SIGAR | Office of the Special Inspector General for Afghanistan Reconstruction

September 17, 2014

Major General Kevin R. Wendel
Commanding General, Combined Security Transition
Command – Afghanistan/Ministerial Advisory Groups

Major General Todd T. Semonite
Deputy Commanding General, Combined Security Transition
Command – Afghanistan

Dear General Wendel and General Semonite:

I am writing to express my continuing concern with the Law and Order Trust Fund for Afghanistan (LOTFA), program to fund the Afghan National Police (ANP).

As you know, the United Nations Development Programme (UNDP) is responsible for administering LOTFA. After traveling to Afghanistan, meeting with UNDP officials responsible for LOTFA, interviewing LOTFA employees, and obtaining additional information regarding UNDP's oversight of LOTFA, I am concerned that UNDP officials are not proactively addressing many of the problems plaguing this program. In the face of evidence of fraud, dubious "deductions" taken from ANP salaries by the Afghan Ministry of Interior (MoI), and concerns expressed by donors regarding the integrity of LOTFA, UNDP now claims that it lacks the authority to conduct comprehensive oversight of this multibillion dollar program.

In a letter to SIGAR dated June 6, 2014, UNDP Administrator Helen Clark stated that "LOTFA has been in the limelight for many reasons; including for issues which LOTFA has no institutional mandate to oversee…" In an attachment to her letter, the Administrator went on to assert that "LOTFA… has no institutional mandate to conduct auditing and investigation of MoIA internal processes including tax deductions and pension payment" [sic] and that "LOTFA does not exercise direct actions of control and oversight [of pension funds] due to the mandate of the LOTFA project itself…"[1]

It is SIGAR's position that UNDP has a duty to oversee the expenditure of LOTFA funds and to ensure that donor money is spent for its intended purposes. Rather than attempting to shift blame for LOTFA's shortcomings, UNDP must acknowledge its responsibility for properly overseeing a trust fund that has paid out more than $1.62 billion since January 1, 2011. A copy of my letter replying to UNDP is attached. Oversight of payments for the ANP is critical, particularly in light of a recent

[1] Letter from Helen Clark, UNDP Administrator to John F. Sopko, SIGAR (June 6, 2014), *see Attachment I.*

Department of Defense Inspector General audit report stating that from December 21, 2012 to December 20, 2013, the MoI and the Afghan Ministry of Interior could not account for $17.4 million in pension withholdings and $9.9 million in cooperative fund withholdings.[2] The audit continues to identify 4,579 improper ANSF payroll payments made during the same time period by the MoI totaling approximately $40 million.[3]

I believe CSTC-A shares my view and I appreciate the steps CSTC-A has taken to improve accountability for LOTFA. CSTC-A's October 2013 commitment letter indicates an intent to conduct aggressive oversight of LOTFA funding, which I applaud.[4] In that regard, I was stunned to learn that when CSTC-A auditors "questioned MoI personnel on the cooperative budget, they were told that the cooperative budget resided outside of MoI's budget and was run on its own. As the auditors proceeded with interviews *they were warned that if they continued to look into the Cooperative [deduction] further their lives may be in jeopardy [emphasis added]*."[5] This and your 2013 payroll audit report, which I have attached, highlight just how serious the problems are.

However, I have very little confidence that UNDP is taking meaningful steps to address the problems of dubious deductions from ANP salaries and payments to individuals who may not be reporting to work. At the same time, I believe these problems are continuing and that they are very serious. Yet UNDP has apparently not demanded an accounting for these illicit deductions and to recover the proceeds. The United States is not the only donor to express significant concerns with the management of LOTFA. When I was last in Afghanistan, European Union officials informed me of their plans to condition a large portion of their future contributions to LOTFA. According to those officials, during the next phase of the program the European Union intends to incentivize more than 30% of its financial commitment by making disbursements dependent on increased MoI cooperation and transparency. Moreover, it is my understanding that the European Union has requested to see the full results of the MoI's investigation into the police cooperative deductions taken from ANP salaries.

The financing agreement under which donor funds are provided to LOTFA expires in December 2014. As CSTC-A participates in negotiations for the next phase of LOTFA funding, I recommend that CSTC-A insist on clarifying UNDP's oversight role and responsibilities for administering LOTFA. These negotiations present an excellent opportunity for CSTC-A and the other donors to demand that the new financing agreement include provisions guaranteeing full oversight access and accountability for all donor countries and the UNDP. In SIGAR's view, this issue should be a non-negotiable prerequisite for continued LOTFA funding.

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[2] U.S. Department of Defense Inspector General, *Government of the Islamic Republic of Afghanistan Needs to Provide Better Accountability and Transparency Over Direct Contributions*, DODIG-2014-102. Washington, DC: Department of Defense Office of Inspector General, August 29, 2014.

[3] *Id*. at 13.

[4] *Bilateral Financial Commitment Letter Between Combined Security Transition Command – Afghanistan and the Government of the Islamic Republic of Afghanistan Ministry of Interior* (Oct. 22, 2013).

[5] CSTC-A, Ministry of Interior Payroll Audit, Report No. MoI 1392-001 (Nov. 5, 2013), p.9, *see Attachment II.*

I appreciate your continued cooperation, both in this matter and in SIGAR's continuing audit examining ANP data verification procedures. I will continue to monitor issues arising from LOTFA and look forward to working with CSTC-A officials to protect this enormous investment of U.S. taxpayer dollars.

Should you have any questions or need additional information, please contact me directly, or have your staff contact Jack Mitchell, Director of Special Projects, at [redacted] or [redacted].

Sincerely,

Special Inspector General
for Afghanistan Reconstruction

Encl:

Attachment I – SIGAR-14-98-SP Inquiry Letter titled UNDP LOTFA Oversight Response, dated September 11, 2014

Attachment II – CSTC-A Audit Report No. MOI 1392-001 of the MOI Payroll for Solar Year 1392 (22 June – 22 July 2013)

ATTACHMENT I: SIGAR-14-98-SP INQUIRY LETTER TITLED UNDP LOTFA OVERSIGHT RESPONSE, DATED SEPTEMBER 11, 2014

SIGAR | Office of the Special Inspector General for Afghanistan Reconstruction

September 11, 2014

Helen Clark
Administrator
United Nations Development Programme

Dear Ms. Clark:

I am writing to express my continued concern with the United Nations Development Programme's (UNDP) administration of the Law and Order Trust Fund for Afghanistan (LOTFA). The United States and other donors have contributed roughly $3.17 billion to LOTFA since 2002. SIGAR believes UNDP has a duty to oversee how those LOTFA funds are being spent. However, your letter is disturbingly ambiguous on this issue. Based on information obtained by SIGAR in Afghanistan, SIGAR interviews of LOTFA employees, and recent disclosure of internal UNDP documents, it appears that the LOTFA program still suffers severe problems. Moreover, your letter reinforces my view that UNDP is not taking a proactive approach to oversight of this important reconstruction fund.

When I wrote to your office in May, I requested some basic information concerning UNDP's administration of LOTFA.[1] In particular, I requested that UNDP describe how it has accounted for up to $200 million in "deductions" that the Afghan Ministry of Interior (MoI) may have taken from the salaries of ANP employees, who are paid with LOTFA funds. I also asked UNDP to provide information concerning the steps it is taking to ensure that LOTFA funds are not being used to pay for artificially inflated ANP salaries and "ghost employees".

Unfortunately, your June 6, 2014, letter raises more questions than it answers. Your letter appears to downplay UNDP's responsibility for overseeing LOTFA and fails to acknowledge the problems that continue to plague this program.

The attachment to your June 6, 2014, letter asserts that in October 2013 UNDP became aware of "possible fraud" related to the "cooperative tax deductions" taken by the MoI from LOTFA-funded police salaries. Although UNDP has administered LOTFA since 2002, UNDP apparently became aware of these issues only after it chose to expand "its portfolio of interventions dealing with financial management and recruited an international consultant to review financial processes related to the ANP payroll system."[2] This statement begs the question as to who that financial consultant was, what prompted UNDP to recruit that financial consultant, and what the financial consultant reported. It also begs the question of why UNDP has not broadened its oversight activities to all areas affecting the integrity of LOTFA.

There are ample reasons to suspect that enhanced oversight is necessary to ensure the integrity of LOTFA programs. For example, the attachment to your letter concedes that in the months between

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[1] Letter of John F. Sopko, Special Inspector General for Afghanistan Reconstruction, to Helen Clark, Administrator, United Nations Development Programme (May 13, 2014).

[2] Information Note provided as Annex to letter of Helen Clark, Administrator, United Nations Development Programme to John F. Sopko, Special Inspector General for Afghanistan Reconstruction (June 6, 2014).

1550 Crystal Drive, 9th Floor
Arlington, Virginia 22202

Mail: 2530 Crystal Drive
Arlington, Virginia 22202-3940

Tel: 703 545 6000

www.sigar.mil

November 2013 and April 2014 the MoI made approximately $23 million in unsupported charges against LOTFA. The attachment also states that in fiscal year 2013 LOTFA documented over $15 million in miscoded and ineligible expenses. UNDP also estimates that approximately $23.8 million in LOTFA funds have been diverted as a result of the "pension deduction" levied by the MoI. Finally, your response indicates that 121 of the 300 ANP generals being paid with LOTFA funds are listed as "on stand-by," even though such personnel are not documented in the Afghan Tashkil, which is supposed to serve as the basis for ANP salary payments.[3]

The attachment to your letter also states that, as a result of LOTFA's efforts, the MoI "abolished" the police cooperative deductions in December 22, 2013, and that UNDP concluded that the deductions would no longer be taken.[4] However, your letter failed to explain how long the MoI had been taking those deductions, the total amount of the deductions taken by the MoI, what happened to the funds that were taken, and whether UNDP will be taking steps to verify that similar deductions will not resume in the future. Moreover, your letter does not say what action UNDP is taking to recover the police cooperative deductions that suddenly stopped being taken after SIGAR and others began questioning them.

In light of what appear to be mounting problems with LOTFA funding, I am disturbed by the apparent assertion in your letter that UNDP is not responsible for ensuring that LOTFA funds are only used for legitimate purposes. SIGAR believes that the U.S. and other donors never intended that UNDP and LOTFA simply act as a conduit for billions of dollars of unconditional spending. If UNDP and LOTFA are not simply a conduit for funding, then a more aggressive approach to oversight is warranted.

Unfortunately, your letter offers no assurance that UNDP recognizes its oversight responsibilities. In pertinent part, your letter claims that:

> "LOTFA remains a development partner to the MoIA; however, the project has no institutional mandate to conduct auditing and investigation of MoIA internal processes including tax deductions and pension payment"[sic].[5]

This is directly contrary to the current LOTFA financing agreement (the so-called "Project Document"), which states that, ". . . the LOTFA administrator (UNDP) will be responsible for the overall fiduciary management of the project."[6]
Moreover, given UNDP's efforts to take credit for stopping the police cooperative deductions, it seems unreasonable for UNDP to suggest that it cannot take immediate steps to determine whether other possibly fraudulent deductions are being taken from ANP salaries.

As you may be aware, LOTFA donors, including the European Union, have expressed significant concerns regarding the need for transparency in the ANP payroll system.[7] When I was last in Afghanistan, I learned that the European Union intends to condition more than 30% of its financial commitment to LOTFA by making disbursements dependent on increased MoI cooperation and

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[3] *Id.*

[4] *Id.*

[5] *Id.*

[6] *Law and Order Trust Fund for Afghanistan (LOTFA) – Phase VI, Project Document*, p. 32/32. The Project Document also states that, "LOTFA is administered by UNDP and nationally managed through the MoI. It is governed by UNDP's financial rules and regulations." Id. at 9/32.

[7] Letter of Franz-Michael Mellbin, Ambassador, European Union Special Representative and Head of the EU Delegation, to H.E. Omar Daudzai, Minister of Interior Affairs (May 10, 2014).

transparency. Moreover, it is my understanding that the European Union has requested to see the full results of the MoI's investigation into the police cooperative deductions taken from ANP salaries.

In light of the donor community's strong interest in greater LOTFA transparency, it is baffling that UNDP continues to claim that it cannot seek a comprehensive accounting of how LOTFA funds are being spent. It is not a violation of Afghanistan's sovereignty for donor countries and the UNDP to insist on verifying that donor funds are used for their intended purpose.

It is not too late for these issues to be addressed. The financing agreement under which donor funds are provided to LOTFA expires at the end of this year and UNDP and the donor countries are beginning negotiations for the next phase of LOTFA funding. This presents an excellent opportunity for UNDP to demand that the new financing agreement include provisions guaranteeing full oversight access and accountability. In SIGAR's view, this issue should be a non-negotiable prerequisite for continued LOTFA funding.

Finally, I recently became aware of some significant allegations concerning the LOTFA program's management of its own staff and finances. In particular, I was disturbed to learn that the program may have been making direct cash disbursements to MoI and ANP personnel, which, according to UNDP's own records, may constitute a violation of Afghan law.[8]

In light of the serious matters discussed above, I request that you provide SIGAR with copies of the following documents and information regarding UNDP's administration and oversight of LOTFA:

- All records associated with the review of the ANP payroll system conducted by UNDP or its consultants, in particular the "international consultant" referred to in the attachment to your letter. Responsive records include, but are not limited to, all reports concerning potential irregularities related to the police cooperative deduction, pension deductions, and other police payroll deductions.

- Detailed answers to the following questions concerning UNDP's oversight of deductions from LOTFA funds intended to finance the ANP payroll:
    - How long has the MoI taken police cooperative deductions, pension deductions, and other similar deductions from the ANP payroll?
    - What is the total value of each such category of deductions taken since the establishment of LOTFA?
    - What is the current disposition of funds taken from the ANP payroll as police cooperative deductions?
    - Since January 16, 2014, what action has UNDP taken to verify that police cooperative deductions are no longer being taken?
    - What actions has UNDP taken to recover the police cooperative deductions that were taken?
- All audits, investigative reports, and assessments conducted by or at the request of UNDP concerning LOTFA funds paid to ANP "stand-by" officers and "ghost employees".

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[8] UNDP, Note to File, Corruption Risk – Duplicate DPII Payments (January 12, 2012).

- An accounting of the amount of LOTFA funds UNDP has recovered from or intends to recover from monthly advances and other past payments made to the MoI for "stand-by" officers and "ghost employees".
- All audits, investigative reports, assessments, and other records concerning direct cash disbursements and other payments made by UNDP-LOTFA to MoI and ANP personnel.
- A copy of the MoI investigation report provided to LOTFA at the International Police Coordination Board meeting on May 19, 2014, as noted on page 1 of the attachment to your letter.

Should you have any questions about this request or need additional information, please contact me directly, or have your staff contact Jack Mitchell, Director of Special Projects at [redacted] or [redacted].

Sincerely,

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Attachment(s):

I – UNDP Response to SIGAR-14-57-SP Inquiry Letter, dated June 6, 2014
II – SIGAR-14-57-SP Inquiry Letter titled UNDP LOTFA Oversight, dated May 13, 2014

ATTACHMENT I: UNDP RESPONSE TO SIGAR-14-57-SP INQUIRY LETTER, DATED JUNE 6, 2014

United Nations Development Programme
The Administrator

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6 June 2014

Dear Mr. Sopko,

Thank you for your letter dated 13 May 2014 inquiring about the Law and Order Trust Fund (LOTFA) Project's role related to payroll management and oversight for the Afghan National Police (ANP).

UNDP too emphasizes the importance of accountability for how contributions to police salaries have been spent and for the payroll system being sufficiently transparent and accountable.

UNDP is therefore committed to managing LOTFA as efficiently, constructively, and transparently as we can, as we strive to work together to manage the risks faced by complex programmes in challenging environments like in Afghanistan. The complete elimination of risk in these environments is unfortunately not possible, and thus a harmonized and collaborative approach to sharing fiduciary risks with relevant donors, programme countries, and development partners is necessary.

In this context significant measures have been taken in the oversight by LOTFA to mitigate fraud and to improve the existing payroll process, including through more rigid salary disbursements, verification, and reconciliation of reports.

A detailed update in response to the questions raised in your 13 May inquiry is in the attached Annex to this letter.

LOTFA has been in the limelight for many reasons, including for issues which LOTFA has no institutional mandate to oversee, such as management of pension funds and the police-Tashkil system.

Mr. John F. Sopko
Special Inspector General
for Afghanistan Reconstruction
SIGAR
Arlington, Virginia

One United Nations Plaza, New York, NY 10017 | Tel: +1 (212) 906 5791 | Fax: +1 (212) 906 5778 | www.undp.org

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UNDP continues to work with all partners involved in the police payroll chain, to chart the way forward on the scope of the payroll reforms required, including on clear delineation of responsibilities and accountabilities of the national and international partners.

I trust that the attached information addresses the inquiries raised in your letter. Please do not hesitate to contact me again if I can be of any further assistance. UNDP looks forward to continuing the close co-operation between our two organizations.

Helen Clark

cc:

The Honorable John F. Kerry
Secretary of State

Mr. Haoliang Xu
Assistant Administrator and Director
Regional Bureau for Asia and the Pacific, UNDP

Mr. Nicholas Rosellini
Deputy Assistant Administrator and
Deputy Regional Director
Regional Bureau for Asia and the Pacific, UNDP

Mr. Mark Bowden
Deputy Special Representative of the Secretary General - UNAMA
UN Resident and Humanitarian Coordinator - Afghanistan

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Annex:

Information note

on questions raised by SIGAR in the letter dated 13 Macy 2014

1.1 How is UNDP controlling expenditures for the "miscellaneous" (2.5% co-operative tax) and "retirement" funds mentioned above?

- In October 2013, LOTFA expanded its portfolio of interventions dealing with financial management and recruited an international consultant to review financial processes related to the ANP payroll system. As result, LOTFA became aware of potential irregularities related to the use of the 2.5% cooperative tax deductions and immediately launched its own review and brought its concerns about possible fraud to the attention of the Ministry of Interior Affairs (MoIA). At the same time, the Combined Security Transition Command-Afghanistan (CSTC-A) started to investigate modalities of taxation and the final use of the cooperative tax. The CSTC-A Audit Report No. MoI 1392-001 of 23 October 2013 was commissioned "to obtain reasonable assurance that the Afghan National Police (ANP) is paid in accordance with regulatory guidance". It is important to mention that the CSTC-A investigation report on the cooperative tax is classified and, as such, was not shared with LOTFA and/or other MoIA partners.
- The persistent efforts by LOTFA and CSTC-A to ascertain the facts and inquiries by bilateral donors about application and use of the cooperative tax, prompted actions by MoIA as a result of which the 2.5% deduction was abolished starting from 22 December 2013, and that an internal MoIA investigation was launched.
- Between 14 and 16th January 2014,LOTFA verified that the 2.5% cooperative tax would not be applied to police salary payments for 2014: LOTFA conducts this type of verification by reviewing the original M-41 forms that report details on gross and net salary, and types of deductions and taxes applied by category/rank of police. Following January's verification of M-41 forms, LOTFA informed donors in Kabul that the 2.5% cooperative tax was no longer deducted from police salaries.
- On 19th May 2014, H. E. Minister Daoudzai presented the MoIA-led investigation report to donors and LOTFA at the International Police Coordination Board (IPCB) meeting. The report has been circulated in hard copy only to the IPCB meeting members representing the main diplomatic missions supporting the MoIA. At the moment donors have not yet informed LOTFA whether or not the international community will take further actions to address the MoIA investigation findings.
- As to the pension deductions and retirement fund, it is important to stress that determination and application of pension deduction pertains to the sovereignty of the Government of Afghanistan as related to taxation and fiscal policies. As such, UNDP's regulatory framework of cooperation and coordination does not allow UNDP-LOTFA to steer Government decisions associated with the taxation system, including deduction modalities. LOTFA remains a development partner to the MoIA; however, the project has no institutional mandate to conduct auditing and investigation of MoIA internal processes including tax deductions and

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pension payment. The management of the retirement fund itself falls under the responsibility and management of Ministry of Finance, Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD) and MoIA. Within the retirement fund scheme, the MoIA shall exercise its audit, oversight and control using either internal mechanisms, such as the Inspector General Office, or external such as the independent Monitoring and Evaluation Committee (MEC). For reasons illustrated above, the project cannot control the management of the pension fund, which is Government owned.

1.2. Please provide details of actions that UNDP is taking to ensure these funds are spent only for legitimate purposes.

- The cooperative tax is no longer in place as a result of the bilateral coordination LOTFA held with donors and the MoIA (see section 1.1 for details).
- As for the pension fund, LOTFA does not exercise direct actions of control and oversight due to the mandate of LOTFA project itself: LOTFA does not pay the salary of any police personnel directly. Instead, the project transfers funds needed to cover salary payments to the MoF which handles the disbursements of salary payments to police personnel using three different payment modalities, nominally: Electronic Funds Transfer (EFT) which enables salary funds to be directed to police officers' bank accounts; mobile payments through M-PAISA; and MoIA Trusted Agent.
- Further, LOTFA maintains and administers the EPS and WEPS that provide functionality for recording the payroll data and generating payroll. However, EPS/WEPS do not provide end to end functionality and do not generate payment orders.
- Since the project disburses funds to the MoF on a monthly basis in compliance with UNDP-National Implementation Modality (NIM) rules and regulations, LOTFA does take action to address issues related to salary expenditures, with an emphasis on reconciliation of MoIA payroll and other expenditures under NIM advances, including eligible and ineligible claims. Specifically, LOTFA undertakes validation and reconciliation of expenditures related to nine object codes of the MoIA budget for police salary payment. It should be noted that budget codes are determined and established by the MoIA in coordination with CSTC-A.
- Between November 2013 and April 2014, LOTFA has intensified its oversight and control over expenditures through the reconciliation process. As a result, the LOTFA was able to ascertain approximately US$ 23 million emanating from charges for which neither LOTFA nor the Monitoring Agent (MA) has received the supporting documents from the MoIA for further verification. In the last weeks LOTFA and MA have met to coordinate on this specific subject and follow-up is on-going to receive the pending documents for verification from MoIA.
- It is essential to highlight that increased oversight and control of NIM advances has also enabled LOTFA to recover US$ 15,058,189 from miscoded and verified ineligible expenses reported in FY 2013.
- LOTFA shares with its donors and partners all relevant information related to progress made in the reconciliation and validation of expenditures, as well as issues arising within the payroll system. LOTFA hosted a series of meetings on 3rd December, 2013, 30th January, 2014, 11th

February, 2014, 27th February 2014, 19th March 2014 to discuss with partners above and also information related to payroll taxation and deductions.

- LOTFA has further shared the above information and additional inputs on progress made to reform the payroll with the SIGAR team on mission in Kabul during the in-briefing and out-briefing meetings held on 14th and 29th April 2014.
- In response to donor inquiries, LOTFA estimates the total volume of pension deductions between 2003 and 2013 to be approximately US$ 23.8 million taking into account eligibility criteria and growth trends within the approved MoIA Tashkil . It is important to take note that data on the pension deductions during 2003-2008 have been manually generated through MoIA-HR since the EPS payroll was introduced only later in 2009. Because of the origin and nature of the data generated during 2003 and 2008, pension deductions collected during mentioned period should be considered as preliminary data whose further verification shall require coordination with the MoIA-HR Department.

1.3 Please also provide a detailed description of the internal controls that govern the spending for these accounts.

The payroll system features internal control procedures at LOTFA, MoIA and MoF as related to ANP salary expenditures. The internal controls of LOTFA consist of the following:

- Monitoring Agent: it identifies miscoded expenditures and verifies the physical documentation; especially the M-16s. In case of the government's inability to correct the miscoded items or to provide the missing documentation, the relevant expenditure is considered ineligible and, therefore, not paid from LOTFA funds in the next monthly disbursement.
- Validation of calculations: LOTFA has recently instituted a process for validating the payment calculations inclusive of benefits and deductions. This process will continue until all calculations are automated in the EPS.
- Post payment validation: another process that has been recently introduced is the post payment validation where LOTFA compares the payment amounts generated in the M-41 form by EPS with the amounts aggregated in the M-16 form and the amounts entered into Afghan Financial Management Information System.
- No internal controls of pension deductions are in place for reasons illustrated above at sections 1.1 and 1.2. In regard to pension deductions and retirement fund, control functions are in place at each ministry. UNDP would like to recommend contacting the concerned national counterparts at the MoIA and MoF as both ministries have direct responsibility on the pension fund management.

2.1. What controls does the UNDP have in place to ensure that ANP officers serve in positions that require their rank?

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- LOTFA has no institutional mandate to oversee the assignation of Tashkil positions to senior police officers. The MoIA is responsible in determining the Tashkil requirements in coordination with CSTC-A. Currently, both the MoIA and CSTC-A determine the police force structure as part of the Afghan National Security Force (ANSF) Plan of Record (APoR) process. The APOR is a joint planning process which defines the Tashkil structure in relation to the strategic planning and funding conditions the International Community and the MoIA agreed at the Chicago Summit in 2012.

- The recently approved MoIA National Police Plan (2014-2015) confirms that the Deputy Ministry (DM) for Security (General Department of Force Management) and DM Administration (General Directorate of Tashkils) lead review and adjustments of the Tashkil including promotions and assignment of new and/or existing positions.

- During the 20th May 2014, LOTFA Pillar 1 –Payroll Technical Working Group meeting with donors and representatives from both the MoIA and MoF, the Head of MoIA –HR Department, Gen. Wakeel Akbari, conveyed that generals are "politically assigned by the MoIA senior leadership". The MoIA – HR Department also reported that MoIA cannot assign existing generals to low rank positions because of the existing inherent law of Afghanistan.

2.2 Please provide any information and records concerning the number of generals in the ANP, the number of generals serving in positions that do not require a general's rank, and the number of any other officers in the ANP currently serving in a position that is below their rank.

- All figures provided below are an internal LOTFA elaboration and should be considered as non-auditable records. The latest available records date March 2014. The total number of generals reported in the EPS system is 300, out of which 121 are on stand-by .For reasons illustrated at section 2, LOTFA cannot express judgment on the assignation process of positions to officers with general rank.

- In regard to stand-by staff, LOTFA has brought to donors' attention the status of stand-by and other out-Tashkil categories which continue receiving their salaries through LOTFA project. While LOTFA can determine the current number of stand-by, cadets and other categories, the project needs to have clarity about which categories to pay and which ones to exclude from the LOTFA list of eligible ANPs.

- Ceasing salary payments for groups like stand-by require political support from donor community; donors, as partner of LOTFA, shall outreach the MoIA leadership and request for clear conditions on eligibility of payment taking into account forces requirements reported in the approved Tashkil.

- At the LOTFA Technical Working group for Pillar 1 –Payroll meeting with donors and representatives from MoIA and MoF on 19th May 2014, all participants agreed on the following actions that will take place in the course of May-June 2014:

  a) LOTFA to recover funds from the next monthly advance for the stand-by officers since this category is out of Tashkil. This will take place in June 2014.

b) MoIA-Finance Directorate and LOTFA to meet for discussion on the next steps to establish separate codes for all police officers who are out of Tashkil and continue being paid through LOTFA including stand-by.

c) LOTFA and donors to discuss with the MoIA senior management and agree on formally ceasing all out of Tashkil payments using LOTFA funds. This will be discussed at the Steering Committee which comprises ambassadors representing LOTFA donor community, MoIA and MoF senior leadership. The Steering Committee will take place in June 2014.

2.3 Please also detail any efforts taken to reconcile rank, pay, and current positions for senior-level ANP officials.

- Between February and April 2014, LOTFA has informed donors on challenges related to ANP budget planning and determination. Over the last 12 years, salary payments have been decided based on budget requirements agreed between MoIA and CSTC-A; however, CSTC-A and MoIA need to provide clear guidance on how criteria have been selected and quantified to decide the budget requirements over the last decade of ANP salary budget.
- The Tashkil itself needs to be revised: LOTFA needs provincial breakdown by ranks and number of ANPs located in each province. Once this level of detail is available, the Project will be able to correctly calculate and verify information associated to incentives, for example. Breakdown of the Tashkil is an on-going process which LOTFA is coordinating with CSTC-A/Resource Management Group.
- LOTFA has informed the SIGAR team on mission to Kabul about the above subject last April

ATTACHMENT II: SIGAR-14-57-SP INQUIRY LETTER TITLED UNDP LOTFA OVERSIGHT, DATED MAY 13, 2014

SIGAR | Office of the Special Inspector General for Afghanistan Reconstruction

May 13, 2014

Helen Clark
Administrator, United Nations Development Programme

Dear Ms. Clark,

During my most recent trip to Afghanistan, I met with officials from several European countries and representatives from the Combined Security Transition Command-Afghanistan (CSTC-A). These officials raised concerns about the United Nations Development Programme's (UNDP) administration of the Law and Order Trust Fund Afghanistan (LOTFA).

Specifically, I was told that there may be insufficient accounting and records for a 2.5% deduction taken by the Ministry of Interior from some Afghan National Police (ANP) employees' salaries. Apparently the funds taken by this deduction are transferred into what has been called a "miscellaneous" or "police cooperative" fund. However, it is my understanding that the Ministry has not given a satisfactory explanation for how it uses this fund. Additionally, I have reason to believe there are insufficient oversight and controls for a 5% "pension" or "retirement" deduction also taken from ANP salaries. These two salary deductions could total more than $200 million of LOTFA funding over the past 12 years. Finally, it appears that a number of high-ranking officials in the ANP are currently serving in positions suitable for more junior-level staff. These officials, however, are still drawing the pay of their higher rank, resulting in LOTFA donors overpaying senior-level staff to fulfill less-demanding jobs.

SIGAR is currently conducting an audit assessing the reliability, accuracy, and consistency of ANSF personnel and payroll data. Additionally, I recently sent a letter to the commanding generals of CSTC-A and the NATO Training Mission Afghanistan inquiring about evidence of "ghost workers" and other forms of financial mismanagement in the administration of LOTFA.[1] However, given my recent discussions in Afghanistan, I fear there may also be larger problems with the administration of LOTFA.

I understand that the UNDP has undertaken new efforts to improve oversight of the distribution of LOTFA funds. During a February 28, 2014 meeting between UNDP officials and my staff, the Deputy Assistant Administrator and Deputy Regional Director of the UNDP mentioned that the UNDP is hiring new payroll specialists, terminating contracts with suspect vendors, and conducting internal audits of its own operations. However, I believe that more robust measures are needed in order to fully understand how donor money is flowing from the trust fund through the Afghan banking system.

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[1] SIGAR Letter to Major Generals Kevin Wendel, Harold Greene, and Dean Milner (February 19, 2014)

1550 Crystal Drive, 9th Floor
Arlington, Virginia 22202 | Mail: 2530 Crystal Drive
Arlington, Virginia 22202-3940 | Tel: 703 545 6000 | www.sigar.mil

As you are aware, the United States has contributed $1.21 billion to LOTFA since the fund's inception. Accordingly, please provide the following information:

(1) How is UNDP controlling expenditures for the "miscellaneous" and "retirement" funds mentioned above? Please provide a detailed list of all purposes for which these funds may be used by the Ministry of Interior. Please provide details of actions that UNDP is taking to ensure these funds are spent only for legitimate purposes. Please also provide a detailed description of the internal controls that govern the spending for these accounts.

(2) What controls does the UNDP have in place to ensure that ANP officers serve in positions that require their rank? Please provide any information and records concerning the number of generals in the ANP, the number of generals serving in positions that do not require a general's rank, and the number of any other officers in the ANP currently serving in a position that is below their rank. Please also detail any efforts taken to reconcile rank, pay, and current positions for senior-level ANP officials.

We ask that you respond to these requests for information no later than May 27, 2014. Should you have any questions regarding this matter, please contact me directly, or have your staff contact Jack Mitchell, Director of Special Projects at [redacted] or [redacted].

Sincerely,

John F. Sopko
Special Inspector General
For Afghanistan Reconstruction

cc:

The Honorable John F. Kerry
Secretary of State

Nicholas Rosellini
Deputy Assistant Administrator and Deputy Regional Director
United Nations Development Programme

Mark Bowden
Deputy Special Representative of the Secretary-General
United Nations Assistance Mission in Afghanistan

ATTACHMENT II: CSTC-A AUDIT REPORT NO. MOI 1392-001 OF THE MOI PAYROLL FOR SOLAR YEAR 1392 (22 JUNE – 22 JULY 2013)

COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

REPLY TO
ATTENTION OF

Report No. MoI 1392-001 5 November 2013

Ministry of Interior (MoI) Payroll Audit
Saratan Solar Year 1392 (22 June to 22 July 2013)

Executive Summary

SUBJECT: Audit Report No. MoI 1392-001 of the Ministry of Interior (MoI) Payroll for the month of Saratan Solar Year 1392

AUDIT OBJECTIVE: MoI 1392-001: This audit was conducted to obtain reasonable assurance that the Afghan National Police (ANP) is paid in accordance with regulatory guidance.

BACKGROUND: MoI 1392-001: Law and Order Trust Fund for Afghanistan (LOTFA) is responsible for providing salary payments to MoI personnel. Through direct contributions, CSTC-A provides US funding to LOTFA in support of salary payments. Currently, LOTFA manages the Web-based Electronic Pay system (WEPS) and provides monthly payroll data to CJ8 Financial Management Oversight (FMO) Audit section to conduct payroll audits. LOTFA manages the system itself, but it does not supervise the individuals who enter actual payroll data into WEPS. These individuals work directly for MoI and LOTFA has no administrative control over them. Due to the large US contribution provided to LOTFA, it is in CSTC-A's best interest to conduct monthly payroll audits on MoI.

RESULTS: Pension deductions were erroneously calculated for officers and NCOs. ANP salaries were paid late, inadequate payroll tax was withheld, and pension contributions from ANP pay were improperly deducted. Cooperative Store funding is unconstitutional; the stores are not adequately supporting or accessible to its contributors and the fees collected exceeded its estimated operating costs.

CONCLUSION: There is a lack of understanding and application of the Government of the Islamic Republic of Afghanistan laws, rules and regulations with regard to payroll administration at both LOTFA as well as at the Ministry of Interior Finance (MoI-F). This negatively impacts internal controls in place at both MoI-F and LOTFA.

DANIEL D. CAPPABIANCA, Col, USAF
Director, Programs and Resources, CJ8

Attachment:
Annex A: MoI Audit Report No. MoI 1392-001

COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN
قوماندانی مشترک انتقال امنیت برای افغانستان
KABUL, AFGHANISTAN
کابـــل، افغانستان
APO AE 09356
کود پستی 09356

CSTC-A DCG
05 نومبر 2013

05 November 2013
معاونیت قوماندانی مشترک انتقال امنیت برای افغانستان

Ministry of Interior (MoI) Payroll Audit
تفتیش استحقاق معاشات وزارت امور داخله
Saratan Solar Year 1392 (22 June to 22 July 2013)
سرطان سال 1392هـ ش (22 جون الی 22 جولای 2013)

SUBJECT: Audit Report No. MoI 1392-001 of the Ministry of Interior (MoI) Payroll for the month of Saratan Solar Year 1392

موضوع: گزارش شماره 001 تفتیش استحقاق معاشات سال 1392 وزارت امور داخله

Audit Objective: MoI 1392-001: This audit was conducted to obtain reasonable assurance that the Afghan National Police (ANP) is paid in accordance with regulatory guidance.

هدف تفتیش: 1392-001 وزارت امور داخله: این تفتیش بمنظور اطمینان از تادیات پولیس ملی افغان در مطابقت با رهنمود تعین شده اجرا گردید.

Background: MoI 1392-001: Since May 2002, at the request of the Afghan Government, Law and Order Trust Fund Afghanistan (LOTFA) was stood up by the United Nations Development Programme (UNDP). LOTFA is managed through the Ministry of Interior and funded by multiple international donor nations to include the United States. LOTFA is overall responsible for providing salary payments to MoI personnel. CSTC-A provides the US contributions to LOTFA through its direct contributions which support LOTFA's mission of salary payment. In FY1392, the US donated $293.7 million to LOTFA. Currently LOTFA manages the Web-based Electronic Pay system (WEPS) and provides monthly payroll data to CJ8 Financial Management Oversight (FMO) Audit section to conduct payroll audits. While LOTFA manages the WEPS, they do not supervise the individuals who input the payroll data into the WEPS. These individuals work directly for MoI and LOTFA has no administrative control over these individuals. With the sheer dollar amount provided to LOTFA, it's in CSTC-A's best interest to conduct monthly payroll audits on the MoI. Some things to note:

تاریخچه: 1392-001 وزارت امور داخله: به اثر پیشنهاد دولت افغانستان (لتفا) توسط برنامهٔ انکشافی ملل متحد روی پایش ایستاد. (لتفا) از طریق وزارت امور داخله اداره گردیده و بودجهٔ آن توسط تمویل کننده گان متعدد بین المللی بشمول ایالات متحدهٔ امریکا پرداخته میشود. در مجموع (لتفا) مسؤلیت تادیهٔ معاشات پرسونل وزارت امور داخله را بر عهده دارد. (سیستیکا) کمک های مستقیم مالی را برای (لتفا) فراهم نموده و (لتفا) را در حصهٔ تادیهٔ معاشات کمک مینماید. ایالات متحدهٔ امریکا 293.7 میلیون دالر را در سال 1392 برای (لتفا) فراهم نمود. در حال حاضر (لتفا) سیستم انترنتی الکترونیکی معاشات یا (WEPS) را اداره نموده و معلومات مربوط به استحقاق معاشات ماهوار را برای بخش تفتیش دفتر تنظیم و نظارت بر امور مالی (CJ8) جهت تفتیش استحقاق معاشات تهیه مینماید. زمانیکه (لتفا) سیستم انترنتی الکترونیکی

معاشات یا (WEPS) را اداره مینماید، موظفین ایرا که معلومات مربوطه را درج آن سیستم مینمایند نظارت نمیکند. این اشخاص مستقیماً برای وزارت امور داخله کار نموده که تحت کنترول (لتفا) نمیباشند. وجوه دالری ایکه برای (لتفا) فراهم میگردد (سیستیکا) علاقمند است تا استحقاق ماهوار وزارت امور داخله را تفتیش نماید. موارد ایرا که باید بخاطر سپرد:

Regular monitoring is conducted by UNDP to oversee the quality, quantity and timeliness of progress towards delivering intended results at LOTFA.

نظارت مرتب توسط (UNDP) برای کنترول کیفیت، کمیت، و جدول زمانی انکشافات ایکه در (لتفا) بوجود میآید اجرا میگردد.

Independent monitoring agents (MA) supplement financial auditing controls at LOTFA. MA monitors disbursements, verify payments of police salaries and food allowances, and sample physical verification of payroll personnel. There are currently two individuals acting as monitoring agents.

نماینده گان نظارت مستقل یا (MA) بخش تفتیش مالی در (لتفا) کنترول میگردند. نماینده گان یا (MA) پرداخت وجوه را نظارت نموده، تادیات معاشات پولیس و بدل اعاشه را تصدیق نموده، و پرسونل فزیکی درج استحقاق معاشات را نمونه برداری میکند. در حال حاضر دو شخص وجود دارد که بصفت نماینده گان نظارتی کار مینمایند.

LOTFA currently has one individual acting as an internal auditor. They arrived in country in September 2013 and are only slated to be at LOTFA for approximately 3 months. These audit reports are not shared with donor nations unless specifically requested.

در حال حاضر یک شخص در (لتفا) وجود دارد که منحیث تفتیش بین المللی ایفای وظیفه مینماید. آنها در ماه سپتامبر 2013 وارد کشور شده که برای مدت تخمینی 3 ماه یا (لتفا) کار خواهند نمود. این گزارشات تفتیش با کشور های تمویل کننده شریک ساخته نخواهد شد بجز اینکه بطور مشخص درخواست گردد.

Scope: MoI 1392-001: A one-month pay audit of the ANP was conducted. The audited period was limited to the month of Saratan 1392 and included all ANP enrolled in WEPS. The audit sample set for detailed testing included officers, NCOs, and patrolmen. This sample consisted of 38,437 records which represented about 24% of the population.

دیدگاه: 1392-001 وزارت امور داخله: یک تفتیش معاشات یک ماهۀ پولیس ملی افغانستان اجرا گردید. تفتیش متذکره منحصر به ماه سرطان سال 1392 بوده که تمام پرسونل پولیس ملی افغانستان را که درج سیستم انترنتی الکترونیکی معاشات یا (WEPS) میباشند در بر داشت. نمونه هایی که در تفتیش با جزئیات مورد بررسی قرار گرفت شامل افسران، ساتنمنان، و سربازان بود. این نمونه در بر گیرندۀ 38,437 تن از پرسونل بوده که 24% از مجموع پرسونل را ارائه میکند.

CSTC-A DCG
SUBJECT: Audit Report No. MoI 1392-001 of the Ministry of Interior (MoI) Payroll for the month of Saratan Solar Year 1392

Methodology: MoI 1392-001: The methodology used when conducting this audit consisted of the extraction, review and analysis of data obtained from the WEPS system and audit interviews with key personnel. The data points consisted of pay entitlement for MoI personnel within the ANP; e.g. base pay, temporary pay increases, combat/regional pay and various skills based incentives pays. The audit was designed to determine:

اصول: 1392-001 وزارت امور داخله: روش ایکه در اجرای این تفتیش که شامل مرور و تحلیل معلومات بدست آمده از سیستم انترنتی الکترونیکی معاشات یا (WEPS) بکار گرفته شد افراد کلیدی را مورد بحث قرار میدهد. معلومات متذکره شامل مستحقین معاش پرسونل وزارت امور داخله در چوکات پولیس ملی افغان مانند؛ اصل معاش، افزودی های مؤقت، امتیاز محاربوی/منطقوی، و امتیاز مهارت های مختلف میباشد. تفتیش متذکره جهت تعین موارد ذیل طرح گردیده بود:

a. Whether personnel were paid base pay, temporary pay increases (1000/2250 Afs), combat/regional pay (2250/3750 Afs), and various skill based incentives in accordance with regulatory guidance

الف. تادیه اصل معاش، افزودی مؤقت (2250/1000) افغانی، امتیاز محاربوی/منطقوی (3750/2250) افغانی، و امتیاز مهارت های مختلف برای پرسونل در مطابقت با رهنمود تعین شده.

b. Whether pension and tax deductions were properly calculated in accordance with applicable laws and policies

ب. محاسبهٔ کسر فیصدی تقاعد و مالیه بشکل درست آن در مطابقت با قوانین و پالیسی های موجوده.

Overall Conclusion: MoI 1392-001: Except as noted in the findings below, it was determined that there is a lack of understanding and application of the Government of the Islamic Republic of Afghanistan (GIRoA) laws, rules and regulations when it comes to payroll at both the LOTFA as well as at the Ministry of Interior-Finance (MoI-F). It was also determined that this has negatively impacted internal controls in place at both the MoI-F and LOTFA.

نتیجه گیری عمومی: 1392-001 وزارت امور داخله: بجز از موضوع ایکه در یافتهٔ ذیل ذکر گردیده است، چنین مشخص گردیده است که عدم تفاهم و اجرای قوانین و مقررات دولت جمهوری اسلامی افغانستان زمانیکه در استحقاق معاشات (لتفا) و ریاست مالی وزارت امور داخله درج میگردد دیده شده است. همچنان مشخص شده است که این کار اثر منفی بالای کنترول داخلی ریاست مالی وزارت امور داخله و (لتفا) دارد.

Finding & Recommendations: MoI 1392-001:

یافته ها وپیشنهادات: 1392-001 وزارت امور داخله:

Finding A: Pension deductions were erroneously calculated for officers and NCOs.

3

CSTC-A DCG
SUBJECT: Audit Report No. MoI 1392-001 of the Ministry of Interior (MoI) Payroll for the month of Saratan Solar Year 1392

یافتهٔ الف: کسرات تقاعد برای افسران و خوردضابطان بشکل اشتباهی محاسبه گردیده است.

Discussion A: During the Pay Audit of Afghan National Security Forces (ANSF), the auditor discovered that deductions were not calculated at five percent (5%) of gross pay of officers and NCOs. Gross pay is comprised of base pay plus all allowances. According to the Draft Handbook for Military Personnel Officers for Implementation of the Pension Regulation for Arrangement of Pension Benefits of Officers, Satanmans and Breedmal (Dated May 2011), p.6, "Officers and Saatanmans, or Breedmal have five (5%) percent contribution from their monthly salary along with its allowances (khader and professional) in pension treasury account".

تبصره الف: مفتشین در جریان تفتیش معاشات نیروهای امنیتی افغان دریافتند که (5%) کسرات از معاشات ناخالص افسران و خوردضابطان محاسبه نگردیده است. معاش ناخالص شامل اصل معاش و تمام مدد معاشات میگردد. مطابق با پیش نویس رهنمود مورخ (ماه می 2011) مسؤلین بخش پرسونل نظامی برای تطبیق مقررات و تنظیم حقوق تقاعد افسران، ساتنمنان، و بریدملان، صفحه 6 " (5%) از معاش ماهوار افسران و ساتنمنان، و یا بریدملان معهٔ مدد معاش (کدری و مسلکی) به خزینهٔ تقاعد انتقال میکند".

Impact A: The total impact is an over deduction of pension in the amount of 12,722,978 Afs ($245,522) at the exchange rate of 51.82 Afs to 1 US$ for the month of Saratan. The auditor's monthly pension calculation according to Afghanistan Law for ANP in the WEPS is supposed to be 5,318,086.55 Afs or $102,626. The actual WEPS data for pension deductions was 18,041,065 Afs or $348,148.69. 20,804 of 21,181 officers and NCOs overpaid into their pension, this resulted in overpayment of 12,722,978 Afs or $245,522 into the GIRoA pension fund.

تاثیرات الف : تاثیرات عمومی کسراضافی تقاعد میباشد، که مقدار 12,722,978 افغانی معادل ($245,522) دالر میشود و با در نظر داشت محاسبه 51.82 افغانی معادل 1 دالر امریکایی درماه سرطان صورت گرفته است. محاسبه تقاعد ماهوار مفتشین نظر به قانون افغانستان برای پولیس ملی افغان درسیستم انترنیتی الکترونیکی معاشات قرار است که مبلغ 5,318,086.55 افغانی معادل 102,626 دالر باشد. معلومات واقعی سیستم انترنیتی الکترونیکی معاشات برای وضع تقاعد مقدار 18,041,065 افغانی معادل 348,148.69 دالر از مجموع تعداد 21,181 افسران و ساتنمنان تنها 20,804 آنان در تقاعد شان بیشتر پرداخت شده اند. که این منجر به اضافه پرداخت 12,722,978 افغانی معادل 245,522 دالر در بودجه تقاعد دولت جمهوری اسلامی افغانستان میشود.

Recommendation A.1: (MoI-F Advisors) Advise and assist MoI-F to develop and implement a corrective action plan designed to properly train each payroll officer from the different locations on the law, policies and procedures in calculating pension deductions. Currently, payroll is being calculated using an Excel spreadsheet making the payroll preparation process susceptible to errors.

پیشنهاد الف.1 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را جهت انکشاف و تطبیق یک پلان اصلاحی طرح شده برای تعلیم درست هر افسر تادیات از نقاط مختلف در قسمت قانون، پالیسی

ها و طرزالعمل ها و محاسبه کسرات تقاعد مشوره و کمک نماید. در حال حاضر استحقاق ها در صفحه برنامه اکسل محاسبه و استفاده میگردد که باعث اشتباهات در پروسه آماده نمودن استحقاق ها میشود.

Management Comment A.1: No comments provided.

نظر مدیریت الف.1: هیچ نوع نظریات فراهم نگردیده.

Recommendation A.2: (MoI-F Advisors) Advise and assists MoI-F in developing metrics to track training and provide an update on a quarterly basis for the payroll officers that do/don't receive training.

پیشنهاد الف.2 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را جهت انکشاف یک طرح برای پیگیری آموزش و ارایه معلومات تجدید شده بطور ربعوار برای آمرین معاشات که آموزش دیده/ندیده باشند، مشوره و کمک نماید.

Management Comment A.2: No comments provided.

نظر مدیریت الف.2: هیچ نوع نظریات فراهم نگردیده.

Recommendation A.3: (MoI-F Advisors) Advise and assist MoI-F to provide all Payroll Officers with a copy of the Draft Handbook for Military Personnel Officers for Implementation of the Pension Regulation for Arrangement of Pension Benefits of Officers, Satanmans and Breedmal (Dated May 2011).

پیشنهاد الف.3 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را جهت فراهم نمودن نسخه های رهنمود افسران پرسونل نظامی برای تطبیق مقررات تقاعد برای تنظیم مزایای تقاعد افسران، ساتنمنان و بریدملان (مؤرخ: ماه می 2011) مشوره و کمک نماید.

Management Comment A.3: No comments provided.

نظر مدیریت الف.3: هیچ نوع نظریات فراهم نگردیده.

Recommendation A.4: (LOTFA) Recommend hiring additional independent oversight personnel and re-train current personnel to provide quality assurance that all M-41 (Payroll document) pension deductions are in accordance with the Draft Handbook For Military Personnel Officers for Implementation of the Pension Regulation for Arrangement of Pension Benefits of Officers, Satanmans and Breedmal (Dated May 2011).

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پیشنهاد الف.4 : (لتفا) پیشنهاد استخدام پرسونل اضافی نظارت مستقل و آموزش دوباره پرسونل فعلی جهت تهیه نمودن تضمین کیفیت تمام م-41 (اسناد استحقاق) وضع تقاعد مطابق با رهنمود افسران پرسونل نظامی برای تطبیق مقررات تقاعد برای تنظیم مزایای تقاعد افسران, ساتنمنان و بریدملان (مؤرخ: ماه می 2011).

Management Comment A.4: Report has been referred to LOTFA, awaiting comments.

نظر مدیریت الف.4: راپور به ادارهٔ لتفا راجع گردیده، در انتظار نظریات میباشیم.

Recommendation A.5: (LOTFA) Develop an standard operating procedure (SOP) governing the payroll process in accordance with the Draft Handbook for Military Personnel Officers for Implementation of the Pension Regulation for Arrangement of Pension Benefits of Officers, Satanmans and Breedmal (Dated May 2011).

پیشنهاد الف.5 : (لتفا) توسعه یک پروسه عملیاتی ستندرد (SOP) جهت تنظیم پروسه معاشات مطابق با رهنمود افسران پرسونل نظامی برای تطبیق مقررات تقاعد برای تنظیم مزایای تقاعد افسران, ساتنمنان و بریدملان (مؤرخ: ماه می 2011).

Management Comment A.5: Report has been referred to LOTFA, awaiting comments.

نظر مدیریت الف.5: راپور به ادارهٔ لتفا راجع گردیده، در انتظار نظریات میباشیم.

Finding B: The Saratan Audit of ANP payroll revealed late payment of ANP salaries, and inadequate payroll tax being withheld from ANP Pay.

یافته ب : تفتیش معاشات ماه سرطان پولیس ملی افغان، پرداخت ناوقت معاشات پولیس ملی افغان و وضع ننمودن مالیه کافی از معاشات پولیس ملی افغان را نشان میدهد.

Discussion B: An estimated 71,607.8 Afs ($1,381) was not withheld as payment of taxes for the month of Saratan. ANP pension contributions were not deducted from their gross pay prior to income tax calculations in accordance with the Income Tax Manual published by the Ministry of Finance May 2010 page 52 which follows paragraph 2 of Article 17 of the Income Tax Law 2009 published in Official Gazette No. 976 dated 18 March 2009. There was also an issue of late payments to the ANP during the month audited with 1,415 of 38,437 ANP not being paid on time. The late payments had no deductions taken from them.

بحث ب : یک مبلغ تخمینی 71,607.8 افغانی معادل (1,381) دالر به عنوان مالیات ماه سرطان وضع نگردیده است. تقاعد پولیس ملی افغان از معاش ناخالص آن ها قبل از محاسبه مالیات درآمد مطابق با کتاب رهنمود مالیات بر عایدات چاپ شده توسط وزارت مالیه در ماه می 2010 صفحه 52 در پاراگراف 2 ماده 17 قانون مالیات بر عایدات چاپ شده 2009 در جریده رسمی نمبر 976 مورخ 18 مارچ 2009 وضع نگردیده است. همچنان موضوع پرداخت ناوقت معاشات پولیس ملی

افغان نیز وجود دارد در جریان ماه تفتیش شده، از جمله تعداد 71,607.8 پولیس ملی افغان برای تعداد 1,415 آن ها معاش به وقت تادیه نگردیده است. و از تادیه ناوقت معاشات وضع صورت نگرفته است.

Impact B: The estimated annual lost revenue by the GIRoA is 1,491,812 Afs ($28,788). Also, 1,947 of 38,347 MoI personnel were overtaxed while 19,992 of 38,347 were under taxed.

تاثیرات ب: مبلغ تخمینی از دست داده عواید سالانه دولت جمهوری اسلامی افغانستان مبلغ 1,491,812 افغانی معادل (28,788) دالر میباشد. همچنان از تعداد 1,947 پرسونل وزارت امور داخله از مجموعه 38,347 مالیه اضافی وضع گردیده است در حالیکه از 19,992 پرسونل از مجموعه 38,347 مالیه کم وضع گردیده است.

Recommendation B.1: (MoI-F Advisors) Advise and assist MoI-F to develop and implement a corrective action plan designed to properly train each payroll officer from the different locations on the law, policies and procedures in calculating income taxes.

پیشنهاد ب.1: (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را جهت انکشاف و تطبیق یک پلان اصلاحی طرح شده برای تعلیم درست هر افسر تادیات از نقاط مختلف در قسمت قانون، پالیسی ها و طرزالعمل ها و محاسبه درامد مالیات مشوره و کمک نماید.

Management Comment B.1: No comments provided.

نظر مدیریت ب.1: هیچ نوع نظریات فراهم نگردیده.

Recommendation B.2: (MoI-F Advisors) Advise and assist MoI-F to develop a metric by which to track training and provide an update on a quarterly basis of Payroll Officer training status.

پیشنهاد ب.2 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را جهت انکشاف یک طرح برای پیگیری آموزش مشوره و کمک نماید و با ارایه معلومات تجدید شده بطور ربعوار برای آمرین معاشات از وضعیت تعلیمات امرمالی گزارش دهد.

Management Comment B.2: No comments provided.

نظر مدیریت ب.2: هیچ نوع نظریات فراهم نگردیده.

Recommendation B.3: (MoI-F Advisors) Advise the MoI-F to require the reading and retention of the Income Tax Law 2009 and the Income Tax Manual published by the Ministry of Finance May 2010 for all Payroll Officers.

پیشنهاد ب.3 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) ریاست مالی و بودجه وزارت امور داخله را مشوره دهد، تا مطالعه و حفظ قانون مالیات 2009 و کتاب قانون مالیات چاپ شده توسط وزارت مالیه در ماه می 2010 را برای تمام آمرین معاشات ضروری قراردهد.

Management Comment B.3: No comments provided.

نظر مدیریت ب.3: هیچ نوع نظریات فراهم نگردیده.

Recommendation B.4: (MoI-F Advisors) Advise and assist the MoI in developing and implementing a MoI wide payroll SOP that addresses payroll deductions, methods to ensure timely pay, and the imperative that late pay still subject to payroll deductions.

پیشنهاد ب.4 : (مشاورین ریاست مالی و بودجه وزارت امور داخله) وزارت امور داخله را در قسمت ایجاد و تطبیق یک طرزالعمل استندرد عملیاتی (SOP) کامل برای تادیات که موضوعات کسرات تادیات، تادیات به وقت و زمان، و حتمی دانستن اینکه پرداخت های ناوقت نیز شامل تقاعد معاشات میشود، مشوره و همکاری نماید.

Management Comment B.4: No comments provided.

نظر مدیریت ب.4: هیچ نوع نظریات فراهم نگردیده.

Recommendation B.5: (LOTFA) Maintain and implement the Income Tax Laws outlined in the Income Tax Law 2009 and the Income Tax Manual published by the Ministry of Finance May 2010. Develop an SOP that addresses oversight of payroll deductions, especially those personnel who are not paid on time.

پیشنهاد ب.5 : (لتفا) حفظ و تطبیق قوانین مالیات بر عایدات مشخص شده در قانون مالیات بر عایدات 2009 و کتاب قانون مالیات چاپ شده توسط وزارت مالیه در ماه می 2010. ایجاد یک طرزالعمل استندرد عملیاتی (SOP) که نظارت کسرات تادیات، خصوصاً نظارت بر معاشات آن تعداد از پرسونل که معاشات شان به وقت و زمان تادیه نمیگردد، را شرح دهد.

Management Comment B.5: Report has been referred to LOTFA, awaiting comments.

نظر مدیریت ب.5: راپور به ادارهٔ لتفا راجع گردیده، در انتظار نظریات میباشیم.

Finding C: Cooperative Stores funding is unconstitutional; the stores aren't adequately supporting or accessible to its contributors and the fees collected exceeded its estimated operating costs.

CSTC-A DCG
SUBJECT: Audit Report No. MoI 1392-001 of the Ministry of Interior (MoI) Payroll for the month of Saratan Solar Year 1392

یافته ج : بودجه مغازه های کوپراتیفی برخلاف قانون میباشد: مغازه های کوپراتیفی بشکل کافی در دسترس سهمگیران قرارندارد و فیس جمع آوری شده از تخمین مصارف اوپراتیفی تجاوز میکند.

Discussion C: An audit conducted by the CSTC-A FMO Audit team revealed that MoI effectively taxes all officers and NCOs at a rate of 2.5% of their gross pay for the cooperative store. The audit found that 9,022,271 Afs ($174,107) was deducted from MoI personnel. Through several interviews at MoI it was determined that the cooperative store only exists at MoI HQs and nowhere else in Afghanistan. The $174,107 in Cooperative funds collected far exceeded the estimated operating costs based upon the actual physical inspection of the cooperative premises and stock. When the auditor questioned MoI personnel on the cooperative budget, they were told that the cooperative budget resided outside of MoI's budget and was run on its own. As the auditors proceeded with interviews they were warned that if they continued to look into the Cooperative further their lives may be in jeopardy. In accordance with Article 42of the constitution of the Independent Islamic Republic of Afghanistan, "Every Afghan shall pay taxes and duties to the state in accordance with the provisions of the law. No taxes or duties shall be levied without legal representation. Tax rates and duties as well as the method of payment shall be determined, with due respect to social justice, by law. This provision shall also apply to foreign individuals and organizations. Every kind of tax, duty as well as paid incomes shall be deposited to a single state account." During the course of the audit, no legal representation was found and no official tax rates for the cooperative were signed into law. No budget, account numbers and accounting codes were provided. No additional evidence that the cooperative deductions are going into a state account was provided as well. The cooperative does not meet the intent of direct contributions to LOTFA for MoI payroll per the Secretary Hale Memo dated Feb 2011 which states "the ASFF legislation authorizes the funds to provide assistance "to the security forces of Afghanistan, including the provision of equipment, supplies, services, training, facility and infrastructure repaid, renovation, and construction, and funding..", it also states that "ASFF will only be provided for requirements appropriately budgeted by the CSTC-A and identified in the annual ASFF Budget Justification Book (J-Book) or subsequent approved Finance and Activity Plans (FAP) for the ASFF."

بحث ج: تیم تفتیش دفترنظارت مالی قوماندانی سیستیکا ارزیابی را درمورد وضع نمودن مبلغ 2.5% از معاش ناخالص افسران و ساتمنان به عنوان کوپراتیف براه انداخته بودند. که مبلغ 9,022,271 افغانی معادل (174,107 دالرامریکائی) از معاشات پرسونل وزارت امورداخله وضع گردیده است. قسمیکه درچندین مذاکرات با وزارت امورداخله مشخص گردیده که مغازه کوپراتیفی تنها درقرارگاه وزارت امورداخله وجود داشته و دیگردرهیچ نقطه افغانستان وجود ندارد. مجموع بودجه وضع شده کوپراتیف مبلغ 174,107 دالرامریکائی بوده که به اساس تحقیقات فزیکی که از مغازه کوپراتیفی موجود صورت گرفته مبلغ متذکره وضع شده کوپراتیف بیشتر از هزینه مجموع آن مغازه بوده است. زمانی که بخش تفتیش ازپرسونل وزارت امورداخله درمورد بودجه کوپراتیف پرسیدند آنها درپاسخ گفتند که بودجه کوپراتیف خارج ازبودجه وزارت امورداخله و مستقل میباشد. قسمیکه بخش تفتیش دربعضی بحث های خویش خواستارمعلومات بیشتردرمورد شدند برای آنها گفته شد که اگرشما بیشتردرمورد بودجه کوپراتیف تاکید نمایید زندگی شما به خطرمواجه خواهد گردید. مطابق به ماده 42 قانون اساسی دولت جمهوری اسلامی افغانستان و مقررات قانون هرافغان باید از معاش و حق الزمه خویش به دولت مالیه بپردازند. هیچ نوع مالیه نباید غیرقانونی وضع گردد. میتود طرح وضع مالیه همانند میتود پرداخت

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معاشات باید مشخص گردد، البته با توجه به عدالت اجتماعی و قانون باشد. این مقررارت بالای افراد خارج ازکشور و سازمان ها نیز تطبیق گردد. هرنوع مالیه، مالیه حق الزمه باید به حساب مشخص انتقال گردد. درجریان تفتیش و ارزیابی که براه انداخته شده بود هیچ کدام نماینده گی قانونی دریافت نگردیده و نه کدام مقدارمشخص درمورد کوپراتیف در قانون گنجانیده شده بود. همچنان بودجه مشخص، حساب نمبرمشخص و یا کود محاسبوی مشخص تهیه نگردیده بود. همچنان نه شواهد اضافی درمورد اینکه مبلغ وضع شده کوپراتیف به حساب نمبرمشخص دولت انتقال میابد وجود داشته باشد. نظر به یادداشت مورخ 4 فبروری 2011 آقای هیل موضوع کوپراتیف بالای کمک های مستقیم به اداره لتفا جهت پرداخت معاشات پرسونل وزارت امورداخله اثرنخواهد داشت. البته چنین تذکریافته بود" قانون بودجه نیروهای امنیتی افغان صلاحیت فراهم ساختن کمک ها برای نیروهای امنیتی افغان که دربرگیرنده شرایط تجهیزات، اکمالات، خدمات، آموزش ها، تعمیرات پرداخت زیربنا ها، نوسازی وبازسازی را دارد. همچنان دراین یادداشت آمده که بودجه نیروهای امنیتی افغان تنها برای نیازمندی های که توسط قوماندانی سیستیکا بطورمناسب بودجه تعین گردیده بوده و درمشخصات نامه سالانه بودجه نیروهای امنیتی افغان مشخص گردیده، ویا متعاقباً پلان های مالی را برای بودجه نیروهای امنیتی افغان منظور نمایند میباشد.

Impact C: The estimated monthly deductions for the cooperative fund (utilizing the 24% sample as representative of all of MoI) is roughly 37,592,795 Afs or $725,449 which is an annual deduction of 451,113,540 Afs or $8,705,394 from the MoI TASHKIL of 85,160 officers and NCOs.

تاثیر ج : تخمین کسرات ماهانه بودجه کوپراتیف (با استفاده از 24% نمونه به نماینده گی از تمام وزارت امورداخله) تقریباً مبلغ 37,592,795 افغانی معادل 725,449 دالرامریکائی بوده ومجموع سالانه کسرات ان مبلغ 451,113,540 افغانی معادل 8,705,394 دالرامریکائی بوده که از تشکیل 85,160 نفری افسران وساتنمنان وضع میگردد.

Recommendation C.1: (MoI MININT/Inspector General Advisors) Advise the MININT to publish an immediate cease and desist letter on all Cooperative deductions until such a time that MoI can provide the following: the operating budget of the cooperative fund, the number of cooperative "stores" across Afghanistan with supporting documentation of their existence and the cooperative account total and account number with supporting documentation.

پیشنهاد ج.1 : (مشاورین جناب وزیرصاحب وزارت امور داخله/ ریاست عمومی تفتیش) جناب وزیرصاحب راجهت صادر نمودن فرمان دررابطه به توقف کسرات کوپراتیف مشوره دهند، الی زمانی که وزارت امورداخله بتواند بودجه وضع شده کوپراتیف، مغازه های کوپراتیفی را درتمام افغانستان همراه با اسناد که موجودیت این مغازه ها را تائید نماید، و مجموع حساب کوپراتیف همراه با حساب نمبر و اسناد دست داشته آنرا فراهم نمایند.

Management Comment C.1: MININT supports any further inquiry into the cooperative store by CSTC-A and MoI, no comments regarding a cipher being issued to put an immediate stop to cooperative deductions.

نظر مدیریت ج.1 : وزیر امور داخله تحقیقات بیشتر را توسط سیستکا و وزارت امور داخله در مورد مغازه های کوپراتیفی حمایت میکند، هیچ نوع نظریات در مورد صدور شفر جهت توقف فوری کسرات کوپراتیف فراهم نگردیده است.

Recommendation C.2: (MoI MININT/Inspector General Advisor) Advise the MININT to direct his Inspector General to do a full scope investigation into the Cooperative Fund with the intent to provide additional transparency, accountability and oversight within the MoI.

پیشنهاد ج. 2: (مشاورین جناب وزیرصاحب وزارت امور داخله/ ریاست عمومی تفتیش) جناب وزیرصاحب را دررابطه به هدایت دادن ریاست عمومی تفتیش جهت انجام تحقیقات مکمل در مورد وجوه کوپراتیف مشوره دهند، که بمنظورفراهم ساختن شفافیت بیشتر، حسابدهی و نظارت بیشتر در سراسر وزارت امورداخله خواهد گردید.

Management Comment C.2: MININT supports any further inquiry into the cooperative store by CSTC-A and MoI, and MININT advisor referred the cooperative issue to the IG advisor and Shafafiyat for further action.

نظر مدیریت ج.2: وزیر امور داخله تحقیقات بیشتر را توسط سیستکا و وزارت امور داخله در مورد مغازه های کوپراتیفی حمایت میکند، مشاور وزیر امور داخله موضوع کوپراتیف را برای مشاور تفتیش و شفافیت جهت عملکرد بیشتر راجع نموده است.

Recommendation C.3: (LOTFA) Initiate an immediate withholding of 2.5% of all payroll funding until such time that Recommendation C.1 has been implemented and fully executed.

پیشنهاد ج. 3: (لتفا) مبلغ 2.5% از مجموع بودجه معاشات را الی اجرا وکاملاً تطبیق پیشنهاد ج.1 این یادداشت توقف میدهد.

Management Comment C.3: Report has been referred to LOTFA, awaiting comments.

نظر مدیریت ج.3: راپور به ادارهٔ لتفا راجع گردیده، در انتظار نظریات میباشیم.

Recommendation C.4: (CSTC-A) In the event that LOTFA does not take action on withholding of funds, CSTC-A DCG should direct an immediate withholding of 2.5% of US funding to LOTFA until such a time that Recommendation C.1 has been implemented and fully executed.

پیشنهاد ج.4 : (قوماندانی سیستیکا) درصورت که لتفا درمورد توقف بودجه معاشات اقدام ننماید، قوماندانی سیستیکا باید مبلغ 2.5% از مجموع بودجه خویش را فوراً به لتفا البته الی زمان تطبیق اجراء وکامل پیشنهاد ج.1 این یادداشت توقف میدهد.

Management Comment C.4: No comments provided.

نظر مدیریت ج.4: هیچ نوع نظریات فراهم نگردیده.

Recommendation C.5: (Shafafiyat) Conduct a full scope investigation into the Cooperative Fund and provide the results to the auditor, FMO Chief, CJ8 Director and the Director of Law and Order Trust Fund Afghanistan upon completion of the inquiry.

پیشنهاد ج. 5: (شفافیت) یک بررسی مکمل را درمورد بودجه کوپراتیف براه انداخته ونتایج آنرا برای بخش تفتیش دفتر نظارت مالی سیستیکا و ادراه لتفا ارائه نمایند.

Management Comment C.5: No comments provided.

نظر مدیریت ج.5: هیچ نوع نظریات فراهم نگردیده.

Follow up: MoI 1392-001: A follow up will be conducted within two weeks of delivery of this letter. A response is requested from MoI, MoI-F and the MAG Advisor in support of the respective Ministries, to address the concerns raised by this report at this time. If a response is not received or corrective action taken; the issue will be referred to MoI for resolution.

پیگیری: وزارت امورداخله 1392-001: دوهفته بعد از ارائه این یادداشت پیگیری صورت خواهد گرفت. جهت حمایت وزارت مربوطه و خاطر نشان ساختن نگرانی های که دررابطه به این یادداشت وجود داشته باشد درخواست پاسخ از جانب دفتروزیرصاحب، ریاست مالی وزارت امورداخله و مشاورین سطح وزارت میگردد. درصورت عدم دریافت پاسخ ویا عملکرد اصلاح سازی موضوع به آن وزارت ارسال خواهد گردید.

This document has been prepared in both English and Dari; in the event of any inconsistency, the English version shall take precedence. If your staff has any questions, please feel free to contact me or the CJ8 POC via e-mail at [redacted].

سند هذا به هر دو لسان یعنی انگلیسی و دری تهیه گردیده است، در صورت عدم وضاحت موضوع نسخه انگلیسی آن در اولویت قرار میگیرد. در صورت داشتن سوالات میتوانند که با شخص خودم ویا ازطریق شخص ارتباطی دفتر نظارت مالی توسط ایمیل ادرس [redacted] به تماس شوند.