regarding the need for binding agreements. The legislation

originally appropriating funds for the civilian uplift states that the Secretary of State may transfer funds to any other agencies' appropriations, upon the concurrence of the head of the agency, to support the agencies operations in Afghanistan or assistance to Afghanistan. The accompanying House Committee report also clearly addresses the Secretary's authority to transfer funds to other agencies to support their operations in Afghanistan. While neither this act nor the committee report specifically require agreements with other agencies, nothing in the law or the accompanying House Committee report indicates a clear intent to avoid formal agreements. As we discuss in this report, it is a government-wide best practice to institute written agreements when transferring funds. Moreover, a formal written agreement is an effective means of establishing the concurrence of the head of the other agency, as required under the appropriations act. Furthermore, SRAP intends to implement our recommendation to use formal agreements with other agencies in FISCAL YEAR 2012.

In its comments, DHS did not comment on the recommendations but noted that it remains committed to continuing its work in Afghanistan to minimize terrorist threats, build governing capacity, improve the rule of law, and initiate sustainable economic growth.

APPENDIX I: SCOPE AND METHODOLOGY

This report provides the results of the performance audit of the implementation and sustainability of the U.S. civilian uplift in Afghanistan conducted jointly by the Office of the Special Inspector General for Afghanistan Reconstruction and the State Department Office of Inspector General. The objectives of the audit were to (1) determine the number of personnel and associated costs of the civilian uplift to date, (2) evaluate State's mechanisms for transferring funds to other agencies that deploy civilian uplift personnel, and (3) assess the costs of sustaining and supporting the civilian presence in Afghanistan and State's plans to address these costs.

This audit was limited to costs associated with the deployment and necessary support of civilian personnel deployed to Afghanistan after January 2009 to support U.S. goals for Afghanistan. The uplift does not include the 320 "base" positions that were in place prior to the uplift.

To identify the number of civilian uplift personnel deployed to Afghanistan, we requested the U.S. departments and agencies to identify their uplift positions created in addition to their recognized base Afghanistan positions that existed prior to the civilian uplift. We then requested agencies to provide us with personnel data regarding the civilian uplift positions that were actually filled in fiscal years 2009, 2010, and 2011. U.S. departments and agencies typically staff their positions on a 1-year rotation. In some cases, U.S. departments and agencies filled uplift positions with personnel deployed to Afghanistan on a long-term temporary duty basis, and these personnel were included in our analysis; some uplift positions were filled by personal service contractors, and these positions were included in our counts. For example, the U.S. Agency for International Development (USAID) personnel counts include 44 employees on personal services contracts with the U.S. government for the purposes of filling permanent direct hire positions. Our audit did not include short-term temporary duty personnel deployed to Afghanistan who were not filling a permanent position and did not include third-party contractors who provided support functions. We did not include Department of Defense (DOD) civilians because the civilian uplift was intended to increase the presence and role of civilian agencies in Afghanistan.

To determine the costs the U.S. government incurs to deploy one civilian employee to Afghanistan for 1 year, we obtained data from the U.S. departments and agencies that deploy these uplift civilian personnel. We calculated the cost model from actual data on costs directly attributed to the deployment of one civilian personnel to Afghanistan, including salaries, benefits, training, deployment travel, and costs for using the mission's services at post that fall under International Cooperative Administrative Support Services (ICASS)—a system that the U.S. government uses to provide and to share the cost of common administrative support at diplomatic missions and consular posts overseas, life support and life support kits in the field, housing, and Capital Security Cost Sharing. U.S. agencies that establish a civilian presence at the U.S. diplomatic mission in Afghanistan pay fees, on a per person basis, to State to provide new, safe, secure, functional diplomatic and consular facilities and to replace vulnerable facilities currently occupied by the mission.

In table 1, we calculated the cost ranges based on actual budget planning data information gathered from State and USAID. We used average salary, benefit, travel and support costs as used by State and USAID to calculate yearly costs for these categories. The table is presented in a range to reflect differences in cost estimations used by State and USAID. Personnel costs vary depending on whether personnel are deployed to the U.S. Embassy in Kabul or to field locations. Additionally, State uses different planning assumptions for Foreign Service and civil service personnel. The table is not additive because not all categories apply to all positions. The planning model does not necessarily incorporate all potential costs associated with the deployment of personnel for 1-year; for example, this model did

not take into consideration the agencies' home offices staff support costs for the agencies' Afghanistan positions in Washington D.C. However, the range represents typical costs for the deployment of one employee for 1 year to Afghanistan.

State was the lead agency for the civilian uplift in Afghanistan and incurred the majority of the costs (over 70 percent) of all participating agencies. To determine State's costs associated with the uplift, we performed the following:

- obtained a list of the fund accounts used for the civilian uplift initiative from the Bureau of South and Central Asian Affairs and requested and obtained the total obligations and associated expenditures and unliquidated amounts for each of the funds identified, covering the period January 2009 through the first quarter of fiscal year 2011.
- summarized the financial data by grouping Budget Object Classification codes into major expense categories including salaries and benefits, training, travel and transportation, information technology, and housing.
- obtained and compiled obligation information from two State bureaus (Overseas Buildings Operations and Diplomatic Security (DS)) from fiscal year 2009 through February and March 2011, respectively. DS did not distinguish operations in Afghanistan as directed toward base or uplift personnel positions and, therefore, did not separate costs between these two activities.
- identified and accounted for transfers between the various State bureaus supporting the uplift of civilian personnel, to prevent any double counting of costs.

Additionally, we identified and summarized all fund transfers made by State to other federal agencies, for the purpose of funding the agencies' civilian personnel deployed in Afghanistan, covering the period October 1, 2008 through March 3, 2011. We also tested 100 percent of the transactions by tracing each to its source documentation (Treasury's Government Wide Accounting system). We also reviewed the procedures State follows in executing the transfer of funds to other agencies.

In addition, we obtained and reviewed, for reasonableness, the estimated and projected costs for the Afghanistan civilian uplift efforts for fiscal years 2011 and 2012, as developed by participating State bureaus based upon their assumptions and calculations.

We also reviewed policies and procedures, as well as other relevant laws, regulations, and standards, including appropriation laws that provided funding for the civilian uplift initiative in Afghanistan. This included a review of selected sections of the Foreign Affairs Manual and the Foreign Affairs Handbook, in addition to the Government Accountability Office's internal control standards and other guidance documents.

In addition, we interviewed State officials from the Bureaus of South and Central Asian Affairs (SCA) who are responsible for overseeing the civilian uplift initiative in Afghanistan to obtain information on civilian personnel deployed to Afghanistan and the costs to implement and sustain the increase of civilian personnel in Afghanistan for fiscal years 2009 through 2012. We also interviewed officials from the Bureau of Resource Management, the Bureau of Diplomatic Security and Foreign Missions, the Bureau of Overseas Buildings Operations, and the Bureau of International Narcotics and Law Enforcement Affairs to identify their costs associated with the civilian uplift initiative in Afghanistan.

Because State reimburses DOD for the provision of life support and security to civilians deployed to provincial reconstruction teams, we incorporated the costs associated with this support in our analysis.

To evaluate State's internal controls for managing the uplift, we examined State processes regarding the transfer of funds to other agencies, and the use of those funds by agencies.

We conducted our work in Washington, D.C. and Kabul, Afghanistan, from October 2010 to August 2011 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction and the Department of State Office of Inspector General under the authority of Public Law No. 110-181, as amended, the Inspector General Act of 1978, and the Inspector General Reform Act of 2008.

APPENDIX II: COSTS TO DEPLOY ONE PERSON TO AFGHANISTAN FOR ONE YEAR

It typically costs the U.S. government between \$425,926 and \$570,998 to deploy a civilian employee to Afghanistan for a 1 year tour. Costs vary due to differences in salary, travel expenses, and whether an employee works in the Embassy or in field locations. This estimated range does not include agencies' headquarters support costs for Afghanistan positions, 15 days of transitional leave or home leave if the employee will be deployed for another year-long tour in Afghanistan, and any other expenses that the deploying agency may incur in the process of transitioning the employees back to their previous jobs within the government, if applicable.

We constructed the total cost range estimate for deploying one position to Afghanistan based on the following expenses:

- **Salaries:** Civilian employees deployed to Afghanistan are compensated for their work either by the U.S. government Civil Service General Schedule (GS)²⁶ or the Foreign Service (FS) schedule. U.S. agencies told us that they prefer to deploy civilians with considerable background experience to Afghanistan. Therefore, agencies typically deploy civilians at the higher end of the U.S. government pay scale (GS 14 and FS 1). In budget planning, State uses the amount of \$110,000 as base salary for either the civil service or the foreign service positions, and USAID uses the amount of \$122,733 as base salary for their Afghanistan positions in general.
- **Danger Pay:** Danger pay is additional compensation above basic salary for service at designated danger pay posts where civil insurrection, terrorism, or war conditions threaten physical harm or imminent danger to all U.S. government civilian employees. The U.S. government sets the danger pay level for Afghanistan at 35 percent of base salary (based on a standard 40 hour workweek) prorated for the number of days while deployed in Afghanistan. Danger pay compensation begins on the day of arrival in Afghanistan (the employee must be in country for 4 hours or more to qualify) and ceases on the day of departure for both permanent or temporary employees deployed to Afghanistan.
- **Post Differential:** Post differential is additional hardship pay over basic salary for employees deployed to serve at foreign areas where conditions or the environment differ substantially from conditions or the environment in the continental United States and warrant additional compensation as a recruitment and retention incentive. State provides post differential for civilian employees deployed to Afghanistan at the maximum level of 35 percent of base salary. All civilian employees assigned for a 1 year tour, detailed, or on temporary duty to Afghanistan must spend 42 consecutive days at post before the post differential is activated; the differential is retroactive to the day the employee arrived at post.
- **Sunday Differential:** The U.S. government provides full-time civilian employees in Afghanistan with additional compensation for hours of work on Sunday, as it is the start of the regular workweek at the U.S. Mission in Afghanistan. Sunday premium pay is equal to 25 percent of the employee's rate of basic salary for each of the 8 hours of Sunday work, which means 5 percent of base salary.
- **Overtime:** The U.S. Office of Personnel Management defines overtime pay as pay for hours of work officially ordered or approved in excess of 8 hours in a day or 40 hours in an administrative workweek. Civilian employees in Afghanistan are entitled to overtime compensation depending

²⁶ Civil service uplift employees would earn regular base pay, including locality pay adjustments for their duty station in the United States.

on their position and level of appointment. USAID sets its personnel overtime at the rate of 25 percent of base salary. State sets overtime at 20 percent of base salary. USDA follows U.S. Mission policy and allows for civilians working in Kabul to work 35 hours of overtime per pay period and for civilians working in the field in Afghanistan to work 45 hours of overtime per pay period. The overtime compensation rate is an employee's base salary and an additional percentage based on the employee's GS level.

- **Special Differential:**²⁷ A special differential is additional compensation for substantial amounts of extra work expected to be performed by Foreign Service direct hire generalists and is paid in lieu of overtime pay. State sets this differential at 20 percent of base salary for foreign service direct hire generalists. The dollar amount that State uses for budget planning is \$22,000.
- **Separate Maintenance Allowance:** The U.S. government provides this allowance to assist a Foreign Service employee in meeting the additional expenses of supporting family members located outside the employee's foreign post of assignment. The U.S. government applies this allowance to Foreign Service employees working in Afghanistan. The maximum amount used to plan a position's budget in Afghanistan is \$17,300 for State and \$12,516 for USAID.
- **Deployment Travel:** The U.S. government pays for civilian employee travel to Afghanistan, primarily including airfare, hotel, meals and shipment of household effects. State estimates this cost at \$25,000; USAID estimates it at \$48,983.
- **Mandatory Afghanistan Training:** State requires all civilian employees deployed to Afghanistan to attend Foreign Affairs Counter Threat training (at the cost of \$3,895) and Afghanistan Familiarization training (at the cost of \$960). Civilian personnel deployed to locations outside of the U.S. mission in Kabul receive extra training, including the Afghanistan Provincial Reconstruction Team Orientation (at the cost of \$960) and the Interagency Integrated Civilian-Military Training Exercise for Afghanistan (at the cost of \$5,880). Some individual departments and agencies require additional specialized training for their employees deployed to Afghanistan; for example, Department of Justice civilian employees attend specialized training for their job assignments in Afghanistan.
- **Rest and Recuperation (R&R) and Regional Rest Breaks (RRB):** The U.S. government provides civilians deployed to Afghanistan designated rest breaks after they have spent a certain number of days in country. For R&R, the government pays travel costs for employees to return home for 22 days, including travel time. For RRB, the government pays to transport employees to regional locations for quick breaks, including 5 days of paid administrative leave and no more than a total of 7 days, including travel time. There are two options for taking these types of leave during a 1-year deployment: three R&Rs or two R&Rs and three RRBs. State estimates \$21,000 per year for the cost of these breaks, while USAID estimates \$5,785.
- **International Cooperative Administrative Support Services (ICASS):** ICASS is the principal means by which the U.S. government provides and shares the cost of common administrative support at its diplomatic and consular missions overseas. U.S. government agencies operating in Afghanistan pay ICASS charges for each of their civilian employees to benefit from services provided by the U.S. Mission in Afghanistan, such as motor pool operations and vehicle maintenance, travel services, mail and messenger services, and reception and telephone system services. ICASS fees range from \$100,000 to \$150,000 per person.
- **Residential Housing for Uplift Personnel:** State's Bureau of Overseas Buildings Operations provides housing for the uplift personnel in Afghanistan. In fiscal years 2009 and 2010, the Near

²⁷ 3 FAM 3139.4.

East Asia and South and Central Asian Affairs Bureaus provided Overseas Building Operations (OBO) \$41,616,000 to accommodate uplift personnel in Afghanistan. State budgets \$45,000 for housing (non ICASS housing and infrastructure costs) for a single position in Afghanistan.

- **DOD Life Support in the Field:** U.S. Force-Afghanistan provides security for uplift personnel located in the field in Afghanistan. DOD charges State \$3,044 each month (or \$101.47 per day) for each civilian deployed to a DOD-controlled provincial reconstruction team in Afghanistan.
- **Capital Security Cost Sharing (CSCS):** The U.S. agencies that establish a civilian presence at the U.S. diplomatic mission in Afghanistan pay fees, on a per person basis, to State to provide new, safe, secure, functional diplomatic and consular facilities and to replace vulnerable facilities currently occupied by the mission. The CSCS program charges the departments and agencies for each authorized or existing position in the U.S. diplomatic facilities and for each projected position above current authorized positions in new Embassy compounds. State estimates the CSCS costs for a Controlled Access Area (where sensitive information is processed) at \$22,657, Non-Controlled Access Area (where sensitive information is not processed) at \$8,803, and for Non-Office Areas, such as housing, at \$1,626.
- **Field Life Support Kits:** The U.S. government issues kits to civilians deployed to work at field locations in Afghanistan, which include key life support supplies, such as satellite phones and protective equipment. State estimates the cost of these kits as \$15,000.

APPENDIX III: DEPARTMENT OF STATE’S BUREAU OF DIPLOMATIC SECURITY OBLIGATIONS AND ESTIMATED EXPENDITURES FOR AFGHANISTAN

The Department of State’s civilian uplift effort has been funded primarily by three department bureaus: South and Central Asian Affairs (SCA), Overseas Buildings Operations (OBO), and Diplomatic Security (DS). We summarized DS’s reported estimated expenses and unliquidated obligations for operations in Afghanistan. DS’s outlays are presented separately from SCA and OBO’s outlays, as they represent cost estimates, not actual costs, and are not specific to the civilian uplift.

Table I: Department of State’s Bureau of Diplomatic Security Obligations and Estimated Expenditures for Afghanistan, Fiscal Year 2009 through Fiscal Year 2011 (To-March 2011)^a

Type of Expense	FY 2009 Obligations ^b (includes ULOs)	FY 2010 Obligations (includes ULOs)	FY 2011 Obligations (thru March 2011) (includes ULOs)	Total Costs
Personnel Comp & Benefits	\$10,137,920.44	\$15,686,866.02	\$17,350,118.39	\$43,174,904.85
Travel and Transportation	167,032.81	10,651,413.29	922,626.49	11,741,072.59
Housing (excluding transfers to OBO)	-	--	3,639.10	3,639.10
Telecommunications and Information Technology (IT)	75,805.46	238,303.48	110,238.09	424,347.03
Training	2,172,262.00	4,423,203.00	960.00	6,596,425.00
Security (DS funded)	2,741,906.38	140,474,566.85	48,068,537.90	191,285,011.13
Other Contract Services ^c	58,605,954.01	172,860,041.12	2,377,249.42	233,843,244.55
Other Miscellaneous Expenses ^d	1,029,895.21	2,480,380.28	305,811.49	3,816,086.98
Totals	\$74,930,776.31	\$346,814,774.04	\$69,139,180.88	\$490,884,731.23

Source: State OIG analysis of financial data as provided by DS, March 2011.

Note: This schedule represents total estimated costs of Diplomatic Security in Afghanistan (FY 2009 – March 2011)

^aDS neither distinguishes costs for either civilian uplift or base personnel nor does it track costs by country. OIG requested DS to provide estimates of their costs for Afghanistan for the period FY2009 thru March 2011.

^bFY09, FY10, & FY11 data represent when the dollar amount was obligated. DS provided the date of the original obligation and the amount of the obligation intended for Afghanistan. DS did not provide clear details as to the amount spent – or dates when spent – and any amount that remains unliquidated for Afghanistan.

^cThe Other Contract Services Category incorporates Budget Object Codes (BOC) 2589 (Other Contract Services Not Otherwise Classified). BOC 2589 covers various miscellaneous contractual services.

^dFor example: grants, miscellaneous supplies, office equipment and furnishings, and utilities.

APPENDIX IV: DEPARTMENT OF STATE'S TOTAL EXPENDITURES AND UNLIQUIDATED OBLIGATIONS THROUGH JANUARY 2011 FOR THE AFGHANISTAN CIVILIAN UPLIFT

The Department of State’s civilian uplift effort has been funded primarily by three department bureaus: South and Central Asian Affairs (SCA), Overseas Building Operations (OBO), and Diplomatic Security (DS). The SCA bureau serves as the primary conduit for uplift funding and, accordingly, reimbursed the other bureaus involved for services or personnel provided in support of this effort. These reimbursements are reflected in the financial records of the SCA bureau. We identified the relevant funds and projects associated with the uplift for both SCA and OBO and summarized the reported expenses and unliquidated obligations in the table below. We noted that air transportation (Air Wing) and OBO Project costs (under Housing) combined accounted for 75 percent of SCA’s and OBO’s financial commitment.

Table II: Department of State’s Total Expenditures and Unliquidated Obligations Through January 2011 for the Afghanistan Civilian Uplift^a

Type of Expense ^b	FY 2009 Expenses	FY 2010 Expenses	FY 2011 Expenses	Total Expenses ^c	Total Unliquidated Obligations	Total Expenses & Unliquidated Obligations
Personnel Compensation & Benefits	\$3,424,338.34	\$50,625,779.81	\$24,646,690.72	\$78,696,808.87	\$35,083,628.34	\$ 113,780,437.21
Travel and Transportation Air Wing	8,926,006.58	102,853,128.14	27,711,609.54	139,490,744.26	67,435,574.58	206,926,318.84
Travel and Transportation – Other	816,986.82	4,170,668.51	989,412.03	5,977,067.36	20,813,885.37	26,790,952.73
Housing & Offices – OBO Projects ^d	53,024,618.80	20,841,799.76	1,402,091.17	75,268,509.73	622,841,587.16	698,110,096.89
Housing – Other	3,557,932.26	3,238,436.96	256,967.50	7,053,336.72	32,401.19	7,085,737.91
Telecommunications and Information Technology (IT)	15,935,355.43	55,495,438.19	3,693,693.34	75,124,486.96	2,931,275.13	78,055,762.09
Training	217,741.11	7,435,104.00	88,623.99	7,741,469.10	478,244.21	8,219,713.31
Security (SCA funded)	220,046.68	521,498.41	673,511.61	1,415,056.70	947,464.99	2,362,521.69
Other Contract Services ^e	29,717,051.10	10,115,263.19	6,685,628.62	46,517,942.91	15,284,808.73	61,802,751.64
Other Miscellaneous Expenses ^f	605,235.84	10,234,562.98	3,113,814.64	13,953,613.46	12,899,014.32	26,852,627.78
Totals	\$116,445,312.96	\$265,531,679.95	\$69,262,043.16	\$451,239,036.07	\$778,747,884.02	\$1,229,986,920.09

Source: State OIG analysis of financial data provided by the Bureaus of Resource Management (RM) and SCA, as of January 14, 2011. Also included are OBO’s reported expenses and unliquidated obligations.

^aThe Bureau of Diplomatic Security (DS) expenses are presented in a separate table as DS did not distinguish costs between uplift and base personnel.

^bInter-agency transfers are not included in this table.

^cExpenses include amounts that SCA reimbursed other bureaus within State. Neither SCA nor RM identified whether these transferred funds have since been spent, are obligated, or are still available – except for OBO which reported their expenses. Transfers from SCA to DS were excluded as DS supplied their own financial data.

^dOBO's projects include: New Office Annex/Housing and Temporary Facilities in Kabul; Consulate Herat, and Consulate Mazar-e-Sharif.

^eThis incorporates Budget Object Code 2589 (Other Contract Services Not Otherwise Classified), which covers various miscellaneous contractual services, such as training, personnel compensation, International Cooperative Administrative Support Services (ICASS) payments, housing, and contract labor.

^fExamples of these costs include: grants, misc. supplies, office equipment & furnishings, utilities, & heavy duty equipment.

APPENDIX V: COMMENTS FROM THE SECRETARY OF STATE'S SPECIAL REPRESENTATIVE FOR AFGHANISTAN AND PAKISTAN



United States Department of State

Washington, D.C. 20520

August 4, 2011

MEMORANDUM

TO: OIG – Harold W. Geisel
 SIGAR—Herbert Richardson

FROM: S/SRAP—Daniel Feldman

SUBJECT: Draft SIGAR Report on Afghanistan Civilian Uplift

I appreciate the opportunity to review and provide comments on the Draft Report, “The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies.”

SIGAR’s draft report declares (pg 13) that State has not provided sufficient processes to ensure that interagency transfer funds are used for their intended purposes by the receiving agencies, but provided only one example of a problem to document this assertion. The report cites a May 2010 Department of Transportation/Federal Aviation Administration (DOT/FAA) “reprogramming” effort to allocate \$3.5 million in funds for Afghan infrastructure and improvement projects not authorized by State.

In fact, State did provide the FAA with guidance on what its expectations were with respect to the use of that funding. During the first year of the inter-agency support, a number of non-personnel support requests were approved by the SCA bureau for supported agencies, including DOT/FAA, allowing for flexibility in the use of the initial supplemental funds for the inter-agency effort. DOT/FAA was allocated approximately \$3.7 million in late FY2009 for the inter-agency support of the civilian uplift. The FAA requested the funds in order to place three (3) additional full-time aviation experts in country to mentor Ministry of Transport and Civil Aviation (MOTCA) management and technical personnel in aviation disciplines, specifically aviation safety oversight, airport certification, and air traffic control training programs (\$2.2 million), and for training/computer equipment and other support equipment (\$1.5 million) for MOTCA technical personnel to organize and build their Afghanistan civil aviation technical expertise

and infrastructure. The Department of State did not at any time prohibit the use of 2009 funding transferred to FAA for equipment and training for MOTCA personnel.

The FAA had difficulty hiring for the three positions and have only recently begun their uplift activities. Since 2009, the FAA has expended/obligated very little of those original available funds. When new FAA staff came on board in January 2011, they were told by State personnel that interagency transfer funds were only to be used for civilian uplift and not for other purposes. The new FAA Manager gave direction to halt any obligations of the monies. The new FAA staff was unaware that State did originally approve some the funding for activity outside of the hiring of personnel. We have clarified the situation with DOT/FAA, and the decision was made to return \$3.5 million in funds to the United States Treasury. SCA is in discussion now with DOT/FAA on the mechanism by which the funds will be returned.

To prevent any miscommunication with federal agencies receiving uplift funding, SCA plans to implement an MOA for FY2012 inter-agency transfers that will specify via an attached agency request and approval notification the approved use of funds. This MOA will also require agencies to report details of their spending to date at the beginning of the 4th quarter of the fiscal year, along with any plans to return excess funds. A final report at the end of the fiscal year will detail the use of the funds transferred. This will formalize the informal initial and interim reporting process already in place and add a final reporting requirement that can inform the decision process in the next year. The specifics of the MOA are being discussed now.

Given that there is only one example to support the conclusion that State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies, and that one example involved no misuse of monies (as our comments demonstrate), we request that the title of the report be changed to reflect the report's contents. An alternate title such as "The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Is Strengthening its Management and Oversight of the Funds Transferred to Other Agencies" would be accurate.

CC: SCA: Robert Blake

Approved: S/SRAP: Dan Feldman, Deputy

Drafted: NEA-SCA/EX: B. Wilson, 72181, 08/03/2011

Cleared: SRAP: JArzt – ok
NEA-SCA/EX: LLozman – ok
NEA-SCA/EX: LRichter – ok

APPENDIX VI: COMMENTS FROM THE DEPARTMENT OF STATE'S BUREAU OF RESOURCE MANAGEMENT AND THE SIGAR AND STATE OIG RESPONSE



United States Department of State
Washington, D.C. 20520

August 23, 2011

UNCLASSIFIED
MEMORANDUM

TO: OIG – Harold W. Geisel

FROM: RM/EX – Philip J. Schlatter *WAD PJS*

SUBJECT: Draft Report on *The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies* (SIGAR Audit-11-17 and State OIG-AUD-003)

The Bureau of Resource Management, Office of Budget and Planning (RM/BP) appreciates the opportunity to review and comment on the draft OIG/SIGAR report "*The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 billion, and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies.*" RM/BP has worked closely with the Bureau of South and Central Asian Affairs, other Department of State bureaus and offices and the Office of Management and Budget on the planning and execution of funds to support U.S. civilian efforts in Afghanistan. The continued support of this effort remains among the Department's highest priorities.

The comments below address specific assertions in the report germane to RM/BP's responsibilities for budget formulation and execution of State Department appropriations, particularly the Diplomatic and Consular Programs account that has borne many of costs cited in the report.

The report's assertion that the "Civilian Uplift" -- comprising the increase of 320 to 1040 personnel -- has cost "nearly \$2 billion" is misleading and not adequately supported by the analysis in the report.

As outlined on pages 7-9 of the draft report, the \$1,662.7 million in obligations represents the total obligations incurred by the Department of State and other civilian agencies over FY2009-FY2011 to support the civilian presence in Afghanistan, including "base" and "uplift" employees. Not only is this amount \$337 million less than the amount cited in the report's title, it does not clearly distinguish between the 'fixed' costs of the U.S. Mission to Afghanistan's personnel, security and facilities and the 'variable' costs driven only by the growth in staffing since FY2009. Of the \$1,230 million in DOS costs cited on page 25, \$698.1 million is associated with "Housing and Offices" funded by OBO, yet the report does not clearly state how OIG and SIGAR linked such costs to only "civilian uplift" personnel. Utilizing the 'cost range' cited on Table 1 would indicate that the growth of 720 positions (1040 less 320) yields annual costs of \$411 million (without adjusting for one-time expenses), and a three-year cost of \$1.2 billion. In contrast, the report properly recognizes that Diplomatic Security operations to protect diplomatic

See Sigar
and State
OIG
Comment 1

UNCLASSIFIED

facilities and personnel cannot reasonably be allocated between ‘base’ versus ‘uplift’ positions, and thus characterizes those obligations separately. RM/BP respectfully suggests the following clarifications in associated analysis and findings.

- Revise the attribution of “civilian uplift” costs to include only those directly attributable to the increase of 720 positions cited in the report.
- Revise references of “nearly \$2 billion” to align with specific amounts cited in the report either costs of the “civilian uplift” or the total cost of civilian operations.
- Update citation on Table 3 of “FY2011 Projected Expenditures” to reflect “FY2011 Actual Expenditures Q1” (per footnote), or revise to reflect more recent Q3 data, and project accordingly.

See SIGAR
and State
OIG
Comment 2

The report’s characterization of the transfer and oversight of funds provided to other agencies provides constructive recommendations, but does not account for the unique circumstances of the interagency ‘civilian uplift’ and the extensive communication between the Department of State and other agencies on utilization of these funds.

As noted in previous communications regarding this audit, the interagency transfer authority was a special authority for the Diplomatic and Consular Programs appropriation that was developed in the context of the FY2009 Supplemental budget request. In the process of developing that supplemental during the Fall and Winter of 2008, a number of civilian agencies developed specific proposals to support Embassy Kabul’s request for additional civilian expertise. The Department of State and other agencies originally believed that each agency would submit a separate appropriation request as part of an interagency supplemental.

However, given the range of agencies and potential appropriations subcommittees of jurisdiction, OMB determined that the most effective approach would be to consolidate the associated funding under a single existing appropriation, along with authority to expeditiously transfer the funds to the receiving agencies. The Department of State did not request or seek an oversight role in how other civilian agencies budgeted for their staffing efforts, as the Department recognized that each agency has unique personnel authorities and cost structures. The Department of State, OMB, and other agencies agreed that these transfers would be based upon the justification submitted to Congress with the FY2009 supplemental and subsequent notifications.

The specific D&CP appropriation provision enacted in P.L. 111-32 was intended to enable a non-expenditure transfer of funds to the other agencies to allow them to cover the costs of their operations in Afghanistan. Because the Department of State sought to transfer responsibility for the funds to the other agencies, the language specifically did not refer to “expenses” nor did it list categories of allowable expenses or require any type of agreement with the other agencies. This language was expressly intended to avoid “binding agreements” and “formal agreements” suggested as models on page 12 of the report. Utilization of the non-expenditure transfer also provided other agencies with the greatest flexibility under their own legal authorities. Accordingly, the Department of State did not request establishment of signed MOUs in connection with the execution of the authority because the justifications and spending plan submitted to Congress for these funds clearly articulated how each agency would be using the transferred resources.

The Office of Management and Budget and the Department of State's appropriations subcommittees have received regular updates on the allocations of funds transferred under the FY 2009 and FY 2010 transfer authorities for Afghanistan, which have not changed substantively from the original formulation in 2009. The detailed accounting of these resources outlined on pages 8-10 of the report indicates that State and other agencies have carefully tracked the execution of these resources over the last three years.

RM/BP does recognize that the increasing 'normalization' of this authority may warrant the institution of more formalized mechanisms to avoid potential confusion between agencies on how the Department of State has justified these resources to Congress. We note that in the cited example of the Department of Transportation, the expenses incurred are within the scope of the transfer authority and therefore were not an "improper use" of "improperly obligated" as suggested in the report (page 16), even if some of the expenses were not contemplated in the initial communications between State and Transportation.

While RM/BP does not object to recommendations that the Department of State should establish formal MOUs for future transfers, RM/BP respectfully suggests the following clarifications in associated analysis and findings.

- Revise discussion of "best practices" to more accurately reflect the original circumstances and intent of the specific transfer authority, as outlined above.
- Strike references to an "improper" obligation or use of funds by the Department of Transportation.

See SIGAR and State OIG Comment 3

The report accurately summarizes the planning challenges for the civilian presence in Afghanistan, but overlooks specific steps taken by the Department of State to address future funding concerns.

The report reasonably states that the civilian uplift will face future challenges associated with the drawdown of US military forces, new pay and benefit proposals, the establishment of new consulates outside of Kabul, and other policy uncertainties. However, in discussing budgetary concerns for FY2013, the report does not address the Department's FY2012 Budget request. FY2012 represents the first year since FY2008 that the Department does not expect to have supplemental funds to support its Afghanistan operations.

In recognition of this transition, the FY2012 Budget requested the majority of Afghanistan operational funding for SCA and DS within a new Overseas Contingency Operations (OCO) title, along with funding for SIGAR, and ongoing operations in Iraq and Pakistan. The OCO concept represents funding for the shared national security missions of the Department of Defense and Department of State, demonstrating a whole of government approach to funding programs and operations in conflict zones. OCO includes those extraordinary and temporary costs that exceed the requirements of a normal embassy in non-conflict zone. This criteria is similar to that developed by the Department of Defense, and like DOD, the Department of State's OCO request was presented in separate chapters of the President's Budget and Department of State Congressional Budget Justifications.

The Department of State's FY2012 OCO Budget requests \$991.8 million in operational funding for Afghanistan, including: \$757.5 million for SCA, \$189.9 million for DS, and \$44.4 million for SIGAR (FY2012 CBJ, pp 770-775). The SCA request includes the projected ongoing costs of the 'civilian uplift,' including the interagency transfer authority. The regular 'base' budget includes additional funds for SCA and DS operations. Initial congressional reaction to the Department of State OCO request has been positive. The House of Representatives appropriations subcommittee for State and USAID in FY2012 fully funded the OCO request in its FY2012 bill (except for shifting a Pakistan program to DOD), and OCO funding was specifically protected in recent debt ceiling negotiations.

RM/BP requests that the report include the following clarifications:

- The Department of State and OMB have requested the majority of FY2012 Afghanistan operational costs, including the 'civilian uplift', to be funded through a new "Overseas Contingency Operations" title based on criteria similar to that used by DOD.
- This proposal has been well received by Congress, mitigating concerns about dramatic reductions in FY2012 funding.
- The Department of State intends to continue using OCO as a key element in its FY2013 planning for military to civilian transition in Afghanistan.

See SIGAR
and State OIG
Comment 4

SIGAR and State OIG Comments on State's Bureau of Resource Management Letter

1. As noted on page 9 of this report, OBO officials indicated the funds are to provide accommodations and office space for the continued growth in staffing in Afghanistan. Therefore, we determined that these funds can be directly attributable to the civilian uplift.

2. This report compiles all costs associated with the civilian uplift, including costs incurred for the deployment of employees, as well as security and infrastructure costs. Table 1 reflects typical costs that agencies incur to deploy one employee to Afghanistan for 1 year. Appendix II provides more detail of these costs. As noted on page 5 of this report, some costs cannot be calculated on a per person basis, but can be attributed to the civilian uplift. These costs are reflected in table 3 and appendix IV. Therefore, multiplying the number of uplift positions by the per person range does not fully capture the cost of the civilian uplift, which we have calculated to be at least \$1.7 billion. The figure of nearly \$2 billion takes into account the almost \$500 million that State's Bureau of Diplomatic Security estimates it expended to cover security costs in Afghanistan from fiscal year 2009 through the first quarter of fiscal year 2011.

3. Title XI of P.L. 111-32 regarding Diplomatic and Consular Programs was clear that the Secretary of State may transfer funds to any other agencies' appropriations, upon the concurrence of the head of the agency, to: (1) support the other agency's operations in Afghanistan; (2) support the other agency's assistance for Afghanistan; or (3) carry out the provisions of the Foreign Assistance Act of 1961, as amended. The accompanying House Committee report also clearly addresses the Secretary's authority to transfer funds to other agencies to support their operations in Afghanistan. While neither this act nor the committee report specifically refer to expenses or require agreements with other agencies, nothing in the law or the accompanying House Committee report indicates a clear intent to avoid binding or formal agreements. As we discuss on page 11 of this report, a written, formal agreement between agencies is a government-wide best practice for ensuring that funds are spent for their intended purposes. Moreover, a written, formal agreement is an effective means of establishing the concurrence of the head of the other agency, as required under the appropriations act. We also note that SCA has concurred with our recommendation and will implement memoranda of understanding for fiscal year 2012 interagency transfers that will require agencies to report details of their spending along with plans to return excess funds.

We have revised our discussion regarding the Department of Transportation's use of State transferred funds to reflect that they were not improperly obligated.

4. We have added language on page 15 of this report regarding the Overseas Contingency Operations funding and its relevance to our discussion of budget uncertainty.

APPENDIX VII: COMMENTS FROM THE DEPARTMENT OF HOMELAND SECURITY

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

August 1, 2011

Mr. Albert H. Huntington III
Acting Assistant Inspector General for Audits
Special Inspector General for Afghanistan Reconstruction
400 Army Navy Drive
Arlington, VA 22202

Re: Draft Report SIGAR Audit 11-17, "The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies"

Dear Mr. Huntington:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the Special Inspector General for Afghanistan Reconstruction's work in planning and conducting its review and issuing this report.

The Department is pleased to note the report's acknowledgement of its role helping the Chief of Mission of the U.S. Embassy in Kabul, Afghanistan meet the mission's strategic goals. Specifically, the DHS mission in Afghanistan is to support the broader U.S. civilian and military mission of disrupting, dismantling, and defeating al-Qaeda in Afghanistan and Pakistan and its extremist allies who threaten the security of the U.S. Homeland. DHS is fulfilling this mission by providing border, customs, investigative, and immigration expertise to the Afghan Border Police (Afghan Customs Department, Afghan Ministry of Transportation and Civil Aviation), the Afghan Ministry of Interior-Criminal Investigation Division, and the Afghan Ministry of Finance in order to help them:

- 1) deny terrorists illicit funding and illicit contraband sources;
- 2) enforce a secure border;
- 3) increase revenue flows to the Afghan government; and
- 4) improve cross-border commerce and facilitate legitimate trade and travel.

The DHS mission is aligned with the Integrated Civilian-Military Campaign Plan, which works to reduce the infiltration of insurgents and illicit goods and improve cross-border trade. DHS

also supervises almost 50 contract Border Mentors who support the DHS mission across Afghanistan. DHS ultimately seeks to transition responsibility for these duties to the Afghan government as its capacities grow.

Even though this report does not contain specific recommendations for DHS, the Department remains committed to continuing its work with the U.S. Department of State and other relevant stakeholders in minimizing the terrorist threats in Afghanistan and efforts to build Afghan governing capacity, improve the rule of law, and initiate sustainable economic growth.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments have been submitted under separate cover. We look forward to working with you on future Homeland Security issues.

Sincerely,



Jim H. Crumpacker
Director
Departmental GAO/OIG Liaison Office

(This report was conducted under the audit project code SIGAR-034A and OIG 11-AUD-3003).

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publically released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: hotline@sigar.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan 318-237-2575
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-604-0983

Public Affairs

Public Affairs Officer

- Phone: 703-602-8742
- Email: PublicAffairs@sigar.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202

State OIG's Mission

The Office of Inspector General conducts independent audits, inspections, and investigations that advance the missions of the Department of State and the Broadcasting Board of Governors. OIG provides leadership to:

- promote integrity, efficiency, effectiveness, and economy;
- prevent and detect waste, fraud, abuse, and mismanagement;
- identify vulnerabilities and recommend constructive solutions;
- offer expert assistance to improve Department and BBG operations;
- communicate timely, useful information that facilitates decision-making and achieves measurable gains; and
- keep the Department, BBG, and the Congress fully and currently informed.

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Arlington, Virginia 22219

Phone: 202-647-3320 or 800-409-9926

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